



**Soaltee Hotel Limited**  
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SOALTEE HOTEL LIMITED, PO BOX. 3800, TAHACHAL, KATHMANDU, NEPAL

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# Present Board of Directors

## वर्तमान संचालक समिति



Executive Chairman कार्यकारी अध्यक्ष  
**Mr. Dinesh Bahadur Bista** श्री दिनेश बहादुर बिष्ट  
Nominee प्रतिनिधि  
SOALTEE ENTERPRISES PVT. LTD सोल्टी इन्टरप्राइजेज् प्रा. लि.



Director संचालक  
**Mr. Ravi Bhakta Shrestha** श्री रवि भक्त श्रेष्ठ  
Nominee प्रतिनिधि  
SOALTEE ENTERPRISES PVT. LTD सोल्टी इन्टरप्राइजेज् प्रा. लि.



Director संचालक  
**Mr. Rajesh Kazi Shrestha** श्री राजेश काजि श्रेष्ठ  
Nominee प्रतिनिधि  
SOALTEE ENTERPRISES PVT. LTD सोल्टी इन्टरप्राइजेज् प्रा. लि.



Director संचालक  
**Mrs. Jaya Rajya Laxmi Shah** श्रीमती जया राज्य लक्ष्मी शाह  
Nominee प्रतिनिधि  
SOALTEE ENTERPRISES PVT. LTD सोल्टी इन्टरप्राइजेज् प्रा. लि.



Director संचालक  
**Mr. Sashi Raj Pandey** श्री शशिराज पाण्डे  
Elected निर्वाचित  
GENERAL PUBLIC SHAREHOLDERS सर्वसाधारण शेयरधनी



Director संचालक  
**Mr. Niranjana Kumar Tibrewala** श्री निरञ्जन कुमार टिबरेवाला  
Elected निर्वाचित  
GENERAL PUBLIC SHAREHOLDERS सर्वसाधारण शेयरधनी



Director संचालक  
**Mr. Prakash Bikram Khatri** श्री प्रकाश बिक्रम खत्री  
Elected निर्वाचित  
GENERAL PUBLIC SHAREHOLDERS सर्वसाधारण शेयरधनी



Director संचालक  
**Mr. Ubaraj Adhikari** श्री युवराज अधिकारी  
Nominee प्रतिनिधि  
NEPAL AIRLINES CORPORATION नेपाल वायुसेवा निगम



Independent Director स्वतन्त्र संचालक  
**Mr. Deepak Raj Joshi** श्री दीपक राज जोशी

### COMPANY SECRETARY कम्पनी सचिव



**Mr. Lil Bahadur Khatri** श्री लिल बहादुर खत्री



Registered Office

Kathmandu Metropolitan City  
Ward No- 13 Tahachal, Kathmandu  
Tel 97714673299  
Email : Legal@Soaltee.com.np  
Website : www.Soalteehotel.com



**The Soaltee | Gate Gourmet**  
Owned and Operated by Soaltee Hotel Limited  
Tel : +977-1-4273999  
Email : info@soaltee.com  
Website : www.soaltee.com



## NOTICE TO THE SHAREHOLDERS OF SOALTEE HOTEL LIMITED FOR 48<sup>TH</sup> ANNUAL GENERAL MEETING

Dear Respected Shareholder,

This is to inform all Shareholders of the Company that, as decided at the 241<sup>st</sup> Meeting of the Board of Directors of the Company held on Monday, 17<sup>th</sup> October 2022 (31<sup>st</sup> Ashwin 2079), the 48<sup>th</sup> Annual General Meeting of Soaltee Hotel Limited (the Company) is scheduled to be held on the following date, time and venue to consider, approve and adopt the agenda. All the shareholders of the Company are hereby notified and requested to present himself/herself and present through a valid representative (proxy) through physical or Virtual, video conference medium.

**1 DATE, TIME, AND VENUE:**

**DATE : THURSDAY, 12<sup>TH</sup> JANUARY 2023 (28<sup>TH</sup> Poush 2079)**

**TIME : 11 AM**

**VENUE : NEPAL ACADEMY CONFERENCE HALL, KAMALADI, KATHMANDU.**

The 48<sup>th</sup> Annual General Meeting of the Company will be conducted through physical or virtual video conferencing medium. The respected shareholders of the Company have been requested to attend/participate in the Annual General Meeting through physical or a virtual video conference online medium and the virtual video conference arrangements will be made accordingly.

**2 AGENDA:**

**(A) ORDINARY RESOLUTIONS**

1. To receive, consider and adopt the **Directors' Report** for the Fiscal Year 2021/22 (2078/79);
2. To Consider and Approve the **Financial Statements** for the Fiscal Year 2021/22 (2078/79) comprising of **Balance Sheet** (Statement of Financial Position) as on 16<sup>th</sup> July 2022 (32<sup>nd</sup> Ashadh 2079); **Profit and Loss Account** (Statement of Profit or Loss and Other Comprehensive Income) for the year ended on 16<sup>th</sup> July 2022 (32<sup>nd</sup> Ashadh 2079); **Cash Flow Statement** (Statement of Cash Flow) and **Statement of Changes in Equity** for the year ended on 16<sup>th</sup> July 2022 (32<sup>nd</sup> Ashadh 2079); and **Notes to Financial Statement** along with the Auditors' Report and **Consolidated Financial Statement** for the fiscal year 2021/22 (2078/79) comprising the Financial Statement of the Company and its Subsidiary Companies for the fiscal year 2021/22 (2078/79) of the Company;
3. To consider and adopt the **Cash Dividend** Proposed by the Board of Directors at the rate of **21.31578947%** of the Subscribed and **Paid-up Capital** to the shareholders from the Profit of the fiscal year 2021/22 (2078/79);
4. To appoint the **Statutory Auditors** of the Company and fix their remuneration for the Fiscal Year 2079/80 (2022/2023) as recommended by the Audit Committee of the Company;
5. To consider and approve the **revised remuneration of the Executive Chairman** of the Company as recommended by the Board of Directors;
6. To consider and approve the proposed increase in **sitting fee** to the members of the Board of Directors;

**(B) SPECIAL RESOLUTIONS:**

7. To consider and approve the Proposed issue of 5% Bonus Shares i.e. 1 (one) Bonus Share for every 20 (twenty) equity shares and an increase in the **Subscribed and Paid up Capital** to the extent of Bonus Shares issued to the shareholders of the Company;

**(C) OTHERS**

5. Any **other matters** with the permission of the Chairman

**By Order of the Board of Directors**

**Lil Bahadur Khatri  
Company Secretary**

**Enclosed documents:-**

- 1 Information relating to the 48<sup>th</sup> Annual General Meeting, Proxy Application Form.
- 2 The Directors' Report to the shareholders of the Company for the Fiscal Year 2021/22.
- 3 Financial Statements of the Company along with Auditors' Report, and Consolidated Financial Statement for the fiscal year 2021/22 (2078/79) comprising the Financial Statement of the Company and its Subsidiary Companies for the fiscal year 2021/22 (2078/79).

## GENERAL INFORMATION RELATING TO THE 48<sup>TH</sup> ANNUAL GENERAL MEETING

1. The meeting of the 48<sup>th</sup> Annual General Meeting of the company will be conducted through physical as well as virtual video conferencing mediums. At the 48<sup>th</sup> Annual General Meeting of the Company, the facility to participate through virtual video conferencing will be provided to the shareholders on the basis of **first come first serve** basis, or who register first will be served first and provided the link to virtual participation due to limited service of the service provider. Further, the virtual participation/presence through video conferencing of the shareholders at the meeting of the 48<sup>th</sup> Annual General Meeting (AGM) will be recognized and recorded as present in the AGM hall and considered while calculating the quorum as per Article 73 of the Companies Act, 2063.
2. The Shareholders' Register shall be closed for 22 days from **Thursday, 22<sup>nd</sup> December 2022 (7<sup>th</sup> Poush 2079) to Thursday, 12<sup>th</sup> January 2023 (28<sup>th</sup> Poush 2079)** both days inclusive i.e., till the conclusion of the 48<sup>th</sup> Annual General Meeting (AGM) of the Company or till the conclusion of the 48<sup>th</sup> Annual General Meeting (AGM). Further, shareholders who have been shares transacted as per the regulations in Nepal Stock Exchange Limited till Wednesday, 21<sup>st</sup> December 2022 (6<sup>th</sup> Poush 2079) and have been received by the share registrar NIBL Ace Capital Limited of the Company will be valid for the updates in the Share Register of the Company and will be considered as a shareholder of the Company for purpose of this Annual General Meeting.
3. Respected Shareholders participating/attending through virtual video conferencing will be recognized as attending the 48<sup>th</sup> Annual General Meeting. Attendance of shareholders attending/participating through virtual video conferencing will be based on their virtual login. Arrangements will be made for the shareholders to send the video conferencing link to the official email ID of the shareholders from the email [legal@soaltee.com.np](mailto:legal@soaltee.com.np) of the company for the participation of the shareholders.
4. The Notice of the 48<sup>th</sup> Annual General Meeting and the **abstracts (summarized) of the Annual Report comprising the summarized Financial Statement and Director's report to the shareholders** for the fiscal year 2078/79 (2021/22) pursuant to section 84 of the Companies Act, 2063 will be sent to respected shareholders' email address maintained in the Company's shareholder register. The 48<sup>th</sup> Annual Report 2078/79 (2021/22) along with the Notice of the Annual General Meeting, Audited Financial Statements, and related information can be viewed on the website <http://www.soalteehotel.com> of the Company.
5. Shareholders wishing to discuss any matters under the agenda item of the Annual General Meeting should notify the Executive Chairman of the Company in writing through the Company Secretary 7 days before the Annual General Meeting, i.e., by Thursday, 5<sup>th</sup> January 2023 (21<sup>st</sup> Poush 2079). However, it will not be included as a resolution of the meeting for consideration.
6. Shareholders who wish to appoint a representative (proxy) to attend the annual general meeting, the letter of appointment of the representative (proxy) should be registered at the registered office of the company, Tahachal, Kathmandu at least 48 hours before the start of the Annual General Meeting.
7. The notice of the Programme related to the election shall be as prescribed by the Election Officer and will be published the same at least 15 days ahead of the election day at the Office of the Election Officer, situated at the registered office of the Company, Tahachal, Kathmandu.
8. For further information relating to the 48<sup>th</sup> Annual General Meeting of the Company, respected shareholders are kindly requested to contact the registered office of the Company at Soaltee Hotel Premises, Tahachal, Kathmandu between 10:00 am to 4:00 pm (except 1:00 pm to 2:00 pm) during office hours from Sunday to Friday.
9. We would like to inform to the Shareholders that the Share Registrar of the Company is NIBL Ace Capital Ltd., Lazimpat.

### Information and guidelines to be followed by the respected shareholder to attend the 48<sup>th</sup> Annual General Meeting of the Company through the virtual medium using the Video Conferencing (Zoom) Application.

1. The participating shareholders are invited to attend the 48<sup>th</sup> Annual General Meeting to be held at the registered office of the Company, Soaltee Hotel premises, Tahachal, Kathmandu through video conferencing (virtual) medium using zoom Applications. All the shareholders are requested to obtain the confirmation by registering their name in advance through the link provided by the company in the respective valid official email ID of the Shareholders available in the Shareholders' register or as may be received from the shareholder. After registration, the participating shareholders will receive a confirmation email from the company's system support, which will include a link to the virtual presence/participation at the meeting along with information and the process of joining the meeting.
2. Respected Shareholder who wishes to present and participate in the discussions at the meeting in a virtual medium and wishes to express their views at the meeting should inform in advance through email at least two days before the meeting by contacting the Company Secretary or the company's official email ID [legal@soaltee.com.np](mailto:legal@soaltee.com.np). The shareholders are requested to provide their name, shareholder's Code Number or BOID number for Demat shares, number of Shares owned, email id of the Shareholder, and mobile number should be made available to the company while registering as a speaker to the meeting.
3. As virtual participation in the 48<sup>th</sup> Annual General Meeting will depend on the limitations of technology, punctuality, availability, continuity, and interruption of the Internet, the shareholders are requested to make comments within the stipulated time. The link will be automatically disconnected if there is any technical glitch or unnecessary background sound or unusual activities on the part of the participating shareholders through the virtual medium.
4. We encourage shareholders to participate in the meeting through a laptop for a technically good experience at the virtual participation in the 48<sup>th</sup> Annual General Meeting of the Company.
5. Respected Shareholders participating in the meeting through mobile devices or tablets or through Laptops connecting via mobile hotspots may experience Audio/Video loss due to fluctuation/deterioration in their respective networks. It is therefore recommended to use stable Wi-Fi and LAN connection to mitigate any kind of aforesaid glitches.



## APPLICATION TO APPOINT PROXY

DATE:

THE BOARD OF DIRECTORS  
SOALTEE HOTEL LIMITED  
TAHACHAL, KATHMANDU.

### Appointment of Proxy

#### **Sub: Representation at 48<sup>th</sup> Annual General Meeting**

Dear Sirs

In the capacity of a shareholder of your Company, I/We ..... resident(s) of ..... District, ..... Metropolitan City/ Sub Metropolitan City / Municipality/Rural Municipality, Ward No. ...., being unable to be personally present and take part in the discussion and decision at the **48<sup>th</sup> Annual General Meeting** scheduled to be held on **Thursday, 12<sup>th</sup> January 2023 (28<sup>th</sup> Poush 2079)**, hereby appoint Mr./Ms....., a shareholder of the Company having Shareholder code No. or BO Account No. ....and a resident of ..... District ..... Metropolitan City / Municipality/Rural Municipality, Ward No. .... as my/our representative to participate and vote on my/our behalf in the said General Meeting.

#### Applicant,

Signature of the Shareholder .....

Name of Shareholder: .....

Address: ..... ..

Demat share - BO Account No.: ..... ..

Shareholder Code No. (If holding Physical Share certificate) .....

Total No. of Shares Owned .....

Date: .....

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**Note: This Proxy application should be submitted to the Registered Office of the Company at Tahachal, Kathmandu before 48 hours of the Annual General Meeting.**

## **GENERAL RULES RELATING TO APPOINTMENT OF PROXY**

1. Shareholders desirous to send a proxy to the meeting may appoint another shareholder to attend the Annual General Meeting as a representative should register the completed proxy form within office hours in the Company's Registered Office at Tahachal, Kathmandu, at least 48 hours before the commencement of the Annual General Meeting. In such event, the representation through the proxy shall be allowed to participate and vote at the Annual general Meeting.
2. The proxy appointment by a private firm to represent them in the Annual General Meeting shall only be valid if such proxy is appointed by the owner of a private firm. Such proxy appointment application should also be accompanied by a copy of the private firm registration certificate of the shareholder. The proxy appointment by a partnership firm to represent them in the Annual General Meeting shall only be considered valid if such proxy is unanimously appointed and the application is duly signed by all the partners of the firm for proxy appointment. Such appointment of the proxy application should also be accompanied by a copy of the partnership firm registration.
3. Amongst the registered joint owners, the proxy appointed by such shareholders shall only be considered valid if all shareholders jointly sign in the proxy appointment application form. In case of the shareholders not being able to appoint unanimous proxy amongst them, the person whose name is on the top of list among them in the Register Book of the shareholder of the company will be considered to legitimate to submit the proxy application to appoint the proxy.
4. The shares owned by the minor shareholder, the guardian of such minor shareholder is authorized to appoint the proxy if such guardian is mentioned as the authorized person of the minor shareholder in the Shareholder Registration Book maintained by the Company, such guardian should have the right to sign the Proxy Form which will be considered valid.
5. In case, the Company receives more than one Proxy Form appointing a person as a proxy, the Company will treat the first application of proxy registered at its registered office, as valid and such appointed proxy shall have the right to attend the Annual General Meeting and exercise the voting right.
6. The appointment of the proxy by the shareholder shall only be acceptable and considered to be valid only if the signature in Proxy application Form is verified with the signature maintained in the company's shareholders Register Book.
7. If any shareholder desires to cancel the proxy appointed to attend the Annual General Meeting such shareholder shall have to inform in writing the cancellation of proxy 48 hours before the commencement of Annual General Meeting to the registered office of the Company such cancellation letter should be registered within the office hour. A shareholder who had already appointed a proxy and is present in the Annual General Meeting can only attend and participate in the meeting once such shareholder duly cancels earlier Proxy appointment.



## CORPORATE INFORMATION

### MANAGEMENT TEAM

#### Mr. Dinesh Bahadur Bista

Mr. Sudarshan Chapagain  
 Mr. Lil Bahadur Khatri  
 Mr. Mukti Nath Shrestha  
 Mr. Chudamani Parajuli  
 Mr. Suman Gwachha  
 Mr. Leelam Karki  
 Ms. Pratiksha Basnet

#### Executive Chairman

Vice President  
 Company Secretary  
 Chief Accountant (Finance Chief)  
 Manager Legal & Liaison  
 Manager Projects  
 Deputy Manager Projects  
 Manager - Executive Office

### HOTEL OPERATION DIVISION | THE SOALTEE KATHMANDU

Mr. Vijayananmaran Shanmugam	General Manager
Mr. Rajiv Kumar Thakur	EAM - Rooms Division
Mr. Agnimitra Sharma	EAM – Food and Beverage
Mr. Harish Kumar Bhatt	Director of Sales and Marketing
Mr. Narendra Neupane	Financial Controller
Ms. Sumati Shakya	Director of Meetings & Events
Mr. Niranjana Ratna Shakya	Cluster IT Manager
Mr. Khageshwar Adhikari	HR Manager
Mr. Surendra Khadka	Chief Engineer
Ms. Namrata Khadka	Sr. Quality and Cont. Improvement Manager
Mr. Deepak Raj Pandey	Front Office Manager
Ms. Srijana Nepali Ghale	House Keeping Manager
Mr. Sher Bahadur Chand	Security Manager

### FLIGHT SERVICES DIVISION (THE SOALTEE GATE GOURMENT & AIRPORT LOUNGE)

Mr. Abraham Pothan	General Manager Flight Services
Mr. Yubraj Pokharel	Cluster Executive Chef – Flight Services
Ms. Binita Shrestha	Director Quality Assurance
Mr. Ranjan Sitaula	Manager Lounge

### INTERNAL AUDITORS

#### Prabin Joshi & Co.

Chartered Accountants  
 Kathmandu.

### LEGAL ADVISORS

#### Mr. Komal Prakash Ghimire

Senior Advocate,

#### GHIMIRE & COMPANY

Kathmandu.

**Mr. Samir Sharma**

Advocate,

**S S LEGAL PVT. LTD.**

Kathmandu.

**Mr. Mahesh K Thapa**

Senior Advocate,

**SINHA VERMA LAW CONCERN**

KATHMANDU.

**AUDITORS**

**B K AGRAWAL & Co.**

Chartered Accountants

Kathmandu

**SHARE REGISTRAR**

**NIBL ACE CAPITAL MARKET LIMITED**

Lazimpat, Kathmandu

**BANKERS**

**NABIL BANK LIMITED**

**NEPAL INVESTMENT BANK LIMITED**

**EVEREST BANK LIMITED**

**NEPAL SBI BANK LIMITED**

Kathmandu

**REGISTERED OFFICE**

Tahachal, Kathmandu



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**SOALTEE HOTEL LIMITED****SIMPLIFIED STATEMENT OF FINANCIAL POSITION AS AT 16 JULY 2022 (32 ASHADH 2079)**

PARTICULARS	Rupees	
	CURRENT YEAR	PREVIOUS YEAR
<b>WHAT THE COMPANY OWNED</b>		
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	1,594,377,605	1,433,176,369
Intangible Assets	804,096	1,206,338
Investment Property	89,176,618	91,155,741
Deferred Tax Assets	-	1,141,316
Investments	290,689,670	283,895,258
Trade and Other Receivables	28,942,901	36,273,481
	<b>2,003,990,890</b>	<b>1,846,848,503</b>
<b>CURRENT ASSETS</b>		
Inventories, Investments, Receivables, Prepayments,		
Cash and Cash Equivalents	445,742,251	348,999,146
Less: Current Liabilities	549,284,368	561,362,993
<b>WORKING CAPITAL</b>	<b>(103,542,117)</b>	<b>(212,363,847)</b>
<b>TOTAL ASSETS</b>	<b>1,900,448,773</b>	<b>1,634,484,656</b>
<b>WHAT THE COMPANY OWED</b>		
Non-Current Liabilities	171,124,275	202,240,837
<b>SHAREHOLDERS FUND</b>	<b>1,729,324,498</b>	<b>1,432,243,819</b>
<b>REPRESENTED BY</b>		
Share Capital	842,579,730	842,579,730
Retained Earnings and Reserves	886,744,768	589,664,089
	<b>1,729,324,498</b>	<b>1,432,243,819</b>
<b>DEBT/EQUITY RATIO</b>	<b>0.04</b>	<b>0.07</b>

**SIMPLIFIED INCOME STATEMENT FOR THE PERIOD ENDED ON 16 JULY 2022 (32 ASHADH 2079)**

PARTICULARS	Rupees		
	CURRENT YEAR	PREVIOUS YEAR	INCREASE/ (DECREASE) %
<b>INCOME</b>			
<b>Rooms, Restaurants, Banquets &amp; Other Services &amp; Other Income</b>	<b>1,369,124,039</b>	<b>453,926,589</b>	<b>201.62%</b>
<b>EXPENDITURE</b>			
Employee Benefit Expenses	323,394,618	213,983,858	51.13%
Consumption of Food and Beverages	260,192,048	123,890,975	110.02%
Management Fees	-	2,457,852	(100.00%)
Operating Expenses	196,751,739	94,894,586	107.34%
Depreciation and Amortization Expense	100,355,101	93,995,245	6.77%
Other Expenses	154,715,113	97,196,849	59.18%
Finance Cost	18,544,171	2,871,584	545.78%
<b>Total Expenditure</b>	<b>1,053,952,790</b>	<b>629,290,949</b>	<b>67.48%</b>
<b>Profit/(Loss) for the year (before Taxes)</b>	<b>315,171,249</b>	<b>(175,364,360)</b>	<b>279.72%</b>
Current Tax	-	-	-
Deferred Tax Income/(Expense)	(17,928,054)	(49,569,138)	(63.83%)
<b>Net Profit/(Loss) for the year</b>	<b>297,243,195</b>	<b>(224,933,498)</b>	<b>232.15%</b>
Balance of Profit Brought Forward	529,871,643	754,805,141	
Issue of Bonus Share	-	-	
Fraction of Bonus Share Recovered/(Paid) in Cash	-	-	
Payment of Dividend	-	-	
<b>TRANSFERRED TO GENERAL RESERVE</b>	<b>827,114,838</b>	<b>529,871,643</b>	

## SOALTEE HOTEL LIMITED DIRECTORS' REPORT

### Dear Respected Shareholders,

The Board of Directors takes immense pleasure in welcoming you all, respected shareholders at the 48<sup>th</sup> Annual General Meeting of the Company. We have the privilege of presenting before you the 48<sup>th</sup> Annual Report and Audited Financial Statements for the fiscal year ended 16<sup>th</sup> July 2022 (32<sup>nd</sup> Ashadh 2079). In compliance with statutory requirements, your Company has prepared and presented its Financial Statements in accordance with Nepal Financial Reporting Standard (NFRS).

### REVIEW OF THE OPERATING ACTIVITIES

We strongly feel that there is light at the end of the tunnel for the hospitality industry in Nepal as it claws its way back from the devastation of 2020's pandemic-driven disruptions. That doesn't mean things are back to normal, but the industry is rebounding to a desired future state that has vastly improved from last year.

During the fiscal year 2078/79 (2021/22), total revenue increased by 201.62% (previous fiscal year a decrease of 64.09%) as compared to the previous fiscal year. Total revenue for the fiscal year was Rs. 1,369.12 million (previous year Rs. 453.93 million) which is an increase of Rs. 915.20 million (previous fiscal year a decrease of Rs. 810.08 million) compared to the previous fiscal year. During the year under review, your Company registered a Cash Profit of Rs 415.52 million as compared to the previous fiscal year's Cash Loss of Rs. 81.37 million with Net Profit after depreciation being Rs. 297.24 million as compared to the previous fiscal year's Net Loss of Rs. 224.93 million.

### Performance Highlights

#### Financial Results

The major performance indicators of the Company for the fiscal year 2078/79 (2021/22) and comparative figures are summarised as under:

Rupees in Million

PARTICULARS	FISCAL YEAR		VARIANCE	INCREASE / (DECREASE) %
	2021/22	2020/21		
Total Revenue	1,369.12	453.93	915.20	201.62%
Total Expenditure	1,035.41	626.42	408.99	65.29%
Profit / (Loss) from Operations	333.71	(172.49)	506.20	293.46%
Less: Finance Cost	18.54	2.87	15.67	545.78%
Profit / (Loss) before Taxes	315.17	(175.36)	490.54	279.72%
Less: Provision for Income Tax	-	-	-	-
Less: Deferred Tax Expenses/(Income)	17.93	49.57	(31.64)	63.83%
Net Profit / (Loss) after Taxation (before appropriation)	297.24	(224.93)	522.18	232.15%
Net Profit / (Loss) Transfer to Reserves (before appropriation)	297.24	(224.93)	522.18	232.15%

### Awards and Recognition

We are delighted and privileged to inform you that your hotel **The Soaltee Kathmandu** has been awarded the following Awards: -

#### Corporate Excellence - Hospitality Service

Your hotel, **The Soaltee Kathmandu** was awarded an "Excellence Award in Hospitality Services", during the first edition of the HRM Nepal Award for Corporate Excellence held at The Soaltee Kathmandu on January 7th, 2021. The HRM Nepal Awards for Distinguished Service was graced by Prime Minister Sher Bahadur Deuba and was enthusiastically participated by the who's who of the Nepali corporate fraternity.

### **BEST Five STAR HOTEL IN NEPAL - 2021**

Your hotel, **The Soaltee Kathmandu** was awarded the “**Best Five Star Hotel in Nepal**” by International Travel Awards, held at Dubai, UAE on 11<sup>th</sup> October 2021. The awards were hosted and managed by Golden Tree Events, The International Travel Awards is the most prestigious award which rewards those businesses within the travel, tourism, and hospitality niches for the hard work they do.

### **GLOBAL LUXURY HOTEL AWARD - 2022**

Your hotel, **The Soaltee Kathmandu** was awarded the “**Global Luxury Hotel Award**” by Hotel Critics and Bloggers Association. The Founder President Mr. TPS Grover on 31st December 2021 presented the award during his visit to The Soaltee Kathmandu.

### **Leading luxury Hotel/Resort in Nepal**

Your hotel, **The Soaltee Kathmandu** was awarded South Asia’s Most Prestigious Travel Industry Awards the ‘**LEADING LUXURY HOTEL/RESORT**’ during the **6<sup>th</sup> South Asian Travel Awards (SATA) 2022**, organized by the South Asian Travel Awards (SATA). SATA has been recognizing the best of South Asia’s hospitality and travel industry since 2016. The 6<sup>th</sup> edition of the South Asian Travel Awards (SATA) 2022 was held at Adaaran Select Hudhuran Fushi on September 29 - 30 in Maldives.

### **International, regional and national scenarios and their Impacts on the business**

COVID-19 Pandemic caused an unprecedented disruption to tourism, with a massive fall of international demand amid widespread lockdowns and travel restrictions put in place by countries in order to contain the spread of the virus. International tourism rebounded moderately during the second half of 2021. The uplift in demand was driven by increased traveler confidence amid rapid progress on vaccinations and the easing of entry restrictions in many destinations.

UNWTO’s forward-looking scenarios published in September 2022 points to International tourism continued to show strong performance through July 2022, with arrivals reaching 57% of pre-pandemic levels in the first seven months of 2022. International tourist arrivals almost tripled (+172%) in January-July 2022 compared to the same period of 2021. The steady recovery reflects strong pent-up demand for international travel, especially in the months of June and July which are part of the Northern Hemisphere summer season. The easing/lifting of travel restrictions in an increasing number of countries also contributed to boost demand. An estimated 207 million international arrivals were recorded in June and July 2022 combined, over twice the numbers seen in the same two months last year. These months represent 44% of the total arrivals recorded in the first seven months of 2022. Europe and the Middle East showed the fastest recovery in January-July 2022, with arrivals reaching 74% and 76% of 2019 levels, respectively. Europe (+190%) welcomed almost three times as many international arrivals as in the first seven months of 2021, while the Middle East (+287%) saw arrivals grow almost four times year-on-year in January-July 2022. The Americas (+103%) and Africa (+171%) also recorded strong growth in January-July 2022 compared to 2021, reaching 65% and 60% of 2019 levels respectively. Asia and the Pacific (+165%) saw arrivals more than double in the first seven months of 2022, though they remained 86% below 2019 levels.

Despite the largely positive prospects, a challenging economic environment coupled with the military offensive of the Russian Federation in Ukraine continue to pose a downside risk to the recovery of international tourism. So far, the conflict in Ukraine seems to have had a limited direct impact on overall results, though it is causing an economic impact by exacerbating already high oil prices and overall inflation, and disrupting international supply chains, which results in higher prices in the tourism sector.

The recovery in Asia & Pacific tourism activity is expected to continue and become more broad-based as low COVID cases and increased vaccination encourage more countries to reduce travel restrictions. Asian countries have further relaxed testing and quarantine requirements for tourists in early 2022Q2

Nepal witnessed declining COVID cases, with a very successful public vaccination campaign, economic activity has strengthened, reflecting the reopening of the economy, rapid credit growth and a gradual recovery in tourism and sustained remittances. Vaccination also contributed to a reduction in the fatality rate. As of March 2022, more than 60 percent of the population has received two doses of COVID-19 vaccines.

High frequency indicators suggest that the economy continued to recover in the first half of fiscal year 2021/22 after rebounding in fiscal year 2020/21 from a contraction in fiscal year 2019/20. The services sector is estimated to have been a primary driver of growth in the first half of fiscal year 2021/22, with mobility data indicating a strong recovery in wholesale and retail trade, transport, and financial services, supported by an increase in vaccinations and continued COVID-19 related fiscal and monetary stimulus packages. Tourism and tourism-related activities have also recovered with a rise in international tourist arrivals, although they still remain below pre-pandemic levels.

Nepal's post-COVID economic recovery continues during the fiscal year 2021-22 which was quite slow during last fiscal year. However, the global economic impact of the war in Ukraine is exacerbating existing vulnerabilities and impacting Nepal's import reliant economy, increasing inflation, and decreasing foreign exchange reserves. The government authorities of Nepal have expressed their determination to tackle these external pressures by gradually exiting from extraordinary Covid-related expansionary monetary policy and preserving foreign exchange reserves. Further monetary tightening and a prudent fiscal year 2022/23 budget will be needed to preserve macroeconomic stability.

### **Current year performance as of the date of Report and future outlook**

During the current fiscal year 2022/23, the hotel has posted total revenue of Rs. 405.83 million till 30<sup>th</sup> September 2022 (14 Ashwin 2079) against Rs.123.68 million compared to the same period last year. The room occupancy is 60% as compared to 20% same period last year. The Average Room Rate (ARR) and Revenue Per Available Room (RevPAR) is Rs. 8,919 and Rs. 5,331 against Rs. 5,297 and Rs. 1,043 respectively compared to same period last year.

### **Product and Service Up-gradation**

As a strategy of the Company for continuous improvement and up gradation of the product, the Hotel has initiated various renovation & upgradation project with an aim to improve guest experience.

First phase of the Lobby renovation has been completed, the second phase of the renovation will soon be initiated and completed before the next fiscal year. Second and final phase of the lobby renovation also includes an indoor bar and a sports bar with both indoor and outdoor seating. As a part of the first phase of the lobby renovation project the old business centre and board room has been converted into new and upgraded "Marva" Hall. Upholstery of Malshree hall has been completely refurbished with a new and enhanced look.

Renovation of the Presidential Suite 777 is in progress along with refurbishment and beautification of the Deluxe Suite 888 & 999. Princep wing has been contracted for renovation, all the guest rooms will be converted and made brand new.

In additions, the Company is planning to upgrade its engineering services including replacement of engineering service equipment and installations. Heat pump plant will be eradicated and replaced with solar panel installation, which will support to the reduction of Carbon Emissions as well as operational cost.

### **Investment diversification**

#### **Soaltee Hospitality Limited**

The Company has invested Rs. 250,000,000/- (Rupees Two Hundred Fifty million) in the equity of its wholly owned subsidiary Company Soaltee Hospitality Limited, incorporated under the Companies Act, 2006 (2063) as a strategic decision taken by the Company for investment in hotels outside the Kathmandu valley to be operated under the Company's trademark and brand. Further, the Company has paid aggregating Rs. 12,640,000/- against further equity in its subsidiary Company Soaltee Hospitality Limited as an advance against share Investment.

### **Expansion of the "soaltee" brand**

Your Company's "Soaltee" brand has been under expansion and by the end of 2022 two new hotels will be in operation in Itahari and Chitwan in Nepal under the brand of "Soaltee Westend" and "Soaltee Westend Resorts" respectively.

### Soaltee Westend Resort, Chitwan

Soaltee Westend Resort is located at Patihani Chitwan, Bagmati State of Nepal. It is a luxury resort hotel with a lush green garden. The resort features a total of 52 rooms including 10 Deluxe Villas and 2 Presidential Villas. With 2 restaurants for dining options and, 4 meeting rooms, the resort caters to all kinds of bookings including leisure, family & corporate. Outdoor swimming pool and full service Spa add to the charm of the resort for a comfortable and luxurious stay. The resort will be managed and operated under registered brands, trade names, and trademarks of Soaltee Hospitality Limited, a wholly owned subsidiary of the Company under the arrangement of Trademarks License Agreement between the Companies.

### Soaltee Westend, Itahari

Soaltee Westend located in Itahari, Province no. 1 of Nepal is the first 5-star standard hotel in the Eastern Region of the Country, comfortable and inviting the hotel exudes modernity with stylish design and a contemporary look. The hotel features 85 rooms, an all-day dining restaurant, one specialty restaurant, a business centre, a travel desk, and a banquet hall of approx. 5000 Sq. feet, a swimming pool, and a spa. The hotel will be managed and operated under registered brands, trade names, and trademarks of Soaltee Hospitality Limited, a wholly owned subsidiary of the Company under the arrangement of Trademarks License Agreement between the Companies.

### Soaltee Sibkrim Hotels and Resorts Pvt. Ltd

The Company has invested through its subsidiary, Soaltee Hospitality Limited to Soaltee Sibkrim Hotels & Resorts Pvt. Ltd., a Nepalese joint venture Company incorporated with local corporate promoters to own and operate hotels in Nepalgunj and Pokhara.

The Soaltee Sibkrim Hotels & Resorts Pvt. Ltd. will be operating its hotels under registered brands, trade names and trademarks of Soaltee Hospitality Limited, a wholly owned subsidiary of the Company, “**Soaltee Westend Premier**” and “**Soaltee Westend Resorts**”, under the arrangement of Trademarks License Agreement between both Companies.

Currently, the Soaltee Sibkrim Hotels & Resorts Pvt. Ltd. is operating “**Soaltee Westend Premier**” a five star LEED certified Green hotel in Nepalgunj, Lumbini State, Nepal.

### Himal International Power Corp (P) Ltd

The Company has an investment in Bhote Koshi Power Company (P) Ltd (BKPC) through Himal International Power Corp (P) Ltd (HIPC).

The Company has an equity stake of 5.97% in the Share Capital of the Himal International Power Corp (P) Ltd (HIPC), the HIPC has an investment in Bhote Koshi Power Company (P) Ltd (BKPC) which owns and operates the Upper Bhote Koshi Hydroelectric Project (UBKHEP). As reported by the HIPCL, the UBKHEP has been commercially operating and supplying electricity to the national grid since December 2019 after the completion of reconstruction for damage caused due to natural catastrophes. HIPC had distributed a dividend of Rs. 12.5 per ordinary share for the year ended 15<sup>th</sup> July 2021 (31<sup>st</sup> Ashadh 2078) and accordingly your company received a cash dividend of Rs. 12,22,517/- during the year under review.

### Major Factors affecting the business of the company

Movement restrictions in combination with the almost complete shutdown of tourism during the COVID-19 pandemic resulted in Nepal’s first economic contraction in 30 years in the fiscal year 2019/20 (-2.4 percent). A decisive vaccine roll-out and the reopening of borders have supported the economy’s recovery, with growth estimated to have accelerated to 5.8 percent in the fiscal year 2021/22. Strong growth in domestic demand for consumption and investment was the main driver of the recovery, reported by the World Bank’s Nepal Development Update on October 2022.

The tourism industry of Nepal, which has been officially open to international tourists since 1951, has been facing many crises and obstacles since its inception. The tourism industry of Nepal had been severely affected by the great earthquake on 25<sup>th</sup> April 2015, the trade blockade from 23<sup>rd</sup> September 2015 to 5<sup>th</sup> February



2016, and the current COVID-19 pandemic since 24<sup>th</sup> March 2020.

Nepal is blessed with an abundance of natural beauty, great culture, heritage sites, religious places, wild adventures, stunning views, friendly people, and cultural diversity. It is one of the most culturally appealing nations with unparalleled natural beauty and diverse geological structures on the globe. However, the country is still lagging behind in attracting a higher number of tourists. Factors like easy transport systems, improvement in the aviation sector, easy access to tourist friendly information, and innovative marketing and promotional activities should further help contribute to the growth of the tourism industry.

### **Industrial and Business or Professional relations of the Company**

The Board of Directors is pleased to report that the Company's relations with employees have been very cordial and excellent throughout the year. Both the Management and employees work in close harmony with a common goal to provide high standard services to the guests of the hotel and to offer the best place to meet.

We would like to place on record our commendation and appreciation to our Soaltee family of employees, and are confident that all our employees would demonstrate the greatest level of commitment and understanding, extending further cooperation to the Management team to help your Company to succeed in the future challenges for the professional growth and excellency.

Your Company maintains a good professional relationship with its customers, suppliers, service provider, banks and other agencies, contractors and consultants, travel agencies and airlines, government authorities, and regulators.

Your Company is a Hospitality Member of the internationally acclaimed travel and tourism Pacific Asia Travel Association (PATA). The Company is an Associate member of the Federation of Nepalese Chambers of Commerce & Industry (FNCCI), a Member of the Hotel Association of Nepal (HAN), Nepal India Chamber of Commerce & Industry (NICCI), Nepal- China Chamber of Commerce & Industry (NCCCI), Nepal Britain Chamber of Commerce & Industry (NBCCI), and Nepal Institute of Company Secretaries (NICS).

### **Employee Connect, and Management Team**

The Company has been conducting regular town hall meetings to encourage interaction and work on the areas of action for better performance at the work. The hotel has been consistently providing training, communicating guidelines on safety, and maintaining health protocols and practices for the employees to ensure safe working habits and working safely.

The Board of Directors is pleased to inform our valuable Shareholders that our employee's contributions to the Company have been immense and always set a high standard for the working environment. The Board wishes to keep on record its great appreciation that the Company has been receiving full support and cooperation during the difficult period of Covid -19 pandemic from each and every Employee of the Company.

The Executive Chairman has contributed the whole of his salary emoluments and facilities and benefits to the Company and received only Rs. 10,000/= per month from 13<sup>th</sup> April to 31<sup>st</sup> December 2020 and Rs. 5,000/= per month from 1 January 2021 to the end of February 2022.

### **The Board and Changes in the Board of Directors**

#### **Structure of the Board**

The structure of the Board consists of nine members of the Board of Directors. However, currently, there are nine members on the Board of Directors including one female Director and one Independent Director in compliance with the Company Act, 2063. All the Board members are non-executive Directors except the Executive Chairman and thus they do not take part in the day-to-day operation of the hotel. The Board of Directors are from diverse backgrounds and possess specialization and expertise in various fields like Tourism, Trade and Commerce, Insurance, Banking, and Industries.

The Board sets the strategic direction for the Company, reviews the hotel's performance and approves strategic hotel operation plans, sets quarterly and annual performance targets, quarterly operational

budgets, and annual financial statements, and provides regular guidance to the hotel and Corporate Management for achieving the targeted goals and its objectives.

The Board exercises its authority within the framework of regulatory provisions, Companies Act, Securities Acts and Regulations, Memorandum and Articles of Association of the Company and other relevant Laws and Regulations of Nepal.

### Changes in the Board of Directors

During the fiscal year under review, the term of the previous Board of Directors ended at the 47<sup>th</sup> Annual General Meeting of the Company held on 14<sup>th</sup> December 2021. After fresh nominations and elections, the existing Board of Directors was constituted at the 47<sup>th</sup> Annual General Meeting for four years term held on Tuesday, 14<sup>th</sup> December 2021 (28<sup>th</sup> Mangsir 2078) with the following Board Members:

Nominated / Appointed to Represent Soaltee Enterprises Pvt. Ltd, Kathmandu

- |    |                           |                    |
|----|---------------------------|--------------------|
| 1. | Mr. Dinesh Bahadur Bista  | Executive Chairman |
| 2. | Ms. Jaya Rajya Laxmi Shah | Director           |
| 3. | Mr. Ravi Bhakta Shrestha  | Director           |
| 4. | Mr. Rajesh Kazi Shrestha  | Director           |

Nominated / Appointed to Represent Nepal Airlines Corporation, Kathmandu

- |    |                          |          |
|----|--------------------------|----------|
| 5. | Mr. Ganesh Bahadur Chand | Director |
|----|--------------------------|----------|

Elected by the General Public Other than Institutional Shareholders Appointing Director

- |    |                               |          |
|----|-------------------------------|----------|
| 6. | Mr. Sashi Raj Pandey          | Director |
| 7. | Mr. Niranjana Kumar Tibrewala | Director |
| 8. | Mr. Prakash Bikram Khatri     | Director |

Independent Director Appointed at the 47<sup>th</sup> Annual General Meeting

- |    |                      |                      |
|----|----------------------|----------------------|
| 9. | Mr. Deepak Raj Joshi | Independent Director |
|----|----------------------|----------------------|

The 237<sup>th</sup> Meeting of the Board of Directors of the Company held subsequent to the 47<sup>th</sup> Annual General Meeting on Tuesday, 14<sup>th</sup> December 2021 (28<sup>th</sup> Mangsir 2078) elected Mr. Dinesh Bahadur Bista as the Executive Chairman.

Further, during the year under review, Nepal Airlines Corporation (NAC) nominated Mr. Ubaraj Adhikari, Executive Chairman of NAC in place of Mr. Ganesh Bahadur Chand. Mr. Ubaraj Adhikari, Executive Chairman of NAC was appointed Director in place of Mr. Chand for the remaining term of the Board of Directors of the Company.

The Board of Directors places on record its appreciation for the contributions and guidance provided by Mr. Ganesh Bahadur Chand, the Director during their tenure as Director of the Company.

### Meeting of the Board of Directors

The Meeting of the Board of Directors of the Company is conducted in accordance with the Companies Act, 2006 (with amendments) of Nepal, and the Memorandum and Articles of Association of the Company. The General Manager of the hotel is a permanent invitee to the performance meetings of the Board of Directors of the Company. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2006 (2063).

A total of 6 Board Meetings were held during the fiscal year 2021/22. No Board meeting sitting fee had been paid to the Members of the Board of Directors of the Company during the period from 16<sup>th</sup> July 2021 to February 2022 for the fiscal year 2078/79 (2021/22) as the Board of Directors unanimously decided not to take the Board Meeting fee during the period of Covid – 19 impacts on hotel's performance effective from 24<sup>th</sup> March 2020. The Board of Directors started receiving the sitting fee from 20<sup>th</sup> February 2022, (8<sup>th</sup> Falgun

2078) after significant improvement in the performance of the Company.

A total Rs. 282,352 has been paid against Board Meeting sitting fees to the Board of Directors of the Company excluding the Executive Chairman who do not take the meeting fee.

### **Board of Director's Reaction to Remarks made, if any, in the Audit**

The Auditors' Report shows that the Company's operation, profitability, and financial position during the fiscal year under review was outstanding regardless of some hindrance due to the impact of Covid-19 at the beginning of the fiscal year. The Management has been advised to implement recommendations and suggestions to the observations of the Statutory Auditors to further improve the operating efficiency of the Company.

### **The amount Recommended for distribution as a Dividend**

Taking into consideration that the company had posted a Net Profit for the fiscal year 2021/22 (2078/79) the Board of Directors of the Company has recommended a Cash Dividend distribution at the rate of 21.31578947% of the subscribed and paid-up share capital aggregating Rs. 179,602,521 and Bonus Shares at the rate of 5% of Subscribed and Paid up Share Capital held in the Company.

### **Subsidiary company**

The Subsidiary Companies of your Company M/s H I Soaltee Hotel Company Private Limited had reported that it had started the process of Voluntary Liquidation of the Company under the Companies Act, 2063 as the Foreign Investor, Holiday Inns Investment Nepal Limited, Hong Kong had divested their investment during the year under review.

Soaltee Hospitality Limited, a fully owned Subsidiary of the Company had already been in the hospitality business.

The Audited Financial Statements of both subsidiary Companies comprising the Directors' Report, the Statement of Financial Position, the Statement of Profit or Loss and Other Comprehensive Income as of 16 July 2022 (32 Ashadh, 2079), and the Statement of Cash Flow for the year ended 16 July 2022 (32 Ashadh, 2079) along with the Auditors' Report are reflected under the Consolidated Financial Statement as a part of this Annual Report for the information of shareholders in compliance with section 143 and other applicable provisions, if any, of the Companies Act, 2063 (2006) and in accordance with Nepal Financial Reporting Standard (NFRS).

### **Statutory Auditors**

The Auditors of the Company Messrs **B. K. Agrawal & Co.**, Chartered Accountants, Kathmandu, will be completing their 2<sup>nd</sup> consecutive year tenure with the Company at the conclusion of the ensuing 48<sup>th</sup> Annual General Meeting.

In terms of the provisions of the Companies Act, 2063 (2006), Statutory auditors need to be rotated on completion of three consecutive terms. Hence, they are eligible for their re-appointment pursuant to subsection 3 of section 111 of the Companies Act, 2063 (2006).

Based on due consideration and recommendation of the Audit Committee of the Board, respected shareholders are requested to approve the appointment of statutory Auditors for the Fiscal Year 2022/23 (2079/80) and fix their remuneration.

On your behalf and on behalf of the Board of Directors, we place on record our sincere appreciation for the services rendered by M/s. **B. K. Agrawal & Co.**, Chartered Accountants during the fiscal year 2021/22 (2078/9).

### **Board level Committees**

The Board has delegated the authority to make decisions to Board Committees in line with the Companies Act, 2063 (2006), other prevailing Rules and Regulations and practiced corporate governance. The major Sub Committees of the Board are as follows: -

### Audit Committee

The Audit Committee is constituted in accordance with the provisions of section 164 of the Companies Act, 2063 (2006). The primary objective of the Audit Committee is to review the accounts and financial statements of the Company and ascertain the truth of the facts mentioned in such statements, to review the internal financial control system and risk management system, to monitor, provide effective supervision and review the internal auditing activity, to recommend the names of auditor, fix the remuneration, terms, and conditions of appointment of the statutory auditor and present the same in the general meeting for the ratification thereof and to perform such other terms as prescribed by the Board of Directors in respect of the accounts, financial management, and audit of the Company.

The Committee comprises **Mr. Ravi Bhakta Shrestha (Chairman), Mr. Sashi Raj Pandey (Member), and Mr. Niranjana Kumar Tibrewala (Member)**. The internal auditor reports functionally to the Audit Committee. The Committee met **five times** during the fiscal year 2078/79 (2021/22).

The Audit Committee had not taken any meeting sitting fee since last year March 2020 to January 2022, in line with the decisions of the Board to not take any Board Meeting fee during the period of coronavirus Covid – 19 impacts on the hotel's performance. The Audit Committee started receiving the sitting fee from 20<sup>th</sup> February 2022, (8<sup>th</sup> Falgun 2078) after significant improvement in the performance of the Company. A total of Rs. 88,235 has been paid against Meeting sitting fees to the Members of the Audit Committee of the Company.

The Company Secretary acts as the Secretary of the Committee.

### Casino Property Lease Committee

The Casino Property Lease Committee consists of the four Board Members viz. Mr. Dinesh Bahadur Bista, Mr. Niranjana Kumar Tibrewala, Mr. Rajesh Kazi Shrestha, and Mr. Prakash Bikram Khatri. Mr. Dinesh Bahadur Bista is the Chairman of the Casino Property Lease Committee. The Committee reports to the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee.

The main function of the Casino Property Lease Committee is to decide and review the Casino lease related matters of the Company and report to the Board of Directors with its recommendations.

### Remuneration Revision Committee

The Remuneration Revision Committee consists of four non-executive Board Members viz. Mr. Ravi Bhakta Shrestha, Convenor, Mr. Sashi Raj Pandey, Mr. Niranjana Kumar Tibrewala, and Mr. Prakash Bikram Khatri as Members of the Committee. The Committee reports to the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee.

The Remuneration Revision Committee was constituted with the objective to determine remunerations and perquisites of the Executive Chairman of the Company and report to the Board of Directors for the recommendations to the Annual General Meeting of the shareholders for its approval.

### Investment Committee

The Investment Committee consists of four Board Members viz. Mr. Dinesh Bahadur Bista, Mr. Sashi Raj Pandey, Mr. Niranjana Kumar Tibrewala, and Mr. Prakash Bikram Khatri. Mr. Dinesh Bahadur Bista is the Chairman of the Committee. The Committee reports to the Board of Directors of the Company.

The Investment Committee was constituted with the objective to explore and identify the possibility of investing in and operating hotels of different categories outside the valley.

The Committee met one time during the fiscal year 2078/79 (2021/22). A total of Rs.52,941 has been paid against meeting sitting fees to the Members of the Investment Committee of the Company.

The Company Secretary acts as the Secretary to the Committee.

### **Industrial Relations Committee**

The Industrial Relations Committee consists of four Board Members viz. Mr. Dinesh Bahadur Bista, Mr. Rajesh Kazi Shrestha, Mr. Niranjana Kumar Tibrewala, and Mr. Prakash Bikram Khatri. Mr. Dinesh Bahadur Bista is the Chairman of the Committee. The Committee reports to the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee.

The main function of the Industrial Relations Committee is to review the industrial relations of the Company such as human resource relations and related sectors of the Company and report to the Board of Directors with its recommendations.

### **Management level Committees**

#### **Corporate Social Responsibility (CSR) Management Committee**

The Board has delegated authority to the Executive Chairman to constitute a Management Level Committee for Corporate Social Responsibility pursuant to Industrial Enterprises Act, 2076, and Industrial Enterprises Rules, 2078.

The Company has set up a Corporate Social Responsibility (CSR) Management Committee with the Convenorship of the Executive Chairman. The composition of the Committee consists of the Executive Chairman, Vice President, General Manager, Chief Accountant, Manager - Human Resources, Company Secretary, Manager - Projects, and Manager - Legal & Liaison.

The Company Secretary acts as the Member Secretary of the CSR Management Committee.

The main function of the CSR Management Committee is to conduct the various corporate social activities on behalf of the Company within the CSR fund provision made by the Company as per the Industrial Enterprises Act, 2076, and utilized such funds in compliance with the Industrial Enterprises Rules, 2078 and other relevant prevailing laws of Nepal. The CSR Management Committee of the Company reports to the Board of Directors.

### **Corporate Social Responsibility**

The Company allocated one percent of Net Profit to CSR Fund in form of a statutory reserve in the fiscal year under review in compliance with the Industrial Enterprises Act, 2076 which is to be utilised in the Corporate Social Responsibility (CSR) initiatives pursuant to the Industrial Enterprises Rules, 2078 and Directives as may be issued by the Department of Industries, Ministry of Industries, Government of Nepal.

### **Additional disclosure under section 109 (4) of the Companies Act, 2063**

**In the event of forfeiture of shares, details regarding the number of forfeited shares, face value of such shares, total amount received by the company for such shares prior to the forfeiture thereof, proceeds of the sale of such shares after the forfeiture thereof, and refund of the amount, if any, made for such forfeited shares;**

The Company has not forfeited any shares during the fiscal year 2078/79 (2021/22).

### **Progress of transactions of the Company and of its subsidiary Company in the previous fiscal year and review of the situation existing at the end of that fiscal year.**

The Company has two subsidiary Companies M/s H I Soaltee Hotel Company Private Limited and Soaltee Hospitality Limited, the subsidiary company, M/s H I Soaltee Hotel Company Private Limited has not yet started operational activities. The financial statements of both subsidiary companies are incorporated under the Consolidated Financial Statement of the Company.

### **Major transactions Carried out by the Company and its subsidiary company during the fiscal year and any material change in the Business of the company**

The hospitality business as envisaged in the Memorandum of Association of the Company remained the core business of the Company; there was no change in business activities during the year, nor was there any change in the core objectives of the subsidiary Companies.



**Information furnished to the Company by its Substantial Shareholders to the Company during the Fiscal year under Review**

There has been no information received or disclosure made by the substantial shareholders of the Company to the Company during the fiscal year 2078/79 (2021/22).

**Particulars of the ownership of shares taken by the directors and office-bearers of the company during the previous fiscal year, and in the event of their involvement in share transactions of the company, information received by the company from them about their involvement;**

To the knowledge of the Company, the Directors, and the Office Bearers of the Company had not taken any ownership of shares or acquired or relinquished shares (sold) of the company during the period of the Fiscal Year 2078/79 (2021/22) under review.

To the knowledge of the Company, the Directors, and the Office Bearers of the Company had not been involved in the share transactions of the Company, nor do they have any information regarding any involvement in the share transactions of the Company's shares in contravention of the prevailing laws of Nepal during the fiscal year 2078/79 (2021/22).

**Particulars of disclosures furnished by any Director or any of his /her close relatives about his personal interest in any agreement connected with the company during the previous fiscal year;**

There is no such information furnished by the Directors and any of their close relatives in any agreements/ contracts related to the Company during the fiscal year 2078/79 (2021/22).

**In the event that the company has bought its own shares (buy-back), the reasons for such buyback, the number and face value of such shares, and the amount paid by the company for such buy-back;**

The Company has not purchased its own shares during the fiscal year 2078/79 (2021/22). The Company does not have the policy to buy back its own shares.

**Whether or not there is an internal control system in place, if there are any such system details thereof;**

The hotel followed the guidelines and system prescribed by the hotel manager for its Internal Control System. The Company is also guided by detailed financial procedures for the Internal Control System. The following Internal Control Systems are in practice in the Company:-

- (a) Operation Manuals, Procedures, and Guidelines for systematic conduct of Operations of the Hotel
- (b) Financial Policies and Accounting Guidelines
- (c) Monthly Reporting on Internal Checks and Control System
- (d) Internal Audit Unit of the hotel to exercise adequate control of financial transactions
- (e) Internal Audit carried out by outside Independent Certified Auditors.
- (f) Periodic review of the Internal Control System by the Management and Audit Committee
- (g) Computerized system of operation for the Front Office, Reservations, Accounting, and Inventory
- (h) Control Self-Assessment conducted by hotel manager every six months.

**Particulars of the total management expenses during the previous fiscal year**

Sn	Particulars	Amount Rs.		Increase / (Decrease) %
		This Year 2021/22 (2078/79)	This Year 2020/21 (2077/78)	
1	Staff Expenses	323,394,618	213,983,858	51.13%
2	Operating (Management) Expenses	154,715,113	97,196,849	59.18%
	<b>Total</b>	<b>478,109,731</b>	<b>311,180,707</b>	<b>53.64%</b>

The total Management Expenses for the fiscal year 2078/79 (2021/22) have increased by 53.64% due to a significant increase in the business and revenue of the Company.

**A list of the members of the audit committee, remunerations, allowances, and facilities being received by them, particulars of functions discharged by the Committee, and details of suggestions, if any, made by that committee;**

The Company has an Audit Committee comprising the following members of the Board of Directors:-

Sn	Particulars	Capacity / Position
1	Mr. Ravi Bhakta Shrestha	Chairperson
2	Mr. Sashi Raj Pandey	Member
3	Mr. Niranjana Kumar Tibrewala	Member

All other members of the Audit Committee are non-executive Directors thus ensuring complete independence.

The Audit Committee meets on a quarterly basis and reviews internal and external audit reports, control and compliance issues, the Company's financial condition, outstanding receivables, etc. The Audit Committee provides feedback to the Board of Directors by tabling Audit Committee meeting minutes at the subsequent Board meeting for review.

During the fiscal year under review, the Audit Committee invited the Independent Statutory Auditors, the Independent Internal Auditors, the Executive Chairman, the Vice President, the General Manager, Financial Controller, Chief Accountant, Credit Manager to the its Meetings. The Preliminary Statutory Audit Report for the fiscal year 2021/22 (2078/79) was presented before the Audit Committee by the Independent Statutory Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

During the fiscal year, 2078/79 (2021/22) Audit Committee performed the following tasks:-

- Quarterly reviews were conducted on outstanding receivables of the hotel and appropriate measures were advised to the Management to recover the old pending receivables and to deal properly with debtors, and necessary instructions were also given to the management to keep receivables under control.
- The Audit Committee reviewed the Preliminary Statutory Audit Report of the Statutory Auditors along with the Annual Financial Statements for the fiscal year 2021/22 (2078/79) of the Company and recommended the Audited Financial Statements, the Abbreviated Abstract Financial Statement, the Report under section 78 and Corporate Governance Compliance Report, and Financial Highlights for the Fiscal Year ended on 16<sup>th</sup> July 2022 to the Board for adoption and approval.
- Quarterly reviewed the Internal Audit reports and discussions made on the issues raised in the reports and directed the management for resolution.
- The Audit Committee reviewed the performance of the Internal Auditors and made the recommendations for the appointment of the independent Internal Auditors of the Company and their remuneration for the fiscal year 2078/79 (2021/22).
- The Committee informed the Board of Directors that the Management had taken all possible necessary actions to recover the old outstanding receivables and that the status of recovery of the old receivables had been satisfactory.

- (f) The Committee reported to the Board of Directors about its meeting and various recommendations and directions issued to the Management to be implemented on a quarterly basis.
- (g) The Audit Committee had recommended the appointment of Statutory Auditors and their remunerations to the 47<sup>th</sup> Annual General Meeting of the shareholders of the Company.

The Board of Directors is pleased to report that the Management has implemented or is in the process of implementing most of the recommendations, and its status is found to be satisfactory.

The Committee Members are glad to report that during the fiscal year 2078/79 (2021/22) no major issues have been reported in the Internal Audit Reports of the Company. The Internal Control System of the Company has been reported to be satisfactory.

**Payments due, if any, to the Company from any director, managing director chief executive, or substantial shareholder of the Company or any of their close relatives, or from any firm, Company, or corporate body in which he/she is involved;**

A sum of Rs. 43.23 million (previous year Rs. 31.21 million) is outstanding receivable to be received from Nepal Airlines Corporation (NAC) which has got corporate share ownership of the Company. The amount pertains to dues receivables against catering to NAC on board flights by The Soaltee Gate Gourmet – Flight Catering Division of the Company. The Company has business relationship with NAC over a number of years in the past.

**Amount of Remunerations, Allowances, and Facilities paid to the Directors, the Managing Director, the Chief Executive, and Office-bearers;**

The Directors have not been paid any remuneration, allowances, and facilities except meeting fees of Rs. 15,000/- net of taxes per sitting.

The Board of Directors had not taken any meeting fees due to the impact of Covid-19 on the Company during the fiscal year from 24<sup>th</sup> March to under review until 19<sup>th</sup> February 2022, (7<sup>th</sup> Falgun 2078). The total meeting fees paid during the financial year 2078/79 (2021/22) to the Non-Executive Board of Directors was 423,528.

The remuneration, allowances, and other facilities paid to the Executive Chairman, the Vice President, the General Manager, and the Managers of the Company during the fiscal year 2078/79 (2021/22) was Rs. 68,604,972 /- (Previous fiscal year Rs. 49,392,003 /-).

The Company also provides an office car to the Executive Chairman, the Vice President, and the General Managers with a driver, fuel, and maintenance as other facilities.

The Executive Chairman has not taken any of the facilities after the Covid – 19 pandemics' impact with effect from 13<sup>th</sup> April 2020 except Rs. 10,000 per month from 13<sup>th</sup> April 2020 to 31<sup>st</sup> December 2020 and Rs. 5,000 per month from 1<sup>st</sup> January 2021 to the end of February 2022.

**Amount of dividends remaining unclaimed by the shareholders;**

The dividend yet to be collected by the Shareholders amounts to a total of Rs. 10,514,616/- (previous year Rs. 11,376,471/-) as on 16 July 2022 (32 Ashadh 2079) for the fiscal year which includes dividends not collected from the fiscal year 1992/93 to 2018/19 (2049/50 to 2075/76). Out of the above-mentioned unclaimed dividends, Rs. 2,876,304/- (previous year Rs. 1,946,432/-) pertains to the fiscal years from 1992/93 to 2015/16 (2049/50 to 2072/73) - periods more than five years from the dates of declaration.

Under the Companies Law, the dividend not claimed/received by any shareholder even after a period of five years from the date of the resolution adopted by the Company in its Annual General Meeting to distribute the dividend should be deposited to the Investor Protection Fund to be established by the Government of Nepal. Therefore, shareholders who have not yet collected their Dividends relating to the above fiscal years are requested to kindly contact the Share Registrar of the Company, NIBL Ace Capital Market Limited, Lazimpat, Kathmandu, Nepal to collect the such unclaimed dividend.

**Details of sale and purchase of properties pursuant to Section 141;**

No Acquisition and Sales of properties in pursuant to section 141 of the Companies Act, 2063 (2006) took place during the Fiscal Year 2078/79 (2021/22).

**Details of the transactions carried on between the associated companies pursuant to Section 175 of the Companies Act, 2063 (2006);**

No transaction between associated Companies in pursuant to section 175 of the Companies Act, 2063 (2006) took place during the fiscal year 2078/79 (2021/22).

**Any other matters required to be set out in the report of the board of directors under the Companies Act, 2063 (2006) and the prevailing laws of Nepal;**

There are no other matters to be disclosed in the Director's Report of the Board of Directors in pursuant to the Companies Act, 2063 (2006) and the prevailing law of Nepal during the fiscal year 2078/79 (2021/22).

**Other necessary matters;**

There are no other necessary matters to be disclosed by the Board of Directors.

**Disclosures Related to Sub Rule (2) of Rule 26 of Securities Registration and Issuance Regulation, 2073 (2016) (Schedule 15):**

**Report of Board of Directors:**

Report of the Board of Directors is included in the Annual Report 2078/79 (2021/22) under Director's Report section heading.

**Auditor's Report:**

The Auditor's Report is included in the Annual Report 2078/79 (2021/22) under the Auditors Report section heading.

**Audited Financial Reports:**

The Audited Financial Reports for the Fiscal Year 2078/79 (2021/22), comprising the Statement of Financial Position (Balance Sheet) as on 16<sup>th</sup> July 2022, Statement of Profit or Loss and Other Comprehensive Income (Profit and Loss Account), and Statement Cash Flow, and Statement of Changes in Equity for the year ended 16<sup>th</sup> July 2022 and Notes to the Financial Statement of the Company appended under the respective section heading of the Annual Report 2078/79 (2021/22).

**Legal Proceedings:**

- (a) Lawsuit filed by or against the corporate body during the quarterly period.
- The Company had filed a writ petition before the High Court Patan against the respondent Holiday Inns (China) Limited, Hong Kong for the due appointment of an Arbitrator pursuant to the Hotel Management Agreement (HMA). This case is subjudice in the honorable High Court.
  - In another writ petition filed by the Company before the honorable High Court Patan against the respondent Permanent Court of Arbitration (PCA) the Netherlands, seeking to issue an interim order in the name of the respondent to not execute the decision of the Secretary General of the respondent appointing Singapore International Arbitration Center as arbitrator appointing authority on a dispute under HMA. The honorable High Court Patan issued an interim order to keep the execution of the decision of PCA in status quo and to not initiate the act of appointment of a presiding arbitrator.
  - The Company files a petition before the High Court Patan against the respondent Social Security Fund during the year under review on the decision made by the Social Security Fund to recover the Social Security Facilities settlement from the Company. The verdict was made in favour of the Company by the honorable High Court.
  - The Company had filed a writ petition before the Supreme Court of Nepal against Casino Royalty claimed for Casino Closed period by the Ministry of Finance. The honorable Supreme Court issued an interim order. The writ is subjudice in the honorable Supreme Court.
- (b) Lawsuit filed by or against the promoter or director of the corporate body involving violations of statutory regulations or criminal offenses.  
The Company has not received any such information during the fiscal year 2078/79 (2021/22).
- (c) Law-suit filed against any promoters or directors for committing economic crimes;  
The Company has not received any such information during the fiscal year 2078/79 (2021/22).

**Analysis of Stock transaction Performance of the corporate body:**
**(a) Management's view on the performance of the stocks of the corporate body in the Stock Exchange:-**

Since the price and transactions of the shares of the Company are, being determined by the open share market operations through Nepal Stock Exchange Ltd. (NEPSE) Management's view on the performance of the stocks of the Company is neutral.

**(b) Maximum, minimum and Closing price of the stocks of the corporate body during each quarter of the preceding year along with the total volume of trading of shares and number of days traded:-**

Maximum, Minimum, and Closing price of the stocks of the Company, the total volume of transacted shares, and the total number of transactions and days transacted during each quarter of the Fiscal year 2078/79 (2021/22) are undermentioned: -

Quarters of FY 2078/79 (2021/22)	Share Price (Rs.) 2078/79 (2021/22) Share Price (Face value of Rs. 10 for each Share)			The fiscal Year 2078/79 (2021/22) Total Number of		
	Maximum	Minimum	Closing	Trading Days	Transactions	Transacted Shares
	1 <sup>ST</sup> QUARTER (END OF ASHWIN 2078)	312.00	220.10	226.90	57	19,351
2 <sup>ND</sup> QUARTER (END OF POUISH 2078)	252.90	187.00	230.00	59	6,448	1,847,076
3 <sup>RD</sup> QUARTER (END OF CHAITRA 2078)	250.00	200.00	230.00	58	8,479	2,462,278
4 <sup>TH</sup> QUARTER (END OF ASHADH 2079)	232.70	186.70	202.50	64	4,738	1,458,868
<b>TOTAL</b>				<b>238</b>	<b>39,016</b>	<b>10,685,046</b>

(SOURCE: NEPAL STOCK EXCHANGE LTD.)

**Problems and Challenges:-**
**(A) Internal**

The Company has got no internal problems.

**(B) External**

- (i) Rise in cost of operation, scarcity of potable water, increasing cost of human resources, goods and services, energy, and cost of products and services;
- (ii) Over supply of rooms due to new properties coming in operation, however demand is not growing accordingly. The gap between supply and demand of rooms is ever widening.
- (iii) Adverse effects to the tourism because of unfavorable global incidents;
- (iv) Political instability and disturbances, and lack of tourism infrastructures and Government policy;
- (v) Natural disasters such as earthquake, spreading of Coronavirus Covid -19 and other catastrophes;

**Strategy:**

- (i) Develop a customer oriented services culture – emphasis on customer care and convenience;
- (ii) Increase market share by following disciplined growth strategy;
- (iii) Develop innovative products and services that attracts customers and market segments;



- (iv) Upgrade the infrastructures of the hotel and continue to develop products and services that reduce cost of funds and explore new avenues for growth and profitability;
- (v) Explore possibility of investing or operating hotels outside Kathmandu;
- (vi) Achieve service excellence and continue enhancement in products and services to exceed customer expectations;

### Corporate Governance:

#### Management's initiatives towards good corporate governance:

Transparency and accountability are the two basic tenets of Corporate Governance. The Board of Directors are committed to sound principles of Corporate Governance in the Company. The Board of Directors of Company are pleased to report that during the year ended 16 July 2022, the Company had complied and followed the corporate governance, which includes: -

- (a) The Company has been complying with the Acts, Directives, Guidelines, and Regulations and Byelaws issued by Government of Nepal, Security Board of Nepal, Nepal Stock Exchange Ltd., and CDS & Clearing Ltd. regarding Corporate Governance.
- (b) Board of Directors and its Committees' (Audit Committee of the Board) meeting are held on regular basis.
- (c) Adequately experienced core Management team
- (d) Regular Executive Committee meetings to review the operational activities and progress in various areas of hotel operation
- (e) Adequate Internal Control System, policies, procedures, manuals of the Company and compliance of the relevant laws
- (f) The Company has an external independent Internal Auditors who carries out an internal audit for the review, checking the compliances and internal control system, procedures and policies of the Company and provide independent information on the internal control. The independent Internal Auditors reports directly to the Audit Committee. The Company also has its own Internal Audit unit, which carries out internal review of the hotel.
- (g) Adequate compliances of the regulatory requirement of Company to the Office of Company Registrar, SEBON, NEPSE, CDS & Clearing, Nepal Rastra Bank and Ministry of Tourism & Civil Aviation etc.

#### **SUMMARY OF THE COMPLIANCE REPORT CONTAINING MAJOR POINTS OF REPORT UNDER CLAUSE 20(4) OF THE CORPORATE GOOD GOVERNANCE DIRECTIVES ISSUED FOR LISTED INSTITUTION, 2074 TO BE PLACED IN THE ANNUAL REPORT**

The Company Secretary acts as a Compliance Officer, who oversees the overall compliance function in the Company. For the period under review, the compliance status of the Company with respect to the Companies Act, 2063, Securities Act, 2063, its rules, and Corporate Governance Directives issued for listed Institutions, 2074 has been found at a good level.

A glimpse of compliance status as per the compliance report is furnished below:

- The Company did not make any public offering or right issue in the FY 2078/79, hence the provisions to be fulfilled in those respects are not applicable.
- The bonus share issued by the Company is listed with SEBON.
- The Company has submitted requisite reports to the concerned regulatory bodies within the specified timelines and in the manner as prescribed in the relevant directives, laws, rules, and regulations. The Company has maintained proper recording of the transactions as per the prevailing laws.
- The Company has disclosed all the information with regulators which supplements and requires assessment of the financial position of the Company.
- None of the Directors, employees, shareholders, or professional service providers to the Company or any other person having direct or indirect contact with them has been found involved in insider trading.
- The Company has published quarterly financial statements along with the information required to be disclosed.
- Provisions regarding the election, the nomination of directors/independent directors, and their tenure have been found as per the provisions of prevailing laws applicable for the Company and Articles Association and Memorandum of Association of the Company.

- Compliance with the Directions and Directives issued by the regulatory body from time to time and all the requirements of prevailing acts and regulations including directions have duly complied.

*(Note: This is only the executive summary of the report approved by the Board and Certified by the Statuary Auditor. The detailed report will be submitted to SEBON pursuant to the Corporate Good Governance Directives.)*

### **Appreciations and Acknowledgements**

The Board of Directors places on record their deep appreciation to employees at all levels for their work, dedication, and commitment. The Board wishes to thank the Executive Chairman and his leadership team for their excellence and for leading the team during the difficult time, Covid -19 pandemic, and post-pandemic with the outstanding financial performance of the Company.

The Board of Directors wishes to express its gratitude to the respected shareholders at large for their valuable insight, guidance, cooperation, and support through their personal inputs and their active participation in our Annual General Meetings.

The Board of Directors places to record its sincere appreciation and gratitude for the support and cooperation the Company has received from all our valued customers, travel agencies, airlines, vendors, consultants, contractors, suppliers, service providers, banks, business associates, and other agencies.

The Board of Directors would like to express its gratitude to the Government of Nepal, Nepal Rastra Bank, and other Government agencies and regulatory authorities for their support, guidance, and cooperation and look forward to their continued support in the future.

**DINESH BHADUR BISTA**  
**EXECUTIVE CHAIRMAN**

**Date:** 17th October 2022  
 (31st Aswin 2079)

**Place:** Kathmandu

**UBARAJ ADHIKARI**  
**DEEPAK RAJ JOSHI**  
**PRAKASH BIKRAM KHATRI**  
**SASHI RAJ PANDEY**  
**JAYA RAJYA LAXMI SHAH**  
**RAVI BHAKTA SHRESTHA**  
**RAJESH KAZI SHRESTHA**  
**NIRANJAN KUMAR TIBREWALA**  
**DIRECTORS**

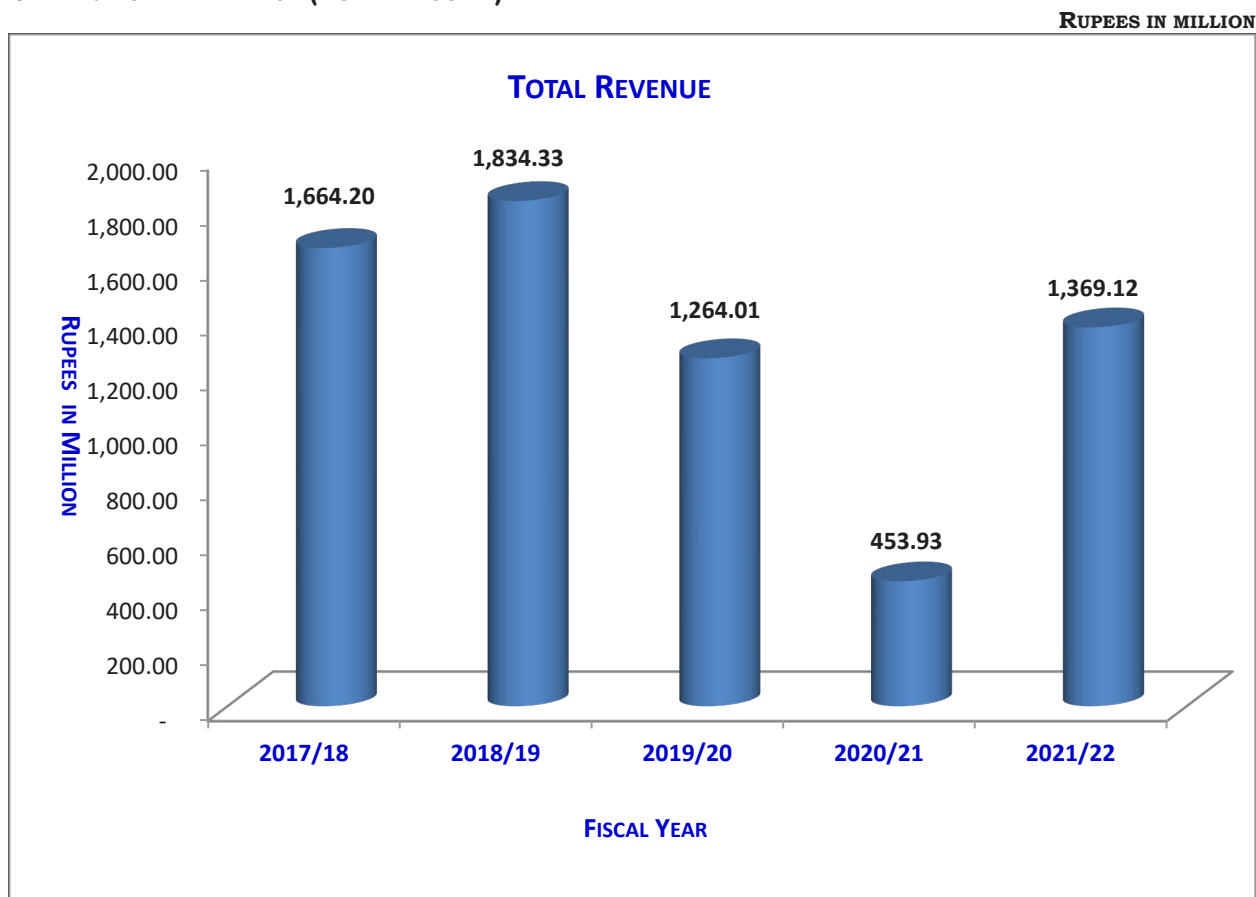
## SOALTEE HOTEL LIMITED

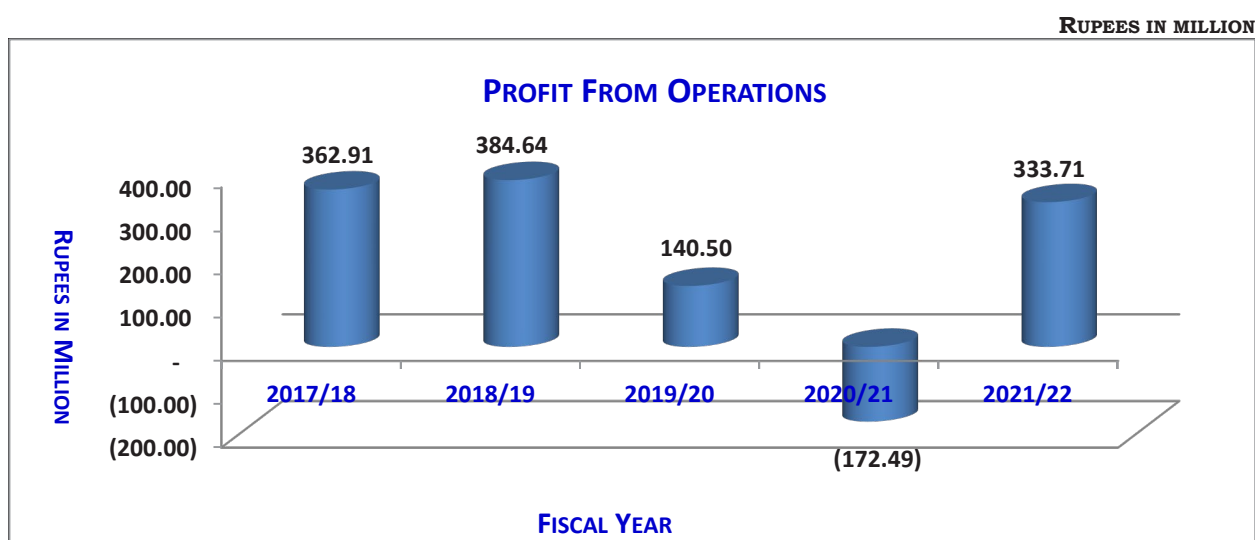
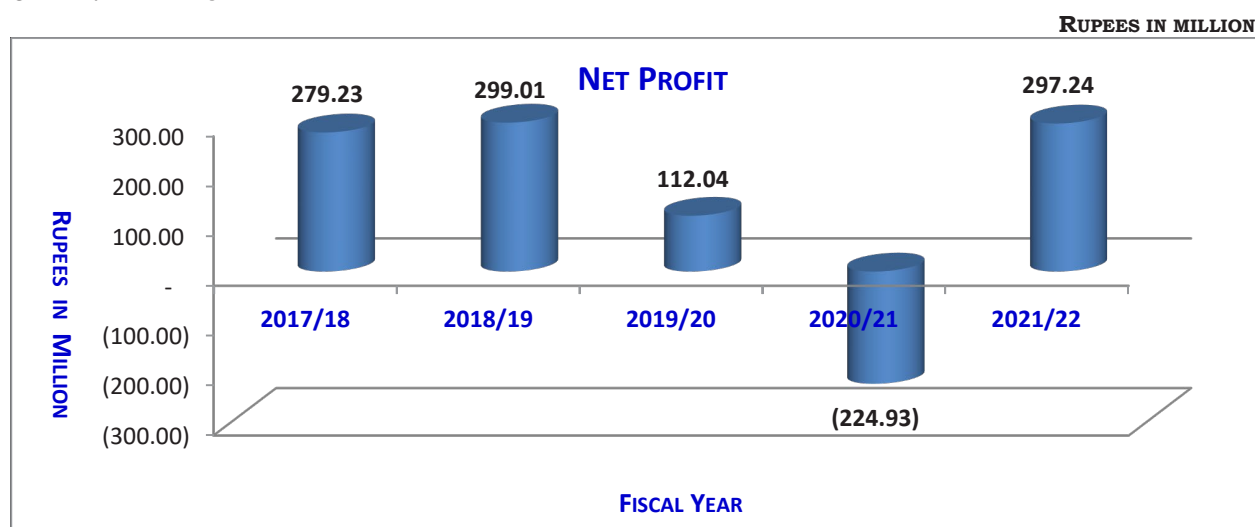
### FINANCIAL HIGHLIGHTS

The major performance indicators comparative figures of the Company for the last five years are summarized as under:

PARTICULARS	FINANCIAL YEAR				
	2021/22	2020/21	2019/20	2018/19	2017/18
TOTAL REVENUE	1,369.12	453.93	1,264.01	1,834.33	1,664.20
TOTAL EXPENDITURE	1,035.41	626.42	1,123.51	1,449.69	1,301.29
<b>PROFIT FROM OPERATIONS</b>	<b>333.71</b>	<b>(172.49)</b>	<b>140.50</b>	<b>384.64</b>	<b>362.91</b>
LESS: FINANCE COST	18.54	2.87	0.58	0.73	0.82
<b>PROFIT BEFORE TAXES</b>	<b>315.17</b>	<b>(175.36)</b>	<b>139.92</b>	<b>383.91</b>	<b>362.09</b>
LESS: PROVISION FOR INCOME TAX	-	-	15.90	78.00	70.32
LESS: DEFERRED TAX EXPENSES/(INCOME)	17.93	49.57	11.98	6.90	12.54
<b>NET PROFIT AFTER TAXATION</b>	<b>297.24</b>	<b>(224.93)</b>	<b>112.04</b>	<b>299.01</b>	<b>279.23</b>
<b>NET TRANSFER TO RESERVES FOR THE YEAR</b>	<b>297.24</b>	<b>(224.93)</b>	<b>112.04</b>	<b>299.01</b>	<b>279.23</b>

GRAPH: TOTAL REVENUE (TOTAL INCOME)

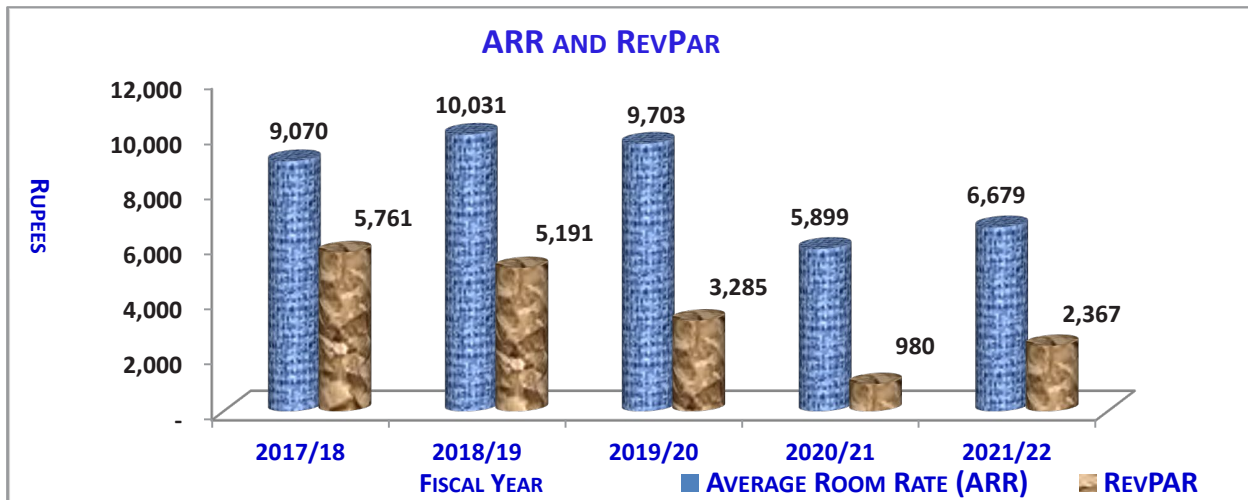


**GRAPH: PROFIT FROM OPERATIONS****GRAPH: NET PROFIT****ROOM REVENUE, OCCUPANCY, AVERAGE ROOM RATE (ARR) AND REVPAR**

PARTICULARS	FINANCIAL YEAR					INCREASE / (DECREASE) % (THIS FY Vs LAST FY 2020/21)
	2021/22	2020/21	2019/20	2018/19	2017/18	
ROOM COUNT	285	161	260	282	210	<b>77.02%</b>
ROOM REVENUE (RS. IN MILLIONS)	246.99	57.43	311.35	534.34	442.42	<b>330.09%</b>
ROOM AVAILABLE	104,355	58,604	94,785	102,930	76,797	<b>78.07%</b>
SALEABLE ROOM	104,355	58,604	94,785	102,930	76,797	<b>78.07%</b>
ROOM OCCUPIED	36,982	9,736	32,088	53,271	48,779	<b>279.85%</b>
OCCUPANCY PERCENTAGE	35.44%	16.61%	33.85%	51.75%	63.52%	<b>18.83%</b>
AVERAGE ROOM RATE (ARR) RS.	6,679	5,899	9,703	10,031	9,070	<b>13.23%</b>
REVPAR (REVENUE PER AVAILABLE ROOM) RS.	2,367	980	3,285	5,191	5,761	<b>141.53%</b>

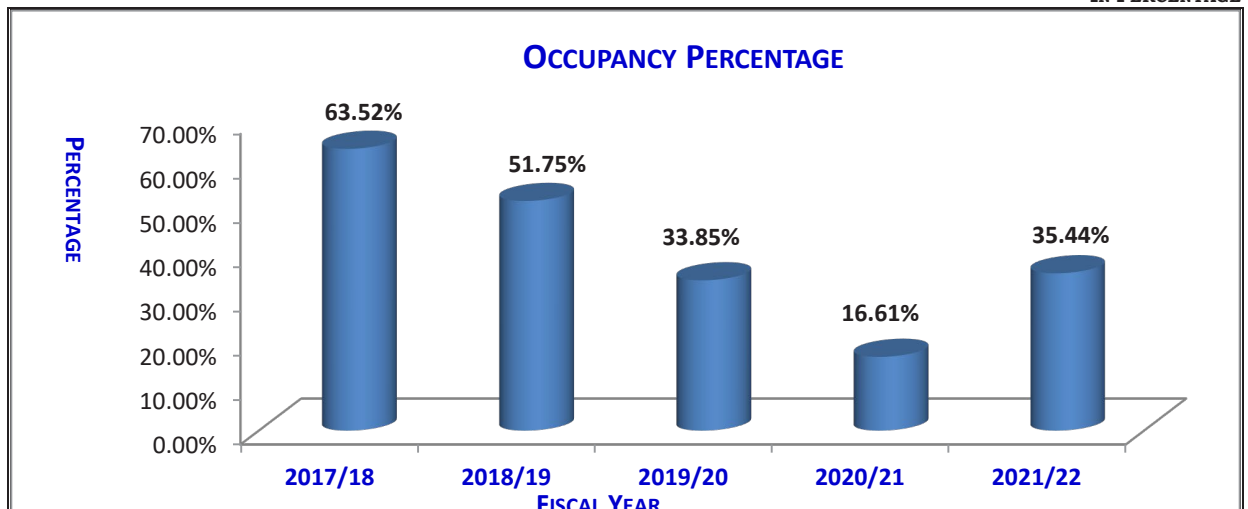
GRAPH- AVERAGE ROOM REVENUE (ARR) AND REVPAR

IN RUPEES



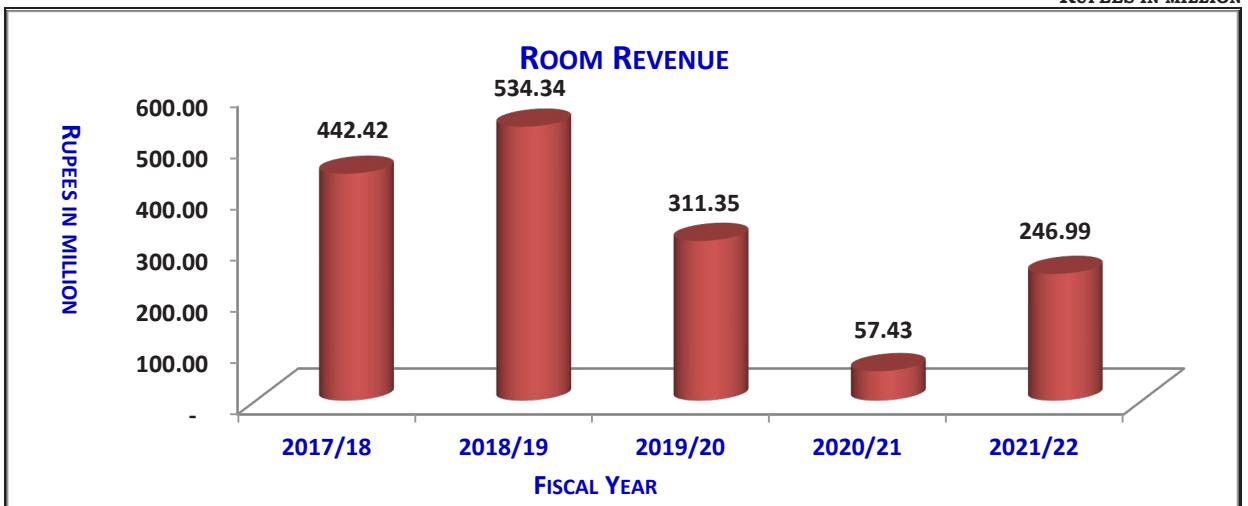
GRAPH - OCCUPANCY PERCENTAGE

IN PERCENTAGE



GRAPH - ROOM REVENUE

RUPEES IN MILLION

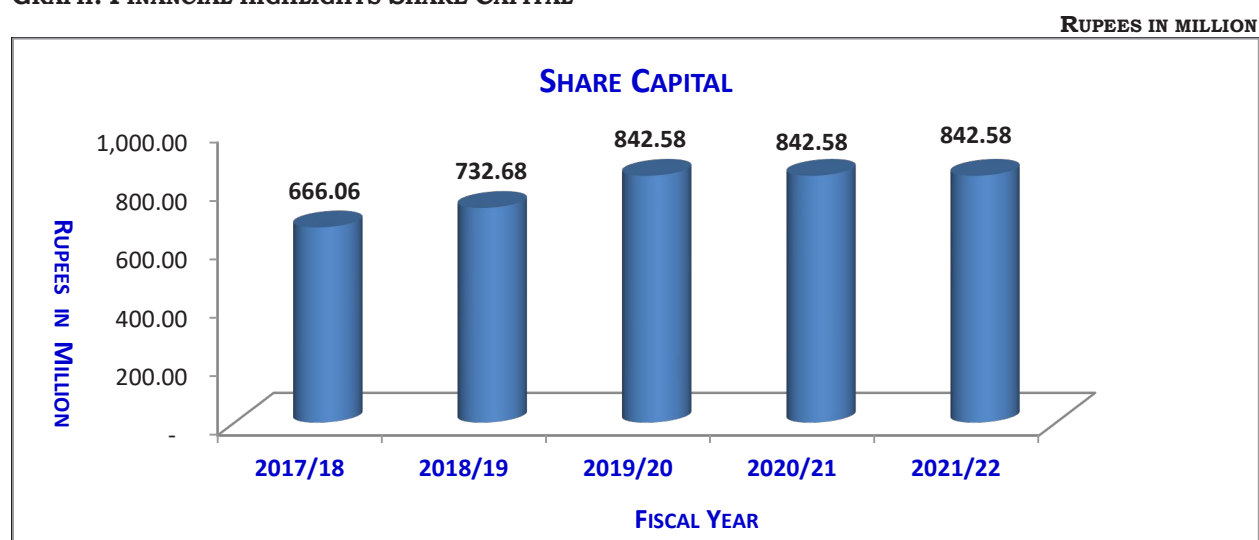
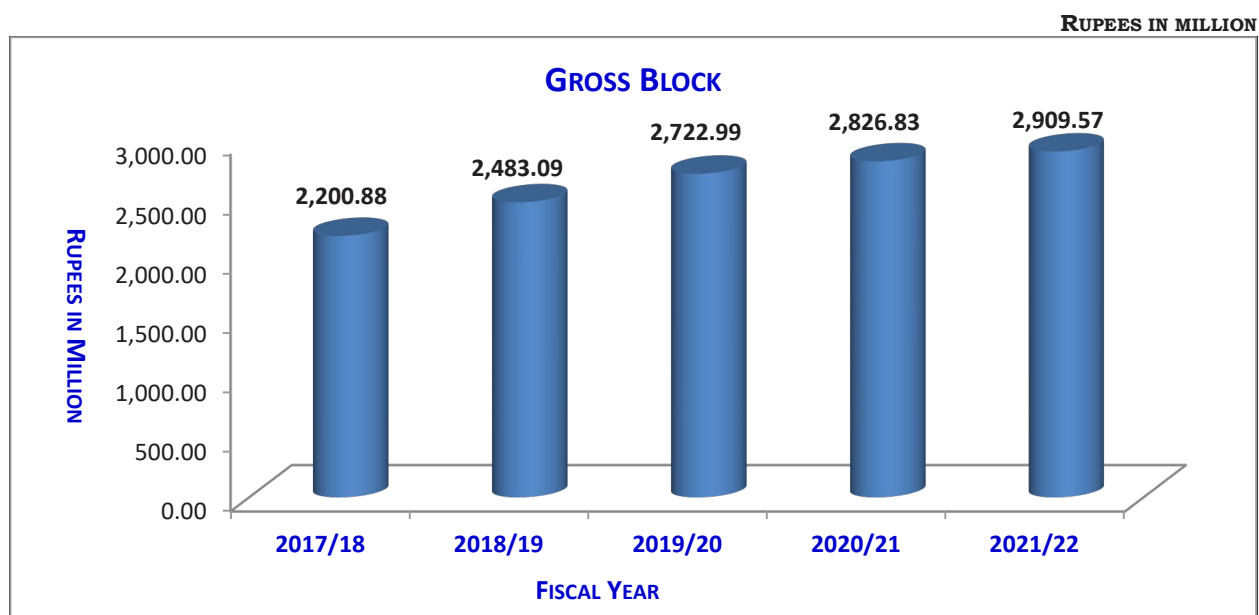




**FINANCIAL HIGHLIGHTS**

The following are the comparative figures which highlight the Company's performance for last five years: -

PARTICULARS	FINANCIAL YEAR					INCREASE / (DECREASE) % (THIS FY Vs LAST FY 2020/21)
	2021/22	2020/21	2019/20	2018/19	2017/18	
SHARE CAPITAL	842.58	842.58	842.58	732.68	666.06	-
FIXED ASSETS GROSS BLOCK	2,909.57	2,826.83	2,722.99	2,483.09	2,200.88	2.93%
TOTAL REVENUE	1,369.12	453.93	1,264.01	1,834.33	1,664.20	201.62%
PROFIT FROM OPERATIONS	333.71	(172.49)	140.50	384.64	362.91	293.46%
NET PROFIT/ (LOSS)	297.24	(224.93)	112.04	299.01	279.23	232.15%

**GRAPH: FINANCIAL HIGHLIGHTS SHARE CAPITAL****GRAPH: FINANCIAL HIGHLIGHTS – FIXED ASSETS GROSS BLOCK**

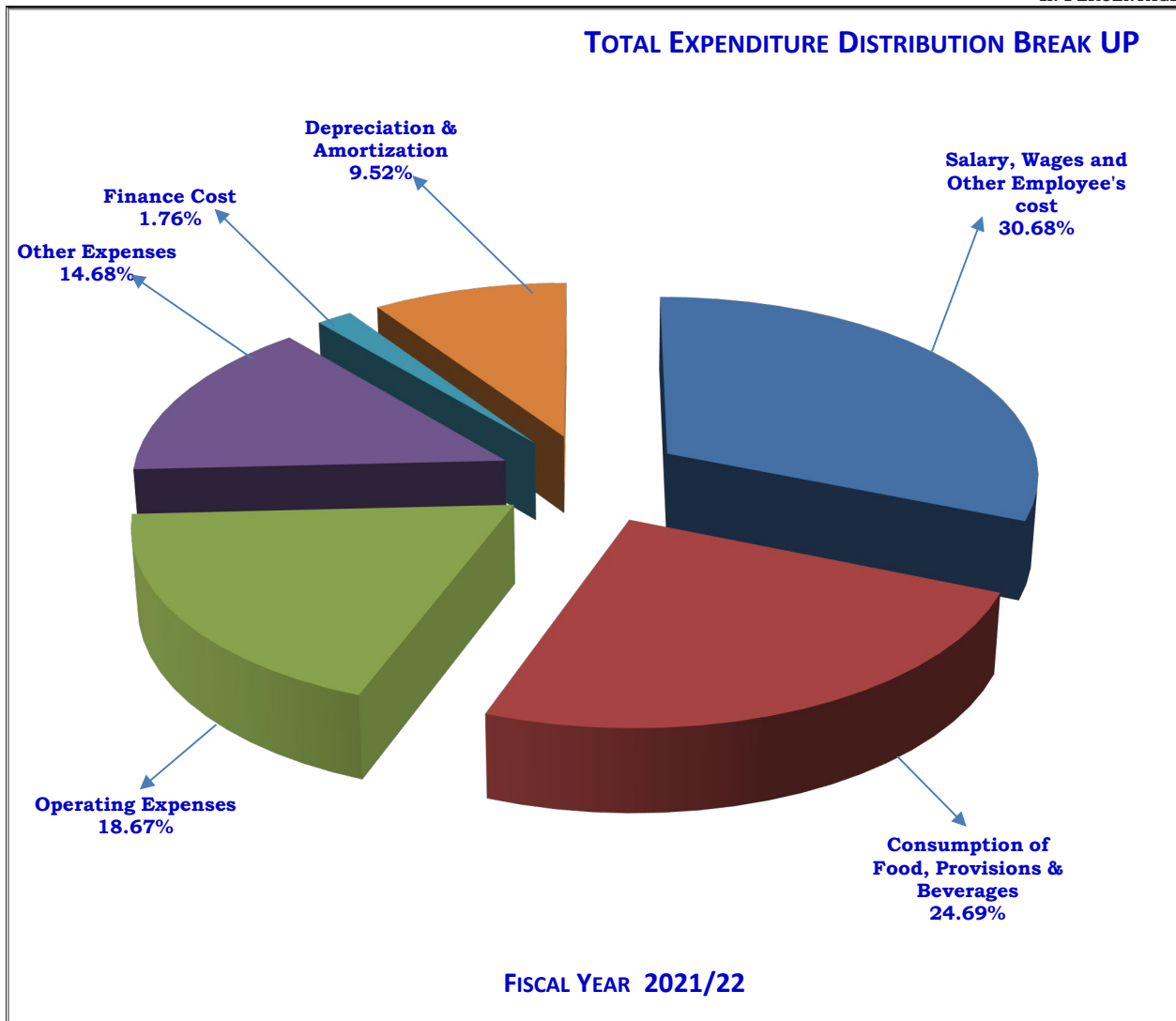
**FINANCIAL HIGHLIGHTS – TOTAL EXPENDITURE DISTRIBUTION BREAK UP**

The following are the break up for Total Expenses made: -

PARTICULARS	CURRENT YEAR (2021/22)	
	RUPEES IN MILLION	PERCENTAGE (%) IN BREAK UP
SALARY, ALLOWANCES, WAGES & OTHER EMPLOYEES RELATED EXPENSES	323.39	30.68%
CONSUMPTION OF FOOD, PROVISIONS AND BEVERAGES	260.19	24.69%
OPERATING EXPENSES	196.75	18.67%
OTHER EXPENSES	154.72	14.68%
FINANCE COST	18.54	1.76%
DEPRECIATION & AMORTIZATION	100.36	9.52%
<b>TOTAL EXPENDITURE</b>	<b>1,053.95</b>	<b>100.00%</b>

**GRAPH: FINANCIAL HIGHLIGHTS –DISTRIBUTION BREAK UP OF TOTAL EXPENSES**

IN PERCENTAGE



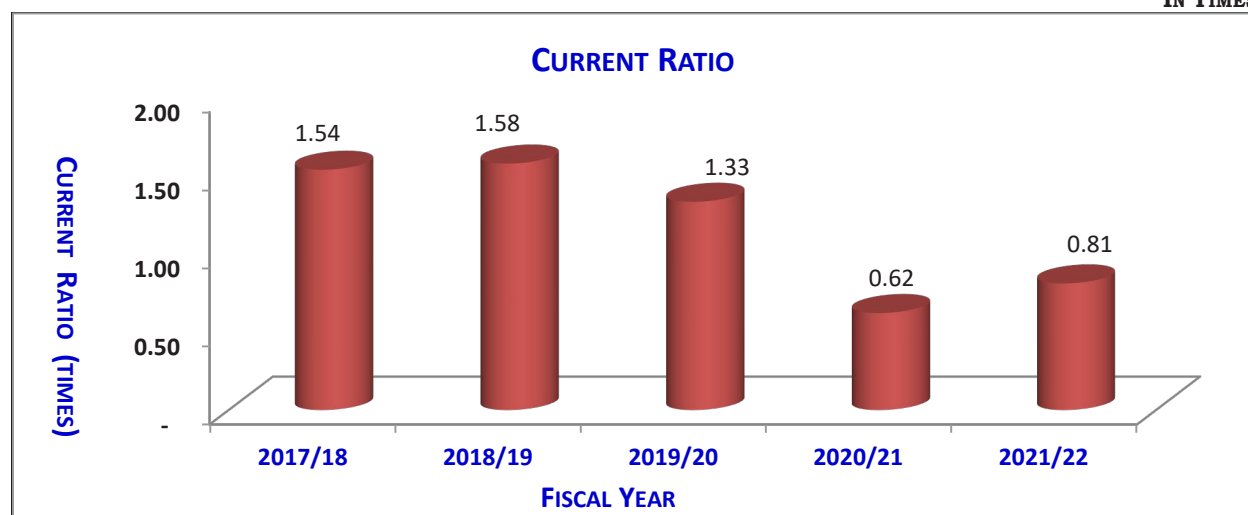
## MAJOR FINANCIAL INDICATORS

The following are the comparative figures for major Financial Indicators which show the performance of the Company for last five years: -

PARTICULARS	FINANCIAL YEAR				
	2021/22	2020/21	2019/20	2018/19	2017/18
DEBT EQUITY RATIO	0.04	0.07	0.01	0.01	0.01
RETURN ON EQUITY SHAREHOLDERS FUND	0.17	(0.16)	0.07	0.18	0.19
EARNINGS PER SHARE (RS)	3.53	(2.67)	1.33	4.08	4.19
NET WORTH PER SHARE (RS)	20.52	17.00	19.67	22.22	21.59
GROSS ASSETS VALUE PER SHARE (RS)	29.07	26.06	29.83	33.76	33.44
MARKET VALUE PER SHARE (SHARE OF RS.10 EACH)	202.50	262.00	154.00	244.00	243.00
PRICE EARNINGS RATIO (TIMES)	57.40	(98.14)	115.81	59.79	57.96
CURRENT RATIO	0.81	0.62	1.33	1.58	1.54
DEBTS/CAPITAL EMPLOYED RATIO (TIMES)	3.51	6.26	0.23	0.30	0.40

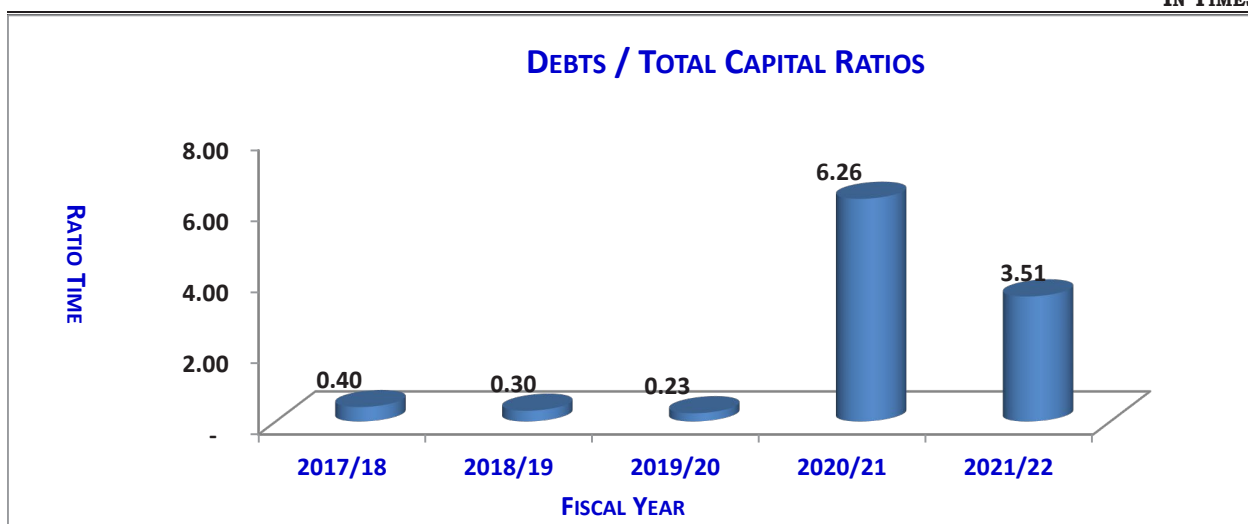
### GRAPH: FINANCIAL HIGHLIGHTS - LIQUIDITY AND CASH POSITION: CURRENT RATIO

IN TIMES



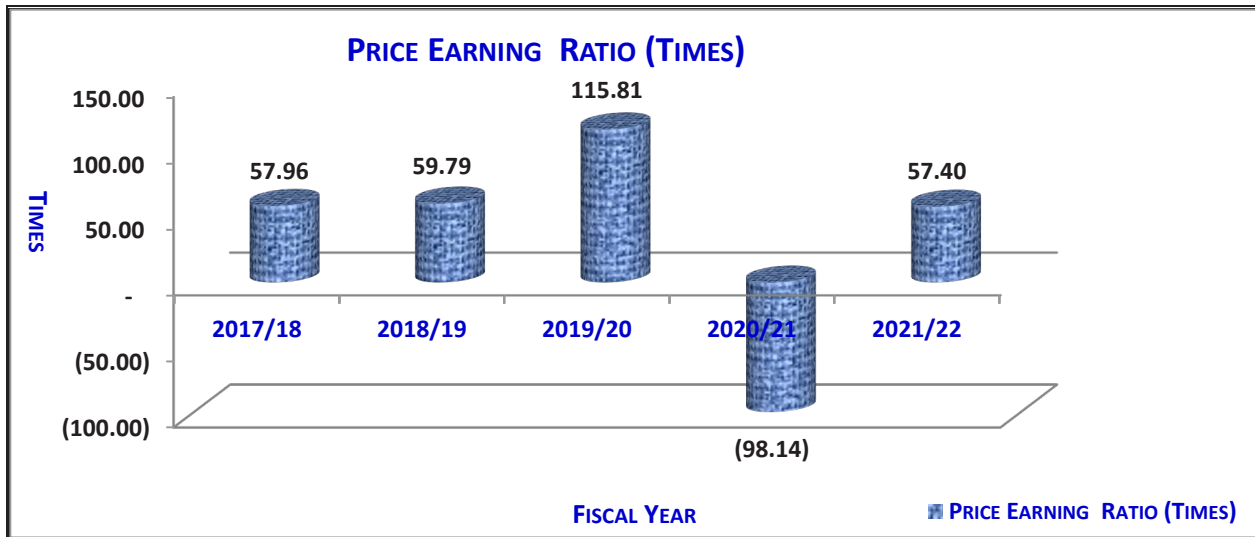
### GRAPH: FINANCIAL HIGHLIGHTS – DEBTS / TOTAL CAPITAL RATIO

IN TIMES



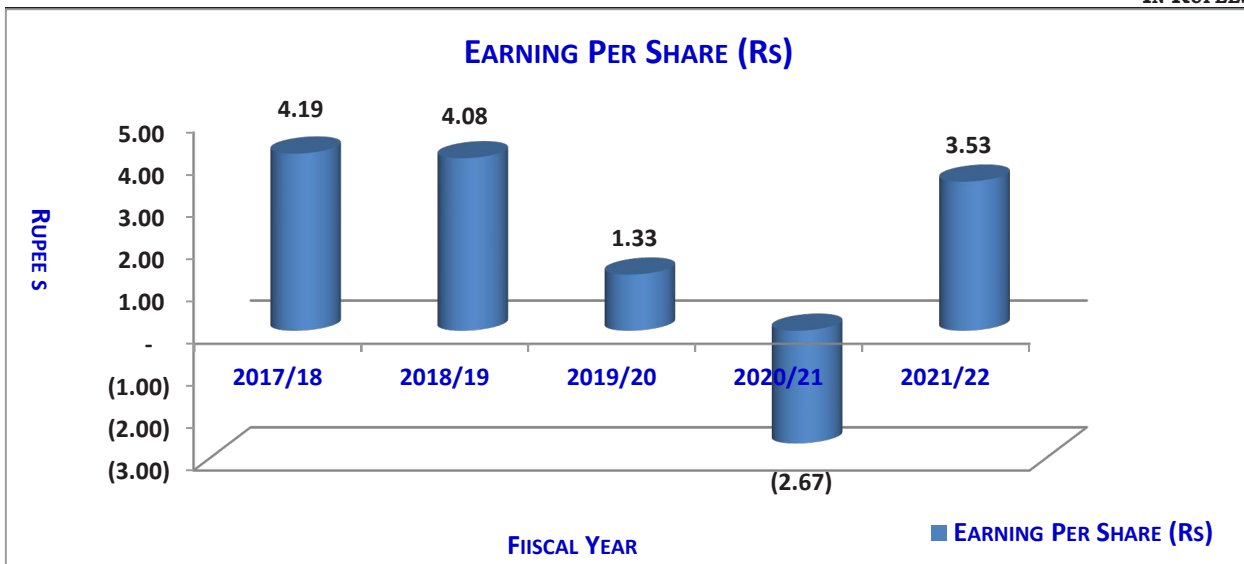
GRAPH: FINANCIAL HIGHLIGHTS – PRICE EARNINGS RATIO

IN TIMES



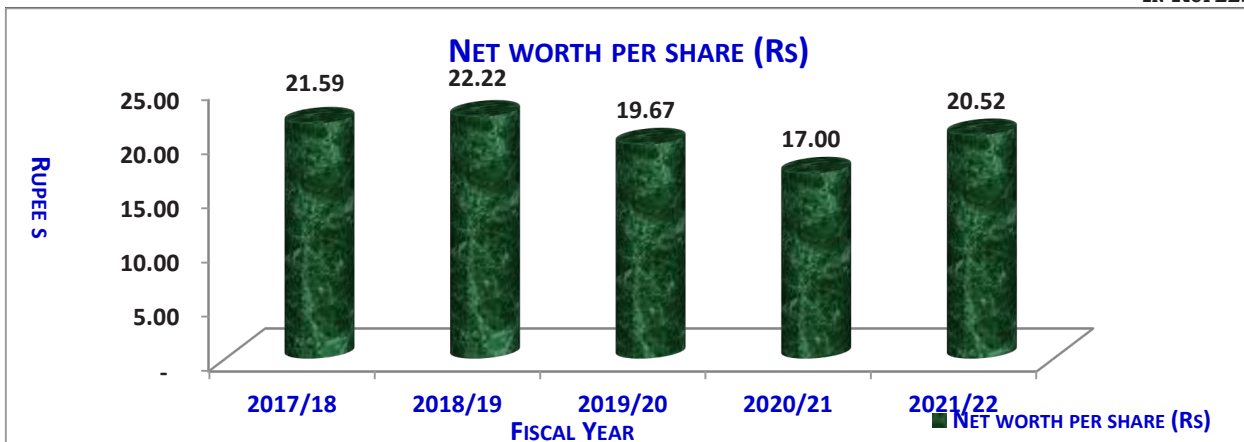
GRAPH: FINANCIAL HIGHLIGHTS – EARNINGS PER SHARE

IN RUPEES



GRAPH: FINANCIAL HIGHLIGHTS – NET WORTH PER SHARE

IN RUPEES

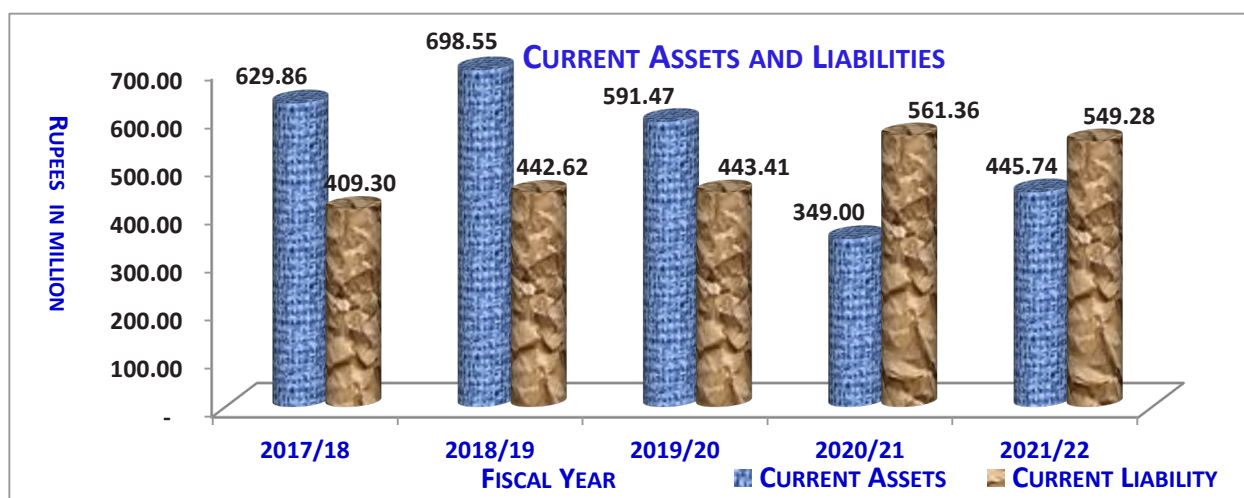
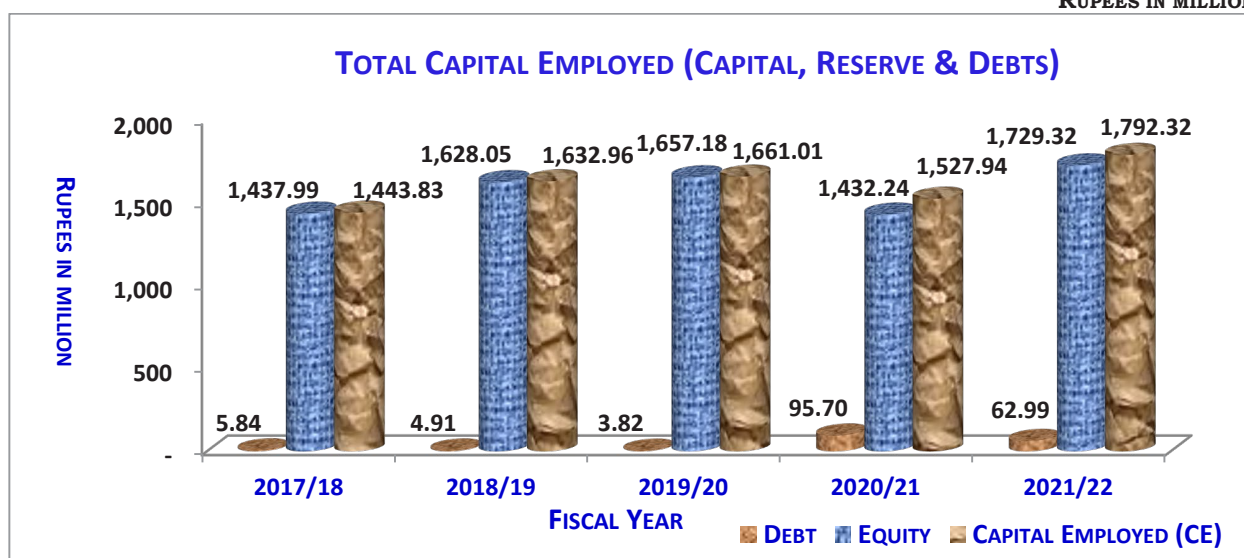


**FINANCIAL HIGHLIGHTS - GEARING RATIO, CURRENT ASSETS, LIABILITIES AND CAPITAL EMPLOYED**

The Debts and total capital employed in the Company for last five years are enlisted below with a comparison on current ratio which shows the Company's ability to meet its current obligations: -

**RUPEES IN MILLION**

PARTICULARS	FINANCIAL YEAR				
	2021/22	2020/21	2019/20	2018/19	2017/18
CURRENT ASSETS	445.74	349.00	591.47	698.55	629.86
CURRENT LIABILITY	549.28	561.36	443.41	442.62	409.30
DEBTS	62.99	95.70	3.82	4.91	5.84
TOTAL EQUITY	1,729.32	1,432.24	1,657.18	1,628.05	1,437.99
CAPITAL EMPLOYED (CE) (SHARE CAPITAL + RESERVES + DEBTS)	1,792.32	1,527.95	1,661.00	1,632.96	1,443.83

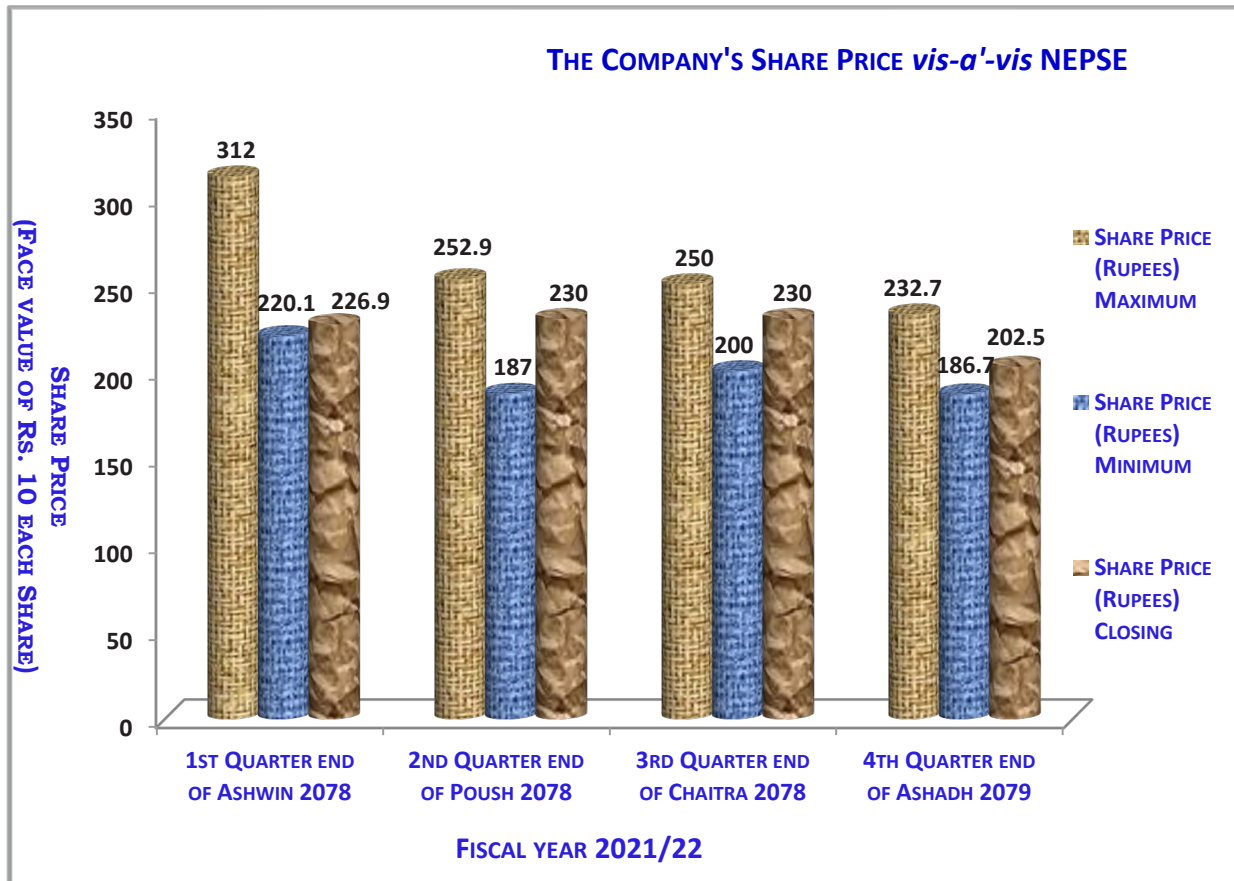
**GRAPH: FINANCIAL HIGHLIGHTS - CURRENT ASSETS AND CURRENT LIABILITIES**
**RUPEES IN MILLION**

**GRAPH: FINANCIAL HIGHLIGHTS - TOTAL CAPITAL EMPLOYED (SHARE CAPITAL, RESERVE & DEBTS)**
**RUPEES IN MILLION**


**ANALYSIS OF SHARE TRANSACTIONS**

Maximum, Minimum and Closing price of the stocks of the Company, Total volume of transacted shares, Total number of transactions and Trading days during each quarter of the financial year are: -

QUARTERS OF FY 2021/22	SHARE PRICE (FACE VALUE OF RS. 10 EACH SHARE)			TOTAL NUMBER OF		
	MAXIMUM	MINIMUM	CLOSING	TRADING DAYS	TRANSACTIONS	TRANSACTIONED SHARES
1ST QUARTER (END OF ASHWIN 2078)	312.00	220.10	226.90	57	19,351	4,916,824
2ND QUARTER (END OF POUH 2078)	252.90	187.00	230.00	59	6,448	1,847,076
3RD QUARTER (END OF CHAITRA 2078)	250.00	200.00	230.00	58	8,479	2,462,278
4TH QUARTER (END OF ASHADH 2079)	232.70	186.70	202.50	64	4,738	1,458,868
	<b>TOTAL</b>			<b>238</b>	<b>39,016</b>	<b>10,685,046</b>

**GRAPH: THE COMPANY'S SHARE PRICE VIS-À-VIS NEPSE**



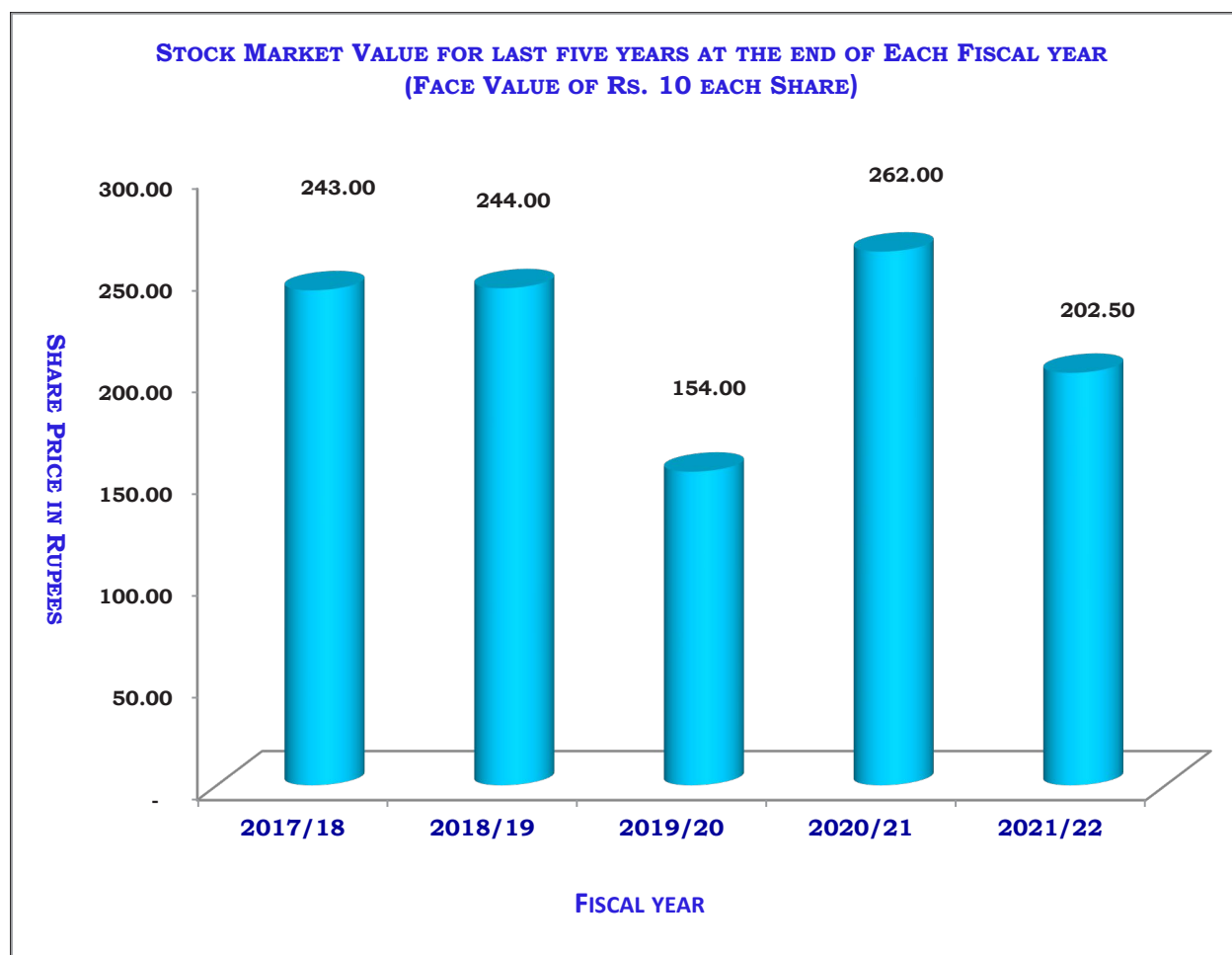


**STOCK MARKET VALUE PER SHARE FOR LAST FIVE YEARS AT THE END OF FINANCIAL YEAR**

FINANCIAL YEAR	MARKET VALUE PER SHARE (Rs)
2017/18	243.00
2018/19	244.00
2019/20	154.00
2020/21	262.00
2021/22	202.50

**GRAPH: FINANCIAL HIGHLIGHTS – MARKET VALUE PER SHARE (SHARE OF RS.10 EACH)**

IN RUPEES



## Independent Auditors' Report to the Shareholders of Soaltee Hotel Limited

### Opinion:

We have audited the accompanying Financial Statements of M/s Soaltee Hotel Limited (hereinafter referred to as 'the Company') which comprise the Statement of Financial Position as at Ashad 32, 2079 (July 16, 2022), and the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statement read together with Notes forming part of the financial statement give the information required by the provisions of Nepal Companies Act, 2006, as amended ("the Act") in the manner so required and, give a true and fair view in conformity with the Nepal Financial Reporting Standards (NFRS), of the state of affairs of the Company as at Ashad 32, 2079 (July 16, 2022), its Profit/(Loss) including its Total Comprehensive Income, Cash Flows and the Changes in Equity for the year ended on that date.

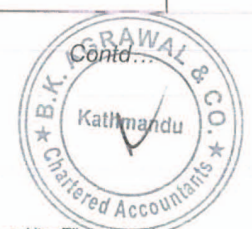
### Basis for Opinion:

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Nepal together with the ethical requirements that are relevant to our audit of the Financial Statement under the provisions of the Companies Act, 2006 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Based on the circumstances and facts of the audit, we consider following as key audit matters:

S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
1	<b>Revenue Recognition</b> (Refer Note 2.2.16 "Revenue" and Note 3.15 of the financial statements)	
	Revenue from sale of service (hereinafter referred to as "Revenue") is recognized at the time of delivery of services and it is probable that the future economic benefits will flow to the Company and that revenue and associated costs incurred or to be incurred can be reliably measured and no any performance obligation is pending with respect to revenue recognized.	Our audit procedures included the following: <ul style="list-style-type: none"> <li>Assessed the appropriateness of the Company's revenue recognition accounting policies in line with NFRS 15 (Revenue) and testing the accounting of revenue in books of accounts thereof.</li> </ul>





S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
	<p>Revenue is key driver of the business and recorded in complex IT system and environment. Likewise, revenue also includes high number of individual and low value transaction therefore in respect of services provided there is risk that revenue is recorded inappropriately relative to the provision of the underlying service.</p> <p>Therefore, due to significant risk embedded in revenue we have identified revenue recognition as a Key Audit Matter for the current period.</p>	<ul style="list-style-type: none"> <li>• Evaluated the integrity of the Company's general information and technology control environment and tested the operating effectiveness of IT application controls over revenue recognition, the detailed process flow of sales, segregation of duties for the process followed, automated steps and manually intervened processes.</li> <li>• Performed detailed analysis of Revenue, analytical testing with sales information filed with tax authorities, testing the timing of its recognition and accuracy of the amounts recognized and verification of the supporting information of the Revenue transactions.</li> <li>• Tested a sample of revenue transactions in relation to the provision of services room sales and assessing them against relevant supporting documentation/sales contracts to determine income has been appropriately recognized.</li> </ul>
<b>2</b>	<b>Property, Plant and Equipment and Investment Property</b> (refer Note 2.2.6, 2.2.8, 3.1 and 3.3 of the Financial Statements)	
	<p>There are areas where management judgement impacts the carrying value of property, plant and equipment and investment property and their respective depreciation or amortization rates. These include the decision to capitalize or expense the costs, the annual asset life review: the timeliness of the capitalization of assets and the use of management assumptions and estimates for the determination or the measurement and recognition criteria for assets retired from active use. Due to the materiality in the context of the balance sheet of the company and the level of judgment and estimates required, we consider this to be a Key Audit Matter.</p>	<p>We assessed the controls in place over the fixed asset, evaluated the appropriateness of capitalization process, performed tests on costs capitalized, the timeliness of the capitalization of the assets and the derecognition criteria for assets retired from active use. In performing these procedures, we reviewed the judgments made by the management including the nature of underlying costs capitalized, impairment, determination of realizable value of the assets retired from the active use, the appropriateness of useful life of assets. We have observed that the management has regularly reviewed the aforesaid judgements and there are no material misstatement of impairment and capitalization of assets</p>

**Other Information:**

The directors are responsible for the other information such as "Report of Board of Director's/Chairman's Statement" to be presented in the Annual Report and Accounts for FY 2078/79 (2021/22) of the Soaltee Hotel Limited. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express any audit opinion or, except as explicitly stated above, any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on audit work done by us on financial statement, the information therein is materially misstated or inconsistent with the financial statements. We have nothing to report in this regard.

**Responsibilities of Management and those charged with Governance for the Financial Statements:**

The company's Management and Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.





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

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

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Nepal Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

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

- Identify and assess the risks of material misstatement of financial statement, 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. We are also responsible for expressing our opinion on whether the Company has adequate internal financial controls in place and the operating effectiveness of such controls.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.





We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

On the basis of our examination, we would like to further report that:

- i) We have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
- iii) In our opinion, the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity attached thereto, for the year then ended and notes to the financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information dealt with by this report are in compliance with the provisions of the Companies Act, 2006 and are in agreement with the books of account maintained by the company;
- iv) In our opinion, so far as appeared from our examination of the books, the business of the Company has been conducted satisfactorily; and
- v) To the best of our information and according to the explanations given to us and from our examination of the books of accounts of the Company necessary for the purposes of the audit, we have not come across cases where the Board of Directors or any employees of the Company have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused loss or damage to the company or committed any accounting fraud in the company.

Kathmandu  
Date: 17 October, 2022 (31 Ashwin, 2079)



**B.K. Agrawal, FCA**  
*Managing Partner*  
**For: B.K. Agrawal & Co.**  
Chartered Accountants  
UDIN: 221023CA00018bSRYm



**SOALTEE HOTEL LIMITED**  
**Statement of Financial Position**  
**As at 32 Ashad 2079 (16 July 2022)**

Amount in Rs.

Particulars	Note	As At Ashad 32, 2079 (July 16, 2022)	As At Ashad 31, 2078 (July 15, 2021)
<b>ASSETS</b>			
<b>Non-Current Assets:</b>			
Property, Plant and Equipment	3.1	1,594,377,605	1,433,176,369
Intangible Assets	3.2	804,096	1,206,338
Investment Property	3.3	89,176,618	91,155,741
Deferred Tax Assets	3.4	-	1,141,316
Investments	3.5	290,689,670	283,895,258
Trade and Other Receivables	3.6	28,942,901	36,273,481
<b>Total Non-Current Assets</b>		<b>2,003,990,890</b>	<b>1,846,848,503</b>
<b>Current Assets:</b>			
Inventories	3.7	84,943,960	74,131,505
Income Tax Receivable	3.13	33,536,069	27,323,287
Trade and Other Receivables	3.6	280,992,936	208,954,681
Prepayments		14,405,870	9,898,982
Cash and Cash Equivalent	3.8	31,863,416	28,690,691
<b>Total Current Assets</b>		<b>445,742,251</b>	<b>348,999,146</b>
<b>Total Assets</b>		<b>2,449,733,141</b>	<b>2,195,847,649</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and Reserves and Surplus:</b>			
Share Capital	3.9	842,579,730	842,579,730
Retained Earnings and Reserves	3.10	886,744,768	589,664,089
<b>Total Equity</b>		<b>1,729,324,498</b>	<b>1,432,243,819</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities:</b>			
Loans and Borrowings	3.11	9,170,921	1,124,779
Employee Benefits	3.12	122,972,669	172,307,353
Deferred Tax Liabilities	3.4	16,786,738	-
Trade and Other Payables	3.14	22,193,947	28,808,705
<b>Total Non-Current Liabilities</b>		<b>171,124,275</b>	<b>202,240,837</b>
<b>Current Liabilities:</b>			
Loans and Borrowings	3.11	53,820,674	94,579,504
Employee Benefits	3.12	42,767,201	9,881,025
Trade and Other Payables	3.14	452,696,493	456,902,464
<b>Total Current Liabilities</b>		<b>549,284,368</b>	<b>561,362,993</b>
<b>Total Liabilities</b>		<b>720,408,643</b>	<b>763,603,830</b>
<b>Total Equity and Liabilities</b>		<b>2,449,733,141</b>	<b>2,195,847,649</b>

Notes 1 to 4.20 form an integral part of this statement

As per our report of even date

**Mukti Nath Shrestha**  
CHIEF ACCOUNTANT

**Sudarshan Chapagain**  
VICE PRESIDENT

**Dinesh Bahadur Bista**  
EXECUTIVE CHAIRMAN

**CA. B.K. Agrawal**  
Managing Partner  
B.K. Agrawal & Co.  
Chartered Accountants

**Lil Bahadur Khatri**  
COMPANY SECRETARY

**Ubaraj Adhikari**  
**Deepak Raj Joshi**  
**Prakash Bikram Khatri**  
**Sashi Raj Pandey**  
**Jaya Rajya Laxmi Shah**  
**Ravi Bhakta Shrestha**  
**Rajesh Kazi Shrestha**  
**Niranjan Kumar Tibrewala**  
DIRECTORS

Date: 17 October 2022  
(31 Ashwin 2079)  
Place: Kathmandu, Nepal



**SOALTEE HOTEL LIMITED****Statement of Profit or Loss and Other Comprehensive Income**  
**For the period ended on 32 Ashad 2079 (16 July 2022)**

Amount in Rs.

Particulars	Note	Year Ended Ashad 32, 2079 (July 16, 2022)	Year Ended Ashad 31, 2078 (July 15, 2021)
Revenue from Operation	3.15	1,292,561,306	420,212,377
Other Income	3.16	76,562,733	33,714,212
<b>Total Revenue</b>		<b>1,369,124,039</b>	<b>453,926,589</b>
Consumption of Foods and Beverage	3.17	260,192,048	123,890,975
Employee Benefit Expenses	3.18	323,394,618	213,983,858
Management Fees		-	2,457,852
Operating Expenses	3.19	196,751,739	94,894,586
Depreciation and Amortization Expense	3.1/3.2/3.3	100,355,101	93,995,245
Other Expenses	3.20	154,715,113	97,196,849
<b>Total Expenditures</b>		<b>1,035,408,619</b>	<b>626,419,365</b>
<b>Profit/(Loss) from Operations</b>		<b>333,715,420</b>	<b>(172,492,776)</b>
Finance Cost		18,544,171	2,871,584
<b>Profit/(Loss) Before Tax</b>		<b>315,171,249</b>	<b>(175,364,360)</b>
<b>Income Tax</b>		<b>17,928,054</b>	<b>49,569,138</b>
Current Tax		-	-
Deferred Tax Expenses/(Income)	3.4	17,928,054	49,569,138
<b>Profit/(Loss) from Continuing Operations</b>		<b>297,243,195</b>	<b>(224,933,498)</b>
Profit/(Loss) on Discontinued Operations (Net of tax)		-	-
<b>Net Profit/(Loss) for the Year</b>		<b>297,243,195</b>	<b>(224,933,498)</b>
<b>Other Comprehensive Income</b>			
Change in Fair Value of Equity Shares		(162,516)	(3,923)
<b>Total Other Comprehensive Income</b>		<b>(162,516)</b>	<b>(3,923)</b>
<b>Total Comprehensive Income</b>		<b>297,080,679</b>	<b>(224,937,421)</b>
Basic Earnings per Share (Rs.)	3.21	3.53	(2.67)
Diluted Earnings per Share (Rs.)		3.53	(2.67)

Notes 1 to 4.20 form an integral part of this statement

As per our report of even date

**Mukti Nath Shrestha**  
CHIEF ACCOUNTANT**Sudarshan Chapagain**  
VICE PRESIDENT**Dinesh Bahadur Bista**  
EXECUTIVE CHAIRMAN**CA. B.K. Agrawal**  
Managing Partner  
B.K. Agrawal & Co.  
Chartered Accountants**Lil Bahadur Khatri**  
COMPANY SECRETARY**Ubaraj Adhikari**  
**Deepak Raj Joshi**  
**Prakash Bikram Khatri**  
**Sashi Raj Pandey**  
**Jaya Rajya Laxmi Shah**  
**Ravi Bhakta Shrestha**  
**Rajesh Kazi Shrestha**  
**Niranjana Kumar Tibrewala**  
DIRECTORSDate: 17 October 2022  
(31 Ashwin 2079)  
Place: Kathmandu, Nepal

**SOALTEE HOTEL LIMITED**

**Statement of Cash Flows**

**For the year ended on 32 Ashad 2079 (16 July 2022)**

Amount in Rs.

Particulars	Year Ended Ashad 32, 2079 (July 16, 2022)	Year Ended Ashad 31, 2078 (July 15, 2021)
<b>Cash Flows from Operating Activities</b>		
Profit/(Loss) Before Tax for the Year	315,171,249	(175,364,360)
<b>Adjustment for:</b>		
Dividend Income	(1,222,517)	-
Loss/(Gain) on Sale of Property, Plant and Equipment	(3,110,365)	(518,509)
Interest Income on Term and Call Deposits	(133,166)	(828,138)
Incremental Interest Income on Staff Loans on Amortized Cost	(1,188,456)	(206,009)
Amortization of Deferred Employee Benefit Expenses	1,188,456	206,009
Impairment Allowance on Trade Receivable	5,000,000	5,000,000
Provision for Bonus	31,517,125	-
Depreciation/Amortization on PPE, Investment Property & Intangible Assets	100,355,101	93,995,245
Finance Cost	18,544,171	2,871,584
<b>Operating Cash Flow before changes in Working Capital</b>	<b>466,121,598</b>	<b>(74,844,178)</b>
(Increase) / Decrease in Trade and Other Receivables	(69,707,675)	10,958,053
(Increase) / Decrease in Inventories	(10,812,455)	(5,379,259)
(Increase) / Decrease in Prepayment	(4,506,888)	(678,491)
Increase / (Decrease) in Trade and Other Payables	(9,958,874)	50,946,144
Increase / (Decrease) in Employee Benefits	(47,965,633)	(212,159,353)
<b>Cash generated from Operations</b>	<b>323,170,073</b>	<b>(231,157,084)</b>
Bonus Paid	-	(13,992,287)
Income Tax Paid	(6,212,782)	(6,612,467)
<b>Net Cash Flows from Operating Activities (A)</b>	<b>316,957,291</b>	<b>(251,761,838)</b>
<b>Cash Flow from Investing Activities</b>		
Proceeds from Sale of Property, Plant and Equipment	3,215,906	1,287,492
Acquisition of Property, Plant and Equipment, Investment Property and Intangible Assets	(259,280,513)	(91,168,436)
(Increase)/Decrease in Investments	(6,956,928)	80,000,000
Dividend Income	1,222,517	-
Interest Income on Term and Call Deposits	133,166	828,138
<b>Net Cash Flows from Investing Activities (B)</b>	<b>(261,665,852)</b>	<b>(9,052,807)</b>
<b>Cash Flow from Financing Activities</b>		
Finance Cost	(18,544,171)	(2,871,584)
Increase/(Repayment) of Borrowings	(32,712,688)	91,879,903
Dividend Paid Net	(861,855)	(9,418,980)
<b>Net Cash Flows from Financing Activities (C)</b>	<b>(52,118,714)</b>	<b>79,589,339</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>3,172,725</b>	<b>(181,225,306)</b>
Cash and Cash Equivalents at the Beginning	28,690,691	209,915,997
<b>Cash and Cash Equivalents at the End</b>	<b>31,863,416</b>	<b>28,690,691</b>

As per our report of even date

**Mukti Nath Shrestha**  
CHIEF ACCOUNTANT

**Sudarshan Chapagain**  
VICE PRESIDENT

**Dinesh Bahadur Bista**  
EXECUTIVE CHAIRMAN

**CA. B.K. Agrawal**  
Managing Partner  
B.K. Agrawal & Co.  
Chartered Accountants

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**Jaya Rajya Laxmi Shah**  
**Ravi Bhakta Shrestha**  
**Rajesh Kazi Shrestha**  
**Niranjan Kumar Tibrewala**  
DIRECTORS

Date: 17 October 2022  
(31 Ashwin 2079)  
Place: Kathmandu, Nepal

**SOALTEE HOTEL LIMITED**

Statement of Changes in Equity  
 For the period ended on 32 Ashad 2079 (16 July 2022)

Amount in Rs.

Particulars	Share Capital	Share Premium	Revaluation Reserve	Other Reserve	Retained Earning	Fair Value Reserve (OCI)	Total
<b>Closing Balance as at 31.03.2077</b>	<b>842,579,730</b>	<b>16,000,000</b>	<b>35,198,427</b>	<b>7,288,761</b>	<b>754,805,141</b>	<b>1,309,181</b>	<b>1,657,181,240</b>
Change in Fair Value of Investment through OCI	-	-	-	-	-	(3,923)	(3,923)
Net Profit/(Loss) for Year 2077-78	-	-	-	-	(224,933,498)	-	(224,933,498)
Payment of Dividend for 2076-77	-	-	-	-	-	-	-
Issue of Bonus Shares	-	-	-	-	-	-	-
Adjustment of Fractional Bonus Shares Received/(Paid)	-	-	-	-	-	-	-
<b>Closing Balance as at 31.03.2078</b>	<b>842,579,730</b>	<b>16,000,000</b>	<b>35,198,427</b>	<b>7,288,761</b>	<b>529,871,643</b>	<b>1,305,258</b>	<b>1,432,243,819</b>
Change in Fair Value of Investment through OCI	-	-	-	-	-	(162,516)	(162,516)
Net Profit/(Loss) for Year 2078-79	-	-	-	-	297,243,195	-	297,243,195
Payment of Dividend for 2077-78	-	-	-	-	-	-	-
Issue of Bonus Shares	-	-	-	-	-	-	-
Adjustment of Fractional Bonus Shares Received/(Paid)	-	-	-	-	-	-	-
<b>Closing Balance as at 32.03.2079</b>	<b>842,579,730</b>	<b>16,000,000</b>	<b>35,198,427</b>	<b>7,288,761</b>	<b>827,114,838</b>	<b>1,142,742</b>	<b>1,729,324,498</b>

As per our report of even date

**Mukti Nath Shrestha**  
 CHIEF ACCOUNTANT

**Sudarshan Chapagain**  
 VICE PRESIDENT

**Dinesh Bahadur Bista**  
 EXECUTIVE CHAIRMAN

**CA. B.K. Agrawal**  
 Managing Partner  
**B.K. Agrawal & Co.**  
 Chartered Accountants

**Lil Bahadur Khatri**  
 COMPANY SECRETARY

**Ubaraj Adhikari**  
**Deepak Raj Joshi**  
**Prakash Bikram Khatri**  
**Sashi Raj Pandey**  
**Jaya Rajya Laxmi Shah**  
**Ravi Bhakta Shrestha**  
**Rajesh Kazi Shrestha**  
**Niranjana Kumar Tibrewala**  
 DIRECTORS

Date: 17 October 2022  
 (31 Ashwin 2079)  
 Place: Kathmandu, Nepal

## SOALTEE HOTEL LIMITED

FOR THE PERIOD ENDED ON 32 ASHAD 2079 (16 JULY 2022)

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. General Information

Soaltee Hotel Limited (the Company or SHL) is a limited liability company registered with Office of Company Registrar as per erstwhile Company Act. Its shares are enlisted with Security Board of Nepal (SEBON) and listed and traded at Nepal Stock Exchange Ltd. (NEPSE). The registered office of the Company and the principal place of business is located at Tahachal, Kathmandu, Nepal. Since its incorporation more than 53 years, SHL has been catering the Tourism sector services with five star quality hotel facilities and flight catering kitchen since its commercial operation. SHL has invested in two subsidiaries namely H I Soaltee Hotel Company Pvt. Ltd. and Soaltee Hospitality Ltd. for expanding its hotel business. Through Soaltee Hospitality Ltd., wholly owned subsidiary, it has also invested in Soaltee Sibkrim Hotels and Resorts Pvt. Ltd.

The Company owns and operates a deluxe luxurious property classified under Five Star category by the Government of Nepal with business name and brand “The Soaltee Kathmandu” hotel at Tahachal, Kathmandu Metropolitan City ward No 13, Kathmandu, Nepal. The property (hotel) is owned and operated by the Company. The Soaltee Kathmandu has 285 saleable rooms ranging from Deluxe, Club to Suites. Further, the Company also owns and operates The Soaltee Gate Gourmet, an Inflight Catering Division under a Technical Assistance Agreement with Gate Gourmet Singapore Pte. Limited, Singapore.

The Financial Statements were authorized for issue by the meeting of the Board of Directors on 17 October 2022 (31 Ashwin 2079) and has recommended for approval by shareholders in the Annual General Meeting.

#### 2. Significant Accounting Policies

##### 2.1. Basis of Preparation

###### 2.1.1. Statement of Compliance

The financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standard Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal.

###### 2.1.2. Basis of Measurement

These financial statements are prepared under historical cost convention except for the following material items:

- Investment in shares of entities other than subsidiaries, which have been measured at fair value
- Staff loans provided at subsidized interest rate, which have been measured at amortized cost.
- Other long term liabilities (leave liability), which has been measured at present value of the obligation.

###### 2.1.3. Critical Accounting Estimates

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the company’s accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgements 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

##### A) USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

Management reviews the useful life and residual values of property, plant and equipment at the end of each reporting period. Such life are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs.

**B) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on the carrying value of assets.

**C) RECOGNITION OF DEFERRED TAX**

Significant the above management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

Deferred tax is calculated on temporary differences using a known future tax rate 21.25% (Previous Year 21.25%). Deferred tax assets are recognized in respect of all temporary differences giving rise to deferred tax assets where the management believes it is probable that these assets will be recovered.

**D) OTHER LONG TERM EMPLOYEE BENEFITS**

Significant judgement is required to determine the estimated liability that shall arise on part of unused/accumulated leave by the staff and which is generally paid out on retirement or termination of employment. Valuation of such is done by qualified actuary using assumption like interest rate, rate of increase in annual compensation, remaining service period etc. Factors considered may change depending on market changes or legal changes which are beyond the control of the company.

**E) ASSESSMENT OF COVID-19**

The company has assessed the potential impact of Covid-19 on its capital and financial resources, profitability, liquidity position, prospect possible alternatives for financing arrangements, supply chain and demand for its services. The company stands at comfortable liquidity position to meet its commitments for the year ended 16 July 2022. The company does not foresee any disruption in materials supplies for the hotel operations.

The company has also assessed the potential impact of Covid-19 on the carrying value of property, plant & equipment, intangible assets, investments, trade receivables, inventories, and other current assets appearing in the financial statements of the company. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the company as at the date of approval of these Financial statements has used internal and external sources of information and based on current estimates, expects to recover the carrying amounts of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the company will continue to closely monitor any material changes to future economic conditions.

**2.1.4. Functional and Presentation Currency**

The financial statements are prepared and presented in Nepalese Rupees (Rs.), which is also the company's functional currency.

**2.2. 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. The areas where significant judgements and estimates have been made in preparing the financial statements and their effects are disclosed in relevant areas.

### 2.2.1. Standalone financial statements

This financial statement is the standalone financial statement of the company. Consolidated financial statement as per NFRS 10 is prepared separately.

### 2.2.2 Associates

Profits or losses arising on transactions between the company and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the company's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

### 2.2.3 Financial Assets and Financial Liabilities

#### I. RECOGNITION

The company initially recognizes financial assets on trade date which is the date on which the company becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is measured initially at fair value plus, or an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue.

#### II. CLASSIFICATION AND MEASUREMENT

##### FINANCIAL ASSETS

The classification and measurement of financial assets depend on how these are managed (the entity's business model) and their contractual cash-flows characteristics. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL').

- **At amortized cost:** Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Company has intent and ability to hold till maturity. They are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.
- **At fair value through profit or loss:** Financial assets are classified at fair value through profit or loss if the company manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to revenue.
- **At fair value through other comprehensive income:** Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein, which are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, gain or loss accumulated in equity is reclassified to retained earnings.

##### Financial Liabilities

All financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, these financial liabilities are measured at amortized costs using effective interest rate method.

#### III. DERECOGNITION

##### FINANCIAL ASSETS

The Company derecognizes a financial assets when the contractual rights to the cash flow from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets



are transferred or in which the Company neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial asset, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognized) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in Other Comprehensive Income (OCI) is recognized in retained earnings.

### **Financial Liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

#### **IV. OFFSETTING**

The financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the Company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### **V. AMORTIZED COST MEASUREMENT**

The 'amortized cost' of a financial asset and financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between initial amount recognized and the maturity amount minus any reduction for impairment.

#### **VI. FAIR VALUE MEASUREMENT**

Fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction. Quoted market values represent fair value when a financial instrument is traded in an organized and liquid market. Where quoted market values are not available, fair values are estimated by other techniques.

#### **VII. IDENTIFICATION AND MEASUREMENT OF IMPAIRMENT**

##### **Financial assets**

At each reporting date the Company assesses the objective evidence that a financial asset or group of financial assets is impaired or not. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the debtor
- breach of contract, such as default or delinquency by a debtor
- observable data relating to a group of assets such as adverse changes in the payment status of debtor

The amount of loss is measured as the difference between the asset's carrying amount and amount the management considers it as recoverable on the basis of financial position of the party and appropriate estimation made by the management. Receivables considered as less likely to be received are provided allowance for loss and charged to Statement of Profit or Loss.

In addition, for an investment in an unquoted equity security, a significant or prolonged decline in its net worth is objective evidence of impairment.

Impairment losses are recognized in Statement of Profit or Loss and reflected in an allowance account against debtors. Impairment losses on equity investment are routed through Statement of OCI. Interest on the impaired assets continues to be recognized through the unwinding of the discount. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through income statement (OCI in case of available for sale investment).

If, in a subsequent period, the fair value of an equity investments increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairing loss is reversed through profit or loss; otherwise, any increase in fair value is recognized through OCI.

#### **2.2.4 Impairment of Non-Financial Assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost and value in use. An impairment loss is recognized in Statement of Profit or Loss. Provisions against impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Impairment charges are included in profit or loss except to the extent they reverse gains previously recognized in Other Comprehensive Income.

#### **2.2.5 Foreign Currency**

Transactions entered into by the company entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency" is Rs.) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

#### **2.2.6 Property, Plant and Equipment**

Items of property, plant and equipment are initially recognized at cost. 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. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Company. Ongoing repair and maintenance are expensed as incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively.

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

#### **Capital Work in Progress**

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

#### **Salvage Value**

Company has assessed the salvage value of all its property, plant and equipment to be 5% of its original cost.

#### **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 so as to write-off their carrying value over the expected useful economic lives.

Items of property, plant and equipment are depreciated on Straight Line Method over their useful life.

Management of the company has assessed useful life of the following category of assets as mentioned.

<b>Category of Assets</b>	<b>Estimated useful life</b>
Building	35 - 70 years
Other civil structures	20 - 35 years
Plant and machinery	10 - 30 years
Vehicle	10 - 20 years
Computer and accessories	7 years
Office Equipment	10 years
Furniture, fixture and furnishing	10 years
Leasehold Development	3 years

### **2.2.7 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. These costs are amortized over the estimated useful lives.

### **2.2.8 Investment Property**

The Company holds certain assets (land and building) for purpose other than its core operating function. Such assets are classified as investment property.

Items of investment property are initially recognized at cost. 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. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the company. Ongoing repair and maintenance are expensed as incurred.

When an item of property, plant and equipment becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognized directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognized in statement of profit or loss.

Incomes arising from use of investment property by third parties are recognized as lease income from operating lease. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease income, which the Company believes is more representative than the straight line method, in line with para 50 of NAS 17: Leases.

#### **Salvage Value**

Company has assessed the salvage value of its depreciable investment property to be 5% of its original cost.

#### **Depreciation**

Land that form part of investment property is not depreciated. Depreciation is provided on other items of investment property so as to write-off their carrying value over the expected useful economic lives.

Depreciable investment properties are depreciated on Straight Line Method over their useful life. Management considered the useful life of investment property to be of 55 years.

### 2.2.9 Investments

Investments in shares of the companies are classified as either at amortized cost or at fair value. The classification of investment and its subsequent measurement is dependent on the business model for managing such investments and contractual cash flow characteristics.

Investments are measured at fair value unless measured at amortized cost. Investments are measured at amortized cost if such investment is held with in order to collect contractual cash flows and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent changes in the investments measured at amortized cost are charged to Profit or Loss. Investments measured at fair value opting the routing through Other Comprehensive Income, at initial recognition, for adjusting the changes in fair value are charged through Other Comprehensive Income that forms part of the equity of the Company. Changes in fair value of other investments are charged to Profit or Loss.

### 2.2.10 Inventories

Stock of food, beverages, store and operating supplies 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 weighted average method and includes expenditure incurred directly in acquiring the inventories and bringing them to their present location and condition.

### 2.2.11 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, call deposits and other short term highly liquid investments. For the purpose, any cash placement deposits, call deposit or other highly liquid items with the maturity period of 90 days from the date of transaction is considered as cash equivalent.

### 2.2.12 Trade and other receivables

Trade and other receivables are stated at transaction value less allowance for impairment.

Staff loan are measured at amortized cost. Discounting rate has been arrived by considering comparable market rates of similar types of loan. Difference of amortized value and book value of loan is charged to profit or loss for the period of staff loan.

### 2.2.13 Share capital

Financial instruments 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 Employee Benefits

Employee benefits are either defined benefit plan or defined contribution plan. Employee benefits of the company comprise of gratuity, provident fund and accumulated leave. These benefits are provided as per the Employee Service Manual and Collective Bargaining Agreement between Employee Union and the Company.

#### **Provident Fund-Defined Contribution Plan**

The Company pays pre-defined amount to Social Security Fund (SSF) and the company does not have any legal or constructive obligation to pay additional amount in future. Contributions to Provident fund are charged to the statement of profit or loss in the year to which they relate.

#### **Gratuity-Defined Contribution Plan**

The Company is required to pay pre-defined amount to Social Security Fund as gratuity to employees. The Company accrues 8.33% of basic salary of staff as gratuity benefits in accordance with Labor Law of Nepal and the Company has deposited Employee Gratuity in SSF. The amount presented in financial statements is the actual liability of gratuity at each reporting date.

**Short term and long-term employment benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Accumulated leaves, encashment of which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the reporting date determined based on an actuarial valuation.

**2.2.15 Income Tax****Deferred Tax**

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. 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 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 realization or settlement of the carrying amount of assets and liabilities using tax rates that are expected to apply in subsequent periods.

**Current Tax**

Current tax is the expected tax payable on the taxable income for the year using tax rates at the reporting date and any adjustment to tax payable in respect of previous years. Current tax is calculated reasonably in accordance with the provisions of Income Tax Act as per management assumption and bet judgement.

General corporate tax rate is 25%. The Company is entitled to a rebate of 15% on the General tax rate as per the provisions of Income Tax Act 2058. Additionally, for FY 2078/79, the Finance Act 2079 has declared additional rebate of 50% on tax liability to hotel business affected by COVID-19. Accordingly, tax rate applicable to the company for current fiscal year is 10.63%% (previous year rate was 1%).

**2.2.16 Revenue**

Revenue is recognized only when it is probable that the future economic benefits will flow to the Company and that revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of Value Added Taxes, Civil Aviation Fee and Service Charges where applicable.

**Revenue from Sale of Services**

Revenue is recognized at the time of delivery of services and is stated net of Value Added Tax (VAT) and Service Charges. Revenue from The Soaltee Gate Gourmet -Flight Catering Division sales is stated net of Civil Aviation Fee & Service charge.

Revenue from package sales is disclosed net of credits and refunds, included as part of the package.

**Service Charge**

Income from service charges is recognized on accrual basis net of contribution to be made to the Hotel Association Nepal (HAN) and the Employees as per Labour Rules as per the previous agreement between HAN and representatives of the Employees Union.

### **Dividend**

Dividend income from investment in shares is recognized when the right to receive the payment is established.

### **Other Income**

Other income are recognized on accrual basis when there are reasonable basis to ascertain the amount and there is reasonable basis for recoverability except for certain membership fees which are insignificant to the total revenue.

## **2.2.17 Expenses**

Expenses are accounted on accrual basis where there are reasonable basis to estimate ascertain the obligation and rationality of such obligation.

### **License Fee**

License fees payable in relation to technical assistance to Gate Gourmet Singapore Pte. Ltd, to operate the Flight Catering Unit under the brand name of 'The Soaltee Gate Gourmet' is based on a fixed percentage of the Net Sales Value as specified in the Technical Assistance Agreement.

### **Employee Bonus**

Employee bonus is provided in line with the provisions of Bonus Act 2030 BS.

## **2.2.18 Lease**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. For arrangements entered into prior to 1 Shrawan 2074 the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

The Company has entered into operating lease arrangement for use of property at The Soaltee Gate Gourmet. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease expenses, which the Company believes is more representative than the straight line method, in line with para 33 of NAS 17: Leases.

The Company has entered into operating lease arrangement allowing to use its facilities and infrastructures to third parties. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease income, which the Company believes is more representative than the straight line method, in line with para 50 of NAS 17: Leases.

## **2.2.19 Provisions**

The Company applies NAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities.

Provisions are recognized for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated costs when an obligation exists.



### 2.2.20 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

The Company classifies an asset as 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.

The Company classifies a liability as current when:

- It is expected to be settled in 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.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.2.21 Segment Reporting

The Company's segmental reporting is in accordance with NFRS 8 Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Company's management, which is responsible for allocating resources and assessing performance of the operating segments. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated centrally. Income and expenses directly associated with each segment are included in determining business segment performance.

### 2.2.22 GOVERNMENT GRANT

Government grants, including non-monetary grants at fair value, is recognized when there is reasonable assurance that the Company will comply with the conditions attaching to grant and the grants will be received. Government grants is recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

### 2.2.23 Operating Cycle

The Company considers its operating cycle to be of 12 months.

**SOALTEE HOTEL LIMITED**  
 As at 32 Ashad 2079 (16 July 2022)  
 Notes to the Financial Statements  
 Note 3.1: Property, Plant & Equipment

Amount in Rs.

Particulars	Freehold Land	Building	Plant and Machinery	Furniture and Fixture	Office Equipment	Computers	Vehicles	Leasehold	Capital W/P	Total
<b>Cost</b>										
Balance at 01.04.2077	149,488,779	848,246,126	1,118,814,465	451,313,201	6,646,815	68,203,441	80,281,071	-	32,353,681	2,755,347,579
Addition	-	33,201,282	61,667,805	4,849,245	118,995	583,098	-	7,081,573	39,581,854	147,083,852
Disposal/Transfer	-	-	(2,172,567)	(1,228,149)	(260,492)	-	-	-	(55,915,416)	(59,576,624)
Balance at 31.03.2078	149,488,779	881,447,408	1,178,309,703	454,934,297	6,505,318	68,786,539	80,281,071	7,081,573	16,020,119	2,842,854,807
Addition	-	32,708,375	20,576,496	2,078,087	-	1,681,929	40,924,421	10,061,340	195,379,270	303,409,918
Disposal/Transfer	-	-	(17,948,770)	(933,405)	(200,927)	-	(6,212,585)	-	(44,129,405)	(69,425,092)
Balance at 32.03.2079	149,488,779	914,155,783	1,180,937,429	456,078,979	6,304,391	70,468,468	114,992,907	17,142,913	167,269,984	3,076,839,633
<b>Depreciation and Impairment loss</b>										
Balance at 01.04.2077	-	281,143,330	687,182,475	265,814,216	6,224,376	41,837,630	39,180,916	-	-	1,321,382,942
Charge for the year	-	20,754,214	37,009,281	24,678,816	90,124	4,815,152	3,704,970	135,164	-	91,187,721
Disposal	-	-	(1,403,584)	(1,228,149)	(260,492)	-	-	-	-	(2,892,225)
Balance at 31.03.2078	-	301,897,544	722,788,172	289,264,883	6,054,008	46,652,782	42,885,886	135,164	-	1,409,678,438
Charge for the year	-	21,790,875	36,609,381	24,729,285	101,666	4,906,167	4,604,800	5,231,562	-	97,973,736
Disposal	-	-	(17,931,263)	(933,275)	(200,927)	-	(6,124,681)	-	-	(25,190,146)
Balance at 32.03.2079	-	323,688,419	741,466,290	313,060,893	5,954,747	51,558,949	41,366,005	5,366,726	-	1,482,462,028
<b>Net Book Value</b>										
At 01.04.2077	149,488,779	567,102,796	431,631,990	185,498,985	422,439	26,365,811	41,100,155	-	32,353,681	1,433,964,637
At 31.03.2078	149,488,779	579,549,864	455,521,531	165,669,414	451,310	22,133,757	37,395,185	6,946,409	16,020,119	1,433,176,369
At 32.03.2079	149,488,779	590,467,364	439,471,139	143,018,086	349,644	18,909,519	73,626,902	11,776,187	167,269,984	1,594,377,605

**Property, Plant and Equipment under construction**

Assets under construction majority comprises of the works related to Lobby Renovation Project includes cost of assets Rs. 123.10 million, Himalayan Wing Project includes cost of assets Rs. 11.06 million, capital advance Rs. 29.88 million and other related costs Rs. 3.23 million. The amount shall be capitalized to respective heads as and when the assets are available for use.

**SOALTEE HOTEL LIMITED**

As at 32 Ashad 2079 (16 July 2022)

**Notes to the Financial Statements****Note 3.2: Intangible Assets**

Amount in Rs.

Particulars	Software	Total
<b>Cost</b>		
<b>Balance at 01.04.2077</b>	<b>14,937,654</b>	<b>14,937,654</b>
Addition	-	-
Disposal/Transfer	-	-
<b>Balance at 31.03.2078</b>	<b>14,937,654</b>	<b>14,937,654</b>
Addition	-	-
Disposal	-	-
<b>Balance at 32.03.2079</b>	<b>14,937,654</b>	<b>14,937,654</b>
<b>Amortization</b>		
<b>Balance at 01.04.2077</b>	<b>12,902,915</b>	<b>12,902,915</b>
Charge for the year	828,401	828,401
Disposal	-	-
<b>Balance at 31.03.2078</b>	<b>13,731,316</b>	<b>13,731,316</b>
Charge for the year	402,242	402,242
Disposal	-	-
<b>Balance at 32.03.2079</b>	<b>14,133,558</b>	<b>14,133,558</b>
<b>Net Book Value</b>		
<b>At 01.04.2077</b>	<b>2,034,739</b>	<b>2,034,739</b>
<b>At 31.03.2078</b>	<b>1,206,338</b>	<b>1,206,338</b>
<b>At 32.03.2079</b>	<b>804,096</b>	<b>804,096</b>

**Note 3.3: Investment Property**

Amount in Rs.

Particulars	Freehold Land	Building	Total
<b>Cost</b>			
<b>Balance at 01.04.2077</b>	<b>4,707,287</b>	<b>166,146,812</b>	<b>170,854,100</b>
Addition	-	-	-
Disposal/Transfer	-	-	-
<b>Balance at 31.03.2078</b>	<b>4,707,287</b>	<b>166,146,812</b>	<b>170,854,100</b>
Addition	-	-	-
Disposal	-	-	-
<b>Balance at 32.03.2079</b>	<b>4,707,287</b>	<b>166,146,812</b>	<b>170,854,100</b>
<b>Amortization</b>			
<b>Balance at 01.04.2077</b>	-	<b>77,719,236</b>	<b>77,719,236</b>
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
<b>Balance at 31.03.2078</b>	-	<b>79,698,359</b>	<b>79,698,359</b>
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
<b>Balance at 32.03.2079</b>	-	<b>81,677,482</b>	<b>81,677,482</b>
<b>Net Book Value</b>			
<b>At 01.04.2077</b>	<b>4,707,287</b>	<b>88,427,576</b>	<b>93,134,864</b>
<b>At 31.03.2078</b>	<b>4,707,287</b>	<b>86,448,453</b>	<b>91,155,741</b>
<b>At 32.03.2079</b>	<b>4,707,287</b>	<b>84,469,330</b>	<b>89,176,618</b>

## SOALTEE HOTEL LIMITED

As at 32 Ashad 2079 (16 July 2022)

### Notes to the Financial Statements

#### Note 3.4: Deferred Tax Assets/(Liabilities)

Deferred tax is calculated on temporary differences using known future tax rate effective to the Company 21.25% (Previous Year 21.25%). Deferred tax assets are recognized in respect of all temporary differences giving rise to deferred tax assets where the management believes it is probable that these assets will be recovered.

Amount in Rs.

Particulars	01.04.2078	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	32.03.2079
Fixed Assets	(45,629,725)	(7,673,697)	-	(53,303,422)
Gratuity Provision	24,334,467	(8,130,596)	-	16,203,871
Provision for Leave	13,592,896	(3,186,261)	-	10,406,635
Trade and Other Receivable	8,843,678	1,062,500	-	9,906,178
<b>Total</b>	<b>1,141,316</b>	<b>(17,928,054)</b>	<b>-</b>	<b>(16,786,738)</b>

Particulars	01.04.2077	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	31.03.2078
Fixed Assets	(36,276,929)	(9,352,796)	-	(45,629,725)
Gratuity Provision	53,629,411	(29,294,944)	-	24,334,467
Provision for Leave	25,576,794	(11,983,898)	-	13,592,896
Trade and Other Receivable	7,781,178	1,062,500	-	8,843,678
<b>Total</b>	<b>50,710,454</b>	<b>(49,569,138)</b>	<b>-</b>	<b>1,141,316</b>

#### Note 3.5: Investments

Amount in Rs.

Particulars	32.03.2079	31.03.2078
<b>Non-Current</b>		
At Amortized Cost		
At Fair Value Through Profit or Loss		
At Fair Value Through OCI	290,689,670	283,895,258
<b>Total</b>	<b>290,689,670</b>	<b>283,895,258</b>
<b>Current</b>		
At Amortized Cost	-	-
At Fair Value Through Profit or Loss	-	-
At Fair Value Through OCI	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Investment comprises the following:

At Amortized Cost (A)	32.03.2079	31.03.2078
Term Deposit	-	-
<b>Total Investment at Amortized Cost</b>	<b>-</b>	<b>-</b>
<b>At Fair Value Through OCI (B)</b>		
<b>Investment in Subsidiaries</b>		
H I Soaltee Hotel Company Pvt. Ltd. (99,500 shares of Rs. 100 each, 35,136 shares of Rs. 100 each at Premium of Rs. 98 each)	16,906,928	9,950,000
Soaltee Hospitality Ltd. (2,500,000 shares of Rs. 100 each)	250,000,000	250,000,000
Advance for Investment in Soaltee Hospitality Ltd.	12,640,000	12,640,000
<b>Sub-Total</b>	<b>279,546,928</b>	<b>272,590,000</b>
<b>Investment in Associates</b>		
H I Soaltee Management Co. Limited (2,600 shares of HK\$ 1)	-	16,538
Less: Allowance for Impairment	-	(16,538)
<b>Sub-Total</b>	<b>-</b>	<b>-</b>
<b>Investment in Other Entities</b>		
Himal International Power Corp. Pvt. Ltd. (100,000 shares of Rs. 100 each)	11,142,742	11,305,258
<b>Sub-Total</b>	<b>11,142,742</b>	<b>11,305,258</b>
<b>Total Investment through OCI</b>	<b>290,689,670</b>	<b>283,895,258</b>
<b>Proportion of voting rights</b>		
H I Soaltee Hotel Company Pvt. Ltd.	99.63%	73.63%
Soaltee Hospitality Ltd.	100%	100%
H I Soaltee Management Co. Limited	-	26%
Himal International Power Corp. Pvt. Ltd.	5.97%	5.97%

During the period, the Company has disposed off the investment of H I Soaltee Management Co. Ltd.

**SOALTEE HOTEL LIMITED**

As at 32 Ashad 2079 (16 July 2022)

**Notes to the Financial Statements**
**Note 3.6: Trade and Other Receivable**

Amount in Rs.

Particulars	32.03.2079	31.03.2078
<b><u>Non-Current</u></b>		
Other Receivable	7,051,419	7,051,419
Deposit for Appeal	4,454,681	4,454,681
Deposits	4,338,095	3,714,814
Loans and Advances to Employees	18,921,585	26,088,551
Deferred Employee Benefit Expenses	1,228,540	2,015,435
<b>Total</b>	<b>35,994,320</b>	<b>43,324,900</b>
Less: Allowance for Impairment	(7,051,419)	(7,051,419)
<b>Total</b>	<b>28,942,901</b>	<b>36,273,481</b>
<b><u>Current</u></b>		
<b><u>Trade Receivable</u></b>		
Trade Receivable	248,716,457	163,320,827
Less: Allowance for Impairment	(39,565,887)	(34,565,887)
<b>Trade Receivable-Net</b>	<b>209,150,570</b>	<b>128,754,940</b>
<b><u>Other Receivable</u></b>		
Loans and Advances to Employees	11,634,470	15,749,658
Loans and Advances to Other	34,177,783	24,600,047
Advances to Contractor and Suppliers	18,939,147	1,857,037
VAT Recoverable	1,959,002	32,298,270
Management Fees Recoverable	4,036,281	4,036,281
Deferred Employee Benefit Expenses	1,095,683	1,658,448
<b>Total Other Receivable</b>	<b>71,842,366</b>	<b>80,199,741</b>
<b>Total</b>	<b>280,992,936</b>	<b>208,954,681</b>

Additional information on Other receivable included in non-current receivable is provided in Note 4.10.1. Trade receivables are normally collected as per credit terms with the parties, generally within a period of 90 days. Trade receivable is non-interest bearing. Additional information on Trade Receivable included in Current Receivable is provided in Note 4.10.2.

**Note 3.7: Inventories**

Particulars	32.03.2079	31.03.2078
Stores and Spares	12,230,616	10,196,803
Provision, Beverage and Others	23,253,071	16,792,221
Uniform and Linen	35,325,673	32,650,435
Crockery, Cutlery etc.	14,134,600	14,492,046
<b>Total</b>	<b>84,943,960</b>	<b>74,131,505</b>

**Note 3.8: Cash and Cash Equivalent**

Particulars	32.03.2079	31.03.2078
Cash in Hand	2,766,717	1,396,489
Balances with Bank	29,096,699	27,294,202
<b>Total</b>	<b>31,863,416</b>	<b>28,690,691</b>



**SOALTEE HOTEL LIMITED**  
As at 32 Ashad 2079 (16 July 2022)  
Notes to the Financial Statements

**Note 3.9: Share Capital**

Particulars	Amount in Rs.	
	32.03.2079	31.03.2078
<b>Authorized Share Capital</b>		
150,000,000 Shares of Rs. 10/- each	1,500,000,000	1,500,000,000
<b>Issued Share Capital</b>		
100,000,000 Shares of Rs. 10/- each	1,000,000,000	1,000,000,000
<b>Subscribed and Fully Paid up</b>		
84,257,973 Shares of Rs.10/- each	842,579,730	842,579,730
<b>Total</b>	<b>842,579,730</b>	<b>842,579,730</b>

**Reconciliation of no. of shares outstanding**

Particulars	32.03.2079	31.03.2078
Balance at the beginning of the year	84,257,973	84,257,973
Add: Bonus Issue	-	-
<b>Balance at the end of year</b>	<b>84,257,973</b>	<b>84,257,973</b>

**Details of Shareholding**

Major Corporate Shareholders	69%	69%
General Shareholders	31%	31%

**Note 3.10: Retained Earning and Reserves**

Particulars	32.03.2079	31.03.2078
Share Premium	16,000,000	16,000,000
Other Reserve	7,288,761	7,288,761
Revaluation Reserve	35,198,427	35,198,427
Fair Value Reserve for Equity Investment	1,142,742	1,305,258
Retained Earnings	827,114,838	529,871,643
<b>Total</b>	<b>886,744,768</b>	<b>589,664,089</b>

**Note 3.11: Loans and Borrowings**

Particulars	32.03.2079	31.03.2078
<b>Non-Current</b>		
Secured- Hire Purchase	9,170,921	1,124,779
<b>Total</b>	<b>9,170,921</b>	<b>1,124,779</b>
<b>Current</b>		
Overdraft and Working Capital Loan	51,611,159	93,179,658
Current Portion of Hire Purchase Loan	2,209,515	1,399,846
<b>Total</b>	<b>53,820,674</b>	<b>94,579,504</b>

**Note 3.12: Employee Benefits**

Particulars	32.03.2079	31.03.2078
<b>Non-Current</b>		
Gratuity	76,253,510	114,515,139
Less: Plan Assets	(2,253,240)	(6,174,356)
<b>Net Gratuity Liability</b>	<b>74,000,270</b>	<b>108,340,783</b>
Accumulated Leave	48,972,399	63,966,570
<b>Total</b>	<b>122,972,669</b>	<b>172,307,353</b>
<b>Current</b>		
Salary and Wages Payable	11,250,076	9,881,025
Bonus Payable	31,517,125	-
<b>Total</b>	<b>42,767,201</b>	<b>9,881,025</b>

**SOALTEE HOTEL LIMITED**

As at 32 Ashad 2079 (16 July 2022)

**Notes to the Financial Statements****Note 3.13: Income Tax Receivable/(Payable)**

Amount in Rs.

Particulars	32.03.2079	31.03.2078
Advance Income Tax	33,536,069	27,323,287
Income Tax Liability	-	-
<b>Total</b>	<b>33,536,069</b>	<b>27,323,287</b>

**Note 3.14: Trade and Other Payable**

Particulars	32.03.2079	31.03.2078
<b>Non-Current</b>		
Retention and Security Deposit	11,679,331	17,432,234
Unclaimed Dividend	10,514,616	11,376,471
<b>Total</b>	<b>22,193,947</b>	<b>28,808,705</b>
<b>Current</b>		
Sundry Creditors	220,263,657	246,716,787
<b>Other Payable</b>		
Advances Received	87,860,557	90,632,297
Civil Aviation Fee	394,695	484,061
Flight Kitchen Franchise Fee	6,487,466	1,834,241
Service Charge	54,648,520	18,495,028
Housing Fund	26,334,029	26,334,029
Corporate Social Responsibility	10,189,783	8,134,351
Other Liabilities	46,517,786	64,271,670
<b>Total</b>	<b>452,696,493</b>	<b>456,902,464</b>

Trade and other payable are non-interest bearing in nature.

**Note 3.15: Revenue from Operation**

Particulars	2078-79	2077-78
Room	246,990,610	57,427,873
Food	972,822,567	350,303,640
Beverage	70,835,073	10,458,605
Cigar and Cigarettes	658,625	40,180
Telephone	11,201	4,837
Laundry Income	1,229,505	1,977,242
Business Centre	13,725	-
<b>Total</b>	<b>1,292,561,306</b>	<b>420,212,377</b>

**Note 3.16: Other Income**

Particulars	2078-79	2077-78
Premises Rental Charge	26,126,938	1,544,451
Interest on Loans & Advances at Amortized Cost	1,765,522	1,474,942
Interest on Call Account/Time Deposit	133,166	828,138
Miscellaneous Receipts	6,253,092	2,704,113
Income from Service Charge	25,267,588	6,532,211
Dividend Income	1,222,517	-
Profit on Sale of Assets	3,110,365	518,509
Profit on Sale of Investment	9,170,962	-
Exchange Gain	2,124,666	-
Government Grant towards Social Security Fund (SSF)	-	4,483,750
Reversal of Incentive Management Fee	-	7,835,582
Reversal of Provision for Leave	1,143,502	7,792,516
Unclaimed Balance Written Back	244,415	-
<b>Total</b>	<b>76,562,733</b>	<b>33,714,212</b>

## SOALTEE HOTEL LIMITED

As at 32 Ashad 2079 (16 July 2022)

### Notes to the Financial Statements

#### Note 3.17: Consumption of Food and Beverage

Amount in Rs.

Particulars	2078-79	2077-78
Food	241,240,023	121,164,519
Beverage	18,544,340	2,705,874
Cigarettes	407,685	20,582
<b>Total</b>	<b>260,192,048</b>	<b>123,890,975</b>

#### Note 3.18: Employee Benefit Expenses

Particulars	2078-79	2077-78
Salary and Wages	159,441,674	90,066,478
Allowances	49,102,514	27,437,676
Overtime	1,709,000	196,050
Employees Meal	21,731,259	7,657,809
Soaltee Staff Welfare	2,496,617	3,100,862
Gratuity	10,188,080	7,339,553
Provident Fund	11,894,843	8,684,671
Clinic Expenses	2,025,427	1,437,148
Amortization of Staff Loan	1,188,456	206,009
Incentive Exit Scheme	32,099,623	67,857,602
Bonus	31,517,125	-
<b>Total</b>	<b>323,394,618</b>	<b>213,983,858</b>

Additional information on Gratuity is provided in Note 4.4.a.

#### Note 3.19: Operating Expenses

Particulars	2078-79	2077-78
Linen	5,740,121	6,195,138
Laundry Supplies	19,521,677	21,801
Crockery & Cutlery	2,422,010	1,203,511
Silverware	220,150	4,068,270
Cleaning Supplies	7,714,558	3,339,523
F & B Paper Supplies	10,311,020	6,456,701
Guest Supplies	12,919,885	4,415,274
Water & Water Treatment	16,115,702	6,438,017
Garden Maintenance	2,103,112	7,035
Pest Control	2,588,000	1,330,745
Waste Removal	823,100	304,000
Power and Fuel	91,558,812	47,796,067
Repair and Maintenance	24,713,592	13,318,504
<b>Total</b>	<b>196,751,739</b>	<b>94,894,586</b>

**SOALTEE HOTEL LIMITED**

As at 32 Ashad 2079 (16 July 2022)

**Notes to the Financial Statements**
**Note 3.20: Other Expenses**

Amount in Rs.

Particulars	2078-79	2077-78
Rental Charges	7,277,087	2,533,105
Travelling	7,715,747	777,206
Transport and Conveyance	18,575,916	6,287,138
Audit Fee	550,000	550,000
Legal and Professional Fees	10,750,454	5,154,837
Directors' Meeting Fees	423,528	-
Licence & Taxes	19,713,693	18,832,228
Bank Charges	4,809,477	1,414,177
Annual General Meeting Expenses	662,555	528,665
Commissions	3,208,662	3,088,619
Insurance	7,985,808	9,148,448
Communication Expenses	4,350,466	3,875,751
Printing and Stationery	4,833,654	2,786,183
Advertisement and Sales Promotion	9,349,531	5,781,445
Marketing and Reservation Expenses	4,210,684	2,419,812
Training and Conference	1,900,800	1,986,300
Books and Newspaper	92,282	27,758
Membership & Subscription	2,175,432	988,770
Security Services	9,760,149	3,470,528
Uniform Expenses	6,274,728	1,470,925
Entertainment	785,959	306,302
Allowance for Impairment	5,000,000	5,000,000
Software Service Charges	5,536,344	7,529,464
Banquet Expenses	2,570,683	604,787
Kitchenette Expenses	4,314,205	1,878,942
Exchange Loss	-	573,735
Corporate Social Responsibility	2,972,432	-
Miscellaneous	8,914,837	10,181,724
<b>Total</b>	<b>154,715,113</b>	<b>97,196,849</b>

**Note 3.21: Earnings per Share**

Basic earnings per share is calculated by dividing the total profit or loss attributable to equity shareholders. Diluted earnings per share is calculated by dividing the profit or loss attributable to equity shareholders by weighted average number of equity shares for the effects of all dilutive potential equity shares. If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively.

Calculation of basic and diluted earnings per share has been done as stated above.

Particulars	2078-79	2077-78
<b>Basic Earnings per Share</b>		
Profit/(Loss) for the year	297,243,195	(224,933,498)
Number of shares	84,257,973	84,257,973
<b>Basic Earnings per Share (Rs.)</b>	<b>3.53</b>	<b>(2.67)</b>
<b>Diluted Earnings per Share</b>		
Profit for the year	297,243,195	(224,933,498)
Weighted average number of shares	84,257,973	84,257,973
<b>Diluted Earnings per share (Rs.)</b>	<b>3.53</b>	<b>(2.67)</b>

## SOALTEE HOTEL LIMITED

As at 32 Ashad 2079 (16 July 2022)

### Notes to the Financial Statements

#### Note 3.22: Financial Instruments Classification and Fair Value Measurement

Financial Instruments are classified in accordance with Note 2.2.3.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values are determined according to the following hierarchy:

The Company has used fair value model for measurement of its financial assets and financial liabilities. Fair value hierarchy levels presented represent the available inputs considered to arriving at the fair value of category of financial assets/liabilities.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. The Company has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities.

Amount in Rs.

As at 32.03.2079	Carrying Amount	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
<b>Financial Assets at Amortized Cost</b>				
Trade and Other Receivable	307,611,614			307,611,614
Investment	-			-
Cash and Cash Equivalent	31,863,416			31,863,416
<b>Total At Amortized Cost</b>	<b>339,475,030</b>			<b>339,475,030</b>
<b>Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)</b>				
Investment	290,689,670			290,689,670
<b>Total Financial Assets</b>	<b>630,164,700</b>	-	-	<b>630,164,700</b>
<b>Financial Liabilities</b>				
<b>Financial Liabilities at Amortized Cost</b>				
Trade and Other Payable	474,890,440			474,890,440
Loans and Borrowings	62,991,595			62,991,595
<b>Total Financial Liabilities</b>	<b>537,882,035</b>	-	-	<b>537,882,035</b>

As at 31.03.2078	Carrying Amount	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
<b>Financial Assets at Amortized Cost</b>				
Trade and Other Receivable	241,554,279			241,554,279
Investment	-			-
Cash and Cash Equivalent	28,690,691			28,690,691
<b>Total At Amortized Cost</b>	<b>270,244,970</b>			<b>270,244,970</b>
<b>Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)</b>				
Investment	283,895,258			283,895,258
<b>Total Financial Assets</b>	<b>554,140,228</b>	-	-	<b>554,140,228</b>
<b>Financial Liabilities</b>				
<b>Financial Liabilities at Amortized Cost</b>				
Trade and Other Payable	485,711,169			485,711,169
Loans and Borrowings	95,704,283			95,704,283
<b>Total Financial Liabilities</b>	<b>581,415,452</b>	-	-	<b>581,415,452</b>



**SOALTEE HOTEL LIMITED**  
**For the period ended on 32 Ashad 2079 (16 July 2022)**  
**Notes to the Financial Statements**

**4 Additional Information**

**4.1 Share Capital**

The Company has single class of equity shares having face value of Rs. 10 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital.

**4.2 Dividend**

Dividend is proposed by the Board of Directors and approved by shareholders in the Annual General Meeting.

Board of Directors have proposed 5% bonus shares and 21.31578947% cash dividend for the year 2078-79 (previous year NIL). Accordingly, the total distribution by the Company from the profits arising from 2078-79 is as follows:

<b>Particulars</b>	<b>Bonus Shares</b>	<b>Cash Dividend</b>
Proposed for 2078-79	42,128,987	179,602,521
Number of shares	4,212,899	
Paid for 2077-78 (Amount)	-	-
No. of shares	-	-

**4.3 Reserves and Retained Earnings**

**a. Share premium**

The Company had issued shares in premium on 1992-93. The amount collected by the company in excess of its face value is credited to this account. Use of share premium shall be as provided in Company Act 2063.

**b. Other Reserves**

The Company had created other reserves out of capital profits on 1995. There is no movement on this reserve since then.

**c. Retained Earning**

Net profit for each year is added to this reserve. Company uses this to provide dividend to its shareholders.

**d. Fair Value Reserve**

This reserve is created to account for changes in fair value of investments for those investments that are opted to be measured at fair value through Other Comprehensive Income.

**e. Revaluation Reserve**

Revaluation Reserve was created in 1986 when the land of the company was revalued. For the first time adoption of NFRS (1 Shrawan 2074), the revalued amount of land has been considered at deemed cost which as allowed by NFRS 1 and accordingly, this reserve has remain intact.

**4.4 Employee Benefits**

**a. Gratuity**

Up to 19 Bhadra 2074, gratuity was in the form of defined benefit liability in which Company was required to pay gratuity to staff considering the number of years in service and the recent salary of the staff. Changes in Labour laws has changed the nature of gratuity and this is now a defined contribution plan whereby Company is required to provide 8.33% of monthly basic remuneration as gratuity to employee with effect from 19 Bhadra 2074. The Company has

enrolled itself and its employees in Social Security Fund (SSF) in Chaitra 2076 and thereafter it has started making contribution towards Employee Gratuity in the fund.

Particulars	2078-79	2077-78
Opening Liability	114,515,139	319,639,442
Payment Made	(38,261,629)	(203,256,821)
Expenses Booked	10,188,080	7,339,553
Deposited in SSF	(10,188,080)	(7,339,553)
Government Grant towards SSF for Gratuity	-	(1,867,482)
<b>Closing Liability</b>	<b>76,253,510</b>	<b>114,515,139</b>

**b. Leave**

Leave is classified as other long term employee liability. Liability is measured by way of actuarial valuation for accumulated leave balance at the end of reporting periods. Changes in value of liability is as follows:

Particulars	2078-79	2077-78
Opening Liability	63,966,570	120,361,383
Service Cost	9,058,131	20,230,280
Interest Cost	4,858,469	6,243,913
Actuarial Gain/(Loss)	(15,060,102)	(34,266,709)
Benefit Paid	(13,850,669)	(48,602,297)
<b>Closing Liability (A)</b>	<b>48,972,399</b>	<b>63,966,570</b>
<b>Liability recognized in the financial statements (B)</b>	<b>48,972,399</b>	<b>63,966,570</b>

**Basic assumptions considered for measurement of leave liability related to leave are as follows:**

Particulars	2078-79	2077-78
Discount Rate	8.50%	6.50%
Rate of compensation increase	6%	6%
Average expected future service	13	14
Average duration of liabilities	10	12.5

Plan assets have not been created for funding of payment of leave liability.

**Sensitivity Analysis**

The following table demonstrates the impact of 1% increase in discount rate considered for calculating the present value of long term leave liability.

Particulars	2078-79	2078-78
Effect on:		
- Service Cost	(1,141,698)	(2,465,544)
- Interest Cost	571,583	960,600
- Leave Liability	(10,229,102)	(13,610,076)

The following table demonstrates the impact of 1% decrease in discount rate considered for calculating the present value of long term leave liability.

Particulars	2078-79	2077-78
Effect on:		
- Service Cost	1,390,162	2,957,603
- Interest Cost	(571,583)	(960,600)
- Leave Liability	12,348,982	8,907,455

#### 4.5 Lease

The Company has entered into a lease arrangement of premises for a period of 2-3 years. The future minimum lease rental payment to be made is as follows:

Period	2078-79	2077-78
Up to one year	7,487,713	7,265,833
One to five years	5,633,377	12,343,552
<b>Total</b>	<b>13,121,090</b>	<b>19,609,385</b>

The Company has entered into operating lease arrangement allowing to use some part of its assets on lease. Minimum lease amount receivable under such lease is as follows:

Period	2078-79	2077-78
Up to one year	33,831,520	36,007,149
One to five years	255,970,344	228,502,545
Above five years	50,406,757	310,150,800
<b>Total</b>	<b>340,208,621</b>	<b>574,660,494</b>

The Board of Directors of the Company has decided to grant waiver for the lease payments of lessees whose business was significantly and adversely affected by COVID-19 outbreak and subsequent government imposed lockdown.

#### 4.6 Corporate Social Responsibility

During the year, the Company has provided Rs. 2.97 million (previous year Rs. NIL) (1% of net profit after tax) as Corporate Social Responsibility as per the Section 54 (1) of the Industrial Enterprises Act 2073.

#### 4.7 Risk Management objectives and policies

The Company's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

##### i. Market Risk

In spite of having a very high potentiality of Tourism Sector and its related to services, it is volatile to geopolitical and domestic incidents. With stabilization in the geopolitical and domestic issues, the tourism sector looks for bright future. However, there is risk that any domestic/ international or geopolitical incidents would impact the business of the company. However, the company through years of operations has sustained through such risks over the years in the past.

##### ii. Credit Risk

The company provides reasonable level of credit facilities to debtors and so does it enjoy credit facility from its creditors as well. In impact on tourism sector may have impact of company debtors' ability to pay the company within reasonable credit period allowed. Accordingly, there exist the credit risks to that extent. The company through its experience over the many years has been managing such risk well through proper way of close monitoring and supervising the regular recoverability position by the management and the Board.

##### iii. Liquidity Risk

The Company has very less amount of debt funding and will not be impacted significantly. The Company monitors its liquidity position on regular basis through effective planning and

forecasting.

The company current assets aggregate positively against the current liabilities and accordingly, the liquidity risk or risk that the company may not be able to settle its liabilities as they become, due does not exist.

#### iv. Operational Risk

The Company has been in operation since more than 53 years and have prepared and implemented various Standard Operating Procedures (SOPs) in the form of clear cut delegation of authority for the activities, guidelines regulations etc. Beside the company is required to also follow specific operating guidelines issued by its franchise. Company believes that the controls implemented by the company have minimized the operational risk to acceptably low level. The franchise also carries out Control Self Assessment at reasonable interval where the company scored high level marks placing it as one among better managed hotel among hotels being managed by Franchise.

#### v. Exchange Rate Fluctuation Risk

The Company's revenue will be impacted coming from any fluctuation of exchange rate fluctuation so be on the certain level of supplies of the company as such exchange rate fluctuation will contribute certain level of inflations. Since its tariffs are quoted in USD, any rate fluctuation will have the risk of impacting the income of the company. It has been the tendency that the exchange rate fluctuation has generally been upward movement except of occasional down turn movement as well. The Company has practiced not to hold foreign currency monetary assets and liabilities for substantial period so as to minimize the risk of exchange rate fluctuation.

### 4.8 Related Party Transactions

Related parties of the company comprises of key management personnel, organization having significant influence on the company, subsidiaries of the company and Board of Directors.

#### a. Subsidiary Companies

The Company has made investment in two subsidiary companies. The Company has presence on the Board of these two companies in proportion of its shareholding. Company provides office space to the two subsidiaries on operating lease. Other than this, there is no any transaction with subsidiary companies.

Name of Subsidiary	Holding %	Rental Charge		Outstanding balance	
		This Year	Last Year	This Year	Last Year
<b>H I Soaltee Hotel Company Pvt. Ltd.</b>	99.63				
Lease Rental Income		66,667	66,667	-	-
<b>Soaltee Hospitality Ltd.</b>	100				
Lease Rental Income		66,667	66,667	-	-

#### b. Significant Influence

Entities having significant influence over the Company is as follows:

##### i. Soaltee Enterprise Pvt. Ltd. (SEPL)

Soaltee Enterprise Pvt. Ltd. is major shareholder of the company. This company has four representatives in the current Board of Soaltee Hotel Ltd. (SHL). SEPL has paid Rs. 66,667 (previous year Rs. 66,667) to SHL as operating lease rent. SHL has paid Rs. 1,050,000 to SEPL as operating lease rent. There is no outstanding balance at the year end.

#### c. Other related entities

##### i. Nepal Airlines Corporation (NAC)

Nepal Airlines Corporation is institutional shareholder of the company. NAC has one

representative in the Board of SHL.

SHL provides flight catering services to the international flights of Nepal Airlines Corporation. Transactions and outstanding balance with Nepal Airlines Corporation are as follows:

Particulars	Revenue (in million)		Receivable (in million)	
	This Year	Last Year	This Year	Last Year
Flight Catering Services	188.21	141.96	43.23	31.21

**ii. Sibkrim Holdings Pvt. Ltd.**

There is no transaction of this company with SHL.

**d. Those charged with Governance**

Those charged with governance include the Board of Directors of the Company. The composition of Board on the reporting date is as follows:

Name	Position	Representative of
Mr. Dinesh Bahadur Bista	Executive Chairman	Soaltee Enterprises Pvt. Ltd.
Mr. Ravi Bhakta Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Rajesh Kazi Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mrs. Jaya Rajya Laxmi Shah	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Ganesh Bahadur Chand	Director (till 14 April 2022)	Nepal Airlines Corporation
Mr. Ubaraj Adhikari	Director (from 15 April 2022)	Nepal Airlines Corporation
Mr. Prakash Bikram Khatri	Director	Public Shareholder
Mr. Sashi Raj Pandey	Director	Public Shareholder
Mr. Niranjana Kumar Tibrewala	Director	Public Shareholder
Mr. Deepak Raj Joshi	Director (from 14 December 2021)	Independent Director

Mr. Lil Bahadur Khatri serves as Company Secretary of the Company.

Board members are paid Rs. 15,000 (net of withholding tax) per meeting as meeting fee for attending each meeting of Board. Meeting fee paid to members of Board for Board as well as Other Committee meetings during the year amounts to Rs. 0.4 million (previous year Rs. NIL).

**e. Key Management Personnel**

The company's key management personnel are Executive Chairman & Vice President of SHL and General Manager of The Soaltee Kathmandu.

Total compensation to key management personnel during the year is Rs. 16.48 million (previous year Rs. 12.59 million). The compensation paid to Executive Chairman also includes the performance incentive paid based on the profit of the Company.

**4.9 Unpaid Dividend**

Total unpaid dividend amounted to Rs. 10.51 million (previous year Rs. 11.38 million).

**4.10 Trade and Other Receivable**

**4.10.1 Civil Aviation Fee Recoverable from Airlines**

Civil Aviation Fees levied on In-flight catering services provided on international flights by the company to three different airlines have been disputed and not paid by the respective airlines which amounted to Rs 7.051 million (previous year Rs. 7.051 million) is still pending recovery. This has been reflected under Non-current Trade and other receivables.



#### 4.10.2 Trade Receivable from Jet Airways

Trade receivable amounting to Rs. 16,061,418 is pending recoverable from Jet Airways as of the reporting date which has closed its operation from 17 April 2019 and is undergoing its insolvency proceedings. In October 2020, a revival takeover plan of potential investors has been approved by the Committee of Creditors of Airlines. The company has already lodged the outstanding with Jet Airways & confirmed by Jet Airways in their official website as eligible creditors. However, the outcome of the proceeding and business revival is yet to be known.

#### 4.11 Lien on Company's Assets

The company current and non-current assets where applicable has been pledged hypothecated to bankers providing the credit facilities. The credit facility as of the reporting date included term loan against a vehicle only amounting to Rs. 62.99 million (previous year Rs. 94.57 million).

#### 4.12 Contingent Liability

The Company recognizes contingent liability when a possible obligation arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or company as a present obligation as a result of past events which is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. All adjusting events are considered for appropriate reflection in the current financial year.

#### 4.13 Bank Guarantee

Unexpired bank guarantee issued by the company amounted to Rs. 12.52 million (previous year Rs. 8.45 million).

#### 4.14 Litigations or legal cases

##### i. Income tax Matters

Revenue Tribunal has decided in company's favour against the appeal made relating to assessment pertaining to FY 2068-69. However, Revenue Office has filed appeal in the Honourable Supreme Court. Decision of such appeal is still pending. The company is of the opinion that there would not be significant obligation relating such appeal being considered at the Court.

##### ii. Assessment status

The Company has appealed to Revenue Tribunal challenging the disallowance of expenses on Self Assessment Income Tax Return of the FY 2071-72 and additional demand of tax Rs. 1,837,680 made by Large Taxpayers Office. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

The Company has appealed to Inland Revenue Department challenging the disallowance of expenses on Self Assessment Income Tax Return of the FY 2072-73 and additional demand of tax Rs. 2,413,333 made by Large Taxpayers Office for administrative review. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

The Company has appealed to Inland Revenue Department challenging the disallowance of expenses on Self Assessment Income Tax Return of the FY 2073-74 and additional demand of tax Rs. 134,155 made by Large Taxpayers Office for administrative review. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

The Company has appealed to Inland Revenue Department challenging the disallowance of expenses on Self Assessment Income Tax Return of the FY 2074-75 and additional demand of tax Rs. 4,810,246 made by Large Taxpayers Office for administrative review. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

### iii. Arbitration

The company has filed a writ petition in the High Court Patan and has got court stay order on the issue of outstanding receivable recovery pending settlement by then hotel manager, Holiday Inns China Ltd. (Manager) through UNCITRAL regional office singapore for which the Company objected and filed a writ petition to High Court Patan against it. Similarly, the manager has filed a petition to supreme court of Nepal to vacate the stay order. The case is under the sub-judice and pending with the courts.

### iv. Legal cases

The company has filed a few cases for recovery of dues from some debtors in the course of its regular business.

## 4.15 Capital Commitment

Capital contract remaining to be executed on capital accounts net of advances to Rs. 160.15 million (Previous year Rs. 18.07 million).

## 4.16 Letter of Credit

There is no outstanding letter of credit as at the reporting date.

## 4.17 Housing Fund

This fund was created as per the requirement of erstwhile Labour laws. Owing to changes in Labour law, this fund is no longer required and no provision has been made. The Company has not paid during the year out of this fund to a separate entity called Employee Housing.

## 4.18 Operating Segment

Management of the company has considered the total operation to be segregable into three operating segment based on the nature of operation and services rendered.

**i. Core hotel business:** The operation of hotel that includes sale of rooms, food, related recreational facilities etc. that is directly linked to operation of hotel is considered as major segment.

**ii. Flight catering:** The Flight Catering Division provides flight catering services to airlines. This is different nature to the core operating nature of the company, which is operation of hotel and related facilities to meet its standards.

**iii. Horizon Lounge:** Horizon Lounge Unit provides airport lounge services to the travelers at Tribhuvan International Airport (TIA).

The financial information about the identified segments are as follows: (Amount in millions)

Operating Segment	Hotel Operation	Flight Catering	Horizon Lounge	Total
<b>Revenue</b>				
- Food	499.56	425.14	48.12	972.82
- Room	246.99			246.99
- Beverage	46.69	2.61	21.54	70.84
- Others	1.86		0.05	1.91
Interest Income	1.90			1.90
Other Income	74.66			74.66
<b>Total Revenue</b>	<b>871.66</b>	<b>427.75</b>	<b>69.71</b>	<b>1,369.12</b>
<b>Expenses*</b>				
Consumption Cost	145.45	97.92	16.82	260.19
Employee Benefit Expenses	213.74	102.69	6.96	323.39
Management, Operating and Other Expenses	229.05	109.25	13.17	351.47

Depreciation and Amortization	89.78	4.25	6.33	100.36
Finance Cost	18.54			18.54
<b>Total Expenses</b>	<b>696.56</b>	<b>314.11</b>	<b>43.28</b>	<b>1,053.95</b>
<b>Segment Result</b>	<b>175.10</b>	<b>113.64</b>	<b>26.43</b>	<b>315.17</b>
Income Tax				17.93
<b>Profit/(Loss) for the Period</b>				<b>297.24</b>
<b>Segment Assets</b>	<b>2,237.03</b>	<b>169.56</b>	<b>43.14</b>	<b>2,449.73</b>
<b>Segment Liabilities**</b>				<b>2,449.73</b>

\* Directly associated and identifiable segment cost has been reported on actual basis while common segment costs are allocated based on ratio of segment revenue.

\*\* Segment wise liabilities have not been prepared due to absence internal reporting system of segment liability.

#### 4.19 Capital Management

Capital includes issued capital and all other reserves attributable to the equity holders of the company. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim is to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company's will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

No changes were made in the objectives, policies or processes for managing capital during all the years reported in this financial statement.

#### 4.20 Regrouping and Round off

Figures have been regrouped and rearranged and rounded off to nearest rupee. Insignificant rounding off differences may exist.

## Independent Auditors' Report to the Shareholders of Soaltee Hotel Limited (Group)

### Opinion:

We have audited the consolidated financial statements of Soaltee Hotel Limited and its subsidiaries (collectively referred to as the "Group"), which comprise of Statement of Financial Position as at Ashad 32, 2079 (July 16, 2022), Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements, read together with significant accounting policies and notes to the accounts forming part of the accounts, present fairly, in all material respects, the financial position of the Group as on Ashad 32, 2079 (July 16, 2022), its financial performance, changes in equity and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

### 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of The Group in accordance with the Code of Ethics issued by The Institute of Chartered Accountants of Nepal (ICAN) together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Based on the circumstances and facts of the audit, we consider following as key audit matters:

S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
1	<b>Revenue Recognition</b> (Refer Note 2.2.16 "Revenue" and Note 3.16 of the financial statements)	
	Revenue from sale of service (hereinafter referred to as "Revenue") is recognized at the time of delivery of services and it is probable that the future economic benefits will flow to the Company and that revenue and associated costs incurred or to be incurred can be reliably measured and no any performance obligation is pending with respect to revenue recognized.	Our audit procedures included the following: <ul style="list-style-type: none"> <li>Assessed the appropriateness of the Group's revenue recognition accounting policies in line with NFRS 15 (Revenue) and testing the accounting of revenue in books of accounts thereof.</li> </ul>





S.N.	Details of Key Audit Matters	How the matters were addressed in our audit
	<p>Revenue is key driver of the business and recorded in complex IT system and environment. Likewise, revenue also includes high number of individual and low value transaction therefore in respect of services provided there is risk that revenue is recorded inappropriately relative to the provision of the underlying service.</p> <p>Therefore, due to significant risk embedded in revenue we have identified revenue recognition as a Key Audit Matter for the current period.</p>	<ul style="list-style-type: none"> <li>• Evaluated the integrity of the Group's general information and technology control environment and tested the operating effectiveness of IT application controls over revenue recognition, the detailed process flow of sales, segregation of duties for the process followed, automated steps and manually intervened processes.</li> <li>• Performed detailed analysis of Revenue, analytical testing with sales information filed with tax authorities, testing the timing of its recognition and accuracy of the amounts recognized and verification of the supporting information of the Revenue transactions.</li> <li>• Tested a sample of revenue transactions in relation to the provision of services, room sales and assessing them against relevant supporting documentation/sales contracts to determine income has been appropriately recognized.</li> </ul>
2	<p><b>Property, Plant and Equipment and Investment Property</b>                      (refer Note 2.2.6, 2.2.8, 3.1 and 3.3 of the Financial Statements)</p>	
	<p>There are areas where management judgement impacts the carrying value of property, plant and equipment and investment property and their respective depreciation or amortization rates. These include the decision to capitalize or expense the costs, the annual asset life review: the timeliness of the capitalization of assets and the use of management assumptions and estimates for the determination or the measurement and recognition criteria for assets retired from active use. Due to the materiality in the context of the balance sheet of the company and the level of judgment and estimates required, we consider this to be a Key Audit Matter.</p>	<p>We assessed the controls in place over the fixed asset, evaluated the appropriateness of capitalization process, performed tests on costs capitalized, the timeliness of the capitalization of the assets and the derecognition criteria for assets retired from active use. In performing these procedures, we reviewed the judgments made by the management including the nature of underlying costs capitalized, impairment, determination of realizable value of the assets retired from the active use, the appropriateness of useful life of assets. We have observed that the management has regularly reviewed the aforesaid judgements and there are no material misstatement of impairment and capitalization of assets.</p>

**Other Information:**

The management of the Group are responsible for the other information such as "Report of Board of Director's/Chairman's Statement" to be presented in the Annual Report and Accounts. Our opinion on the consolidated Financial Statements does not cover the other information and, accordingly, we do not express any audit opinion or, except as explicitly stated above, any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether, based on audit work done by us on consolidated financial statement, the information therein is materially misstated or inconsistent with the consolidated financial statements. We have nothing to report in this regard.

**Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements:**

The Group's Management and Board of Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Nepal Financial Reporting Standards. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.





In preparing the consolidated financial statement, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company 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.

### **Auditors' Responsibility for the Audit of the Consolidated Financial Statements**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Nepal Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

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

- Identify and assess the risks of material misstatement of consolidated financial statement, 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. We are also responsible for expressing our opinion on whether the Group has adequate internal financial controls in place and the operating effectiveness of such controls.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statement, including the disclosures, and whether the consolidated financial statement represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





### Other Matters

We did not audit the financial statements and other financial information of two subsidiaries, "HI Soaltee Hotel Company Pvt. Ltd. and Soaltee Hospitality Ltd." whose financial statements reflect total assets of Rs.296.27 million and net assets of Rs.295.51 million as at July 16, 2022 and net profit of Rs.1.97 million and net cash outflows amounting to Rs.15.96 million for the year then ended. These financial statements and other financial information have been audited by other auditors who have expressed an unmodified opinion on those statements. Those reports have been furnished to us by the management, and our opinion on the consolidated financial statements in so far as it relates to the accounts and disclosures included in respect of these subsidiaries, are based solely on the report of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done.

### Report on Other Legal and Regulatory Requirements

On the basis of our examination, we would like to further report that:

- i) We have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Group so far as appears from our examination of such books;
- iii) In our opinion, the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity attached thereto, for the year then ended and notes to the consolidated financial statements, including a summary of Significant Accounting Policies and other Explanatory Notes & information dealt with by this report are in compliance with the provisions of the Companies Act, 2006 and are in agreement with the books of account maintained by the Group;
- iv) In our opinion, so far as appeared from our examination of the books, the business of the Group has been conducted satisfactorily; and
- v) To the best of our information and according to the explanations given to us and from our examination of the books of accounts of the Group necessary for the purposes of the audit, we have not come across cases where the Board of Directors or any employees of the Group have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused loss or damage to the Group or committed any accounting fraud in the Group.

Kathmandu  
Date: 17 October, 2022 (31 Ashwin, 2079)



**B.K. Agrawal, FCA**  
*Managing Partner*

**For: B.K. Agrawal & Co.**  
Chartered Accountants

UDIN: 221023CA00018IEVrT



**SOALTEE HOTEL LIMITED**  
**Consolidated Statement of Financial Position**  
**As at 32 Ashad 2079 (16 July 2022)**

Amount in Rs.

Particulars	Note	As At Ashad 32, 2079 (July 16, 2022)	As At Ashad 31, 2078 (July 15, 2021)
<b>ASSETS</b>			
<b>Non-Current Assets:</b>			
Property, Plant and Equipment	3.1	1,594,377,605	1,433,176,369
Intangible Assets	3.2	804,096	1,206,338
Investment Property	3.3	89,176,618	91,155,741
Deferred Tax Assets	3.4	-	1,141,316
Investments	3.5	272,982,742	273,145,258
Trade and Other Receivables	3.6	28,942,901	36,273,481
<b>Total Non-Current Assets</b>		<b>1,986,283,962</b>	<b>1,836,098,503</b>
<b>Current Assets:</b>			
Inventories	3.7	84,943,960	74,131,505
Income Tax Receivable	3.14	33,883,344	27,906,021
Investment	3.5	27,500,000	10,000,000
Trade and Other Receivables	3.6	282,000,330	209,581,218
Prepayments		14,405,870	9,898,982
Cash and Cash Equivalent	3.8	36,778,270	49,561,748
<b>Total Current Assets</b>		<b>479,511,774</b>	<b>381,079,474</b>
<b>Total Assets</b>		<b>2,465,795,736</b>	<b>2,217,177,977</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and Reserves and Surplus:</b>			
Share Capital	3.9	842,579,730	842,579,730
Retained Earnings and Reserves	3.10	906,030,301	602,456,175
<b>Total Equity of Parent</b>		<b>1,748,610,031</b>	<b>1,445,035,905</b>
Non-Controlling Interest	3.11	(3,324,563)	8,152,650
<b>Total Equity</b>		<b>1,745,285,468</b>	<b>1,453,188,555</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities:</b>			
Loans and Borrowings	3.12	9,170,921	1,124,779
Employee Benefits	3.13	122,972,669	172,307,353
Deferred Tax Liabilities	3.4	16,786,738	-
Trade and Other Payables	3.15	22,193,947	28,808,705
<b>Total Non-Current Liabilities</b>		<b>171,124,275</b>	<b>202,240,837</b>
<b>Current Liabilities:</b>			
Loans and Borrowings	3.12	53,820,674	94,579,504
Employee Benefits	3.13	42,767,201	9,881,025
Trade and Other Payables	3.15	452,798,118	457,288,056
<b>Total Current Liabilities</b>		<b>549,385,993</b>	<b>561,748,585</b>
<b>Total Liabilities</b>		<b>720,510,268</b>	<b>763,989,422</b>
<b>Total Equity and Liabilities</b>		<b>2,465,795,736</b>	<b>2,217,177,977</b>

Notes 1 to 4.20 form an integral part of this statement

As per our report of even date

**Mukti Nath Shrestha**  
CHIEF ACCOUNTANT

**Sudarshan Chapagain**  
VICE PRESIDENT

**Dinesh Bahadur Bista**  
EXECUTIVE CHAIRMAN

**CA. B.K. Agrawal**  
Managing Partner  
B.K. Agrawal & Co.  
Chartered Accountants

**Lil Bahadur Khatri**  
COMPANY SECRETARY

**Ubaraj Adhikari**  
**Deepak Raj Joshi**  
**Prakash Bikram Khatri**  
**Sashi Raj Pandey**  
**Jaya Rajya Laxmi Shah**  
**Ravi Bhakta Shrestha**  
**Rajesh Kazi Shrestha**  
**Niranjana Kumar Tibrewala**  
DIRECTORS

Date: 17 October 2022  
(31 Ashwin 2079)  
Place: Kathmandu, Nepal

**SOALTEE HOTEL LIMITED**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the period ended on 32 Ashad 2079 (16 July 2022)**

Amount in Rs.

Particulars	Note	Year Ended Ashad 32, 2079 (July 16, 2022)	Year Ended Ashad 31, 2078 (July 15, 2021)
Revenue from Operation	3.16	1,292,561,306	420,212,377
Other Income	3.17	79,333,375	35,043,129
<b>Total Revenue</b>		<b>1,371,894,681</b>	<b>455,255,506</b>
Consumption of Foods and Beverage	3.18	260,192,048	123,890,975
Employee Benefit Expenses	3.19	323,394,618	213,983,858
Management Fees		-	2,457,852
Operating Expenses	3.20	196,751,739	94,894,586
Depreciation and Amortization Expense	3.1/3.2/3.3	100,355,101	93,995,245
Other Expenses	3.21	154,841,538	97,317,568
<b>Total Expenditures</b>		<b>1,035,535,044</b>	<b>626,540,084</b>
<b>Profit/(Loss) from Operations</b>		<b>336,359,637</b>	<b>(171,284,578)</b>
Finance Cost		18,544,171	2,871,584
<b>Profit/(Loss) Before Tax</b>		<b>317,815,466</b>	<b>(174,156,162)</b>
<b>Income Tax</b>		<b>18,599,109</b>	<b>49,710,491</b>
Current Tax		671,055	141,353
Deferred Tax Expenses/(Income)	3.4	17,928,054	49,569,138
<b>Net Profit/(Loss) for the Year</b>		<b>299,216,357</b>	<b>(223,866,653)</b>
<b>Other Comprehensive Income</b>			
Change in Fair Value of Equity Shares		(162,516)	(3,923)
<b>Total Other Comprehensive Income</b>		<b>(162,516)</b>	<b>(3,923)</b>
<b>Total Comprehensive Income</b>		<b>299,053,841</b>	<b>(223,870,576)</b>

**Net Profit/(Loss) Attributable to:**

The Parent		299,211,981	(224,115,564)
Non-Controlling Interest		4,376	248,911

**Other Comprehensive Income Attributable to:**

The Parent		(162,516)	(3,923)
Non-Controlling Interest		-	-

Basic Earnings per Share (Rs.)		3.55	(2.66)
Diluted Earnings per Share (Rs.)	3.22	3.55	(2.66)

Notes 1 to 4.20 form an integral part of this statement

As per our report of even date

**Mukti Nath Shrestha**  
CHIEF ACCOUNTANT

**Sudarshan Chapagain**  
VICE PRESIDENT

**Dinesh Bahadur Bista**  
EXECUTIVE CHAIRMAN

**CA. B.K. Agrawal**  
Managing Partner  
B.K. Agrawal & Co.  
Chartered Accountants

**Lil Bahadur Khatri**  
COMPANY SECRETARY

**Ubaraj Adhikari**  
**Deepak Raj Joshi**  
**Prakash Bikram Khatri**  
**Sashi Raj Pandey**  
**Jaya Rajya Laxmi Shah**  
**Ravi Bhakta Shrestha**  
**Rajesh Kazi Shrestha**  
**Niranjan Kumar Tibrewala**  
DIRECTORS

Date: 17 October 2022  
(31 Ashwin 2079)  
Place: Kathmandu, Nepal

**SOALTEE HOTEL LIMITED****Consolidated Statement of Cash Flows****For the year ended on 32 Ashad 2079 (16 July 2022)**

Amount in Rs.

Particulars	Year Ended Ashad 32, 2079 (July 16, 2022)	Year Ended Ashad 31, 2078 (July 15, 2021)
<b>Cash Flows from Operating Activities</b>		
Profit/(Loss) Before Tax for the Year	317,815,466	(174,156,162)
<b>Adjustment for:</b>		
Dividend Income	(1,222,517)	-
Loss/ (Gain) on Sale of Property, Plant and Equipment	(3,110,365)	(518,509)
Interest Income on Term and Call Deposits	(1,851,973)	(2,041,118)
Incremental Interest Income on Staff Loans on Amortized Cost	(1,188,456)	(206,009)
Amortization of Deferred Employee Benefit Expenses	1,188,456	206,009
Impairment Allowance on Trade Receivable	5,000,000	5,000,000
Provision for Bonus	31,517,125	-
Depreciation/Amortization on PPE, Investment Property & Intangible Assets	100,355,101	93,995,245
Finance Cost	18,544,171	2,871,584
<b>Operating Cash Flow Before changes in Working Capital</b>	<b>467,047,008</b>	<b>(74,848,960)</b>
(Increase) / Decrease in Trade and Other Receivables	(70,088,532)	10,796,172
(Increase) / Decrease in Inventories	(10,812,455)	(5,379,259)
(Increase) / Decrease in Prepayment	(4,506,888)	(678,491)
Increase / (Decrease) in Trade and Other Payables	(10,242,841)	51,146,990
Increase/ (Decrease) in Employee Benefits	(47,965,633)	(212,159,353)
<b>Cash generated from Operations</b>	<b>323,430,659</b>	<b>(231,122,901)</b>
Bonus Paid	-	(13,992,287)
Income Tax Paid	(6,638,378)	(7,142,805)
<b>Net Cash Flows from Operating Activities (A)</b>	<b>316,792,281</b>	<b>(252,257,993)</b>
<b>Cash Flow from Investing Activities</b>		
Proceeds from Sale of Property, Plant and Equipment	3,215,906	1,287,492
Acquisition of Property, Plant and Equipment, Investment Property and Intangible Assets	(259,280,513)	(91,168,436)
(Increase) / Decrease in Investments	(24,466,928)	80,000,000
Dividend Income	1,222,517	-
Interest Income on Term and Call Deposits	1,851,973	2,041,118
<b>Net Cash flows from Investing Activities (B)</b>	<b>(277,457,045)</b>	<b>(7,839,826)</b>
<b>Cash Flow from Financing Activities</b>		
Finance Cost	(18,544,171)	(2,871,584)
Increase/(Repayment) of Borrowings	(32,712,688)	91,879,903
Dividend Paid Net	(861,855)	(9,418,980)
<b>Net Cash Flows from Financing Activities (C)</b>	<b>(52,118,714)</b>	<b>79,589,339</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(12,783,478)</b>	<b>(180,508,480)</b>
Cash and Cash Equivalents at the Beginning	49,561,748	230,070,228
<b>Cash and Cash Equivalents at the End</b>	<b>36,778,270</b>	<b>49,561,748</b>

As per our report of even date

**Mukti Nath Shrestha**  
CHIEF ACCOUNTANT

**Sudarshan Chapagain**  
VICE PRESIDENT

**Dinesh Bahadur Bista**  
EXECUTIVE CHAIRMAN

**CA. B.K. Agrawal**  
Managing Partner  
**B.K. Agrawal & Co.**  
Chartered Accountants

**Lil Bahadur Khatri**  
COMPANY SECRETARY

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**Sashi Raj Pandey**  
**Jaya Rajya Laxmi Shah**  
**Ravi Bhakta Shrestha**  
**Rajesh Kazi Shrestha**  
**Niranjana Kumar Tibrewala**  
DIRECTORS

Date: 17 October 2022  
(31 Ashwin 2079)  
Place: Kathmandu, Nepal



**SOALTEE HOTEL LIMITED****Consolidated Statement of Changes in Equity****For the period ended on 32 Ashad 2079 (16 July 2022)**

Amount in Rs.

Particulars	Share Capital	Share Premium	Revaluation Reserve	Other Reserve	Retained Earning	Fair Value Reserve (OCI)	Total Equity of Parent	Non-Controlling Interest	Total
<b>Closing Balance as at 31.03.2077</b>	<b>842,579,730</b>	<b>16,000,000</b>	<b>35,198,427</b>	<b>7,288,761</b>	<b>766,691,020</b>	<b>1,309,181</b>	<b>1,669,067,119</b>	<b>7,872,122</b>	<b>1,676,939,241</b>
Change in Fair Value of Investment through OCI	-	-	-	-	-	(3,923)	(3,923)	-	(3,923)
Net Profit/(Loss) for Year 2077-78	-	-	-	-	(224,115,564)	-	(224,115,564)	248,911	(23,866,653)
Payment of Dividend for 2076-77	-	-	-	-	-	-	-	-	-
Issue of Bonus Shares	-	-	-	-	-	-	-	-	-
Tax Payment of Earlier Year	-	-	-	-	119,890	-	119,890	-	119,890
<b>Closing Balance as at 31.03.2078</b>	<b>842,579,730</b>	<b>16,000,000</b>	<b>35,198,427</b>	<b>7,288,761</b>	<b>542,695,346</b>	<b>1,305,258</b>	<b>1,445,067,522</b>	<b>8,121,033</b>	<b>1,453,188,555</b>
Change in Fair Value of Investment through OCI	-	-	-	-	-	(162,516)	(162,516)	-	(162,516)
Net Profit/(Loss) for Year 2078-79	-	-	-	-	299,211,981	-	299,211,981	4,376	299,216,357
Change in ownership in Subsidiary	-	-	-	-	4,493,044	-	4,493,044	(11,449,972)	(6,956,928)
Payment of Dividend for 2077-78	-	-	-	-	-	-	-	-	-
Issue of Bonus Shares	-	-	-	-	-	-	-	-	-
Tax Payment of Earlier Year	-	-	-	-	-	-	-	-	-
<b>Closing Balance as at 32.03.2079</b>	<b>842,579,730</b>	<b>16,000,000</b>	<b>35,198,427</b>	<b>7,288,761</b>	<b>846,400,371</b>	<b>1,142,742</b>	<b>1,748,610,031</b>	<b>(3,324,563)</b>	<b>1,745,285,468</b>

As per our report of even date

Mukti Nath Shrestha  
CHIEF ACCOUNTANTSudarshan Chapagain  
VICE PRESIDENTDinesh Bahadur Bista  
EXECUTIVE CHAIRMANC.A. B.K. Agrawal  
Managing Partner  
B.K. Agrawal & Co.  
Chartered AccountantsLil Bahadur Khatri  
COMPANY SECRETARYDate: 17 October 2022  
(31 Ashwin 2079)  
Place: Kathmandu, NepalUbaraj Adhikari  
Deepak Raj Joshi  
Prakash Bikram Khatri  
Sashi Raj Pandey  
Jaya Rajya Laxmi Shah  
Ravi Bhakta Shrestha  
Rajesh Kazi Shrestha  
Nirajan Kumar Tibrewala  
DIRECTORS

## SOALTEE HOTEL LIMITED

For the period ended on 32 Ashad 2079 (16 July 2022)

### Notes to the Consolidated Financial Statements

#### 1. General Information

Soaltee Hotel Limited (the Company or SHL) is a limited liability company registered with Office of Company Registrar as per erstwhile Company Act. Its shares are enlisted with Security Board of Nepal (SEBON) and listed and traded at Nepal Stock Exchange Ltd. (NEPSE). The registered office of the Company and the principal place of business is located at Tahachal, Kathmandu, Nepal. Since its incorporation more than 53 years, SHL has been catering the Tourism sector services with five-star quality hotel facilities and flight catering kitchen since its commercial operation. SHL has invested in two subsidiaries namely H I Soaltee Hotel Company Pvt. Ltd. and Soaltee Hospitality Ltd. for expanding its hotel business. Through Soaltee Hospitality Ltd., wholly owned subsidiary, it has also invested in Soaltee Sibkrim Hotels and Resorts Pvt. Ltd.

SHL owns and operates a deluxe luxurious property classified under Five Star category by the Government of Nepal with business name and brand “The Soaltee Kathmandu” hotel at Tahachal, Kathmandu Metropolitan City ward No 13, Kathmandu, Nepal. The property (hotel) is owned and operated by the SHL. The Soaltee Kathmandu has 285 saleable rooms ranging from Deluxe, Club to Suites. Further, the Company also owns and operates The Soaltee Gate Gourmet an Inflight Catering Division under a Technical Assistance Agreement with Gate Gourmet Singapore Pte. Limited, Singapore.

The consolidated financial statements is prepared by consolidating the financial statements of Soaltee Hotel Limited (the Parent or SHL), H I Soaltee Hotel Company Pvt. Ltd. (Subsidiary with 99.63% (previous year 73.63% holding) and Soaltee Hospitality Ltd. (100% Subsidiary), collectively stated as “the Group” hereinafter. The Group’s principal activity is to invest in hotel industry. The Group has invested hotels in Kathmandu and Nepalgunj.

The Consolidated Financial Statements were authorized for issue by the meeting of the Board of Directors on 17 October 2022 (31 Ashwin 2079) and has recommended for approval by shareholders in the Annual General Meeting.

#### 2. Significant Accounting Policies

##### 2.1. Basis of Preparation

###### 2.1.1. Statement of Compliance

The consolidated financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standard Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal.

###### 2.1.2. Basis of Measurement

These consolidated financial statements are prepared under historical cost convention except for the following material items:

- Investment in shares of entities other than subsidiaries, which have been measured at fair value
- Staff loans provided at subsidized interest rate, which have been measured at amortized cost.
- Other long-term liabilities (leave liability), which has been measured at present value of the obligation

###### 2.1.3. Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Group’s accounting policies. The Group 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

**a) Useful life of Property, Plant and Equipment**

Management of each company reviews the useful life and residual values of property, plant and equipment in each year. Such life are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs.

**b) Impairment of Property, Plant and Equipment**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on the carrying value of assets.

**c) Recognition of deferred tax**

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group.

Deferred tax is calculated on temporary differences using a known future tax rate. Deferred tax assets are recognized in respect of all temporary differences giving rise to deferred tax assets where the management believes it is probable that these assets will be recovered.

**d) Other long term employee benefits**

Significant judgment is required to determine the estimated liability that shall arise on part of unused/accumulated leave by the staff and which is generally paid out on retirement or termination of employment. Valuation of such is done by qualified actuary using assumption like interest rate, rate of increase in annual compensation, remaining service period etc. Factors considered may change depending on market changes or legal changes which are beyond the control of the Group.

**e) Estimation uncertainty due to COVID-19**

The Group has assessed the potential impact of Covid-19 on its capital and financial resources, profitability, liquidity position, prospect possible alternatives for financing arrangements, supply chain and demand for its services. The Group stands at comfortable liquidity position to meet its commitments for the year ended 16 July 2022. The Group does not foresee any disruption in materials supplies for the hotel operations.

The Group has also assessed the potential impact of Covid-19 on the carrying value of property, plant & equipment, intangible assets, investments, trade receivables, inventories, and other current assets appearing in the financial statements of the Group. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the Group as at the date of approval of these Financial statements has used internal and external sources of information and based on current estimates, expects to recover the carrying amounts of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

**2.1.4. Functional and Presentation Currency**

The financial statements are prepared in Nepalese Rupees (Rs.), which is also the Group's functional currency.

## 2.2. Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated 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. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in relevant areas.

### 2.2.1. Basis of Consolidation

Where the Group has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Group and its subsidiaries ("the Group") as if they formed a single entity.

Consolidation of financial statements of subsidiaries has been done in line with NFRS 10: Consolidated Financial Statements. In preparing the consolidated financial statements, the financial statements are combined line by line by adding the like items of assets, equity, income, expenses and cash flows of the parent with those of its subsidiaries. The carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary are eliminated. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group are eliminated in preparation of the consolidated financial statements. SHL has opted for carve out alternative accounting treatment issued by ICAN relation to use uniform accounting policies for like transactions in consolidation of financial statement. Under the carve out alternative treatment, the investment made in associate by SHL's fully owned subsidiary is measured at cost instead of measuring it using equity method.

### 2.2.2 Associates

Profits or losses arising on transactions between the Group and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Investment in associates of the subsidiaries are recorded at cost in line with the carve out issued by ICAN for alternative accounting treatment as described in note 2.2.1.

### 2.2.3 Financial Assets and Financial Liabilities

#### i. Recognition

The Group initially recognizes financial assets on trade date which is the date on which the Group becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is measured initially at fair value plus, or an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue.

#### ii. Classification and Measurement

##### Financial Assets

The classification and measurement of financial assets depend on how these are managed (the entity's business model) and their contractual cash-flows characteristics. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL').

##### – At amortized cost:

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Group has intent and ability to hold till maturity. They are

initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

– **At fair value through profit or loss:**

Financial assets are classified at fair value through profit or loss if the Group manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to revenue.

– **At fair value through other comprehensive income:**

Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein, which are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, gain or loss accumulated in equity is reclassified to retained earnings.

**Financial Liabilities**

All financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, these financial liabilities are measured at amortized costs using effective interest rate method.

**iii. Derecognition**

**Financial Assets**

The Group derecognizes a financial asset when the contractual rights to the cash flow from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Group neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial asset, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognized) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in Other Comprehensive Income (OCI) is recognized in retained earnings.

**Financial Liabilities**

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

**iv. Offsetting**

The financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**v. Amortized cost measurement**

The ‘amortized cost’ of a financial asset and financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between initial amount recognized and the maturity amount minus any reduction for impairment.

**vi. Fair value measurement**

Fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm’s length transaction. Quoted market values represent fair value when a financial instrument is traded in an organized and liquid market. Where quoted market values are not available, fair values are estimated by other techniques.



## **vii. Identification and measurement of impairment**

### **Financial assets**

At each reporting date the Group assesses the objective evidence that a financial asset or group of financial assets is impaired or not. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the debtor
- breach of contract, such as default or delinquency by a debtor
- observable data relating to a group of assets such as adverse changes in the payment status of debtor

The amount of loss is measured as the difference between the asset's carrying amount and amount the management considers it as recoverable on the basis of financial position of the party and appropriate estimation made by the management. Receivables considered as less likely to be received are provided allowance for loss and charged to Statement of Profit or Loss.

In addition, for an investment in an unquoted equity security, a significant or prolonged decline in its net worth is objective evidence of impairment.

Impairment losses are recognized in Statement of Profit or Loss and reflected in an allowance account against debtors. Impairment losses on equity investment are routed through Statement of OCI. Interest on the impaired assets continues to be recognized through the unwinding of the discount. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through income statement (OCI in case of available for sale investment).

If, in a subsequent period, the fair value of an equity investments increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairing loss is reversed through profit or loss; otherwise, any increase in fair value is recognized through OCI.

### **2.2.4 Impairment of Non-Financial Assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost and value in use. An impairment loss is recognized in Statement of Profit or Loss. Provisions against impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Impairment charges are included in profit or loss except to the extent they reverse gains previously recognized in Other Comprehensive Income.

### **2.2.5 Foreign Currency**

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency" is Rs.) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

### **2.2.6 Property, Plant and Equipment**

Items of property, plant and equipment are initially recognized at cost. 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. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Group. Ongoing repair and maintenance are expensed as incurred.

The Group identifies and determines cost of each component/ part of the asset separately, if the

component/ part has cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively.

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

### **Capital Work in Progress**

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

### **Salvage Value**

The Group has assessed the salvage value of all its property, plant and equipment to be 5% of its original cost.

### **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 so as to write-off their carrying value over the expected useful economic lives.

Items of property, plant and equipment are depreciated on Straight Line Method over their useful life.

Management of the Group has assessed useful life of the following category of assets as mentioned.

<b>Category of Assets</b>	<b>Estimated useful life</b>
Building	35 - 70 years
Other civil structures	20 - 35 years
Plant and machinery	10 - 30 years
Vehicle	10 - 20 years
Computer and accessories	7 years
Office Equipment	10 years
Furniture, fixture and furnishing	10 years
Leasehold Development	3 years

## **2.2.7 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. These costs are amortized over the estimated useful lives.

## **2.2.8 Investment Property**

The Group holds certain assets (land and building) for purpose other than its core operating function. Such assets are classified as investment property.

Items of investment property are initially recognized at cost. 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. The corresponding liability is recognized within

provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Group. Ongoing repair and maintenance are expensed as incurred.

When an item of property, plant and equipment becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognized directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognized in statement of profit or loss.

Incomes arising from use of investment property by third parties are recognized as lease income from operating lease. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease income, which the Group believes is more representative than the straight line method, in line with para 50 of NAS 17: Leases.

### **Salvage Value**

Group has assessed the salvage value of its depreciable investment property to be 5% of its original cost.

### **Depreciation**

Land that form part of investment property is not depreciated. Depreciation is provided on other items of investment property so as to write-off their carrying value over the expected useful economic lives.

Depreciable investment properties are depreciated on Straight Line Method over their useful life. Management considered the useful life of investment property to be of 55 years.

## **2.2.9 Investments**

Investments in shares of the companies are classified as either at amortized cost or at fair value. The classification of investment and its subsequent measurement is dependent on the business model for managing such investments and contractual cash flow characteristics.

Investments are measured at fair value unless measured at amortized cost. Investments are measured at amortized cost if such investment is held with in order to collect contractual cash flows and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent changes in the investments measured at amortized cost are charged to Profit or Loss. Investments measured at fair value opting the routing through Other Comprehensive Income, at initial recognition, for adjusting the changes in fair value are charged through Other Comprehensive Income that forms part of the equity of the Company. Changes in fair value of other investments are charged to Profit or Loss.

## **2.2.10 Inventories**

Stock of food, beverages, store and operating supplies 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 weighted average method and includes expenditure incurred directly in acquiring the inventories and bringing them to their present location and condition.

## **2.2.11 Cash and cash equivalents**

Cash and cash equivalents comprises cash balances, call deposits and other short term highly liquid investments. For the purpose, any cash placement deposits, call deposit or other highly liquid items with the maturity period of 90 days from the date of transaction is considered as cash equivalent.

## **2.2.12 Trade and other receivables**

Trade and other receivables are stated at transaction value less allowance for impairment.

Staff loan are measured at amortized cost. Discounting rate has been arrived by considering comparable market rates of similar types of loan. Difference of amortized value and book value of loan is charged to profit or loss for the period of staff loan.

### **2.2.13 Share capital**

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

### **2.2.14 Employee Benefits**

Employee benefits are either defined benefit plan or defined contribution plan. Employee benefits of SHL comprise of gratuity, provident fund and accumulated leave. These benefits are provided as per the Employee Service Manual and Collective Bargaining Agreement between Employee Union and the Company.

#### **Provident Fund-Defined Contribution Plan**

SHL pays pre-defined Provident Fund benefit to Social Security Fund (SSF) (prior to Chaitra 2076 provident fund were contributed to employee provident fund) and SHL does not have any legal or constructive obligation to pay additional amount in future. Contributions to Provident fund are charged to the statement of profit or loss in the year to which they relate.

#### **Gratuity-Defined Contribution Plan**

SHL is required to pay pre-defined amount to Social Security Fund as gratuity to employees. SHL accrues 8.33% of basic salary of staff as gratuity benefits in accordance with the Labor Law of Nepal till Falgun 2076 while SHL has deposited Employee Gratuity in SSF from Chaitra 2076. The amount presented in financial statements is the actual liability of gratuity at each reporting date.

#### **Short term and long-term employment benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Accumulated leaves, encashment of which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the reporting date determined based on an actuarial valuation.

### **2.2.15 Income Tax**

#### **Deferred Tax**

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. 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 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 realization or settlement of the carrying amount of assets and liabilities using tax rates that are expected to apply in subsequent periods.

#### **Current Tax**

Current tax is the expected tax payable on the taxable income for the year using tax rates at the reporting date and any adjustment to tax payable in respect of previous years. Current tax is calculated reasonably in accordance with the provisions of Income Tax Act as per management

assumption and best judgment.

General corporate tax rate is 25%. SHL is entitled to a rebate of 15% on the General tax rate as per the provisions of Income Tax Act 2058. Additionally, for FY 2078/79, the Finance Act 2079 has declared additional rebate of 50% on tax liability to hotel business affected by COVID-19. Accordingly, tax rate applicable to the SHL for current fiscal year is 10.63% (previous year rate was 1%).

### **2.2.16 Revenue**

Revenue is recognized only when it is probable that the future economic benefits will flow to the group and that revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of Value Added Taxes, Civil Aviation Fee and Service Charges where applicable.

#### **Revenue from Sale of Services**

Revenue is recognized at the time of delivery of services and is stated net of Value Added Tax (VAT) and Service Charges. Revenue from The Soaltee Gate Gourmet -Flight Catering Division sales is stated net of Civil Aviation Fee & Service charge.

Revenue from package sales is disclosed net of credits and refunds, included as part of the package.

#### **Service Charge**

Income from service charges is recognized on accrual basis net of contribution to be made to the Hotel Association Nepal (HAN) and the Employees as per Labor Rules as per the previous agreement between HAN and representatives of the Employees Union.

#### **Dividend**

Dividend income from investment in shares is recognized when the right to receive the payment is established.

#### **Other Income**

Other income are recognized on accrual basis when there are reasonable basis to ascertain the amount and there is reasonable basis for recoverability except for certain membership fees which are insignificant to the total revenue.

### **2.2.17 Expenses**

Expenses are accounted on accrual basis where there are reasonable basis to estimate ascertain the obligation and rationality of such obligation.

#### **License Fee**

License fees payable in relation to technical assistance to Gate Gourmet Singapore Pte. Ltd, to operate the Flight Catering Unit under the brand name of 'The Soaltee Gate Gourmet' is based on a fixed percentage of the Net Sales Value as specified in the Technical Assistance Agreement.

#### **Employee Bonus**

Employee bonus is provided in line with the provisions of Bonus Act 2030 BS.

### **2.2.18 Lease**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. For arrangements entered into prior to 1 Shrawan 2074 the group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.



SHL has entered into operating lease arrangement for use of property at The Soaltee Gate Gourmet. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease expenses, which the Group believes is more representative than the straight line method, in line with para 33 of NAS 17: Leases.

Group has entered into operating lease arrangement allowing to use its facilities and infrastructures to third parties. The lease rental is adjusted for inflation rate periodically and the same amount is booked as operating lease income, which the Company believes is more representative than the straight line method, in line with para 50 of NAS 17: Leases.

### 2.2.19 Provisions

The Group applies NAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities.

Provisions are recognized for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated costs when an obligation exists.

### 2.2.20 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

The Group classifies an asset as 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.

The Group classifies a liability as current when:

- It is expected to be settled in 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.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.2.21 Segment Reporting

The Group's segmental reporting is in accordance with NFRS 8 Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the Company's management of the Group, which is responsible for allocating resources and assessing performance of the operating segments. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated centrally. Income and expenses directly associated with each segment are included in determining business segment performance.

### 2.2.22 Government Grant

Government grants, including non-monetary grants at fair value, is recognized when there is reasonable assurance that the Group will comply with the conditions attaching to grant and the grants will be received. Government grants is recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

### 2.2.23 Operating Cycle

The Company considers its operating cycle to be of 12 months.

**SOALTEE HOTEL LIMITED**

As at 32 Ashad 2079 (16 July 2022)

Notes to the Consolidated Financial Statements

Note 3.1: Property, Plant &amp; Equipment

Amount in Rs.

Particulars	Freehold Land	Building	Plant and Machinery	Furniture and Fixture	Office Equipment	Computers	Vehicles	Leasehold	Capital WIP	Total
<b>Cost</b>										
<b>Balance at 01.04.2077</b>	<b>149,488,779</b>	<b>848,246,126</b>	<b>1,118,814,465</b>	<b>451,313,201</b>	<b>6,646,815</b>	<b>68,203,441</b>	<b>80,281,071</b>	-	<b>32,353,681</b>	<b>2,755,347,579</b>
Addition	-	33,201,282	61,667,805	4,849,245	118,995	583,098	-	7,081,573	39,581,854	147,083,852
Disposal/Transfer	-	-	(2,172,567)	(1,228,149)	(260,492)	-	-	-	(55,915,416)	(59,576,624)
<b>Balance at 31.03.2078</b>	<b>149,488,779</b>	<b>881,447,408</b>	<b>1,178,309,703</b>	<b>454,934,297</b>	<b>6,505,318</b>	<b>68,786,539</b>	<b>80,281,071</b>	<b>7,081,573</b>	<b>16,020,119</b>	<b>2,842,854,807</b>
Addition	-	32,708,375	20,576,496	2,078,087	-	1,681,929	40,924,421	10,061,340	195,379,270	303,409,918
Disposal/Transfer	-	-	(17,948,770)	(933,405)	(200,927)	-	(6,212,585)	-	(44,129,405)	(69,425,092)
<b>Balance at 32.03.2079</b>	<b>149,488,779</b>	<b>914,155,783</b>	<b>1,180,937,429</b>	<b>456,078,979</b>	<b>6,304,391</b>	<b>70,468,468</b>	<b>114,992,907</b>	<b>17,142,913</b>	<b>167,269,984</b>	<b>3,076,839,633</b>
<b>Depreciation and Impairment Loss</b>										
<b>Balance at 01.04.2077</b>	-	<b>281,143,330</b>	<b>687,182,475</b>	<b>265,814,216</b>	<b>6,224,376</b>	<b>41,837,630</b>	<b>39,180,916</b>	-	-	<b>1,321,382,942</b>
Charge for the year	-	20,754,214	37,009,281	24,678,816	90,124	4,815,152	3,704,970	135,164	-	91,187,721
Disposal	-	-	(1,403,584)	(1,228,149)	(260,492)	-	-	-	-	(2,892,225)
<b>Balance at 31.03.2078</b>	-	<b>301,897,544</b>	<b>722,788,172</b>	<b>289,264,883</b>	<b>6,054,008</b>	<b>46,652,782</b>	<b>42,885,886</b>	<b>135,164</b>	-	<b>1,409,678,438</b>
Charge for the year	-	21,790,875	36,609,381	24,729,285	101,666	4,906,167	4,604,800	5,231,562	-	97,973,736
Disposal	-	-	(17,931,263)	(933,275)	(200,927)	-	(6,124,681)	-	-	(25,190,146)
<b>Balance at 32.03.2079</b>	-	<b>323,688,419</b>	<b>741,466,290</b>	<b>313,060,893</b>	<b>5,954,747</b>	<b>51,558,949</b>	<b>41,366,005</b>	<b>5,366,726</b>	-	<b>1,482,462,028</b>
<b>Net Book Value</b>										
<b>At 01.04.2077</b>	<b>149,488,779</b>	<b>567,102,796</b>	<b>431,631,990</b>	<b>185,498,985</b>	<b>422,439</b>	<b>26,365,811</b>	<b>41,100,155</b>	-	<b>32,353,681</b>	<b>1,433,964,637</b>
<b>At 31.03.2078</b>	<b>149,488,779</b>	<b>579,549,864</b>	<b>455,521,531</b>	<b>165,669,414</b>	<b>451,310</b>	<b>22,133,757</b>	<b>37,395,185</b>	<b>6,946,409</b>	<b>16,020,119</b>	<b>1,433,176,369</b>
<b>At 32.03.2079</b>	<b>149,488,779</b>	<b>590,467,364</b>	<b>439,471,139</b>	<b>143,018,086</b>	<b>349,644</b>	<b>18,909,519</b>	<b>73,626,902</b>	<b>11,776,187</b>	<b>167,269,984</b>	<b>1,594,377,605</b>

**Property, Plant and Equipment under construction**

Assets under construction majorly comprises of the works related to Lobby Renovation Project includes cost of assets Rs. 123.10 million, Himalayan Wing Project includes cost of assets Rs. 11.06 million, capital advance Rs. 29.89 million and other related costs Rs. 3.23 million. The amount shall be capitalized to respective heads as and when the assets are available for use.

## SOALTEE HOTEL LIMITED

As at 32 Ashad 2079 (16 July 2022)

### Notes to the Consolidated Financial Statements

#### Note 3.2: Intangible Assets

Amount in Rs.

Particulars	Software	Total
<b>Cost</b>		
<b>Balance at 01.04.2077</b>	<b>14,937,654</b>	<b>14,937,654</b>
Addition	-	-
Disposal/Transfer	-	-
<b>Balance at 31.03.2078</b>	<b>14,937,654</b>	<b>14,937,654</b>
Addition	-	-
Disposal	-	-
<b>Balance at 32.03.2079</b>	<b>14,937,654</b>	<b>14,937,654</b>
<b>Amortization</b>		
<b>Balance at 01.04.2077</b>	<b>12,902,915</b>	<b>12,902,915</b>
Charge for the year	828,401	828,401
Disposal	-	-
<b>Balance at 31.03.2078</b>	<b>13,731,316</b>	<b>13,731,316</b>
Charge for the year	402,242	402,242
Disposal	-	-
<b>Balance at 32.03.2079</b>	<b>14,133,558</b>	<b>14,133,558</b>
<b>Net Book Value</b>		
<b>At 01.04.2077</b>	<b>2,034,739</b>	<b>2,034,739</b>
<b>At 31.03.2078</b>	<b>1,206,338</b>	<b>1,206,338</b>
<b>At 32.03.2079</b>	<b>804,096</b>	<b>804,096</b>

#### Note 3.3: Investment Property

Amount in Rs.

Particulars	Freehold Land	Building	Total
<b>Cost</b>			
<b>Balance at 01.04.2077</b>	<b>4,707,287</b>	<b>166,146,812</b>	<b>170,854,100</b>
Addition	-	-	-
Disposal/Transfer	-	-	-
<b>Balance at 31.03.2078</b>	<b>4,707,287</b>	<b>166,146,812</b>	<b>170,854,100</b>
Addition	-	-	-
Disposal	-	-	-
<b>Balance at 32.03.2079</b>	<b>4,707,287</b>	<b>166,146,812</b>	<b>170,854,100</b>
<b>Amortization</b>			
<b>Balance at 01.04.2077</b>	-	<b>77,719,236</b>	<b>77,719,236</b>
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
<b>Balance at 31.03.2078</b>	-	<b>79,698,359</b>	<b>79,698,359</b>
Charge for the year	-	1,979,123	1,979,123
Disposal	-	-	-
<b>Balance at 32.03.2079</b>	-	<b>81,677,482</b>	<b>81,677,482</b>
<b>Net Book Value</b>			
<b>At 01.04.2077</b>	<b>4,707,287</b>	<b>88,427,576</b>	<b>93,134,864</b>
<b>At 31.03.2078</b>	<b>4,707,287</b>	<b>86,448,453</b>	<b>91,155,741</b>
<b>At 32.03.2079</b>	<b>4,707,287</b>	<b>84,469,330</b>	<b>89,176,618</b>

**SOALTEE HOTEL LIMITED**

As at 32 Ashad 2079 (16 July 2022)

**Notes to the Consolidated Financial Statements****Note 3.4: Deferred Tax Assets/(Liabilities)**

Deferred tax is calculated on temporary differences using known future tax rate. Deferred tax assets are recognized in respect of all temporary differences giving rise to deferred tax assets where the management believes it is probable that these assets will be recovered.

Amount in Rs.

Particulars	01.04.2078	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	32.03.2079
Fixed Assets	(45,629,725)	(7,673,697)	-	(53,303,422)
Gratuity Provision	24,334,467	(8,130,596)	-	16,203,871
Provision for Leave	13,592,896	(3,186,261)	-	10,406,635
Trade and Other Receivable	8,843,678	1,062,500	-	9,906,178
<b>Total</b>	<b>1,141,316</b>	<b>(17,928,054)</b>	-	<b>(16,786,738)</b>

Particulars	01.04.2077	Credit/(Charge) to SOPL	Credit/(Charge) to OCI	31.03.2078
Fixed Assets	(36,276,929)	(9,352,796)	-	(45,629,725)
Gratuity Provision	53,629,411	(29,294,944)	-	24,334,467
Provision for Leave	25,576,794	(11,983,898)	-	13,592,896
Trade and Other Receivable	7,781,178	1,062,500	-	8,843,678
<b>Total</b>	<b>50,710,454</b>	<b>(49,569,138)</b>	-	<b>1,141,316</b>

**Note 3.5: Investments**

Amount in Rs.

Particulars	32.03.2079	31.03.2078
<b>Non-Current</b>		
At Amortized Cost	-	-
At Fair Value Through Profit or Loss	-	-
At Fair Value Through OCI	272,982,742	273,145,258
<b>Total</b>	<b>272,982,742</b>	<b>273,145,258</b>
<b>Current</b>		
At Amortized Cost	27,500,000	10,000,000
At Fair Value Through Profit or Loss	-	-
At Fair Value Through OCI	-	-
<b>Total</b>	<b>27,500,000</b>	<b>10,000,000</b>

**Investment comprises the following:**

At Amortized Cost (A)	32.03.2079	31.03.2078
Term Deposit	27,500,000	10,000,000
<b>Total Investment at Amortized Cost</b>	<b>27,500,000</b>	<b>10,000,000</b>
<b>At Fair Value Through OCI (B)</b>		
<b>Investment in Associates</b>		
H I Soaltee Management Co. Limited (2,600 shares of HK\$ 1)	-	16,538
Less: Allowance for Impairment	-	(16,538)
<b>Net investment</b>	-	-
Soaltee Sibkirm Hotels and Resorts Pvt. Ltd.	261,840,000	261,840,000
<b>Sub-total</b>	<b>261,840,000</b>	<b>261,840,000</b>
<b>Investment in other Entities</b>		
Himal International Power Corp. Pvt. Ltd. (100,000 shares of Rs. 100 each)	11,142,742	11,305,258
<b>Sub-total</b>	<b>11,142,742</b>	<b>11,305,258</b>
<b>Total Investment through OCI</b>	<b>272,982,742</b>	<b>273,145,258</b>
<b>Proportion of voting rights</b>		
Soaltee Sibkirm Hotels and Resorts Pvt. Ltd.	24%	24%
H I Soaltee Management Co. Limited	-	26%
Himal International Power Corp. Pvt. Ltd.	6%	6%

During the period, the Company has disposed off the investment of H I Soaltee Management Co. Ltd.

**SOALTEE HOTEL LIMITED**  
As at 32 Ashad 2079 (16 July 2022)  
Notes to the Consolidated Financial Statements

**Note 3.6: Trade and Other Receivable**

Amount in Rs.

Particulars	32.03.2079	31.03.2078
<b>Non-Current</b>		
Other Receivable	7,051,419	7,051,419
Deposit for Appeal	4,454,681	4,454,681
Deposits	4,338,095	3,714,814
Loans and Advances to Employees	18,921,585	26,088,551
Deferred Employee Benefit Expenses	1,228,540	2,015,435
<b>Total</b>	<b>35,994,320</b>	<b>43,324,900</b>
Less: Allowance for Impairment	(7,051,419)	(7,051,419)
<b>Total</b>	<b>28,942,901</b>	<b>36,273,481</b>
<b>Current</b>		
<b>Trade Receivable</b>		
Trade Receivable	248,716,457	163,320,827
Less: Allowance for Impairment	(39,565,887)	(34,565,887)
<b>Trade Receivable-Net</b>	<b>209,150,570</b>	<b>128,754,940</b>
<b>Other Receivable</b>		
Loans and Advances to Employees	11,634,470	15,749,658
Loans and Advances to Other	34,177,783	24,600,047
Advances to Contractor and Suppliers	18,939,147	1,857,037
VAT Recoverable	1,959,002	32,298,270
Management Fees Recoverable	4,036,281	4,036,281
Others	1,007,394	626,537
Deferred Employee Benefit Expenses	1,095,683	1,658,448
<b>Total Other Receivable</b>	<b>72,849,760</b>	<b>80,826,278</b>
<b>Total</b>	<b>282,000,330</b>	<b>209,581,218</b>

Additional information on other receivable included in non-current receivable is provided in Note 4.10.1. Trade receivables are normally collected as per credit terms with the parties, generally within a period of 90 days. Trade receivable is non-interest bearing. Additional information on Trade receivable included in Current receivable is provided in Note 4.10.2.

**Note 3.7: Inventories**

Particulars	32.03.2079	31.03.2078
Stores and Spares	12,230,616	10,196,803
Provision, Beverage and Others	23,253,071	16,792,221
Uniform and Linen	35,325,673	32,650,435
Crockery, Cutlery etc.	14,134,600	14,492,046
<b>Total</b>	<b>84,943,960</b>	<b>74,131,505</b>

**Note 3.8: Cash and Cash Equivalent**

Particulars	32.03.2079	31.03.2078
Cash in Hand	2,766,717	1,396,489
Balances with Bank	34,011,553	48,165,259
<b>Total</b>	<b>36,778,270</b>	<b>49,561,748</b>



**SOALTEE HOTEL LIMITED**

As at 32 Ashad 2079 (16 July 2022)

Notes to the Consolidated Financial Statements

**Note 3.9: Share Capital**

Amount in Rs.

Particulars	32.03.2079	31.03.2078
<b>Authorized Share Capital</b>		
150,000,000 Shares of Rs. 10/- each	1,500,000,000	1,500,000,000
<b>Issued Share Capital</b>		
100,000,000 Shares of Rs. 10/- each	1,000,000,000	1,000,000,000
<b>Subscribed and Fully Paid up</b>		
84,257,973 Shares of Rs.10/- each	842,579,730	842,579,730
<b>Total</b>	<b>842,579,730</b>	<b>842,579,730</b>

**Reconciliation of no. of shares outstanding**

Particulars	32.03.2079	31.03.2078
Balance at the beginning of the year	84,257,973	84,257,973
Add: Bonus Issue	-	-
<b>Balance at the end of year</b>	<b>84,257,973</b>	<b>84,257,973</b>

**Details of Shareholding**

Major Corporate Shareholders	69%	69%
General Shareholders	31%	31%

**Note 3.10: Retained Earning and Reserves**

Particulars	32.03.2079	31.03.2078
Share Premium	16,000,000	16,000,000
Other Reserve	7,288,761	7,288,761
Revaluation Reserve	35,198,427	35,198,427
Fair Value Reserve for Equity Investment	1,142,742	1,305,258
Retained Earnings	846,400,371	542,663,729
<b>Total</b>	<b>906,030,301</b>	<b>602,456,175</b>

**Note 3.11: Non-Controlling Interest**

This represents portion of minority shareholders' interest 0.37% (previous year 26.37%) in the financial statements of HI Soaltee Hotel Company Pvt. Ltd.

Particulars	32.03.2079	31.03.2078
Share Capital	50,000	3,563,600
Retained Earnings	(3,374,563)	4,589,050
<b>Total</b>	<b>(3,324,563)</b>	<b>8,152,650</b>

**Note 3.12: Loans and Borrowings**

Particulars	32.03.2079	31.03.2078
<b>Non-Current</b>		
Secured- Hire Purchase	9,170,921	1,124,779
<b>Total</b>	<b>9,170,921</b>	<b>1,124,779</b>
<b>Current</b>		
Overdraft and Working Capital Loan	51,611,159	93,179,658
Current portion of Hire Purchase Loan	2,209,515	1,399,846
<b>Total</b>	<b>53,820,674</b>	<b>94,579,504</b>

**Note 3.13: Employee Benefits**

Particulars	32.03.2079	31.03.2078
<b>Non-Current</b>		
Gratuity	76,253,510	114,515,139
Less: Plan Assets	(2,253,240)	(6,174,356)
<b>Net Gratuity Liability</b>	<b>74,000,270</b>	<b>108,340,783</b>
Accumulated Leave	48,972,399	63,966,570
<b>Total</b>	<b>122,972,669</b>	<b>172,307,353</b>
<b>Current</b>		
Salary and Wages Payable	11,250,076	9,881,025
Bonus Payable	31,517,125	-
<b>Total</b>	<b>42,767,201</b>	<b>9,881,025</b>

## SOALTEE HOTEL LIMITED

As at 32 Ashad 2079 (16 July 2022)  
Notes to the Consolidated Financial Statements

### Note 3.14: Income Tax Receivable/(Payable)

Particulars	Amount in Rs.	
	32.03.2079	31.03.2078
Advance Income Tax	34,544,399	28,047,374
Income Tax Liability	(661,055)	(141,353)
<b>Total</b>	<b>33,883,344</b>	<b>27,906,021</b>

### Note 3.15: Trade and Other Payable

Particulars	32.03.2079	31.03.2078
<b>Non-Current</b>		
Retention and Security Deposit	11,679,331	17,432,234
Unclaimed Dividend	10,514,616	11,376,471
<b>Total</b>	<b>22,193,947</b>	<b>28,808,705</b>
<b>Current</b>		
Sundry Creditors	220,308,257	246,761,387
<b>Other Payable</b>		
Advances Received	87,860,557	90,632,297
Civil Aviation Fee	394,695	484,061
Flight Kitchen Franchise Fee	6,487,466	1,834,241
Service Charge	54,648,520	18,495,028
Housing Fund	26,334,029	26,334,029
Corporate Social Responsibility	10,189,783	8,134,351
Other Liabilities	46,574,811	64,612,662
<b>Total</b>	<b>452,798,118</b>	<b>457,288,056</b>

Trade and other payable are non-interest bearing in nature.

### Note 3.16: Revenue from Operation

Particulars	2078-79	2077-78
Room	246,990,610	57,427,873
Food	972,822,567	350,303,640
Beverage	70,835,073	10,458,605
Cigar and Cigarettes	658,625	40,180
Telephone	11,201	4,837
Laundry Income	1,229,505	1,977,242
Business Centre	13,725	-
<b>Total</b>	<b>1,292,561,306</b>	<b>420,212,377</b>

### Note 3.17: Other Income

Particulars	2078-79	2077-78
Premises Rental Charge	25,993,604	1,411,117
Interest on Loans & Advances at Amortized Cost	1,765,522	1,474,942
Interest on Call Account/Time Deposit	1,851,973	2,041,118
Miscellaneous Receipts	6,253,092	2,704,113
Income from Service Charge	25,267,588	6,532,211
Dividend Income	1,222,517	-
Profit on Sale of Assets	3,110,365	518,509
Profit on Sale of Investment	9,170,962	-
Exchange Gain	2,124,666	-
Others	1,185,169	249,271
Government Grant towards Social Security Fund (SSF)	-	4,483,750
Reversal of Incentive Management Fee	-	7,835,582
Reversal of Provision for Leave	1,143,502	7,792,516
Unclaimed Balance Written Back	244,415	-
<b>Total</b>	<b>79,333,375</b>	<b>35,043,129</b>

**SOALTEE HOTEL LIMITED**

As at 32 Ashad 2079 (16 July 2022)

**Notes to the Consolidated Financial Statements****Note 3.18: Consumption of Food and Beverage**

Amount in Rs.

Particulars	2078-79	2077-78
Food	241,240,023	121,164,519
Beverage	18,544,340	2,705,874
Cigarettes	407,685	20,582
<b>Total</b>	<b>260,192,048</b>	<b>123,890,975</b>

**Note 3.19: Employee Benefit Expenses**

Particulars	2078-79	2077-78
Salary and Wages	159,441,674	90,066,478
Allowances	49,102,514	27,437,676
Overtime	1,709,000	196,050
Employees Meal	21,731,259	7,657,809
Soaltee Staff Welfare	2,496,617	3,100,862
Gratuity	10,188,080	7,339,553
Provident Fund	11,894,843	8,684,671
Clinic Expenses	2,025,427	1,437,148
Amortization of staff loan	1,188,456	206,009
Incentive Exit Scheme	32,099,623	67,857,602
Bonus	31,517,125	-
<b>Total</b>	<b>323,394,618</b>	<b>213,983,858</b>

Additional information on Gratuity is provided in Note 4.4.a.

**Note 3.20: Operating Expenses**

Particulars	2078-79	2077-78
Linen	5,740,121	6,195,138
Laundry Supplies	19,521,677	21,801
Crockery & Cutlery	2,422,010	1,203,511
Silverware	220,150	4,068,270
Cleaning Supplies	7,714,558	3,339,523
F & B Paper Supplies	10,311,020	6,456,701
Guest Supplies	12,919,885	4,415,274
Water & Water Treatment	16,115,702	6,438,017
Garden Maintenance	2,103,112	7,035
Pest Control	2,588,000	1,330,745
Waste Removal	823,100	304,000
Power and Fuel	91,558,812	47,796,067
Repair and Maintenance	24,713,592	13,318,504
<b>Total</b>	<b>196,751,739</b>	<b>94,894,586</b>

**SOALTEE HOTEL LIMITED**  
As at 32 Ashad 2079 (16 July 2022)  
Notes to the Consolidated Financial Statements

**Note 3.21: Other Expenses**

Amount in Rs.

Particulars	2078-79	2077-78
Rental Charges	7,277,087	2,533,105
Travelling	7,715,747	777,206
Transport and Conveyance	18,581,566	6,292,788
Audit Fee	651,700	651,700
Legal and Professional Fees	10,756,574	5,154,837
Directors' Meeting Fees	423,528	-
Licence & Taxes	19,715,693	18,832,228
Bank Charges	4,809,477	1,414,177
Annual General Meeting Expenses	662,555	528,665
Commissions	3,208,662	3,088,619
Insurance	7,985,808	9,148,448
Communication Expenses	4,352,726	3,883,425
Printing and Stationery	4,836,654	2,786,183
Advertisement and Sales Promotion	9,349,531	5,781,445
Marketing and Reservation Expenses	4,210,684	2,419,812
Training and Conference	1,900,800	1,986,300
Books and Newspaper	92,282	27,758
Membership & Subscription	2,175,432	988,770
Security Services	9,760,149	3,470,528
Uniform Expenses	6,274,728	1,470,925
Entertainment	785,959	306,302
Allowance for Impairment	5,000,000	5,000,000
Software Service Charges	5,536,344	7,529,464
Banquet Expenses	2,570,683	604,787
Kitchenette Expenses	4,314,205	1,878,942
Exchange Loss	-	573,735
Corporate Social Responsibility	2,972,432	-
Miscellaneous	8,920,532	10,187,419
<b>Total</b>	<b>154,841,538</b>	<b>97,317,568</b>

**Note 3.22: Earnings per Share**

Basic earnings per share is calculated by dividing the total profit or loss attributable to equity shareholders. Diluted earnings per share is calculated by dividing the profit or loss attributable to equity shareholders by weighted average number of equity shares for the effects of all dilutive potential equity shares. If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively.

Calculation of basic and diluted earnings per share has been done as stated above.

Particulars	2078-79	2077-78
<b>Basic Earnings per Share</b>		
Profit/(Loss) for the year	299,216,357	(223,866,653)
Number of shares	84,257,973	84,257,973
<b>Basic Earnings per Share (Rs.)</b>	<b>3.55</b>	<b>(2.66)</b>
<b>Diluted Earnings per Share</b>		
Profit/(Loss) for the year	299,216,357	(223,866,653)
Weighted average number of shares	84,257,973	84,257,973
<b>Diluted Earnings per share (Rs.)</b>	<b>3.55</b>	<b>(2.66)</b>

**SOALTEE HOTEL LIMITED**

As at 32 Ashad 2079 (16 July 2022)

**Notes to the Consolidated Financial Statements**
**Note 3.23: Financial Instruments Classification and Fair Value Measurement**

Financial Instruments are classified in accordance with Note 2.2.3. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values are determined according to the following hierarchy:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. The Company has used its own data (accounting value) and considered if there exist factors that would otherwise result in changes to the book value of assets or liabilities. Such factors did not exist as per management evaluation and accordingly, book value has been considered as fair value.

Amount in Rs.

As at 32.03.2079	Carrying Amount	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
<b>Financial Assets at Amortized Cost</b>				
Trade and Other Receivable	308,619,008			308,619,008
Investment	27,500,000			27,500,000
Cash and Cash Equivalent	36,778,270			36,778,270
<b>Total At Amortized Cost</b>	<b>372,897,278</b>			<b>372,897,278</b>
<b>Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)</b>				
Investment	272,982,742			272,982,742
<b>Total Financial Assets</b>	<b>645,880,020</b>	-	-	<b>645,880,020</b>
<b>Financial Liabilities</b>				
<b>Financial Liabilities at Amortized Cost</b>				
Trade and Other Payable	474,992,065			474,992,065
Loans and Borrowings	62,991,595			62,991,595
<b>Total Financial Liabilities</b>	<b>537,983,660</b>	-	-	<b>537,983,660</b>

As at 31.03.2078	Carrying Amount	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
<b>Financial Assets at Amortized Cost</b>				
Trade and Other Receivable	242,180,816			242,180,816
Investment	10,000,000			10,000,000
Cash and Cash Equivalent	49,561,748			49,561,748
<b>Total At Amortized Cost</b>	<b>301,742,564</b>			<b>301,742,564</b>
<b>Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)</b>				
Investment	273,145,258			273,145,258
<b>Total Financial Assets</b>	<b>574,887,822</b>	-	-	<b>574,887,822</b>
<b>Financial Liabilities</b>				
<b>Financial Liabilities at Amortized Cost</b>				
Trade and Other Payable	486,096,761			486,096,761
Loans and Borrowings	95,704,283			95,704,283
<b>Total Financial Liabilities</b>	<b>581,801,044</b>	-	-	<b>581,801,044</b>



## SOALTEE HOTEL LIMITED

For the period ended on 32 Ashad 2079 (16 July 2022)

### Notes to the Consolidated Financial Statements

#### 4 Additional Information

##### 4.1 Share Capital

The Group has single class of equity shares where shares of Soaltee Hotel Limited have face value of Rs. 10 per share and subsidiaries have face value of Rs. 100 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital.

##### 4.2 Non-Controlling Interest

Soaltee Hotel Ltd. has made investment in two subsidiaries where holding in one is 100% and on the other is 99.63% (previous year 73.63%). Upon consolidation of the financial statements, total portion of financial statements is added by eliminating the portion of other shareholders by way of non-controlling interest.

##### 4.3 Reserves and Retained Earnings

###### a. Share premium

SHL had issued shares in premium on 1992-93. The amount collected by SHL in excess of its face value is credited to this account. Use of share premium shall be as provided in Company Act 2063.

###### b. Other Reserves

SHL had created other reserves out of capital profits on 1995. There is no movement on this reserve since then.

###### c. Retained Earning

Net profit for each year is added to this reserve. Group uses this to provide dividend to its shareholders.

###### d. Fair Value Reserve

This reserve is created to account for changes in fair value of investments for those investments that are opted to be measured at fair value through Other Comprehensive Income.

###### e. Revaluation Reserve

Revaluation Reserve was created in 1986 when the land of SHL was revalued. For the first time adoption of NFRS (1 Shrawan 2074), the revalued amount of land has been considered at deemed cost which as allowed by NFRS 1 and accordingly, this reserve has remain intact.

##### 4.4 Employee Benefits

###### a. Gratuity

Up to 19 Bhadra 2074, gratuity was in the form of defined benefit liability in which SHL was required to pay gratuity to staff considering the number of years in service and the recent salary of the staff. Changes in Labor law has changed the nature of gratuity and this is now a defined contribution plan whereby SHL is required to provide 8.33% of monthly basic remuneration as gratuity to employee with effect from 19 Bhadra 2074. SHL has enrolled itself and it's employees in Social Security Fund (SSF) in Chaitra 2076 and thereafter it has started making contribution towards Employee Gratuity in the fund.

Particulars	2078-79	2077-78
Opening Liability	114,515,139	319,639,442
Payment Made	(38,261,629)	(203,256,821)
Expenses Booked	10,188,080	7,339,553
Deposited in SSF	(10,188,080)	(7,339,553)
Government Grant towards SSF for Gratuity	-	(1,867,482)
<b>Closing Liability</b>	<b>76,253,510</b>	<b>114,515,139</b>

**b. Leave**

Leave is classified as other long term employee liability. Liability is measured by way of actuarial valuation for accumulated leave balance at the end of reporting periods. Changes in value of liability is as follows:

Particulars	2078-79	2077-78
Opening Liability	63,966,570	120,361,383
Service Cost	9,058,131	20,230,280
Interest Cost	4,858,469	6,243,913
Actuarial Gain/(Loss)	(15,060,102)	(34,266,709)
Benefit Paid	(13,850,669)	(48,602,297)
<b>Closing Liability (A)</b>	<b>48,972,399</b>	<b>63,966,570</b>
<b>Liability recognized in the financial statements (B)</b>	<b>48,972,399</b>	<b>63,966,570</b>

**Basic assumptions considered for measurement of leave liability related to leave are as follows:**

Particulars	2078-79	2077-78
Discount Rate	8.50%	6.50%
Rate of Compensation Increase	6%	6%
Average Expected Future Service	13	14
Average Duration of Liabilities	10	12.5

Plan assets have not been created for funding of payment of leave liability.

**Sensitivity Analysis**

The following table demonstrates the impact of 1% increase in discount rate considered for calculating the present value of long term leave liability.

Particulars	2078-79	2077-78
Effect on:		
- Service Cost	(1,141,698)	(2,465,544)
- Interest Cost	571,583	960,600
- Leave Liability	(10,229,102)	(13,610,076)

The following table demonstrates the impact of 1% decrease in discount rate considered for calculating the present value of long term leave liability.

Particulars	2078-79	2077-78
Effect on:		
- Service Cost	1,390,162	2,957,603
- Interest Cost	(571,583)	(960,600)
- Leave Liability	12,348,982	8,907,455

#### 4.5 Lease

SHL has entered into a lease arrangement of premises for a period of 2-3 years. The future minimum lease rental payment to be made is as follows:

Period	2078-79	2077-78
Up to one year	7,487,713	7,265,833
One to five years	5,633,377	12,343,552
<b>Total</b>	<b>13,121,090</b>	<b>19,609,385</b>

SHL has entered into operating lease arrangement allowing to use some part of its assets on lease. Minimum lease amount receivable under such lease is as follows:

Period	2078-79	2077-78
Up to one year	33,831,520	36,007,149
One to five years	255,970,344	228,502,545
Above five years	50,406,757	310,150,800
<b>Total</b>	<b>340,208,621</b>	<b>574,660,494</b>

The Board of Directors of SHL has decided to grant waiver for the lease payments of lessees whose business was significantly and adversely affected by COVID-19 outbreak and subsequent government-imposed lockdown.

#### 4.6 Corporate Social Responsibility

During the year, SHL has provided Rs. 2.97 million (previous year Rs. NIL (1% of net profit after tax) as Corporate Social Responsibility as per the Section 54 (1) of the Industrial Enterprises Act 2076.

#### 4.7 Risk Management objectives and policies

The Group's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Board of each Group and senior management has overall responsibility for the establishment and oversight of the Group's risk management. The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

##### i. Market Risk

In spite of having a very high potentiality of Tourism Sector and its related to services, it is volatile to geopolitical and domestic incidents. With stabilization in the geopolitical and domestic issues, the tourism sector looks for bright future. However, there is risk that any domestic/ international or geopolitical incidents would impact the business of the company. However, the group through years of operations has sustained through such risks over the years in the past.

##### ii. Credit Risk

The Group (SHL, in particular) provides reasonable level of credit facilities to debtors and so does it enjoy credit facility from its creditors as well. In impact on tourism sector may have impact of company debtors' ability to pay SHL within reasonable credit period allowed. Accordingly, there exist the credit risks to that extent. The Group through its experience over the many years has been managing such risk well through proper way of close monitoring and supervising the regular recoverability position by the management and the Board.

##### iii. Liquidity Risk

The Group has very less amount of debt funding and will not be impacted significantly. Group monitors its liquidity position on regular basis through effective planning and forecasting.

The Group's current assets aggregate positively against the current liabilities and accordingly,

the liquidity risk or risk that the company may not be able to settle its liabilities as they become, due does not exist.

**iv. Operational Risk**

Group has been in operation since more than 53 years and have prepared and implemented various Standard Operating Procedures (SOPs) in the form of clear cut delegation of authority for the activities, guidelines regulations etc. Beside the companies of Group is required to also follow specific operating guidelines issued by its franchise. Group believes that the controls implemented by the company have minimized the operational risk to acceptably low level. The franchise also carries out Control Self-Assessment at reasonable interval where the SHL scored high level marks placing it as one among better managed hotel among hotels being managed by Franchise.

**v. Exchange Rate Fluctuation Risk**

SHL's revenue will be impacted coming from any fluctuation of exchange rate fluctuation so be on the certain level of supplies of the company as such exchange rate fluctuation will contribute certain level of inflations. Since its tariffs are quoted in USD, any rate fluctuation will have the risk of impacting the income of the company. It has been the tendency that the exchange rate fluctuation has generally been upward movement except of occasional down turn movement as well. The Group has practiced not to hold foreign currency monetary assets and liabilities for substantial period so as to minimize the risk of exchange rate fluctuation.

#### 4.8 Related Party Transactions

Related parties of the Group comprises of key management personnel, organization having significant influence and Board of Directors.

**a. Significant Influence**

Entities having significant influence over the Group is as follows:

**i. Soaltee Enterprise Pvt. Ltd. (SEPL)**

Soaltee Enterprise Pvt. Ltd. is major shareholder of SHL. SEPL has four representatives in the current Board of Soaltee Hotel Ltd. (SHL). SEPL has paid Rs. 66,667 (previous year Rs. 66,667) to SHL as operating lease rent. SHL has paid Rs. 1,050,000 to SEPL as operating lease rent. There is no outstanding balance at the year end.

Entity where the Group has significant influence is:

**ii. Soaltee Sibkrim Hotels and Resorts Pvt. Ltd.**

Soaltee Sibkrim Hotels and Resorts Pvt. Ltd. is associate of the Group. One of the subsidiary of SHL, Soaltee Hospitality Ltd. has 24% shares in this company with investment of Rs. 261.84 million. There is no transaction or outstanding balance of this company with the Group.

**b. Other related entities**

**i. Nepal Airlines Corporation (NAC)**

Nepal Airlines Corporation is institutional shareholder of SHL. NAC has one representative in the Board of SHL.

SHL provides flight catering services to the international flights of Nepal Airlines Corporation. Transactions and outstanding balance with Nepal Airlines Corporation are as follows:

Particulars	Revenue (in million)		Receivable (in million)	
	This Year	Last Year	This Year	Last Year
Flight Catering Services	188.21	141.96	43.23	31.21

**ii. Sibkrim Holdings Pvt. Ltd.**

There is no transaction of this company with SHL.

**c. Those charged with Governance**

Those charged with governance include the Board of Directors of each companies. As SHL is the major shareholder of all subsidiaries, the Board of those companies is ultimately controlled by Board of SHL. The composition of Board of SHL on the reporting date is as follows:

Name	Position	Representative of
Mr. Dinesh Bahadur Bista	Executive Chairman	Soaltee Enterprises Pvt. Ltd.
Mr. Ravi Bhakta Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Rajesh Kazi Shrestha	Director	Soaltee Enterprises Pvt. Ltd.
Mrs. Jaya Rajya Laxmi Shah	Director	Soaltee Enterprises Pvt. Ltd.
Mr. Ganesh Bahadur Chand	Director (till 14 April 2022)	Nepal Airlines Corporation
Mr. Ubaraj Adhikari	Director (from 15 April 2022)	Nepal Airlines Corporation
Mr. Prakash Bikram Khatri	Director	Public Shareholder
Mr. Sashi Raj Pandey	Director	Public Shareholder
Mr. Niranjana Kumar Tibrewala	Director	Public Shareholder
Mr. Deepak Raj Joshi	Director (from 14 December 2021)	Independent Director

Mr. Lil Bahadur Khatri serves as Company Secretary of the Company.

Board members are paid Rs. 15,000 (net of withholding tax) per meeting as meeting fee for attending each meeting of Board. Meeting fee paid to members of Board for Board as well as Other Committee meetings during the year amounts to Rs. 0.4 million (previous year Rs. NIL).

**d. Key Management Personnel**

The Groups' key management personnel include are Executive Chairman & Vice President of SHL and General Manager of The Soaltee Kathmandu.

Total compensation to key management personnel during the year is Rs. 16.48 million (previous year Rs. 12.59 million). The compensation paid to Executive Chairman of SHL also includes the performance incentive paid based on the profit of Hotel.

**4.9 Unpaid Dividend**

Total unpaid dividend of SHL amounted to Rs. 10.51 million (previous year Rs. 11.38 million).

**4.10 Trade and Other Receivable**

**4.10.1 Civil Aviation Fee recoverable from Airlines**

Civil Aviation Fees levied on Inflight catering services provided on international flights by SHL to three different airlines have been disputed and not paid by the respective airlines which amounted to Rs 7.051 million (previous year Rs. 7.051 million) is still pending recovery. This has been reflected under Non-current Trade and other receivables.

**4.10.2 Trade Receivable from Jet Airways**

Trade receivable amounting to Rs. 16,061,418 is pending recoverable from Jet Airways as of the reporting date which has closed its operation from 17 April 2019 and is undergoing its insolvency proceedings. In October 2020, a revival takeover plan of potential investors has been approved by the Committee of Creditors of Airlines. The company has already lodged the outstanding with Jet Airways & confirmed by Jet Airways in their official website as eligible creditors. However, the outcome of the proceeding and business revival is yet to be known.



#### 4.11 Lien on company's assets

Current and non-current assets of SHL, where applicable has been pledged hypothecated to bankers providing the credit facilities. The credit facility as of the reporting date included term loan against a vehicle only amounting to Rs. 62.99 million (previous year Rs. 94.57 million).

#### 4.12 Contingent Liability

Group recognizes contingent liability when a possible obligation arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or company as a present obligation as a result of past events which is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. All adjusting events are considered for appropriate reflection in the current financial year.

#### 4.13 Bank Guarantee

Unexpired bank guarantee issued by Group amounted to Rs. 12.52 million (previous year Rs. 8.45 million)

#### 4.14 Litigations or legal cases

##### i. Income tax Matters

Revenue Tribunal has decided in SHL's favour against the appeal made relating to assessment pertaining to FY 2068-69. However, Revenue Office has filed appeal in the Honourable Supreme Court. Decision of such appeal is still pending. SHL is of the opinion that there would not be significant obligation relating such appeal being considered at the Court.

##### ii. Assessment status

SHL has appealed to Revenue Tribunal challenging the disallowance of expenses on Self-Assessment Income Tax Return of the FY 2071-72 and additional demand of tax Rs. 1,837,680 made by Large Taxpayers Office. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

SHL has appealed to Inland Revenue Department challenging the disallowance of expenses on Self-Assessment Income Tax Return of the FY 2072-73 and additional demand of tax Rs. 2,413,333 made by Large Taxpayers Office for administrative review. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

SHL has appealed to Inland Revenue Department challenging the disallowance of expenses on Self-Assessment Income Tax Return of the FY 2073-74 and additional demand of tax Rs. 134,155 made by Large Taxpayers Office for administrative review. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

SHL has appealed to Inland Revenue Department challenging the disallowance of expenses on Self Assessment Income Tax Return of the FY 2074-75 and additional demand of tax Rs. 4,810,246 made by Large Taxpayers Office for administrative review. The management considers no significant obligation that would arise that would be required to be provided for. Any tax claim will be directly charged to accumulated profit as per its practice.

##### iii. Arbitration

SHL has filed a writ petition in the High Court Patan and has got court stay order on the issue of outstanding receivable recovery pending settlement by then hotel manager, Holiday Inns China Ltd. (Manager) through UNCITRAL regional office singapore for which the SHL objected and filed a writ petition to High Court Patan against it. Similarly, the manager has filed a petition to supreme court of Nepal to vacate the stay order. The case is under the sub-judice and pending with the courts.

#### v. Legal cases

SHL has filed a few cases for recovery of dues from some debtors in the course of its regular business.

#### 4.15 Capital Commitment

Capital contract of SHL remaining to be executed on capital accounts net of advances to Rs. 160.15 million (Previous year Rs. 18.07 million).

#### 4.16 Letter of Credit

There is no outstanding letter of credit as at the reporting date.

#### 4.17 Housing Fund

This fund was created as per the requirement of erstwhile Labour laws. Owing to changes in Labour law, this fund is no longer required and no provision has been made. SHL has not paid during the year out of this fund to a separate entity called Employee Housing.

#### 4.18 Operating Segment

Management of the companies of the Group has considered the total operation to be segregable into three operating segment based on the nature of operation and services rendered.

**i. Core hotel business:** The operation of hotel that includes sale of rooms, food, related recreational facilities etc. that is directly linked to operation of hotel is considered as major segment.

**ii. Flight catering:** The Flight Catering Division provides flight catering services to airlines. This is different nature to the core operating nature of the company, which is operation of hotel and related facilities to meet its standards.

**iii. Horizon Lounge:** Horizon Lounge Unit provides airport lounge services to the travelers at Tribhuvan International Airport (TIA).

The financial information about the identified segments are as follows: (Amount in millions)

Operating Segment	Hotel Operation	Flight Catering	Horizon Lounge	Total
<b>Revenue</b>				
- Food	499.56	425.14	48.12	972.82
- Room	246.99			246.99
- Beverage	46.69	2.61	21.54	70.84
- Others	1.86		0.05	1.91
Interest Income	3.62			3.62
Other Income	75.72			75.72
<b>Total Revenue</b>	<b>874.43</b>	<b>427.75</b>	<b>69.71</b>	<b>1,371.89</b>
<b>Expenses</b>				
Consumption cost	145.45	97.92	16.82	260.19
Employee Benefit Expenses	213.74	102.69	6.96	323.39
Management, Operating and Other Expenses	229.17	109.25	13.17	351.59
Depreciation and Amortization	89.78	4.25	6.33	100.36
Finance Cost	18.54			18.54
<b>Total Expenses*</b>	<b>696.69</b>	<b>314.11</b>	<b>43.28</b>	<b>1,054.08</b>

<b>Segment Result</b>	<b>177.75</b>	<b>113.64</b>	<b>26.43</b>	<b>317.82</b>
Income Tax				18.60
<b>Profit/(Loss) for the period</b>				<b>299.22</b>
<b>Segment Assets</b>	<b>2,253.10</b>	<b>169.56</b>	<b>43.14</b>	<b>2,465.80</b>
<b>Segment Liabilities**</b>				<b>2,465.80</b>

\* Directly associated and identifiable segment cost has been reported on actual basis while common segment costs are allocated based on ratio of segment revenue.

\*\* Segment wise liabilities have not been prepared due to absence internal reporting system of segment liability.

#### 4.19 Capital Management

Capital includes issued capital and all other reserves attributable to the equity holders of the Group. The Companies of the Group manage their capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group's aim is to translate profitable growth to superior cash generation through efficient capital management. The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Group's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Group. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Group's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

No changes were made in the objectives, policies or processes for managing capital during all the years reported in this financial statement.

#### 4.20 Regrouping and Round off

Figures have been regrouped and rearranged and rounded off to nearest rupee. Insignificant rounding off differences may exist.







Soaltee Westend Premier Hotel Nepalgunj Associate 5 Star Hotel



Bao Xuan Restaurant



Garden Terrace Restaurant



Kakori Restaurant



Megha Malhar Conference Hall



Regal Suites



One of the Newly Built Conference Hall – Sur Sudha



The Soaltee Gate Gourmet - Flight Catering Division





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