



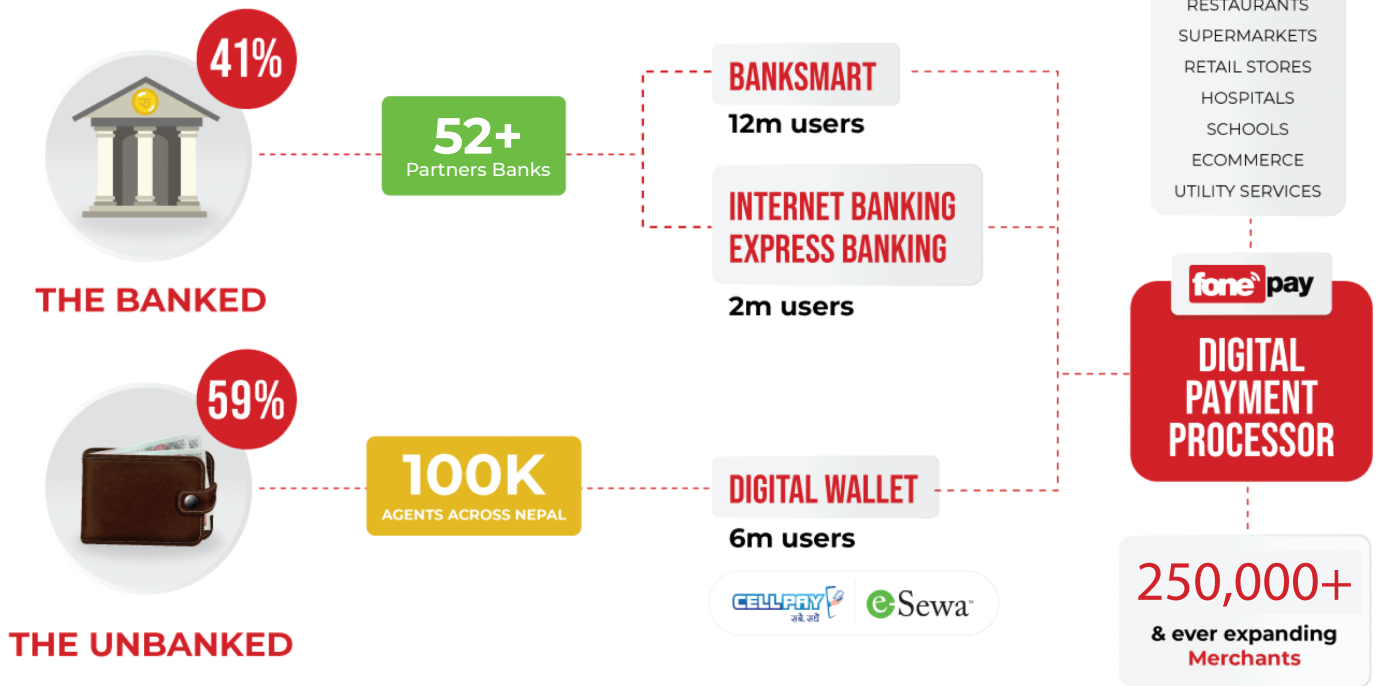
# Annual Report

2076/77

## Table of Content

Fonepay Ecosystem	1
Fonepay At Glance	2
Vision, Mission, Objectives and Values	3
Fonepay Services and Highlights	4
Board of Directors	5
Message from President	6-7
Message from CEO's Desk	8
About Us	9
Organizational Chart	10
BOD list, Audit Committee and Management Team	11
Internal Control mechanism	12
Risk Assessment and Mitigation Procedure	12-15
Risk Impact Analysis	16
Ownership Structure	17
Auditor's Detail	17
Major Product and Services	17
Associated Members	18-19
Key Highlights of the Company's Performance	20
Audited Financial Statements	21-44
Notice of Annual General Meeting	45
NRB approval for publication of Annual Report	46

## Fonepay Ecosystem



### International Tie-ups

### Users

### Tourists

	<b>1.5 BILLION</b>	169,543(180) China
	<b>185 MILLION +</b>	254,150(2018) India
	<b>3.3 BILLION +</b>	<b>Other Countries :</b> 773,498

Data as of 2018

## Fonepay at Glance

### CORPORATE INFORMATION

#### Company Name:

Fonepay Payment Service Ltd.  
www.fonepay.com

#### Registered Office:

Lalchan Plaza, Hattisar,  
Kathmandu, Nepal  
Tel: +977-1-15970044  
Email: csd@fonepay.com

#### Legal Form

Fonepay Payment Service Ltd has been incorporated as Public Limited Company on 14th Ashwin 2076 (1st October, 2019).

#### Licenses/ Certification

- Licensed By Nepal Rastra Bank as Payment System Operator (PSO)
- PCI DSS Level 1 Certification

#### Ownership Structure

Fonepay Payment Service Ltd is wholly owned subsidiary of F1Soft International Pvt Ltd i.e. F1Soft International has holding of 100% shares of Fonepay Payment Service Ltd.

#### Auditing, Assurance and Certification:

Internal Auditor	External Auditor	PCI DSS Certification
UK & Associates Chartered Accountants	Bal Chandra & Associates Chartered Accountants	SISA Information Security Pvt. Ltd.

#### Preamble of the Report

The annual report depicts the financial position, operational, risk and control and related perspectives as at end of Financial Year 2076/77 (2019/20). The financial statements has been prepared based on NFRS for SMEs which has been audited, approved by the Board of Directors and needed approval obtained from Nepal Rastra Bank.

## Our Vision

To provide the best platform for digital revolution and-serve every Nepali citizen every single day.

## Our Mission

To connect people to digital financial services across Nepal in simple, affordable and secure ways.

## Objectives

- Innovation
- Productivity
- Customer Centric
- Sustainable Digital EcoSystem

## Values

- Passion with persistence
- Collaboration and cooperation
- Proactiveness
- Optimism
- Service Excellence
- Contribution to the society.



**52+**

**Members**

Banks & FI's  
Including eSewa

**250K+**

**Merchants**

QR Accepting  
& Online

**20M**

**Users**

Banks, FI's  
& eSewa

**100M**

**Paid Up Capital**

Registered as a  
Public Limited Company

**PSO**

**Licensed**

Licensed as PSO by  
Nepal Rastra Bank

**PCI**

**Certified**

PCI DSS Level 1  
Certification



**fone pay At Present**

## fone pay Services

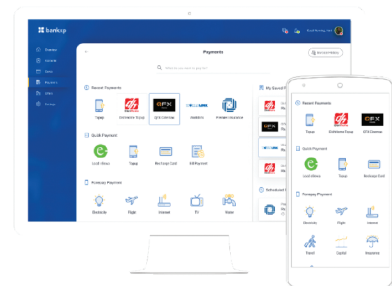


**QR Code Based  
Retail Payments**

**fone pay Direct**

मोबाईल नम्बरबाटै पैसा बैंकको खातामा

**P2P & B2B  
Fund Transfers**



**Online  
Merchant Payments**



**Mr. Biswas Dhakal**  
President

Biswas Dhakal has held the position of President of Fonepay Payment Service Ltd since its incorporation. He has been contributing towards the Digitization of Nepalese financial sector. He has gathered almost 2 decades' worth of experience in the IT sector of Nepal starting FISoft in 2004 and has hugely contributed in ushering the Tech illiterate Nepalese economy towards digitalization.



**Mr. Subhas Sharma**  
Board Member

Subash Sharma holds a Bachelor's Degree in Engineering from Pokhara University. He held the position of Chief Executive Officer of FISoft International from 2012 till present. He holds the directorship position at Fonepay currently. His contribution towards the digitization Nepalese economy has been immensely noteworthy.



**Mr. Subhas Sapkota**  
Board Member

Subhas Sapkota holds the directorship at Fonepay since its incorporation. He is a Chartered Accountant and holds Masters' degree in Accounting and Finance. He has been contributing largely towards strengthening the financial and investment decisions of the company with his years of experience in Tech Industry.

## Message from the President

“Our journey in digitizing the nation has just begun.”

Fonepay was born out of our decade long experience of innovating technology and our rich network with banks and financial institutions. The banks and financial institutions in Nepal required an interoperable network for interbank fund transfers. Over the years, we developed and designed this network. In 2015/16 we started working in developing QR payments systems. Finally, after years of market research and experience, we launched Fonepay on October 1, 2019.

Fonepay Payment Service has now become an ecosystem of digital products and services. We facilitate Nepali consumers' access to financial services and enable their inclusion in the formal economy, in affordable, and secure ways.



We consider it as our achievement to be the first company to introduce QR in Nepal. In a year, we have had 50+ banks in our network. Moreover, what ATM cards did in 30 years, we could accomplish that in a year. We could do what cards has done in Nepal. This has prevented a chunk of national revenue to remain in the country.

Fonepay aims to be the synonym of mobile payments in Nepal. We aspire to make a visible contribution to the national economy. Starting from a small vegetable seller to a big business house and international partners, we incorporate everyone into our system and we will continue to do so. We can't afford to leave anyone behind in digitization.

The coronavirus pandemic became blessing in disguise. Since businesses, educational institutions were closed, around 800 thousand people subscribed to mobile banking to make digital payments. The average daily transaction volume grew by almost 70 percent and the average daily Fonepay Direct (IBFT) count grew by approximately 200 percent. People have now understood the importance of digitization and it is no longer an option or luxury but a necessity.

In the coming years, we intend to digitize every sector. Digitization provides a significant impact on the economy through job creation and transparency.



The cost of operating a business goes down. When small and medium scale business enters the formal economy, they receive more investment opportunities. Based on their business transactions, they can get loans from the banks. This has a multiplier effect and creates more employment opportunities. Similarly, when every transaction is digitized and recorded, the chances of corruption also decline. Digitization thus make business more accountable, credible and transparent. Our journey in digitizing the nation has just begun. We have a long way to go.

Warmly,



**Biswas Dhakal**  
President

नगद छोडौं  **fone<sup>®</sup> pay** गरौं

## From CEO's Desk

Fonepay Payment Services Ltd has been committed to 'transforming the country into cashless nation. Our team is achieving new milestones everyday by embedding the extra ordinary features in all our creation, even in the highest pressure and time sensitive situations. It is very vital for us to treat all the clients with highest dedication and extra responsibility.

It also gives me immense gratification to align our vision with the Digital Nepal frame work. We truly honor Nepal Rastra Bank continuous encouragement on make less cash economy. We believe that Fonepay's contribution to the economy will have positive impact on country's economy and the society. The perk of going cashless will have government to save millions of dollars in printing note.

The major highlight that Fonepay's has contributed in building this eco systems are: As a network we have more than 52+ partner banks and finical institutions including 3 wallets eSewa, Cellpay and IME pay. Out of the 52+ members all of the performs issuing function and 43 of them are in acquiring functionality. Within 2 years of time, we have been able to incorporate 20 million users base who can directly consume our services in 250K merchants. Not just confined with the QR services, we are also providing the services such as Fonepay direct, Online bill payment services and not just limited to national partners we also have triumphed international tie ups with globally renowned companies like China union pay, Alipay, Visa and Wechat pay.

The major milestone that we have achieve is that we are able to impact the lives of the people in simple, secure and abortable manners. We are not just focused on big merchants most of our merchant pools are small merchants such as grocery shop, Hair dresser and all. We are focused to reduce the digital divide between rural and urban Nepal. Without the ongoing support of our trusted partners, customers and regulator, Fonepay's accomplishment would have been unlikely. Additionally, without the supervision of our President, we wouldn't have been able to reach where we are now in such a short period of time. Therefore, I would like to thank all the stakeholders to make these achievements possible and hope to have this continuous support in coming days.

Warmly,

**Adwait**



A handwritten signature in black ink, appearing to be 'Adwait', is located in the bottom right corner of the page.

## **1. About Us**

### **General Information**

Fonepay Payment Service Limited (Fonepay) was incorporated as a public limited company, registration no. 226298/076/077, on 2076.06.14 B.S (01.10.2019 A.D), at Company Registrar Office of Government of Nepal under Company Act 2063. The company is one of the Payment System Operator (PSO) license no. 9/2076/77 (License date: 09.02.2020 A.D) by Nepal Rastra Bank (NRB) under the Payment and Settlement Act, 2075. Fonepay is a digital payment processor that connects consumers, banks and merchants in an interoperable network to facilitate mobile/digital payments.

### **Principal Activities and Operations**

Fonepay Payment Service Limited is a company working in the field of Payment System. Over the year, it has streamlined range of services by focusing on developing transaction banking products and have evolved into a FinTech (Financial Technology) company. Its acclaimed products include:

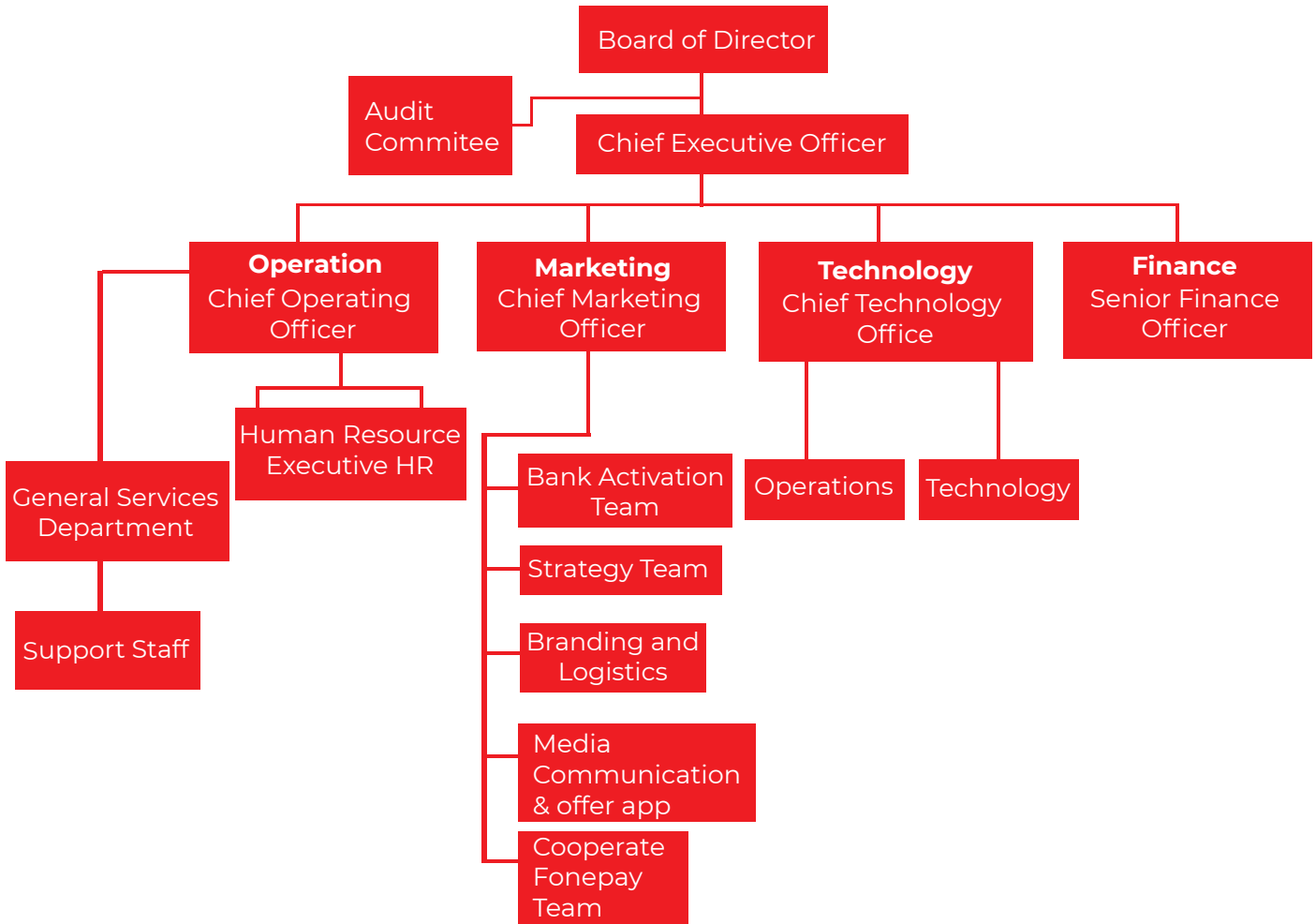
Inter Bank Fund Transfer (IBFT),  
Online Merchant Payment,  
Offline Merchant Payment (Through QR technology)

It is one of the pioneers in PSO Industry.

### **Our Vision**

Fonepay Payment Service Ltd. is an ecosystem of digital products and services that facilitates Nepali consumers' access to financial services and enables their inclusion in the formal digital economy, in simple, affordable and secure ways. Being an interoperable network that connects over 52+ banks and financial institutions and over 13 million customers and merchants, our vision is to provide the best platform for digital revolution and serve every Nepali citizen every single day.

## 2. Organizational Chart



### 3. BOD Member List

Fonepay Payment Service Ltd. run by professionals and it believes in the highest standard of corporate governance. The composition of Board of Director of the company is as per the Company Act, 2063. The directors of of Fonepay Payment Service Ltd. are eminent personalities from pioneer fields. The directors retire every four years and if eligible, are proposed for reappointment. Board of Directors of Fonepay Payment Service Ltd. consists of the following members:

Chairman	Mr. Biswas Dhakal
Director	Mr. Subash Sharma Mr. Subhas Sapkota

### 4. Audit Committee

Every licensed institution is required to constitute an Audit Committee as per Clause 5 of Directive 6 issued by Sec. 164 of Companies Act, 2063 upon which Audit Committee of Fonepay Payment Service Ltd. is constituted with the Board of Directors (BOD). Non-Executive Director of the company heads the board level Audit Committee where Head of Finance Department is the member secretary. This Committee reviews the company’s financial condition, its internal controls, audit program, and upon detailed discussion on the findings of the internal audit, issues necessary recommendation and directions to the management of the institution. The external as well as internal auditors have direct access to this Committee. The Board of Directors of the company discusses the reports of the auditors and the Committee in detail. The Chief Executive Officer (CEO) of the company and other officials can be invited to attend the meeting of the Committee if and when necessary. The meeting of the Audit Committee takes place at least. every three month. Audit committee consists of the following members:

Coordinator	Mr. Jagadish Khadka
Member	Mr. Biswas Dhakal
Committee Secretary	Mr. Shiva Ram Kattel

### 5. Management Team

Mr. Adwait Ratna Tuladhar has been leading the Company and its Management Teams as the Chief Executive Officer, with the prior experience of more than a decade in this industry. Management Team consists of the following staff members:

Diwas Kumar Sapkota	Chief Technical Officer
Shisir Pachhai	Chief Operating Officer
Ayusma Aryal	Head of Finance Department
Saroj Basnet	Head of Legal and Compliance Department

## 6. Internal Control Mechanism

Fonepay Payment Service Ltd. has established mechanisms to control and monitor information at different levels and they are prepared and supported using three lines of defense.

- A first line of control at the Business, Management and Support Units. Under the general principle that the primary party responsible for control must be a person responsible for each business area, they must have effective risk management processes (identification, measurement or evaluation, surveillance, mitigation and communication of risks).
- A second centralized and independent control line. In order to supervise the exercising of the primary controls, and to exercise specialized financial operating and management controls, the Entity has systems that guarantee: effective and efficient operations, adequate risk control, prudent business conduct, the reliability of financial and non-financial information that is reported or disclosed (internally and externally), as well as compliance with laws, regulations, supervisory requirements and the Entity's internal policies and procedures. These systems cover the entire organization, including the activities of all business, support and control units.
- An Internal Audit Unit. This “third line of defense” is responsible for performing an independent review of the first two “lines of defense”. These lines include the participation of the governing bodies and Senior Management.

## 7. Risk Assessment and Mitigation Procedures

### 1.1. Introduction

Risk assessment is a technique for proactively identifying and addressing risks in all over the Organization. It is a key tool for effective risk management both in the context of Information technology, Data Security and safety, management and risks in all other settings across the Organization (including health risks, financial risks, environmental etc). The Committee has a legal duty to undertake risk assessments to protect staff under the Information technology, Data Security and safety Health and Safety at Work; in addition, it is key building block of the Committee's approach to governance and risk management.

Whilst recognizing that risk can never be eliminated, effective channelizing of resources to identifying and reducing risk is sound business and Data Security and safety practice, and offers protection to Data Security and safety, staff and assets of the Organization. The objective of risk assessment is to reduce and/or eliminate the consequence of a risk being realised thereby reducing disruption of IT Services, Data loss, Human errors, accidents, harm etc. in the organization.

Effective risk assessment is based on a series of steps, involving identifying risks, assessing the extent of the risk, determining whether action needs to be taken to reduce the risk, and then taking action and evaluating the results of the action. This document describes these steps in some detail, but is not designed to be prescriptive, as different types of risks and different settings will require local adaptation of the principles.

The document contains details of a generic risk assessment recording form which can be used in many settings.

## **1.2. Purpose**

The risk assessment methodology described is being used for the analysis of the risk associated with the information processing facilities and the information asset of the organization.

## **1.3. Responsibility**

The Risk Assessment shall be carried out /reviewed by the CIO based on the documented criteria or at least annually.

## **1.4. Criteria for triggering Risk Assessment (RA)**

RA is to be carried out taking into account changes to:

- The organization;
- Technology;
- Business objectives and processes;
- Identified threats;
- Effectiveness of the implemented controls; and
- External events, such as changes to the legal or regulatory environment, changed

## 1.5. Procedure

Step 1: System Characterization:

Assets are listed in terms of asset categories taken from the Asset Register. With each asset category Confidentiality, Integrity, Availability values are associated. The values are on scale of 1 to 3 where 1 is least important and 3, is most important. CIA Rating is calculated as product of individual Confidentiality, Integrity & Availability Rating.

### Step 2: Threat – Capability Analysis

For each asset category Threat, Threat-Source, Threat source capability rating (TSCR), Threat Probability Rating (TPR) & Threat Severity Rating (TSR) is found out. Threat source capability rating and Threat Severity Rating is calculated as per following scale.

Sr. No.	Threat source capability	Threat source capability rating
1	Minimal	1
2	Moderate	2
3	Extensive	3

Following is the scale for Threat Severity Rating

Sr. No.	Threat Severity	Threat Severity rating
1	Minimal	1
2	Moderate	2
3	Extensive	3

Based on the above ratings the overall threat rating for the each threat within asset category is calculated with following formulae:

$$\text{Overall Threat Rating (OTR)} = \text{TSCR} \times \text{TPR} \times \text{TSR}$$

Arithmetic mean over the asset category interval is obtained to get the Mean Threat Rating (Asset Category)

$$\text{MTR} = \frac{\sum (\text{OTR})}{N}$$

Where  $\sum (\text{OTR})$  = sum of all the OTR in the asset category  
 N = No. of the elements in the asset category.



**Step 4: Existing Control Analysis**

For each asset category depending on the perceived effectiveness for the existing controls for the control categories Overall delectability rating (ODR) is evaluated.

Sr. No.	Control Effectiveness	Effectiveness Rating
1	V. Good	4
2	Good	3
3	Satisfactory	2
4	No Control	1

Legal control is mandatory, as required by regulation or legal framework of the national / international governing bodies.

$$ODR = \text{MIN}(\text{AVERAGE}(\text{Engg Control}:\text{Admin Control}), \text{Legal Control})$$

**Step 5: Impact Analysis**

For every asset category Risk Priority Number (RPN) is calculated to prioritize the asset categories with high risk, moderate risk and acceptable risk to be identified. Asset categories with high risk are Above 3/4th scale Not Acceptable, controls planned.

Asset categories with moderate risk Controlled Risk 1/4th scale to 3/4th scale and asset categories with acceptable risk are 1/4th bottom scale. The scale is defied from 1 to maximum RPN.

$$RPN = (\text{CIA Rating} \times \text{MTR} \times \text{MVR}) / \text{ODR}$$

Based on the Risk Assessment controls are identified and SOA is documented.

**Impact Analysis**

Internal

S. N	Asset Category	CIA Rating	Mean_Threat_Rating	Mean_Vul_Rating	Overall Detectability Rating	RPN
1	Computer Hardware- Server	27	2.06	1.35	2	37
2	Network Hardware	27	2.44	1.38	2	40
3	Computer Hardware - IT	27	3.6	1.26	2.5	41
4	Computer Hardware	8	3.6	1.2	2	17
5	Communication Equipment	12	2.28	1.05	2	14
6	AV Hardware	18	1.02	0.9	4	4
7	Electrical Support Equipment	3	0.8	0.9	2	1
8	Software COTS	12	4	1.17	1	42
9	Software Application Developed	18	3.025	2.5	3	39
10	Key People	27	0.6	0.6	2.5	4
11	People	18	2	0.6	2.5	9
12	Premises	12	0.8	1.05	2	5
13	Documentation- Public	6	0.8	0.6	2	1
14	Documentation- Confidential	27	1.35	1.275	2.5	19
15	Documentation- Internal	18	1.2	1.275	2.5	11
16	Services - Critical	27	1.2	0.825	1.5	18
17	Services - Noncritical	8	0.6	0.725	1.5	2

Maximum Risk 42

Acceptable Risk   
 Controlled Risk   
 Not Acceptable with Action Plan   
 Not Applicable

Maximum Risk from the Risk Assessment	42		
Acceptable Risk 1/4th bottom scale	1	to	14
Controlled Risk 1/4th scale to 3/4th scale	14	to	42
Above 3/4th scale Not Acceptable, controls planned	42	to	56

## 8. Ownership Structure (Capital Structure)

The company is 100% subsidiary company of F1Soft International Pvt. Ltd.

S.N	Name	No. Of Share	Amount (RS)	Capital Structure %
1.	F1soft International pvt. ltd.	10,00,000.00	10,00,00,000.00	100.00%
	Total	10,00,000.00	10,00,00,000.00	

## 9. Auditors Details

Bal Chandra & Associates was appointed as the statutory Auditor for the fiscal year 2076/077.

U.K & Associates has been appointed as the Internal Auditor for the fiscal year 2076/77.

## 10. Major Products and Services

Fonepay Payment Service Ltd. is an ecosystem of digital products and services that facilitates Nepali consumers' access to financial services and enables their inclusion in the formal digital economy, in simple, affordable and secure ways. Part of the F1 Soft group, a diversified Digital Financial Services (DFS) holding company with over 16 years of operating experience across various iterations. We have over a decade of experience innovating DFS products and services we are proud to have developed an interoperable network that connects over 50 Nepali banks and financial institutions and over 13 million customers and merchants.

Our Major Products include:

- Inter Bank Fund Transfer (IBFT)
- Online/Offline Merchant Payment
- QR based payment
- Financial Transaction and Utility Bills Payment

## 11. Associated Members

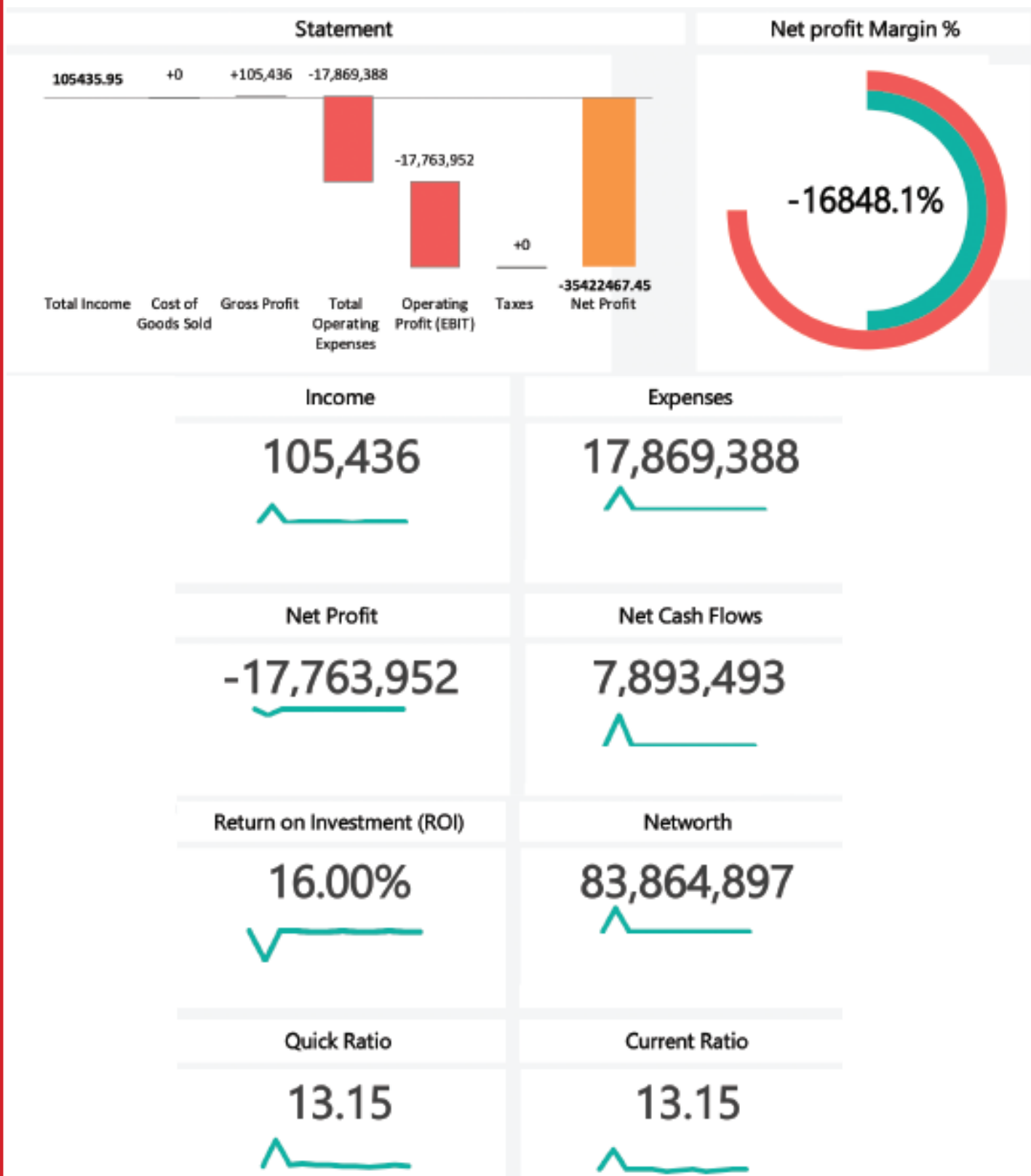
S.N	Name	Category
1	Agricultural Development Bank Limited	Commercial Bank
2	Bank Of Kathmandu Limited	Commercial Bank
3	Century Bank Limited	Commercial Bank
4	Citizens Bank Limited	Commercial Bank
5	Civil Bank Limited	Commercial Bank
6	Everest Bank Limited	Commercial Bank
7	Global IME Bank Limited	Commercial Bank
8	Kumari Bank Limited	Commercial Bank
9	Laxmi Bank Limited	Commercial Bank
10	Machhapuchchhre Bank Limited	Commercial Bank
11	Mega Bank Limited	Commercial Bank
12	Nabil Bank Limited	Commercial Bank
13	Nepal Bangladesh Bank Limited	Commercial Bank
14	Nepal Bank Limited	Commercial Bank
15	Nepal Credit and commercial Bank Limited	Commercial Bank
16	Nepal SBI Bank Limited	Commercial Bank
17	NIC Asia Bank Limited	Commercial Bank
18	NMB Bank Limited	Commercial Bank
19	Prabhu Bank Limited	Commercial Bank
20	Prime Commercial Bank Limited	Commercial Bank
21	Rastriya Banijya Bank Limited	Commercial Bank
22	Sanima Bank Limited	Commercial Bank
23	Siddhartha Bank Limited	Commercial Bank
24	Sunrise Bank Limited	Commercial Bank
25	Kisan Bahuudeshiya Sahakari Sanstha Ltd	Cooperatives
26	Nawakantipur Saving and Credit Cooperative Society Ltd	Cooperatives
27	Nepal Multipurpose Co-operative Society Ltd.	Cooperatives
28	Star Saving and Credit Co-operative	Cooperatives
29	Sahara Saving & Co-Operative	Cooperatives
30	IME Cooperative Service Limited	Cooperatives
31	Excel Development Bank Limited	Development Bank
32	Garima Bikas Bank Limited	Development Bank
33	Green Development Bank Limited	Development Bank
34	Jyoti Bikas Bank Limited	Development Bank
35	Kamana Sewa Bikas Bank Limited	Development Bank
36	Karnali Development Bank Limited	Development Bank
37	Lumbini Bikas Bank Limited	Development Bank

## 11. Associated Members

S.N	Name	Category
38	Mahalaxmi Bikas Bank Limited	Development Bank
39	Muktinath Bikas Bank Limited	Development Bank
40	Saptakoshi Development Bank Limited	Development Bank
41	Shangrila Development Bank Limited	Development Bank
42	Shine Resunga Development Bank Limited	Development Bank
43	Sindhu Bikas Bank Limited	Development Bank
44	Tinau Mission Development Bank Limited	Development Bank
45	Gurkhas Finance Ltd	Finance
46	Manjushree Finance Ltd	Finance
47	Pokhara Finance Ltd	Finance
48	Srijana Finance Ltd	Finance
49	United Finance Ltd	Finance
50	Best Finance Ltd	Finance
51	Reliance Finance Ltd	Finance
52	Progressive Finance Ltd	Finance
53	UnionPay International	International Network
54	eSewa(eSewa Fonepay Pvt. Ltd.)	Wallet
55	Cellpay (Cellcom Pvt. Ltd)	Wallet

## 12. Key Highlights of the Company's Performance:

### 12.1 Financial Highlights



# Bal Chandra & Associates

## CHARTERED ACCOUNTANTS

GPO Box No. 10435, Kathmandu, Nepal  
Mobile: 9841-339497, 9841-724145, E-mail: prawaha@hotmail.com

Ref. No.

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

Date: .....

#### Opinion

We have audited the financial statements of **Fonepay Payment Service Limited**, which comprise the Statement of Financial Position as at 15<sup>th</sup> July, 2020, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes In Equity, Statement of Cash Flows for the year then ended, and Notes comprising Significant Accounting Policies and other Explanatory Information.

In our opinion, the accompanying financial statements give a true and fair view of, the financial position of the company as at 15<sup>th</sup> July, 2020, its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standards.

#### Basis for Opinion

We conducted our audit 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 ICAN's Handbook of Code of Ethics for professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 opinion.

#### Responsibilities of Management and Those Charged with Governance for Financial Statements:

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

In preparation of 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.

Those charged with governance 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 independent audit 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 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 control 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.

#### **Report on other legal and Regulatory Requirements**

We have obtained all information and explanations, which to the best of our knowledge and belief was necessary for the purpose of our audit. In our opinion, the statement of financial position, statement of profit or loss, changes in equity and cash flows have been prepared in accordance with the provisions of Company Act 2063 and conform to the books of accounts of the company and the books of accounts and records are properly maintained in accordance with the prevailing laws. During the course of our audit, we did not come across the cases where the Board of Directors or the representative or any employee of the company has acted deliberately contrary to the provisions of the law or caused loss or damage to the company or misappropriated funds of the company, nor have we been informed of any such case by the management.

Date: 13/Nov/2020

Place: Kathmandu

  
  
 CA. Bal Chandra Shrestha  
 Bal Chandra & Associates  
 Chartered Accountants

DDINNO. 201126 CA00397 hLnG5



Fonepay Payment Service Limited  
Hattisar, Kathmandu

Statement of Financial Position  
As at Ashad 31, 2077 (15th July, 2020)

(Amount in NPR)

Particulars	Notes	Current Year	Previous Year
<b>ASSETS</b>			
Non-Current Assets			
Property, Plant and Equipment	3	467,693.06	-
Deferred Tax Assets	13	1,628,849.01	-
Total Non Current Assets (A)		2,096,542.07	-
Current Assets			
Trade And Other Receivable	4	866,070.44	-
Other Current Assets	5	87,249,761.34	-
Cash And Cash Equivalents	6	383,341.55	-
Total Current Assets (B)		88,499,173.33	-
Total Assets (A+B)		90,595,715.40	-
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital	8	100,000,000.00	-
Reserve and surplus	9	(16,135,102.69)	-
Total Equity (A)		83,864,897.31	-
Non Current Liabilities			
Loans and Borrowing		-	-
Total Non Current Liabilities (B)		-	-
Current Liabilities			
Trade and other payables	7	6,730,818.09	-
Total Current Liabilities ( C)		6,730,818.09	-
Total Liabilities		6,730,818.09	-
Total Equity and Liabilities (A+B+C)		90,595,715.40	-

Corporate Information	1
Basis of Preparation	2
Significant Accounting Policies and Other Financial Information	3 - 18

.....  
Adwait Ratna Tuladhar  
Chief Executive Officer

.....  
Biswas Dhakal  
President

.....  
CA. Bal Chandra Shrestha  
Bal Chandra & Associates  
Chartered Accountant

Fonepay Payment Service Limited  
Hattisar, Kathmandu

Statement of Profit or Loss  
For the year ended 31st Ashad 2077 (15th July, 2020)

Particulars	Notes	Current Year	Previous Year
Revenue from Operations	10	101,750.00	-
Other Income		3,685.95	-
Total Income		105,435.95	
Expenses			
Employee Benefit Expenses	11	11,248,555.66	
Other Administrative expenses	12	6,580,560.44	-
Depreciation	3	40,271.55	-
Profit from operation		(17,763,951.70)	
Finance Cost		-	-
Total Expenses			
Profit from operation		(17,763,951.70)	-
Provision for Bonus		-	-
Profit Before Tax		(17,763,951.70)	-
Current year taxation		-	-
Deferred tax income	13	1,628,849.01	-
Net profit for the year		(16,135,102.69)	-

Statement of Profit or Loss  
For the year ended 31st Ashad 2077 (15th July, 2020)

(Amount in NPR)

Particulars	Current Year	Previous Year
Net Profit for the year as per Profit or Loss Statement	(16,135,102.69)	-
Other Comprehensive Income		
Revaluation Gain/Loss	-	-
Exchange Gain/Loss arising on translation of foreign operation	-	-
Tax relating to components of Other Comprehensive Income	-	-
Total Other Comprehensive Income (OCI)	-	-
Total Comprehensive Income (TCI)	(16,135,102.69)	-

The accompanying notes form an integral part of the Financial Statements

Corporate Information	1
Basis of Preparation	2
Significant Accounting Policies and Other Financial Information	3 - 18

.....  
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Fonepay Payment Service Limited  
Hattisar, Kathmandu

Statement of Cash Flows

For the year ended 31st Ashad 2077 (15th July, 2020)

(Amount in NPR)

Particulars	Current Year	Previous Year
Cash flows from operating activities	(17,763,951.70)	-
Net profit before tax and extraordinary items		-
Adjustments for:		
Depreciation on Property, Plant and Equipment	40,271.55	
Operating profit before working capital changes	(17,723,680.15)	
Decrease/ (Increase) in Trade and Other Receivables	(88,115,831.78)	
Decrease/ (Increase) in Trade and Other Payables	6,730,818.09	-
Net cash flows from operating activities	(99,108,693.84)	-
Cash flows from investing activities		-
Purchase of Fixed Assets	(507,964.61)	
Investment in Shares	-	
Preliminary & Pre-operating Exps.	-	-
Net cash flows from investing activities	(507,964.61)	-
Cash flows from financing activities		-
Advance from Director		-
Issue of share capital	100,000,000.00	
Net cash flows from financing activities	100,000,000.00	
Net increase/ (decrease) in cash and cash equivalent	383,341.55	
Cash and cash equivalent at the beginning of the period	-	
Cash and cash equivalent at the end of the period	383,341.55	

.....  
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Chief Executive Officer

.....  
Biswas Dhakal  
President

.....  
CA. Bal Chandra Shrestha  
Bal Chandra & Associates  
Chartered Accountant

Fonepay Payment Service Limited  
Hattisar, Kathmandu

Statement of Changes In Equity  
For the year ended 31st Ashad 2077 (15th July, 2020)

Particulars	Share Capital	Retained Earning	Deferred Tax Reserve	Deferred Tax Reserve
Balance as at 01st October, 2020	-	-	-	-
Changes during the year				
Share Capital issued	100,000,000.00	-		
Net profit/(loss) for the year 2019/20	-	(16,135,102.69)		
Transferred to Deferred Tax Reserve	-	(1,628,849.01)	1,628,849.01	1,628,849.01
Balance as at 15th July, 2020	100,000,000.00	(17,763,951.70)	1,628,849.01	1,628,849.01

.....  
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Chief Executive Officer

.....  
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President

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Bal Chandra & Associates  
Chartered Accountant

## Notes to the Financial Statement

### 1. General Information

Fonepay Payment Service Limited (Fonepay) was incorporated as a public limited company, registration no. 226298/076/077, on 2076.06.14 B.S (01.10.2019 A.D), at Company Registrar Office of Government of Nepal under Company Act 2063. The company is one of the Payment System Operator (PSO) license no. 9/2076/77 (License date: 09.02.2020 A.D) by Nepal Rastra Bank (NRB) under the Payment and Settlement Act, 2075. Fonepay is a digital payment processor that connects consumers, banks and merchants in an interoperable network to facilitate mobile/digital payments.

#### 1.1. Financial Statements

The Financial Statements for the year ended 15th July 2020 comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements, Significant Accounting Policies, and explanatory notes.

#### 1.2. Principal Activities and Operations

Fonepay Payment Service Limited is a company working in the field of Payment System. Over the year, it has streamlined range of services by focusing on developing transaction banking products and have evolved into a FinTech (Financial Technology) company. Its acclaimed products include:

- Inter Bank Fund Transfer (IBFT),
- Online Merchant Payment.
- Offline Merchant Payment (Through QR technology),

It is one of the pioneers in PSO Industry.

## **2. Significant Accounting Policies**

### **2.1. Basis of preparation**

#### **2.1.1. Statement of Compliance**

The financial statements have been prepared in accordance with Nepal Financial Reporting Standard (NFRS) issued by Accounting Standard Board, Nepal.

#### **2.1.2. Basis of Measurement**

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value.
- Available for sale financial assets are measured at fair value.
- Biological assets are measured at fair value less costs to sell.
- Investment property is measured at fair value.
- Liabilities for cash settled share based payment arrangements are measured at fair value
- The defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

#### **2.1.3. Critical Accounting Estimates**

The preparation of the financial statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions.

#### **2.1.4. Functional and Presentation Currency**

The financial statements are prepared in Nepalese Rupees (NPR), which is the company's functional currency. All the financial information has been presented in Nepalese Rupees.

## 2.2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements requires the use of certain accounting estimates.

### 2.2.1. Current vs. non – current classification

The company presents assets and liabilities in the statement of financial position based on current/ non – current classification. An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period,  
or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non – current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non – current. vDeferred tax assets and liabilities are classified as non – current assets and liabilities.

### 2.2.2. Revenue

The entity recognizes revenue from the following sources:

- Revenue from Service.

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amount collected on behalf of third parties. At contract inception the entity assesses the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer either:

- a. A good or service
- b. A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A series of distinct goods or services has the same pattern of transfer to the customer if both of the following conditions are met:

- a. Each distinct good or service in the series that the entity promises to transfer to the customer would meet the criteria in paragraph 35 of IFRS15 to be a performance obligation satisfied over time;  
and
- b. In accordance with paragraphs 39-40 of IFRS 15, the same method would be used to measure the entity's progress towards satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

The entity considers the effects of the nature, timing and amount of consideration promised by the customer for estimation of the transaction price. When determining the transaction price, the entity shall consider the effects of all of the following:

- a. Variable consideration
- b. Constraining estimates of variable consideration
- c. The existence of a significant financing component in the contract
- d. Non cash consideration
- e. Consideration payable to a customer

For the purpose of determining the transaction price, the entity assumes that the goods and services will be transferred to the customer as promised in accordance with the existing contract and the contract will not be cancelled, renewed or modified. If the consideration promised in a contract includes a variable amount, the entity estimates the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer.



The entity estimates the amount of variable consideration by using the most likely amount method. The most likely amount is the single most likely amount in the range of possible consideration amounts.

At the end of each reporting period, the entity updates the estimated transaction price to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period. The entity recognizes revenue when it transfers control of a product or service to a customer.

#### Interest Income

Interest income on fixed deposits and call accounts in banks are recognized on accrual basis.

### 2.2.3. Foreign currency

Transactions entered into by company entities in a currency other than the functional currency (NPR) are recorded at the rates ruling when the transactions occur (spot rate).

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Non – monetary items that are measured in terms of historical cost in a foreign currency. Exchange differences arising on settlement or translation of monetary assets and liabilities are recognized immediately in profit or loss.

### 2.2.4. Taxation (including deferred taxes)

#### Current Income Tax

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity. Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

#### Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected-on realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.

A deferred tax asset is recognized for all deductible temporary differences: the carry forward of unused tax credits and unused tax losses, to the extent that is probable that taxable profit will be available against which the deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities.

#### Value Added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- Where VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of assets or as part of the expense item, as applicable
- Receivables and payables are stated at the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as a part of receivables or payables in the statement of financial position.

#### 2.2.5. Impairment

Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets) Impairment tests on goodwill and other intangible assets within definite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceed sits recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest parts of assets to which it belongs for which there are separately identifiable cash flows and its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the company's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income. An impairment loss recognized for good will is not reversed.

#### ii. Impairment of financial assets

The company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indication that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as change in arrears or economic conditions that correlate with defaults.

#### 2.2.6. Property, Plant and Equipment

Items of property, plant and equipment are initially recognized at cost and subsequently are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of assets (calculated as the difference between the net disposal proceeds and the carrying amount of assets) is included in the statement of profit or loss when the asset is derecognized.

#### 2.2.7. Depreciation

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment as to write-off their carrying value over the expected useful economic lives.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Particulars	Useful Life(Years)
Furniture and fittings	
General furniture and fittings (Table, Desk, Chair)	4
Motor Vehicles	5
Office equipment (Printer)	4
Computers	
<b>Servers and networks:</b>	
End user devices, such as, desktops, laptops, etc.	4
Other Office Equipment	4

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.

### 2.2.8. Intangible Assets

#### Computer Software:

Purchased computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the software. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible asset with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets. Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Gain or losses arising from derecognition of an intangible asset are measured as

## 2.2.9. Financial Instruments

### Initial recognition and measurement

Financial asset or financial liability is recognized only when the company becomes a party to the contractual provisions of the instruments. All financial assets or financial liabilities are recognized initially at the transaction price (including transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction for either the company (for a financial liability) or the counter party (for a financial asset) to the arrangement. An arrangement constitutes a financing transaction if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. If the arrangement constitutes a financing transaction, the company measures the financial asset or financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

### Subsequent Measurement

The subsequent measurement of financial assets and financial liabilities depends on their classification as described below:

#### i. Debt Instruments

This category is the most relevant to the company. It includes account or loan receivable or payable that meets the conditions in paragraph 11.9 of section 11 of NFRS for SMEs. After initial measurement, such financial instruments are subsequently measured at amortized cost using the effective interest rate (EIR). Debt instruments that are classified as current assets or current liabilities is measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e. net of impairment) unless the arrangement constitutes, in effect, a financing transaction.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance cost for loans and in cost of sales or other operating expenses for receivables.

## Derecognition of financial assets

Financial assets is derecognized only when either:

- a) The contractual rights to the cash flows from the financial asset expire or are settled.
- b) Substantially all of the risks and rewards of ownership of the financial asset is transferred to another party.

## Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognized only when it is extinguished – i.e. when the obligation specified in the contract is discharged, is cancelled or expires.

### 2.2.10. Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the variable selling expenses.

The cost is determined on first-in-first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

### 2.2.11. Cash and cash equivalents

Cash and cash equivalent comprise cash balances, call deposits and other short term highly liquid investments. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included within borrowings in current liabilities on the Statement of Financial Position.

### 2.2.12. Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### 2.2.13. Share Capital

Financial instrument issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's equity shares are classified as equity instruments.

#### 2.2.14. Trade and other payables

Trade and other payables are stated at their cost.

#### 2.2.15. Provisions

The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

#### 2.2.16. Applicability of NFRS

FY 2019/2020 is the first year of operation of the company. The Entity has applied NFRS from first year of its operation.

#### 4. Trade and Other Receivables

Trade receivables is the total of sundry debtors and VAT receivables. The detail is as below:

Particulars	Amount in NPR.	
	Current Year	Previous Year
Sundry Debtors	114,977.50	-
VAT Receivable	751,092.94	-
<b>Total</b>	<b>866,070.44</b>	<b>-</b>

#### 5. Other Current Financial Assets

Particulars	Amount in NPR.	
	Current Year	Previous Year
Deposit With Nepal Rastra Bank	1,000,000.00	-
Transaction with Parent Company	86,249,761.34	-
<b>Total</b>	<b>87,249,761.34</b>	<b>-</b>

#### 6. Cash and Cash Equivalent

Cash and cash equivalent is total of cash balance and bank balances readily available for use. The detail is as given below:

Particulars	Amount in NPR.	
	Current Year	Previous Year
Bank Balance	341,700.88	-
Balance in wallet	41,640.67	-
<b>Total</b>	<b>383,341.55</b>	<b>-</b>



### 3. Property, Plant and Equipment and Intangible Asset

#### Property Plant and Equipment

The detail of property plant and equipment as at 31st Ashad, 2077 (15th July, 2020) is as given below:

<b>Particulars Cost</b>	<b>Leasehold Proper- ties</b>	<b>Freehold Land</b>	<b>Equipment</b>	<b>Computer &amp; Accessories</b>	<b>Furniture &amp; Fixtures</b>	<b>Vehicles</b>	<b>Other Office Equipment</b>	<b>Total</b>
Opening Balance	-	-	194,690.27	-	-	-	-	507,964.61
Addition during the year	-	-	7,227.54	313,274.34	-	-	-	40,271.55
Depreciation charge for the year	-	-	-	33,044.01	-	-	-	-
Acquisition	-	-	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-
As at Ashad end 2077	-	-	187,462.73	280,230.33	-	-	-	467,693.06

## 7. Trade and Other Payables

Trade and other payables consist of sundry creditors along with other payables. The detail is as given below:

Particulars	Amount in NPR.	
	Current Year	Previous Year
TDS Payable		-
- Salary	819,004.20	-
- Social Security Tax	73,410.67	-
- TDS payable	224,432.64	-
Employee Retirement Fund	1,623,674.05	-
Audit Fee Payable	24,625.00	-
Salary Payable	1,034,454.00	-
Sundry Creditors	2,931,217.53	-
<b>Total</b>	<b>6,730,818.09</b>	

## 8. Share Capital

The detail of share capital is as below:

Particulars	Amount in NPR.	
	Current Year	Previous Year
Authorized Share Capital	125,000,000.00	-
Issued Share Capital	100,000,000.00	-
Paid Up Share Capital	100,000,000.00	-
<b>Total</b>	<b>100,000,000.00</b>	

The detail of number of shares is as below:

Particulars	Amount in NPR.	
	Current Year	Previous Year
Authorized Capital (No.)	1,250,000.00	-
Shares issued during the year (No.)	1,000,000.00	-
<b>Total</b>	<b>1,000,000.00</b>	

The par value of each share is NPR. 100. The company has issued only ordinary share.

## 9. Reserve and Surplus

The detail of the reserve and surplus of the company is as given below:

*Amount in NPR.*

Particulars	Accumulated Profit/ (Loss)	Deferred Tax Reserve	Proposed Dividend	Total
Opening Balance	-	-	-	
Net Profit for the year	(16,135,102.69)			(16,135,102.69)
Proposed Dividend				
Transfer to Deferred Tax Reserve	(1,628,849.01)	1,628,849.01	-	
Balance as at 15th July, 2020	(1,7763,951.70)	1,628,849.01		(16,135,102.69)

## 10. Revenue from Operations

The detail of revenue from operation of the company is given below:

*Amount in NPR.*

Particulars	Current Year	Previous Year
Sales	101,750.00	-
Total	101,750.00	-

## 11. Employee Benefit Expenses

Employee benefit expenses contains expenses made on behalf of employee

*Amount in NPR.*

Particulars	Current Year	Previous Year
Salary expenses	10,435,990.66	-
Contribution to retirement fund	807,365.00	-
Staff Welfare	5,200.00	-
Total	11,248,555.66	

## 12. Other Administrative Expenses

Other administrative expenses contain indirect expenses and other office and administrative expenses. Detail of the same is given below:

*Amount in NPR.*

Particulars	Current Year	Previous Year
Audit Fee	25,000.00	-
Communication Expenses	106,550.00	-
Advertisement	196,991.15	-
Travelling Expenses	51,135.00	-
Printing and Stationery	50,188.48	-
Rent Expenses	1,600,000.00	-
Repair & Maintenance	9,873.50	-
Food & Lunch Expenses	216,556.73	-
Fuel Expenses	133,618.00	-
Bank Charge	8,762.98	-
Registration and Renewal	105,000.00	-
Training Expenses	31,500.00	-
Data Centre Expenses	600,000.00	-
Branding Materials	420,565.00	-
Reward Expenses	492306.92	-
Consumables	43,187.68	-
Campaign Cost	58,825.00	-
Outsourced Purchase	2,430,500.00	-
<b>Total</b>	<b>6,580,560.44</b>	

### 13. Deferred Tax

Amount in NPR.

Particulars	Accounting Base	Tax Base	Difference	Deferred Tax Assets
For 2076/77 (2019/20) Property, Plant and Equipment	467,693.10	437,020.70	30,672.41	7,668.10
Deferred tax on Carry forward of deductible loss		6,546,068.44	(6,546,068.44)	(1,636,517.11)
Deferred Tax Income/ (Expense) Recognized in 2076/77 (2019/20)	467,693.10	6,983,089.10	6,515,396.04	1,628,849.01

#### 14. Related Parties

The company has identified its parent company, companies within the group and members of governing board as related parties. Identified related parties and

Name of Related Parties	Relationship
F1Soft International Pvt. Ltd. Logica Beans Pvt. Ltd.	Parent Company Associate Company

Name	Designation
Mr. Biswas Dhakal Mr. Subash Sharma Mr. Subhas Sapkota Mr. Adwait Ratna Tuladhar	Chairman Director Director CEO

*Amount in NPR.*

Name of Party	Nature of Relationship	Nature of transaction	Opening Balance	Transaction Amount
F1Soft International Pvt. Ltd.	Holding	Advance	NIL	86,249,761.34
vLogica Beans Pvt. Ltd.	Associate	Purchase	NIL	480,007.50

Name of Party	Transaction Amount
F1Soft International Pvt. Ltd.	86,249,761.34
Logica Beans Pvt. Ltd.	480,007.50

#### 15. Audit Period and Comparatives

The audit covers period from 1st October, 2019 to 15th July, 2020. The company was registered in the current fiscal year and does not contain previous fiscal year information.

मिति २०७७।०९।०७

श्रीमान् शेयरधनी महानुभावहरु,

बिषय : प्रथम बार्षिक साधारण सभा सम्बन्धमा

महोदय,

मिति २०७७।०९।०७ गते बसेको यस कम्पनीको संचालक समितिको बैठकले निर्णय गरे अनुसार यस कम्पनीको प्रथम बार्षिक साधारण सभा उल्लेखित मिति, स्थान र समयमा निम्न बिषयहरु उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सम्पूर्ण शेयर धनि महानुभावहरुलाई उपस्थितिको लागि हार्दिक अनुरोध गर्दछौं ।

सभा हुने मिति स्थान र समय

मिति :- २०७७ साल पौष २८ गते (तदनुसार १२ वनवरी, २०२०, मंगलबार)

स्थान :- लालचन प्लाजा, हातिसार, काठमाडौं

समय बिहान ११:०० बजे ।

प्रस्तावहरु :

१. संचालकको प्रतिवेदन उपर छलफल गरी पारित गर्ने ।
२. आ.व. २०७६/०७७ को लेखापरीक्षकको प्रतिवेदन सहितको वासलात, नाफानोक्सान हिसाब तथा नगद

प्रवाह विवरण

लगायतका वित्तिय विवरणहरुमा उपर छलफल गरी पारित गर्ने ।

३. कम्पनी ऐन २०६३ दफा १११ अनुसार आ.व. ०७७/०७८ को लागि लेखापरीक्षक नियुक्ति गर्ने र

निजको पारिश्रमिक

निर्धारण गर्ने ।

४. संचालक समितिका पदाधिकारीहरुको गठन गर्ने ।
५. रणनितिक तथा व्यावसायीक साभेदारी थप गर्न अतियारी प्रदान गर्ने ।
६. विविध ।

भवदिय,

.....

विश्वास ढकाल

अध्यक्ष



# नेपाल राष्ट्र बैंक

## भुक्तानी प्रणाली विभाग



केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं  
फोन: ००९७७ १ ४४२८२२६  
फ्याक्स: ००९७७ १ ४४४३८७८  
E-mail : psdept @nrb.org.np  
Web :www.nrb.org.np  
पोष्ट बक्स: ७३

पत्रसंख्या : भु.प्र.वि./२७/ /०७७/७८  
चलानी नं.: २६८

मिति : २०७७/०९/०७

श्री फोनपे पेमेन्ट सर्भिस लिमिटेड,  
हात्तिसार, काठमाडौं ।

**विषय: वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा ।**

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७६/७७ को वित्तीय विवरण र लेखापरीक्षकको प्रतिवेदन समेतका आधारमा गैर स्थलगत सुपरीवेक्षणका क्रममा औल्याइएका कैफियतहरु सुधार गर्न देहाय बमोजिमका निर्देशनहरु शेरधनीहरुको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गरी कार्यान्वयन गर्नुहुन । साथै, वार्षिक साधारणसभा प्रयोजनको लागि आर्थिक वर्ष २०७६/७७ को वित्तीय विवरण प्रकाशन गर्न स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

- (क) संस्थाले आफ्नो मुख्य कम्पनी एफ वान सफ्ट ईन्टरनेशनल प्रा लि. लाई दिएको पेशकी रकम रु.८,६२,४९,७६९/३४ (अक्षरेपी रु. आठ करोड बासठ्ठी लाख उनान्चास हजार सात सय एकसठ्ठी र पैसा चौतीस मात्र) फछ्यौट गर्न बाँकि देखिएकोले उक्त रकम असुल गरी हिसाव मिलान गर्नुहुन र सोको जानकारी दिनुहुन ।
- (ख) संस्थाको दैनिक कार्यलाई व्यवस्थित रूपमा सञ्चालन गर्नका लागि Standard Operating Procedure (SOP) तयार गरी कार्यान्वयन गर्नुहुन र सोको जानकारी यस विभागमा उपलब्ध गराउनु हुन ।
- (ग) यस बैंकबाट जारी भुक्तानी प्रणाली सम्बन्धी एकीकृत निर्देशन-२०७७ को अ.प्रा. निर्देशन नं. ६ को बुँदा नं. १ (छ) बमोजिम संस्थामा आन्तरिक लेखापरीक्षण विभाग/इकाई गठन गरी सो विभाग/इकाईद्वारा प्रत्येक ६/६ महिनामा वित्तीय विवरणको परीक्षण गरी उपयुक्त माध्यमबाट प्रकाशन/सार्वजनिक गर्ने व्यवस्था मिलाउनु हुन ।
- (घ) वाह्य लेखापरीक्षकको प्रतिवेदनमा उल्लेख भएका कैफियतहरु सुधार गर्नुहुन ।

भवदीय,

(टेकराज भण्डारी)  
उप निर्देशक





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नगद छोडौं



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