



**लेखामान बोर्ड**

**ACCOUNTING STANDARDS BOARD**

(Formed by the Government of Nepal under the Nepal Chartered Accountants Act, 1997)

# **JURISDICTIONAL PROFILE**

**And**

# **UPDATE ON STANDARDS**

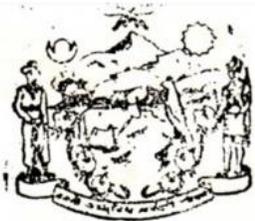
# **DEVELOPMENT & IMPLEMENTATION**

**Prakash Jung Thapa, FCA**

**Chair, ASB Nepal**

# BOARD STRUCTURE

Government of Nepal Formed  
The Board in 2002 u/s 15A of  
Nepal Chartered Accountants Act, 1997



## नेपाल राजपत्र

श्री ५ को सरकारद्वारा प्रकाशित

खण्ड ५२) काठमाडौं, फागुन २६ गते २०५९ साल (संख्या ४७)

### भाग ३

श्री ५ को सरकार  
अर्थ मन्त्रालयको  
सूचना १

श्री ५ को सरकारले नेपाल चार्टर्ड एकाउन्टेन्ट्स ऐन, २०५३ को दफा १५क को उपदफा (१) बमोजिम गठित लेखामान बोर्डमा सोही दफाको उपदफा (२) को खण्ड (क) को प्रयोजनको लागि अध्यक्षमा श्री तीर्थराज उपाध्याय, खण्ड (ज) को प्रयोजनको लागि सदस्यमा डा. श्री गोविन्दराम अग्रवाल, श्री सुन्दरमान श्रेष्ठ, श्री पदीप कुमार श्रेष्ठ, श्री प्रमोद कौशिक र श्री विनोद राजभण्डारी तथा खण्ड (झ) को गोजनको लागि सदस्यमा श्री उमेश प्रसाद ढकाललाई मनोनीत गरेको छ।

Formation of 1<sup>st</sup> Board

Published in Official Gazette of Government of Nepal

**CHAIR**  
(Appointed by the Government of Nepal)

 <p>Representative, Ministry of Finance</p>	 <p>Representative, Office of the Auditor General</p>	 <p>Representative, Financial Comptroller General Office</p>
 <p>Company Registrar, Office of Company Registrar</p>	 <p>Director General, Inland Revenue Department</p>	 <p>Chair, Securities Board of Nepal</p>

**Five Chartered Accountants & One Registered Auditor  
Nominated by the Government of Nepal on the recommendation of ICAN's  
Council**

# NAS/NFRS Enforcement



SETS THE  
STANDARDS



PRONOUNCES THE  
STANDARDS

**IMPLEMENTED  
THROUGH**

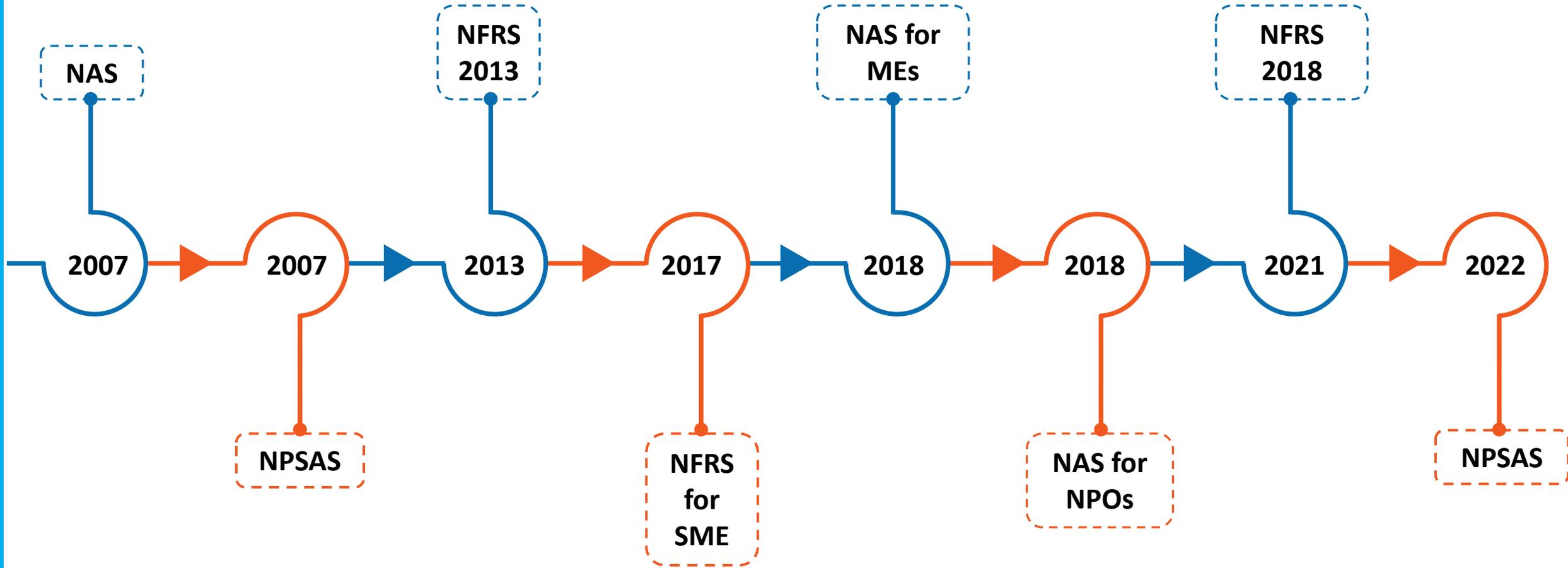
**Nepal Chartered  
Accountants Act, 2053  
(1997)**

**Companies Act 2063  
(2006)**

**The Income Tax Act,  
2058 (2002) & Income  
Tax Regulations, 2059  
(2003)**

**Regulatory  
Enforcements**

## Standards Setting Activities of the Board



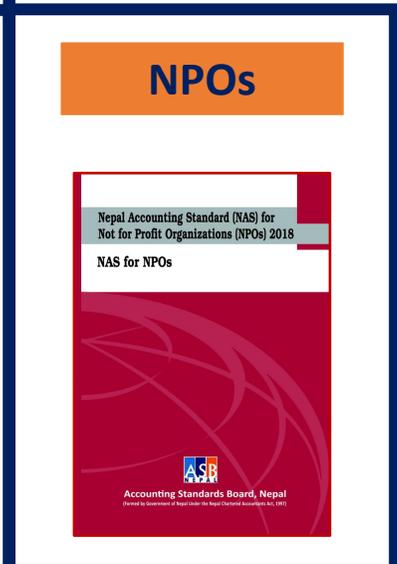
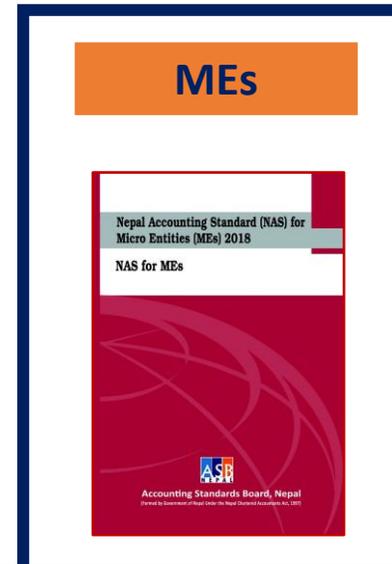
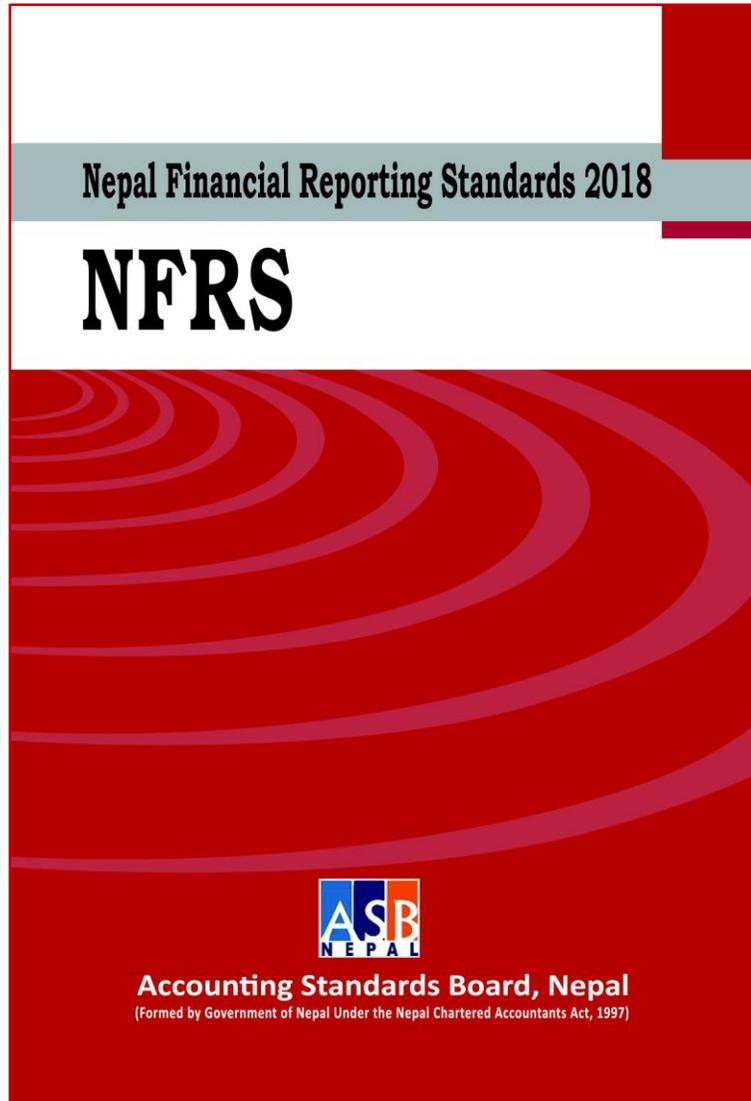
# Financial Reporting/Accounting Standards of Nepal

FULL NFRS

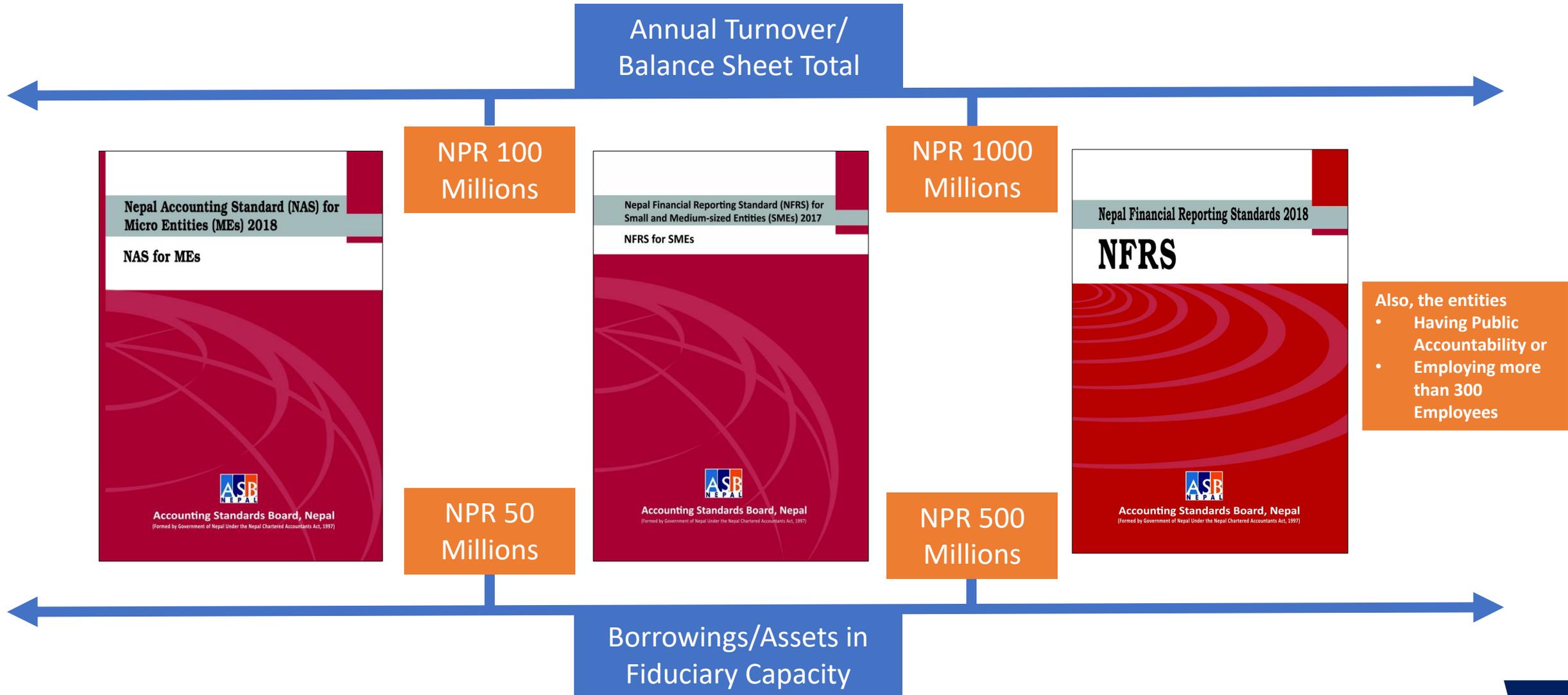
SMEs

MEs

NPOs



# STANDARDS FOR PROFIT MAKING ENTITIES



## Entities Based on Their Annual Turnover Declared on Income Tax Return

970k  
+

There are 970,454 entities filing annual income tax return in FY 2022-23

98%

More than 98% of businesses in Nepal are categorized as Micro Entities

80%

Approx. 80% of the business entities in Nepal are individual owned business

Less  
than  
1000

Number of entities that need to prepare full NFRS based financial statements is less than one thousand

# Nepal Accounting Standards for Micro Entities

## (NAS for MEs)

### Streamlined Reporting

Designed for micro-sized entities in a plain language for easier comprehension reducing complexity

### Residual Value and Useful Life of PPE

No annual review required for asset residual value and useful life

### General Exemption for Transition

Impracticable adjustments can be made in the earliest practicable period

### Deferred Tax

No requirement to recognition, presentation and disclosure of deferred tax

### Statement of Other Comprehensive Income

Separate statement of other comprehensive income not required

### Permit to Refer NFRS & NFRS for SMEs

Disclose in the financial statements if an entity opts to follow any specific standard of NFRS or NFRS for SMEs

### Notes to the Financial Statements

No specific requirement for disclosure of judgments apart from estimations & key estimation uncertainties in the notes

### Minimum Disclosures

Minimum Disclosure requirement prescribed

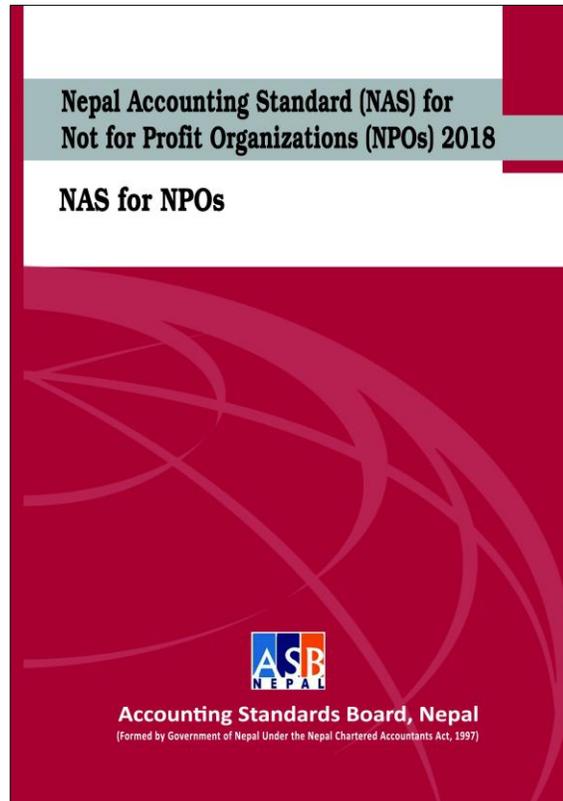
### Property, Plant and Equipment (PPE)

Cost Model allowed & Subsequent revaluation not required

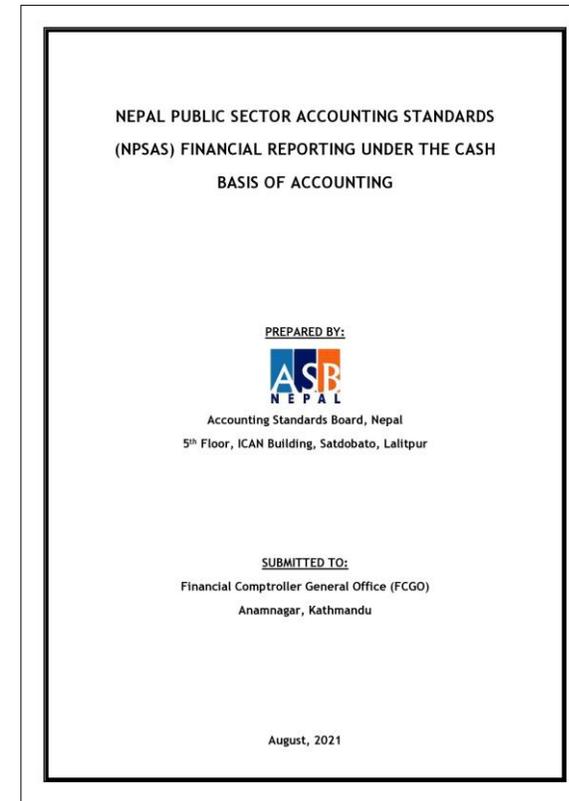
### Model Financial Statement

Model Financial Statement based on NAS for MEs provided

# OTHER STANDARDS



For Not for Profit  
Organisations



For Government  
of Nepal

# Sustainability Reporting Standards

## Environment

Current regulation, the Environment Protection Act, lack explicit provisions for external sustainability disclosure

## Social

Few legal provisions (e.g., Industrial Enterprises Act, 2076) address Corporate Social Responsibility but lack comprehensive reporting requirements.

## Governance & Risk

Different regulatory bodies have issued directives on corporate governance and Nepal Rastra Bank's has issued ESRM Guideline

ASB Nepal has formed **Nepal Sustainability Reporting Standards Development Committee** under leadership of Chair with following members from various regulating bodies:

1. Board Member, ASB Nepal
2. Representative, Ministry of Finance
3. Representative, Ministry of Forest and Environment
4. Vice President, Institute of Chartered Accountants of Nepal
5. Director, Nepal Rastra Bank
6. Executive Director, Securities Board of Nepal
7. Registrar, Office of the Company Registrar
8. Secretary, Electricity Regulatory Commission
9. Executive Director, Nepal Insurance Authority
10. Subject Expert

# STAKEHOLDERS OUTREACH

4

Provinces

184

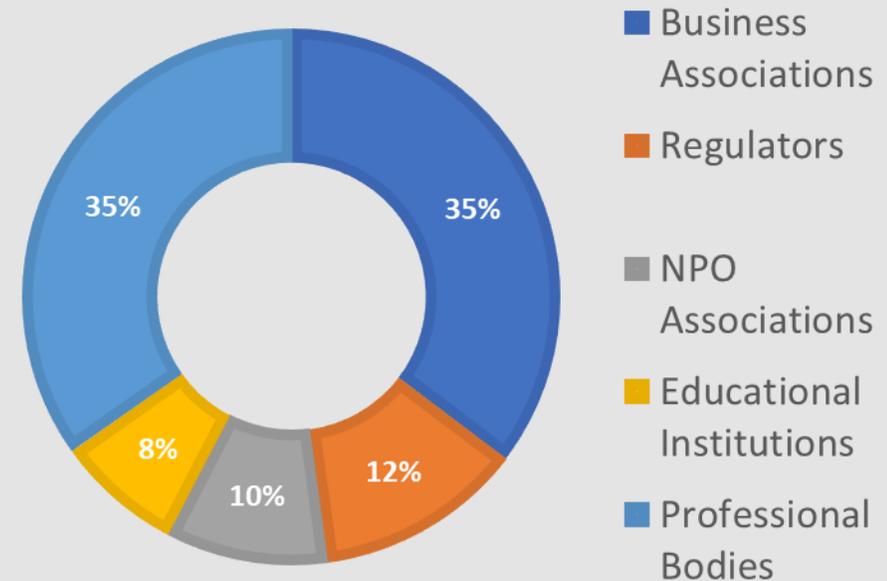
Participants



# Program Objectives

- Assess implementation status of NAS/NFRS among the stakeholders
- Evaluate participants' preparedness in adopting the standards
- Discuss challenges in implementing specific standards
- Provide feedback

# Program Participants



## 70% Participated in an Online Survey.

97%

Agree that implementation of NAS/NFRS is a legal obligation as well

91%

Agree standards are contributing to the enhancement of financial reporting quality, while some contend that it has added complexity to reporting.

81%

Are well-informed about all the standards issued by ASB Nepal.

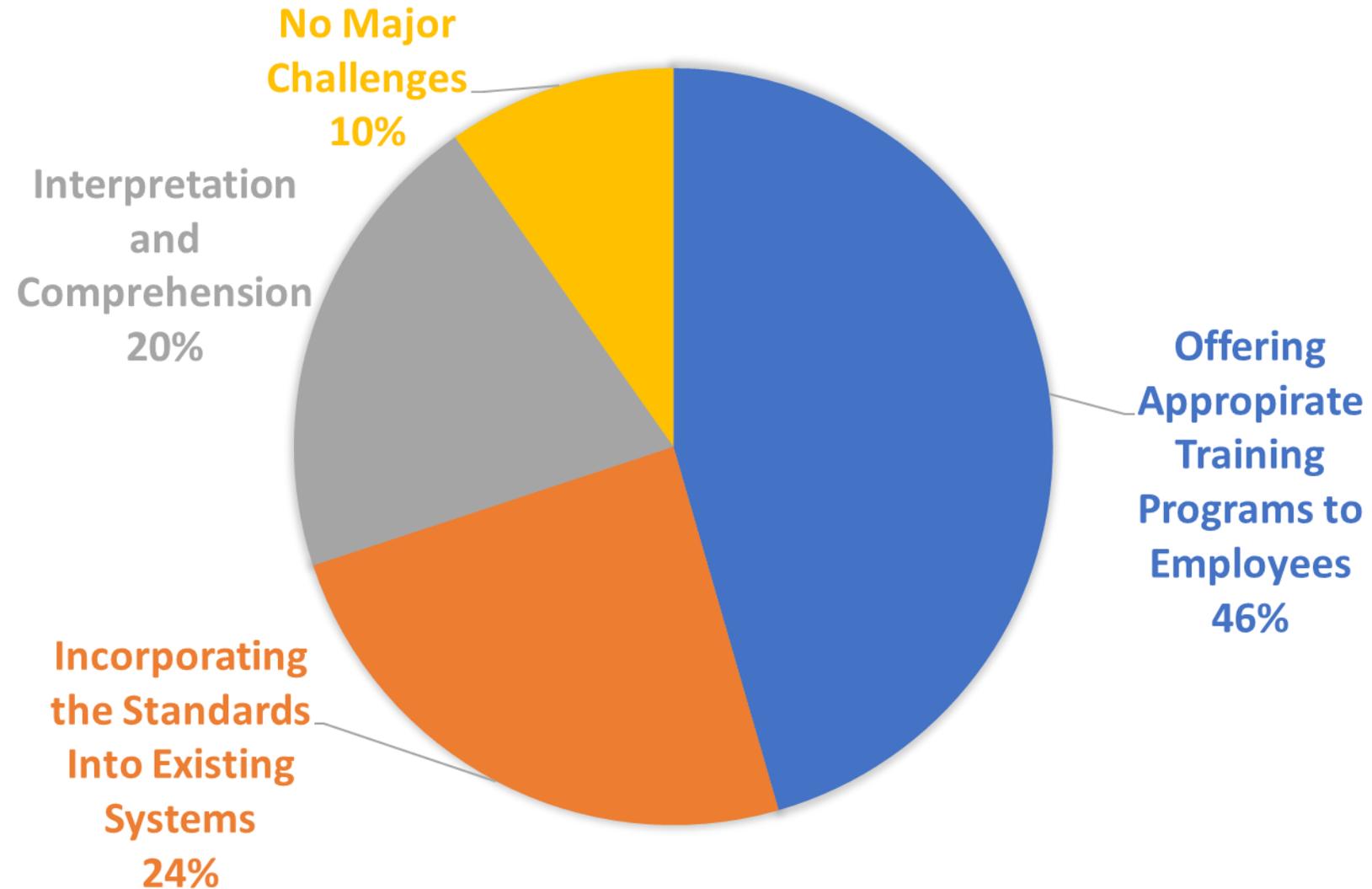
80%

Are knowledgeable about the criteria that dictate the relevant NAS/NFRS for their organizations.

65%

Indicated that their organizations have either already adopted the NAS/NFRS or are currently in the implementation process.

## MAJOR IMPLEMENTATION CHALLENGES FACED BY THE STAKEHOLDERS



## Board's Initiatives

- Collaboration with AOSSG and other standards setters like AASB & KASB
- Revision of NFRS based on IFRS 2024
- Enhanced online accessibility of standards
- Engaged in discussions with regulators to facilitate NAS/NFRS implementation
- Conducted trainings for regulators and stakeholders

## Other Projects

- Development of Nepal Sustainability Reporting Standards
- Post Implementation Review
- Review of NAS for MEs & NAS for NPOs
- NFRS training programs to the regulators & stakeholders
- Research & Survey

THANK YOU!!

