

Janak Education Material Centre Limited (JEMC)

STATEMENT OF FINANCIAL POSITION

As at 31st Ashad 2080

All amounts in NPR, unless otherwise stated

Particulars	Note	As at 31st Ashad 2080	As at 32nd Ashad 2079
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	8,299,270,413.50	7,778,678,905.00
Intangible Assets	5	1,434,060.18	1,177,759.00
Financial Assets			
Share Investment	6	100,000.00	100,000.00
Total Non-Current Assets		8,300,804,473.68	7,779,956,664.00
Current Assets			
Inventories	7	1,067,320,224.46	321,003,263.00
Financial Assets			
Trade Receivables	8	80,180,250.36	10,583,817.00
Cash & Cash Equivalents	9	323,600,412.46	577,259,509.00
Other Financial Assets	10	66,546,988.29	53,031,516.00
Current Tax Assets	11	121,687,843.15	59,190,720.00
Total Current Assets		1,659,335,718.72	1,021,068,825.00
Total Assets		9,960,140,192.40	8,801,025,489.00
EQUITY AND LIABILITIES			
Equity			
Share Capital	12	456,380,625.00	456,380,625.00
Reserve & Surplus	13	4,715,244,257.04	3,980,231,636.00
Total Equity		5,171,624,882.04	4,436,612,261.00
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Loans and Borrowings	14	1,338,286,970.00	1,390,000,000.00
Employee Benefit Obligation	15	822,573,597.00	719,116,374.00
Deferred Grant Liabilities	16	58,436,808.49	61,559,020.00
Deferred Tax Liabilities	17	1,697,657,993.06	1,596,676,551.00
Total Non Current Liabilities		3,916,955,368.55	3,767,351,945.00
Current Liabilities			
Financial Liabilities			
Loans and Borrowings	14	-	55,976.00
Trade Payables	18	87,656,275.89	109,235,708.00
Other Financial Liabilities	19	384,451,212.47	316,846,450.00
Employee Benefit Obligation	15	123,395,366.00	78,115,103.00
Other Current Liabilities	20	100,252,072.92	81,372,111.00
Short Term Provisions	21	175,805,014.53	11,435,935.00
Total Current Liabilities		871,559,941.81	597,061,283.00
Total Liabilities		4,788,515,310.36	4,364,413,228.00
Total Equity & Liabilities		9,960,140,192.40	8,801,025,489.00
Basis of preparation, measurement & significant accounting policies.	1,2,3		
Contingent Liabilities & Commitments	3		

The accompanying notes 1 to 27 are integral part of these financial statements.

For & on behalf of the Board.

As per our report of even date attached


Mr. Chitra Kumar Acharya
Chief, Finance adm. Dept

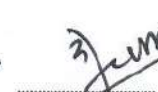

Mr. Lava Dev Joshi
Chief, HR & Finance Directorate


Mr. Anil Kumar Jha
Managing Director


Dr. Dipak Kaphle
Chairman


CA Lila Raj Dhakal
Auditor


Mr. Shambhu Prasad Marasini
Director


Mr. Deepak Sharma
Director


Mr. Ima Narayan Shrestha
Director


Mr. Banded Sharma Adhikari
Deputy Auditor General

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Date: 2081-04-11

Place: Sanothimi, Bhaktapur

Janak Education Material Centre Limited (JEMC)

Sanothimi, Bhaktapur

STATEMENT OF PROFIT OR LOSS

For the year ended 31st Ashad 2080

All amounts in NPR, unless otherwise stated

Particulars	Note	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Revenue from Operations	22	2,636,673,457.82	2,065,000,627.00
Other Income	23	231,183,301.59	90,064,532.00
Gross Revenue		2,867,856,759.41	2,155,065,159.00
Operating Expenses	24	(1,362,271,248.25)	(1,068,141,816.00)
Employee Benefit Expenses	25	(611,128,721.40)	(487,977,079.00)
Administrative & Other Operating Expenses	26	(129,267,480.71)	(127,987,362.81)
Depreciation	4	(5,936,686.16)	(20,270,845.00)
Amortization of Intangible Assets	4	(34,799.70)	(155,614.00)
Profit From Operation		759,217,823.19	450,532,442.19
Finance Cost	27	(72,241,518.78)	(99,848,312.19)
Profit Before Tax		686,976,304.41	350,684,130.00
Income Tax expenses			
Current Tax		(165,983,977.20)	-
Deferred Tax Income/(Expenses)	17	(22,231,008.08)	(131,643,511.00)
Net Profit/(Loss) for the year		498,761,319.12	219,040,619.00
Earning per Equity Share of Rs. 100 each			
Basic Earning Per Share- Rs.		109.29	48.00
Diluted Earning Per Share- Rs.		109.29	48.00

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Chief, Finance adm. Dept.


Mr. Lava Dev Joshi
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Mr. Anil Kumar Jha
Managing Director


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Auditor


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Director


Mr. Deepak Sharma
Director


Mr. Ima Narayan Shrestha
Director


Mr. Bamdev Sharma Adhikari
Deputy Auditor General

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महालखा परीक्षकको कार्यालय
नेपाल
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Janak Education Material Centre Limited (JEMC)
Sanothimi, Bhaktapur

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st Ashad 2080

All amounts in NPR, unless otherwise stated

Particulars	Note	As at 31st Ashad 2080	As at 32nd Ashad 2079
Net Profit for the year as per Profit or Loss statement		498,761,319.12	219,040,619.00
Other Comprehensive Income			
Re-measurement (losses) / gains on post employment defined benefit plans	15	(119,832,955.00)	61,449,709.00
Tax relating to items that will not to be reclassified to profit or loss (DBO)	5	29,958,238.75	-
Revaluation Gain/Loss on Freehold Property		434,834,690.89	-
Tax relating to items that will not to be reclassified to profit or loss (Revaluation)	5	(108,708,672.72)	(15,362,427.00)
Total Other Comprehensive Income (OCI) for the year, net of tax		236,251,301.92	46,087,282.00
Total Comprehensive Income (TCI), for the year, net of tax		735,012,621.04	265,127,901.00

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As per our report of even date attached


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Mr. Lava Dev Joshi
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Mr. Anil Kumar Jha
Managing Director

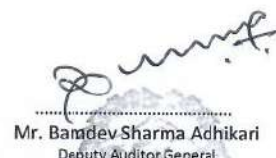

Dr. Dipak Kaphle
Chairman


CA Lila Raj Dhakal
Auditor


Mr. Shambhu Prasad Marasini
Director


Mr. Deepak Sharma
Director


Mr. Ima Narayan Shrestha
Director


Mr. Bandev Sharma Adhikari
Deputy Auditor General

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Janak Education Material Centre Limited (JEMC)

Sanothimi, Bhaktapur

CASH FLOW STATEMENT

For the year ended 31st Ashad 2080

All amounts in NPR, unless otherwise stated

Particulars	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Cash Flows From Operating Activities		
Profit for the year	735,012,621.04	265,127,901.00
Adjustments for:		
Depreciation on PPE/Amortization of Intangible Assets	24,115,131.84	20,270,845.00
Impairment of PPE	139,198.82	155,614.00
Deferred Grants Income	(3,122,211.51)	(6,035,839.00)
Gain on Revaluation	(434,834,690.89)	-
Finance Expenses	72,241,518.78	100,065,391.00
Operating Cash Flow Before Working Capital Changes:	393,551,568.08	379,583,912.00
Working capital adjustments		
(Increase)/ Decrease in Current Assets	(891,925,990.83)	324,601,456.00
Increase/ (Decrease) in Current Liabilities	274,498,658.81	197,778,772.00
Cash Flow from Operating Activities	(223,875,763.94)	901,964,140.00
Interest Payment	(72,241,518.78)	(100,065,391.00)
Prior Period Adjustment	-	(28,904,691.00)
Cash Flow from before Extraordinary Activities	(296,117,282.72)	772,994,058.00
Income/(Expenses) from extraordinary Activities	-	-
Net Cash Flow from Operating Activities (A)	(296,117,282.72)	772,994,058.00
Cash Flows From Investing Activities		
Acquisition of Property, Plant and Equipment	(109,871,948.88)	(19,504,763.00)
Non Current Deferred Tax Assets	-	-
Purchase of Intangibles	(395,500.00)	(155,614.00)
Net Cash Flows from Investing Activities (B)	(110,267,448.88)	(19,660,377.00)
Cash Flows From Financing Activities		
Proceeds from Non-Current Assets	-	(238,187,415.00)
Repayment of Borrowing	(51,713,030.00)	-
Other Non Current Liabilities	204,438,665.06	-
Net Cash Flows from Financing Activities (C)	152,725,635.06	(238,187,415.00)
Net Change In Cash And Cash Equivalents (A+B+C)	(253,659,096.54)	515,146,266.00
Cash And Cash Equivalents At The Beginning Of Period	577,259,509.00	62,113,243.00
Cash And Cash Equivalents at the End Of Period	323,600,412.46	577,259,509.00

The accompanying notes 1 to 27 are integral part of these financial statements.

For & on behalf of the Board.

As per our report of even date attached


Mr. Chitra Kumar Acharya
Chief, Finance adm. Dept.


Mr. Lava Dev Joshi
Chief, HR & Finance Directorate


Mr. Anil Kumar Jha
Managing Director

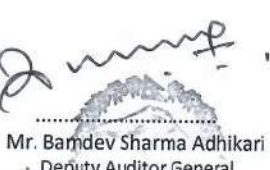

Dr. Dipak Kaphle
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Auditor

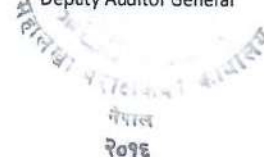

Mr. Shambhu Prasad Marasin
Director


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Deputy Auditor General

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Janak Education Material Centre Limited (JEMC)
Sanothimi, Bhaktapur

STATEMENT OF CHANGES IN EQUITY
For the year ended 31st Ashad 2080

All amounts in NPR, unless otherwise stated

Particulars	Equity Share Capital	Retained Earning	Actuarial Reserve	Revaluation Reserve	Staff Quarter	Total
Balance as at 31st Ashad 2078	456,380,625.00	(1,533,164,140.00)	(117,230,024.00)	5,385,898,651.00	8,503,939.00	4,200,389,051.00
Profit for the year		219,040,619.00				219,040,619.00
OCI		46,087,282.00				46,087,282.00
Actuarial Reserve re-measurement gain/(loss)		(61,449,709.00)	61,449,709.00			-
Deferred Tax Reserve Of OCI Component		15,362,427.00	(15,362,427.00)			-
Last year Adjustment		(78,266,719.00)	49,362,028.00			(28,904,691.00)
As at 32nd Ashad 2079	456,380,625.00	(1,392,390,240.00)	(21,780,714.00)	5,385,898,651.00	8,503,939.00	4,436,612,261.00
Change in Accounting Policies	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-
Restated as at 32nd Ashad 2079	456,380,625.00	(1,392,390,240.00)	(21,780,714.00)	5,385,898,651.00	8,503,939.00	4,436,612,261.00
Net Profit for the year		498,761,319.12				498,761,319.12
Other Comprehensive Income						
Surplus on revaluation of properties				434,834,690.89		434,834,690.89
Actuarial Reserve re-measurement gain/(loss)			(119,832,955.00)			(119,832,955.00)
Deferred Tax Reserve Of OCI Component(Revaluation)			-	(108,708,672.72)		(108,708,672.72)
Deferred Tax Reserve Of OCI Component(DBO)			29,958,238.75			29,958,238.75
As at 31st Ashad 2080	456,380,625.00	(893,628,920.88)	(111,655,430.25)	5,712,024,669.17	8,503,939.00	5,171,624,882.04

The accompanying notes 1 to 27 are integral part of these financial statements.
For & on behalf of the Board.

As per our report of even date attached

[Signatures]



Janak Education Material Centre Limited (JEMC)

Sanothimi, Bhaktapur

Notes forming part of financial statements

All amounts in NPR, unless otherwise stated

Note 6: Financial Assets

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Share Investment	100,000.00	100,000.00
Total Rs.:	100,000.00	100,000.00

Investment represent investment made in Janak Multipurpose Cooperative for 1000 shares at the rate of NRs. 100 per share which is not a listed share investment.

Note 7: Inventories

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Paper	321,757,088.27	124,814,803.00
Work in Progress	104,863,511.05	12,320,928.00
Ink, Chemicals & Raw Materials	84,845,300.28	40,250,997.00
Spare Parts & Tools	30,510,478.54	25,693,866.00
Finished Goods Books & Others	513,468,972.59	113,891,815.00
General Stock(Mics.)	11,874,873.73	4,030,854.00
Total Rs.:	1,067,320,224.46	321,003,263.00

Note 8: Trade Receivables

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Sajha Prakashan	81,680,956.51	81,680,957.00
Trade receivables -Regional Office Related		
Other Trade Receivables	62,465,260.15	7,940,683.00
Other Receivables	11,121,749.91	-
Less: Provision for Impairment	(86,500,056.00)	(83,107,534.00)
Branch Receivable	11,412,339.79	7,241,534.00
Less: Branch N Account	-	(3,171,823.00)
Total Rs.:	80,180,250.36	10,583,817.00

Impairment in trade receivable is provided based on simplified expected credit loss module where credit exposure & rate of default is analysed for estimated credit loss. Amount of impairment loss on financial assets is charged to statement of profit or loss. Other Receivable includes unreconciled opening balances from past years.

Note 9: Cash & Cash Equivalents

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Cash & Bank Balance		
-Central Office	319,726,481.31	539,133,359.00
-Regional Office	3,873,931.15	38,126,150.00
Total Rs.	323,600,412.46	577,259,509.00



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Janak Education Material Centre Limited (JEMC)
Sanothimi, Bhaktapur

Notes forming part of financial statements

Note 10: Other Financial Assets

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Staff advances	22,790,321.38	10,082,356.00
Staff loan	3,391,753.94	4,942,574.00
Party advance	39,778,384.97	38,093,558.00
Other receivables	673,500.00	-
Deferred employee cost (Unwinding finance cost)	(86,972.00)	(86,972.00)
Total Rs.	66,546,988.29	53,031,516.00

Loan provided to staffs with period of 1 years with interest rate of 5%. Present value of cash flow is presented as loan while difference is recognized as deferred employee cost (unwinding finance cost) under other financial assets at reporting date.

Note 11: Current Tax Assets

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advance tax	58,420,243.85	24,756,352.27
VAT Receivable @ 30% (IRD Deposited)	48,465,097.91	19,631,865.94
Tax Deposits to Large Tax Payer Office	13,749,006.39	13,749,006.79
Deferred tax (Other tax Assets)	1,053,495.00	1,053,495.00
Total Rs.	121,687,843.15	59,190,720.00

For & on behalf of the Board.

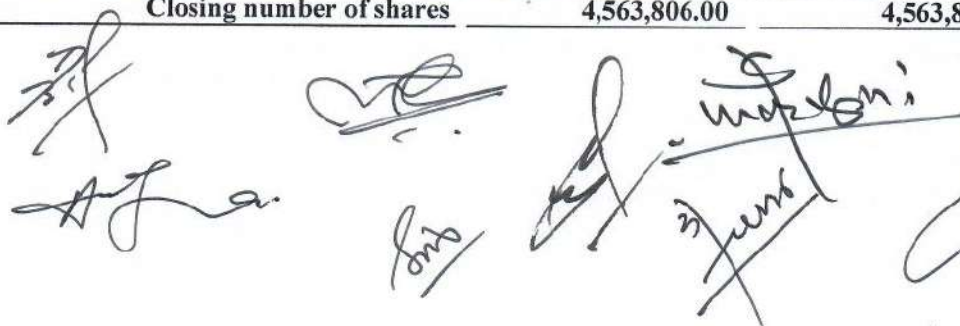
As per our report of even date attached

Note 12 : Share Capital

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Authorised Capital:		
5,000,000 Equity Shares of Rs. 100 each	500,000,000.00	500,000,000.00
Issued Capital:		
4,563,806.25 Equity Shares of Rs. 100 each	456,380,625.00	456,380,625.00
Subscribed & Paid-up Capital		
4,563,806.25 Equity Shares of Rs. 100 each	456,380,625.00	456,380,625.00
Total	456,380,625.00	456,380,625.00

Share Reconciliation

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Opening number of shares	4,563,806.00	4,563,806.00
Addition:		
Issue of ordinary share	-	-
Issue of right share	-	-
Less:		
Buyback of shares	-	-
Closing number of shares	4,563,806.00	4,563,806.00




Janak Education Material Centre Limited (JEMC)
Sanothimi, Bhaktapur

Notes forming part of financial statements

Shareholding Details

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Ministry of Finance (MOF)		
228,190,325 Equity Shares/ (50.000003%) of Rs	22,819,032,500.00	22,819,032,500.00
Ministry of Education (MOE)		
228,190,300 Equity Shares/ (49.999997%) of Rs	22,819,030,000.00	22,819,030,000.00
Closing number of shares	45,638,062,500.00	45,638,062,500.00

All the issued shares have full voting power. The JEMC has only one class of equity shares having a par value of Rs. 100 per share. In the event of the liquidation of the company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution to all preferential amounts according to the Companies Act, 2063. The distribution will be in proportion of the number of the equity shares held by the shareholders.

Note 13: Reserve & Surplus

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Retained Earning	(893,628,920.88)	(1,392,390,240.00)
Staff Quarter	8,503,939.00	8,503,939.00
Actuarial Reserve	(111,655,430.25)	(21,780,714.00)
Revaluation Surplus	5,712,024,669.17	5,385,898,651.00
Total	4,715,244,257.04	3,980,231,636.00

Note 14: Loans & Borrowings

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Term loan		
Ministry of Finance	1,338,286,970.00	1,390,000,000.00
Non- Current Portion	1,338,286,970.00	1,390,000,000.00
Payable within 12 months/ current liability		
Rastriya Banijya Bank (OD)	-	55,976.00
Current Portion	-	55,976.00
Total Rs.	1,338,286,970.00	1,390,055,976.00

Loan from MOF is outstanding at the year end which has already been matured however full payment has yet to be made. Amortization of loan using effective interest rate is not yet computed and presented although rate of interest is lower than that of market rate.

Details of Loan financing from MOF

Particulars	Amount
Upto F.Y 2072-73	700,000,000.00
2073.11.19	120,000,000.00
2074.07.12	70,000,000.00
2075.07.06	500,000,000.00
Less: Paid	
During 2079-80	(51,713,030.00)
Non- Current Portion	1,338,286,970.00

Collateral for overdraft loan with Rastriya Banijya Bank Ltd. was hypothecation charge over entire inventory and Plot No. 56 & 57 of Madhyapur Thimi Municipality, Ward No. 17 having area of 50874.50 Sq. Mtr. & 34966.80 Sq. Mtr. respectively.



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Janak Education Material Centre Limited (JEMC)
Sanathimi, Bhaktapur

Notes forming part of financial statements

Note 16: Deferred Grant Liabilities

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Denida (Other Machine)	7,570,530.02	7,776,895.00
Election Commission	32,867,899.00	34,696,037.00
Denida (Komari Machine)	17,998,379.47	19,086,088.00
Total Rs.	58,436,808.49	61,559,020.00

Komari Machine (Denida Grant) represent grant received in F.Y. 2066-67

Note 18: Trade & Other Payables

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Sundry Creditors	87,031,471.91	109,235,708.00
Other Payables	624,803.98	-
Party advance with credit balance		-
Staff Advance with credit balance		-
TDS Payables		-
Total Rs.	87,656,275.89	109,235,708.00

Trade and other payables mainly consists of amount the company owes to suppliers that have been invoiced or are accrued. These amounts have been initially recognised at cost and it is continued at cost as it fairly represents the value to be paid since it does not include interest on payment.

Note 19: Other Financial Liabilities

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Deposits from Suppliers	9,274,896.47	8,733,246.00
Interest & Service charge payables	375,176,316.00	308,113,204.00
Total Rs.	384,451,212.47	316,846,450.00

Deposit represents the amount received by JEMC against bidding for the procurement of goods and services while, interest and service charge payable accounts cumulative interest payable to MOF against loan and borrowing.

Note 20: Other Current Liabilities

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Advance received for services (Govt.)	7,446,220.00	7,446,220.00
Branch N Account	20,689,213.45	-
Branch Payables	72,116,639.47	73,925,891.00
Total Rs.	100,252,072.92	81,372,111.00

Advance received for services (Govt.) is unreconciled balance of earlier years.

Note 21: Short Term Provisions

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Other Provisions	8,908,513.33	10,523,411.00
Paper Expenses Provisions	912,524.00	912,524.00
Provision for Income Tax	165,983,977.20	-
Total Rs.	175,805,014.53	11,435,935.00

Paper Expenses Provisions includes provisional expense booked on earlier years but remained unsettled even during the year and other provisions includes expense of Rs. 252641.86 of which invoice (Subekshya Printing Press) was yet to be received till year end.



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Janak Education Material Centre Limited (JEMC)

Sanotham, Bhaktapur

For the year ended 31st Ashad 2080

Note 15: Employee Benefit Obligation

Gratuity- NAS 19 Disclosures

Table 1: Amounts in Balance Sheet	Increase/ (Decrease)	16 July, 2022	16 July, 2023
Defined Benefit Obligation (DBO)	134,769,944.00	718,872,662.00	853,642,606.00
Fair Value of Plan Assets	2,850,546.00	905,503.00	3,756,049.00
Funded Status- (Surplus)/Deficit	131,919,398.00	717,967,159.00	849,886,557.00
Unrecognized Past Service Cost / (Credit)	-	-	-
Unrecognized Asset due to Limit in Para 64(b)	-	-	-
Liability/(Asset) recognized in the Balance Sheet	131,919,398.00	717,967,159.00	849,886,557.00

(Reference: NAS 19 Para 140a)

Table 2: Amount Recognized in the Statement of Profit & Loss	Increase/ (Decrease)	16 July, 2022	16 July, 2023
Current Service Cost	(2,498,095.00)	35,348,474.00	32,850,379.00
Interest Cost	10,052,316.00	65,033,683.00	75,085,999.00
Expected Return on Plan Assets	1,141,102.00	(1,240,707.00)	(99,605.00)
Past Service Cost	-	-	-
(Gain)/ Loss due to Settlements/ Curtailments/ Acquisitions/ Divestitures	-	-	-
Total Expense/(Income) included in "Employee Benefit Expense"	8,695,323.00	99,141,450.00	107,836,773.00

(Reference: NAS 19 Para 141)

Table 3: Amount Recognized in the Other Comprehensive Income (OCI)	Increase/ (Decrease)	16 July, 2022	16 July, 2023
Actuarial (Gains)/Losses on DBO	182,771,018.00	(62,520,445.00)	120,250,573.00
Actuarial Gains/(Losses) on Plan Assets	1,488,354.00	(1,070,736.00)	417,618.00
Net Actuarial (Gains)/Losses recognised in OCI during the year	181,282,664.00	(61,449,709.00)	119,832,955.00
Cumulative Actuarial (Gains)/Losses recognised in OCI during the year	119,832,955.00	29,040,953.00	148,873,908.00

(Reference: NAS 19 Para 57d)

Table 4: Actuarial Return on Plan Assets	Increase/ (Decrease)	16 July, 2022	16 July, 2023
Expected Return on Plan Assets	(1,141,102.00)	1,240,707.00	99,605.00
Actuarial Gains/(Losses) on Plan Assets	1,488,354.00	(1,070,736.00)	417,618.00
Actual Return on Plan Assets	(1,794,220.00)	2,311,443.00	517,223.00

(Reference: NAS 19 Para 57d)

Bifurcation	Increase/ (Decrease)	16 July, 2022	16 July, 2023
Current Liability	40,144,276.00	71,639,846.00	111,784,122.00
Non-Current Liability	91,775,122.00	646,327,313.00	738,102,435.00

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Leave Encashment- NAS 19 Disclosures

Table 1: Amounts in Balance Sheet	Increase/ (Decrease)	16 July, 2022	16 July, 2023
Defined Benefit Obligation (DBO)	16,818,088.00	79,264,318.00	96,082,406.00
Fair Value of Plan Assets	-	-	-
Funded Status- (Surplus)/Deficit	16,818,088.00	79,264,318.00	96,082,406.00
Unrecognized Past Service Cost / (Credit)	-	-	-
Unrecognized Asset due to Limit in Para 59(b)	-	-	-
Liability/(Asset) recognized in the Balance Sheet	16,818,088.00	79,264,318.00	96,082,406.00

(Reference: NAS 19 Para 140a)

Table 2: Amount Recognized in the Statement of Profit & Loss	Increase/ (Decrease)	16 July, 2022	16 July, 2023
Current Service Cost	130,633.00	3,911,523.00	4,042,156.00
Interest Cost	999,644.00	6,735,915.00	7,735,559.00
Expected Return on Plan Assets	-	-	-
Past Service Cost	-	-	-
Net Actuarial Losses/(Gains)	21,605,648.00	1,316,833.00	22,922,481.00
For & on behalf of the Board.			
As per our report of even date attached	-	-	-
Unrecognized Asset due to Limit in Para 59(B)	-	-	-
Total Expense/(Income) included in "Employee Benefit Expense"	22,735,925.00	11,964,271.00	34,700,196.00

(Reference: NAS 19 Para 141)

Table 3: Acturial Return on Plan Assets	Increase/ (Decrease)	16 July, 2022	16 July, 2023
Expected Return on Plan Assets	-	-	-
Acturial Gains/(Losses) on Plan Assets	-	-	-
Actual Return on Plan Assets	-	-	-

(Reference: NAS 19 Para 57d)

Bifurcation	Increase/ (Decrease)	16 July, 2022	16 July, 2023
Current Liability	5,135,987.00	6,475,257.00	11,611,244.00
Non-Current Liability	11,682,101.00	72,789,061.00	84,471,162.00

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Sanothimi, Bhaktapur

Note 17: Calculation of Deferred Tax Liability

For the year ended 31st Ashad 2080

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Opening Deferred Liability	1,596,676,551.00
This year Expenses/(income)	100,981,442.06
Closing DTL/(DTA)	1,697,657,993.06
Recognition in P&L	22,231,008.08
Recognition in OCI	78,750,433.97
Revaluation	108,708,672.72
DBO	(29,958,238.75)

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Janak Education Material Centre Limited (JEMC)

Sarothmi, Bhaktapur

For the year ended 31st Ashad 2080

Note 4: Property Plant and Equipments & Depreciation/ Amortization (as per Book)

PPE	Opening WDV	Additions/Revaluation		Dispos al	Closing Depreciation Base	Rate Of Depn	Depreciation		WDV	
		Total Cost					On Opening	On Additions	Closing WDV of Current year	Opening WDV for Next Year
Buildings	125,855,634.80	3,049,687.59	-	-	128,905,322.39	2%	2,517,112.70	27,094.35	126,361,115.35	126,361,115.35
Furniture & Fixtures	12,446,229.36	6,062,594.00	-	-	18,508,823.36	10%	1,244,622.94	258,913.56	17,005,286.87	17,005,286.87
Vehicle	10,165,686.57	-	-	-	10,165,686.57	5%	508,284.33	-	9,657,402.24	9,657,402.24
Japanese Machine	3,096,489.77	-	-	-	3,096,489.77	5%	154,824.49	-	2,941,665.29	2,941,665.29
Danida Machine	4,127,299.61	-	-	-	4,127,299.61	5%	206,364.98	-	3,920,934.62	3,920,934.62
Tools & Dies	821,345.41	129,407.60	-	-	950,753.01	5%	41,067.27	3,942.43	905,743.30	905,743.30
Electrical Equipments	4,686,915.08	4,227,840.76	-	-	8,914,755.84	12.5%	585,864.38	309,708.61	8,019,182.84	8,019,182.84
Plant & Machinery	270,390,732.00	96,402,418.93	-	-	366,793,150.93	5%	13,519,536.60	3,648,895.02	349,624,719.31	349,624,719.31
Trolley Line	23,833.05	-	-	-	23,833.05	5%	1,191.65	-	22,641.40	22,641.40
Danida Komori Machine	21,754,170.51	-	-	-	21,754,170.51	5%	1,087,708.53	-	20,666,461.98	20,666,461.98
Sub Total	453,368,336.16	109,871,948.88	-	-	563,240,285.04		19,866,577.86	4,248,553.98	539,125,153.20	539,125,153.20
Free Hold Properties	7,319,400,938.06	434,834,690.89	-	-	7,754,235,628.95		-	-	7,754,235,628.95	7,754,235,628.95
Building- Work in Progress	5,909,631.35	-	-	-	5,909,631.35		-	-	5,909,631.35	5,909,631.35
Sub Total	7,325,310,569.41	434,834,690.89	-	-	7,760,145,260.30		-	-	7,760,145,260.30	7,760,145,260.30
Grand Total:	7,778,678,905.57	544,706,639.77	-	-	8,323,385,545.34		19,866,577.86	4,248,553.98	8,299,270,413.50	8,299,270,413.50

Note 5: Intangible Assets (as per Book)

PPE	Opening WDV	Additions		Dispos al	Closing Amortization Base	Amortiza tion Method	Amortization		WDV	
		Total Cost					On Opening	On Addition	Closing WDV of Current year	Opening WDV for Next Year
Softwares	1,177,759.00	395,500.00	-	-	1,573,259.00	10%	117,775.90	21,422.92	1,434,060.18	1,434,060.18
Grand Total:	1,177,759.00	395,500.00	-	-	1,573,259.00		117,775.90	21,422.92	1,434,060.18	1,434,060.18

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Janak Education Material Centre Limited (JEMC)
Sanothimi, Bhaktapur

Notes forming part of financial statements

All amounts in NPR, unless otherwise stated

Note 22: Revenue from Operation

Particulars	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Revenue from Text & Exercise Books	2,088,686,046.24	1,773,704,326.00
Revenue from Other Text Books	1,232,113.38	44,318,263.00
Revenue from SEE Answer Sheet	37,692,150.00	-
Revenue from CTEVT Answer Sheet	18,129,274.21	-
Printing Service Charges	739,127,709.79	475,865,506.00
Less: Discount On Sales	(248,193,835.80)	(228,887,468.00)
Total Rs.:	2,636,673,457.82	2,065,000,627.00

Note 23: Other Income

Particulars	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Interest Income On Employee Loan	632,414.04	279,126.00
Grants Income		
'-Election Commission	206,364.98	1,828,138.00
'-Denida (Other Machine)	1,828,138.00	394,662.00
'-Denida (Komari Machine)	1,087,708.53	3,813,039.00
Miscellaneous Income	160,201,334.88	36,491,981.00
Tender Form And Other Sales	1,471,590.13	-
Course out, Damage, Paper scrap, Old goods & Wastage	65,755,751.03	47,257,586.00
Total Rs.:	231,183,301.59	90,064,532.00

Note 24: Operating Expenses

Particulars	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Opening Stock	126,212,743.00	205,489,575.00
Direct Expenses		
- Paper Expenses	1,711,188,761.59	878,451,296.00
- Ink, Chemicals And Other Raw Materials	63,039,322.53	46,591,247.00
- Spares Parts Expenses	19,261,656.88	16,641,103.00
- Fuel, Electricity & Water	13,695,279.54	9,974,775.00
- Machinery Maintenance Expenses	3,320,061.17	3,104,092.00
- Indoor Printing & Other expenses	13,758,795.28	29,241,039.00
- Outdoor Printing & Other expenses	5,383,349.79	-
- Machinery Rental Expenses	3,551,947.31	-
- PRC preparation/expenses	565,850.00	4,861,432.00
Stock and Go down Insurance expenses	2,343,120.00	-
Depreciation	18,178,445.69	-
Amortization of Intangible Assets	104,399.11	-
Closing Stock	(618,332,483.64)	(126,212,743.00)
Total Rs.:	1,362,271,248.25	1,068,141,816.00

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Janak Education Material Centre Limited (JEMC)

Sanothimi, Bhaktapur

Notes forming part of financial statements

All amounts in NPR, unless otherwise stated

Note 25: Employees Remuneration & Benefits

Particulars	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Salary & Allowances Operation	381,464,816.07	290,550,776.00
Salary & Allowances Administration	98,971,613.77	86,303,687.00
Gratuity expenses	105,856,167.37	105,128,173.00
Leave expenses	24,836,124.19	5,994,443.00
Total Rs.:	611,128,721.40	487,977,079.00

Note 26: Administrative & General Expenses

Particulars	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Board Meeting Allowances	696,000.00	229,000.00
Financial And Technical Consultancy Fee	10,478,479.65	4,379,304.00
Legal Consultancy Fee	679,920.00	-
Audit fee	565,000.00	500,000.00
Printing & Stationery	16,748,988.96	16,289,647.00
Internet, Communication and Telephone Charges	839,216.41	2,381,234.00
Advertisement/Notice Expenses	3,334,099.50	-
Software Renewal Expenses	42,955.00	-
Newspaper & magazine	97,690.00	216,390.00
Branch Office & Machinery Rental Expenses	2,658,902.40	2,770,864.00
Festivals, Pooja & Other Expenses	1,605,040.71	-
Water & Electricity charges	797,983.77	796,077.00
Vehicle fuel Expenses	9,827,676.87	5,978,320.00
Repair & maintenance	8,913,115.80	6,660,537.00
Bank & LC Charges	2,311,574.36	217,078.81
Staff Conveyance Expenses	8,095,430.74	-
Staff Training Expenses	24,900.00	-
Sports Expenses	35,623.00	-
Text Books Transportation Expense	22,573,575.00	13,555,142.00
Guest Entertainment & Tiffin Expenses	1,598,746.00	671,409.00
Travelling/TADA Expenses	3,795,858.80	2,019,310.00
Cleaning Charges Expenses	875,047.88	-
Rate & Taxes	18,523,120.98	1,835,898.00
Stock and Go down Insurance expenses	2,514,072.97	3,726,072.00
Sub-committee Meeting	4,067,000.00	2,133,100.00
Miscellaneous expenses	3,271,723.91	3,644,080.00
Recruitment expenses	316,915.00	81,000.00
Sales Promotions Expenses	586,301.00	795,366.00
Impairment of trade & receivables (reversal)	3,392,522.00	59,107,534.00
Total Rs.:	129,267,480.71	127,987,362.81

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Janak Education Material Centre Limited (JEMC)
Sanothimi, Bhaktapur

Notes forming part of financial statements

All amounts in NPR, unless otherwise stated

Note 27: Finance Cost

Particulars	Year ended 31st Ashad 2080	Year ended 32nd Ashad 2079
Finance Expenses-MOF	67,063,112.00	69,500,000.00
Finance Expenses-CIT	870,548.00	5,523,768.00
Finance Expenses on OD-RBB	4,307,858.78	24,824,544.19
Total Rs.:	72,241,518.78	99,848,312.19

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JANAK EDUCATION MATERIAL CENTER LIMITED
SANOTHIMI, BHAKTAPUR, NEPAL

STATEMENT OF ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31ST ASHAD, 2080

1. GENERAL INFORMATION

M/s Janak Education Material Center (JEMC) was incorporated under the provisions of the relevant Companies Act, on 2035-06-08 B.S. with the conversion of then Development Committee (2030 B.S.) having registered address at Sanothimi, Bhaktapur, Nepal. The company has been registered with the objective of printing and selling textbooks and providing printing services to various government bodies. The share of JEMC is owned by the Ministry of Finance (MOF) and Ministry of Education (MOE). The company has carried out revenue generating activities during the year.

2. BASIS OF PREPARATION AND MEASUREMENT

2.1. Basis of Preparation

The financial statements have been prepared in accordance with Nepal Accounting Standards (herein referred to as the NAS) and NFRS pronounced by ASB. The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS Balance Sheet as at 1 Shrawan, 2074 being the 'date of transition to NFRS'. All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle. 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 or non-current classification of assets and liabilities.

The financial statements of the Company for the year ended 31st Ashad, 2080 were approved for issue in accordance with the resolution of the Board of Directors on 2081-04-11.

2.2. Basis of Measurement

These financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below.

- i) Land has been measured at revaluation model
- ii) Available for sale financial assets are measured at fair value

2.3. Critical Accounting Estimates and Judgements

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. 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 primarily includes: -

2.3.1. Useful life and residual value of property, plant and equipment

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Management reviews the useful life and residual values of property, plant and equipment at least once a year. Such life is 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. Accordingly, depreciable lives are reviewed annually using the best information available to the management.

2.3.2. 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 the carrying value of assets.

2.3.3. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

2.3.4. Fair value measurement

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuator to perform the valuation. The management works closely with the qualified external valuator to establish the appropriate valuation techniques and inputs to the model.

2.3.5. Defined benefits plan

The cost of defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.3.6. Recognition of deferred tax assets

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 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.

2.4. Presentation






2.4.1. Functional & Presentation Currency

The financial statements are presented in Nepalese Rupees (NPR), the functional currency of the company. Items included in the financial statements of the company are recorded using the currency of the primary economic environment in which the company operates (the 'functional currency'). Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions are recognized in the statement of profit or loss. Foreign currency denominated monetary assets and liabilities are translated into functional currency at exchange rates in effect at the balance sheet date, the gain or loss arising from such translations are recognized in the statement of profit and loss.

The company has decided to round off the figures to the nearest two decimal places, except otherwise indicated. Transactions and balances with values below the rounding off norm adopted by the company have been reflected as "0" in the relevant notes to these financial statements.

2.4.2. Current and Non-current Distinction

All assets & liabilities have been classified as current or non-current as per the company's normal operating cycle and relevant standard.

An asset is treated as current when it is

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated 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.

All other liabilities are classified as non-current.

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

2.4.3. Financial Year/ Income Year

The Company follows the Nepali financial year based on the Nepali calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Date/Period	English Date/Period
Statement of Financial Position	31-03-2080	16-07-2023
Comparative Statement of Financial Position	32-03-2079	16-07-2022
Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity	01-04-2079 to 31-03-2080	17-07-2022 to 16-07-2023
Comparative Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity	01-04-2078 to 32-03-2079	17-07-2021 to 16-07-2022

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3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparation of the financial statements have been included in the relevant notes to the financial statements for the year ended 31st Ashad, 2080.

3.1.1. Changes in Accounting Policies and Disclosures

The accounting policies have been consistently applied, unless otherwise stated, and are consistent with those used in previous years.

3.1.2. PROPERTY PLANT AND EQUIPMENT

Owned Assets

Company measured its property, plant & equipment initially at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use. This would include not only its original purchase price but also costs of site preparation, delivery and handing, installation related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site.

On transition to NFRS, the company has with the carrying value of its property, plant and equipment recognized as at Ashad 31, 2074 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on Shrawan 1, 2074 subject to freehold land which has been measured at revalued amount at transition date. JEMC has policy of revaluating freehold land within frequency of 4 years as management expect no significant changes in fair value within a year. On transition to NFRS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at Ashad 31, 2074 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on Shrawan 1, 2074.

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

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset.

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 and loss when the asset is derecognized.

Assets in the course of construction are capitalized in the assets under capital work in progress account (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. Where an obligation (legal or constructive) exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimate cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized. Revenue generated from production during the trial period is capitalized.

Capital work-in-progress

Capital work-in-progress comprises of property, plant and equipment that are not ready for their intended use at the end of reporting period and are carried at cost comprising direct costs, related incidental expenses, other directly attributable costs and borrowing costs.

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Dhakal & Associates
Chartered Accountants
Kathmandu, Nepal



3.1.3. INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Certain computer software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant benefits expected to flow there from for a period longer than one year. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

3.1.4. IMPAIRMENT

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in Statement of Profit or Loss.

3.1.5. DEPRECIATION AND AMORTIZATION

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) using the Written Down Value Method.

Depreciation is provided on the Written Down Value method based on the depreciation rate fixed by the management. Depreciation on additions to fixed assets is charged on pro rata basis in the year of purchase. The rates at which the assets are depreciated are as follows; -

Building	2%
Furniture & Fixtures	10%
Plant & Machinery	5%
Vehicles	5%
Tools & Dies	5%
Electric Equipment	12.5%
Trolley Line	5%

3.1.6. BORROWING COST





Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

3.1.7. GOVERNMENT GRANT

A government grant is recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. The grant is recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Government grant related to PPE are presented based on deferred income method.

Grant income is recognized periodically to the extent of depreciation recognized for the year in those grant assets on systematic basis.

3.1.8. CASH AND CASH EQUIVALENT

Cash and cash equivalents in the financial statements comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

3.1.9. INVENTORIES

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories of stores, spare parts and loose tools are stated at the lower of weighted average cost and net realizable value. Net realizable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

3.1.10. REVENUE RECOGNITION

Revenue from sales

JEMC recognized revenue from the sale of goods when all the following conditions have been satisfied.

- JEMC has transferred to the buyer the significant risks and rewards of ownership of the goods.
- JEMC retains neither continuing managerial involvement nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

Revenue is accounted net of trade discount provided to client.

Revenue from printing services





Revenue for the rendering of printing services is recognized by reference to the stage of completion of the transaction at the end of the reporting period, if the outcome of the transaction can be reliably estimated. This is the case when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

If the outcome of such a transaction cannot be estimated reliably, revenue is recognized only to the extent that expenses recognized are recoverable

Interest & dividend income

Dividend income (net of withholding taxes) from investment is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably). In case of stock dividend only the number of shares is increased.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.1.11. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

Investments in Subsidiaries, Associates and Joint Venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the standalone statement of profit and loss.

3.1.12. EMPLOYEE BENEFITS

Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of Financial Position.

Post - Employment Benefits

- **Defined contribution Plan:** The company pays Provident Fund contributions to publicly administered Provident Funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as employee benefit expense when they are due.

- **Defined Benefit plan:** For Defined Benefit Plan in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains & Losses are recognized in the other comprehensive



income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of plan assets (if Any). Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

- Long Term Employee Benefits

The liabilities for un-availed earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Leave encashment has been computed using actuarial assumptions and these are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the year using the projected unit credit method. The benefits are discounted using the market yields at the end of the year that has terms approximating to the terms of assumptions.

3.1.13. INCOME TAXES

Income tax expense for the year comprises of current tax and deferred tax. It is recognized in the statement of profit and loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/loss for the year using applicable tax rates for the relevant period, and any adjustment to taxes in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. A deferred tax liability is recognized based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

3.1.14. EARNING PER SHARE

Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity share outstanding during the year. The weighted average number of equity share outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit/ (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential

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dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

3.1.15. PROVISIONS, CONTINGENCIES AND COMMITMENTS

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognizes any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the standalone financial statements. The company has disclosed contingent liability of NRs. 2,22,32,551.20 for matters relating to tax deduction (from 2071-72 to 074-75) on retirement benefit paid by Citizen Investment Trust.

A contingent asset is a possible asset that 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.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

3.1.16. FINANCIAL ASSETS

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the 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.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the 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. The company in respect of equity investments (other than in subsidiaries, associates and

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joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the company on an instrument-by-instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortized cost or at fair value through other comprehensive income is carried at fair value through the statement of profit or loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

Impairment of financial assets

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through the statement of profit or loss.

The company recognizes impairment loss on trade receivables using expected credit loss model. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized. Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial Instruments has significantly increased since initial recognition.

De-recognition of financial assets:

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies or de- recognition under NFRS 9. If the company neither transfers nor retains substantially All the risks and rewards of ownership and continues to control the transferred asset, the company recognizes it's retained interest in the assets and an associated liability for amounts it may have to pay.

If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognized in statement of profit or loss.

3.1.17. FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in the statement of profit or loss. For trade and other payables

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maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

De-recognition of financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts, and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.1.18. LEASES

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 fulfilment 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.

The company as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Financial leases are capitalized at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on the borrowing costs.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either;

- Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- The payments to the lessor are structured to increase in the with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

The company as lessor





Rental income from operating leases is generally recognized on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

3.1.19. NON-CURRENT ASSETS HELD FOR SALE

The company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposed groups is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet. Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortized.

3.1.20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's business activities expose it to a variety of financial risks, namely primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, 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 analyze 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.

The risk management is done by the company's management that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below: -

Credit risk:

Credit risk refers to the risk that a counterparty including its subsidiaries and associates will default on its contractual obligations resulting in financial loss to the company. The Company has adopted a policy of only dealing with credit worthy counter parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company's exposure and the credit ratings of its counterparties are continuously monitored. In addition, the company is exposed to credit risk in relation credit sales.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term and short-term debt obligations. Since, the interest rate risk is influenced by market forces, company has little role to play for minimizing this risk. Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings by negotiating with highly reputed commercial banks.



Liquidity risk

Liquidity risk is the risk that the company will face in meeting its obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could create potential business continuity risk.

In order to control liquidity risk and for better working capital management, JEMC has made arrangement adequate level of overdraft facility for short term financing. The company's finance department regularly monitors the cash position to ensure it has sufficient cash ongoing basis to meet operational needs.

Currency risk

The company is subject to the risk that changes in foreign currency values impact the company's imports of inventories and property, plant and equipment. The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar.

3.1.21. SEGMENT REPORTING

The Chief Executive Officer and functional managers of the company has been identified as the chief operating decision maker (CODM) as defined by NFRS 8, operating segments. The CODM evaluates the company's performance and allocates resources based on an analysis of various performance indicators, however the company is primarily engaged in printing & related services and operates within Nepal, management has not yet reported any segment as reportable segment.

3.1.22. RELATED PARTY DISCLOSURE

Following are related parties of JEMC:

<u>Name of Entity</u>	<u>Relationship</u>
Ministry of Finance	Shareholder/ Director
Ministry of Education	Shareholder/ Director

Related Party Transactions

Particular	2079-80			2078-79		
MOF	Opening	Transaction	Closing	Opening	Transaction	Closing
Loan & Borrowing	1,390,000,000	(51,713,030)	1,338,286,970	1,390,000,000	-	1,390,000,000
Interest Payable	308,113,204	67,063,112	375,176,316	238,613,204	69,500,000	308,113,204
MOE	Opening	Transaction	Closing	Opening	Transaction	Closing
Trade Receivable	1,551,146.74	54,240	1,551,146.74	1,548,841.37	1,396,677.24	1,551,146.74

3.1.23. CAPITAL MANAGEMENT

The JEMC objective when managing capital are to:

- Safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholder and benefits for other stake holders.
- Maintain an optimal capital structure to reduce the cost of capital.

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In order to maintain or adjust the capital structure the company may adjust the amount of dividend distributions to the shareholder, return capital to shareholders or issue new shares.

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
Share Capital	456,380,625.00	456,380,625.00
Retained Earning	(776,591,038.70)	(1,392,390,240.00)
Staff Quarter	8,503,939.00	8,503,939.00
Actuarial Reserve	(111,655,430.25)	(21,780,714.00)
Revaluation Surplus	5,712,024,669.17	5,385,898,651.00
Total	5,288,662,764.22	4,436,612,261.00

3.1.24. FINANCIAL RISK MANAGEMENT

a) Credit Risk

Credit Risk arises from cash and cash equivalents, contractual cash flows of debt investment carried at amortized cost, at fair value.

31 Ashad 2080	Within Year	1-2 Years	2-5 Years	Above 5 Years	Total
Expected Credit Loss	1%	5%	20%	100%	
Trade Receivables (Gross Carrying Amount)	36952456	8946445	20011267	81680956	147591123
Loss Allowance	(369525)	(447322)	(4002253)	(81680956)	(86500056)

32 Ashad 2079	Within Year	1-2 Years	2-5 Years	Above 5 Years	Total
Expected Credit Loss	1%	5%	20%	100%	
Trade Receivables (Gross Carrying Amount)	5134895	-	6875500	81680956	93691351
Loss Allowance	(51349)	-	(1375229)	(81680956)	(83107534)

b) Loan & Borrowing

Type of Loan	Amount (31st Ashad 2080)	Concentration (31st Ashad 2080)	Amount (32nd Ashad 2079)	Concentration (32nd Ashad 2079)	ROI
TL	1,338,286,970	100%	1,390,000,000	99.99%	5%
OD			55,976	0.01%	10.33%

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credited facilities to meet obligations when due and to close out market positions.

The JEMC constantly monitors the current ratio and liquidity ratio to manage short cash flows. The liquidity position as at reporting date is as follows:

Particulars	As at 31st Ashad 2080	As at 32nd Ashad 2079
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Inventories	1,067,320,224.46	321,003,263.00
Current Assets	1,659,335,718.72	1,021,068,825.00
Current Liabilities	705,575,964.61	597,061,283.00
Current Ratio	2.35	1.71
Liquid Ratio	0.84	1.17

d) Currency Risk

Currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation risk are therefore not included in the assessment in the entity's exposure to currency risks as JEMC has no any subsidiary and branch that operate in currency different than Nepalese Rupees.

JEMC is exposed to currency risk related to import of equipments and materials for consumptions. JEMC has no any foreign currency assets and liabilities at reporting date as a result, entity has no currency risk exposure.

3.1.25. EVENTS AFTER REPORTING PERIOD

No major events found after reporting period.

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