



CITY HOTEL LIMITED



Kathmandu

9th AGM

2080-81 (2023-24)



City Hotel Limited

Office: Chinnalata Chowk, Soalteemode, Kathmandu Metropolitan City-13, Nepal

Site: Chinnalata Chowk, Soalteemode, Kathmandu Metropolitan City-13, Nepal

T: +977(1)5617200. **M:** +977 9801099716. **F:** +977(1)4287041. **E:** info@cityhotel.com.np

Summary

▶ The terms ‘City’, ‘the Company’, ‘your Company’, ‘we’, ‘our’ and ‘us’ refer to City Hotel Ltd. Our Integrated Annual Report encompassing the Statutory Report, contains information about us, how we create value for our stakeholders and how we run our business. The Report of

Board of Directors and the Management Discussion and Analysis include details of our performance as well as our approach to sustainability and risk management. Our Integrated Annual Report, Statutory Reports and Financial Statements have been approved by the Board of Directors.





About the Company

- ▼ City Hotel Limited owns a 5-star hotel under the Brand Name “Hyatt Place” in Kathmandu.



HYATT PLACE HOTEL

Hyatt Place Kathmandu is a modern hotel designed for the multi-tasking traveler. Offering a seamless experience that shifts you from corporate to leisure. The Hyatt place is located in peaceful Tahachal, 3km from the Swayambhu Nath Stupa and 4 km from the City Centre. Featuring 153 guestrooms including 3 suites and 7 rooms with sit out terraces, a delicious

breakfast buffet, free Wi-Fi, 24-hour fitness center, outdoor swimming pool and other premium facilities. Spacious 30 sq.mt rooms divided up into separate living and sleeping areas, including the comfy Cozy Corner with sofa-sleeper (in select rooms), you'll soon find the perfect spot to recharge. Kick back and relax, watch TV on your swiveling HDTV, or get some work done at

your in-room desk.

Hyatt Place Kathmandu embodies the essence of Hyatt's overarching purpose – to nurture people so they can achieve their best. Our commitment to sustainability is ingrained in our daily operations, and we strive to make a positive impact. Explore more about Hyatt's sustainability endeavors at [Hyatt.com/WorldOfCare](https://www.hyatt.com/WorldOfCare).

 3km from the Swayambhu Nath Stupa	 4km from the City Centre	 153 Guestrooms	 3 Suites	 7 Terrace rooms
--	---	---	---	--



Table of Content

VI

Board of Directors

VIII

Organization Chart

01

*Overview of Major
Operational Initiatives*

44

Corporate Information

45

*AGM Notice to
Shareholder*

46

*Proxy Form
Application*

47

Annual Report

59

Financial Highlights

63

*Independent Audit
Report*

66

*Financial Statements
and Notes to Account*

—
Board of
Directors



CITY HOTEL



HYATT PLACE™

Kathmandu



Chairman
Shakti Kumar Golyan
(On behalf of Promoter Shareholder)



Executive Director
Akshay Golyan
(On behalf of Promoter Shareholder)



Director
Kumud Golyan
(On behalf of Promoter Shareholder)



Director
Kamlesh Kumar Agrawal
(On behalf of Promoter Shareholder)



Director
Harischandra Subedi
(On behalf of Promoter Shareholder)



Independent Director
Pradeep Raj Pandey



Public Director
Tilak Koirala
(On behalf of Public Shareholder)



Company Secretary
Jelina Maharjan



CITY HOTEL

City Hotel Limited

Chinnalata Chowk, Soalteemode, Kathmandu Metropolitan City-13, Nepal
T: +977(1)5671200. M: +977 9801099716. F: +977(1)4287041.
E: info@cityhotel.com.np. W: www.cityhotel.com.np



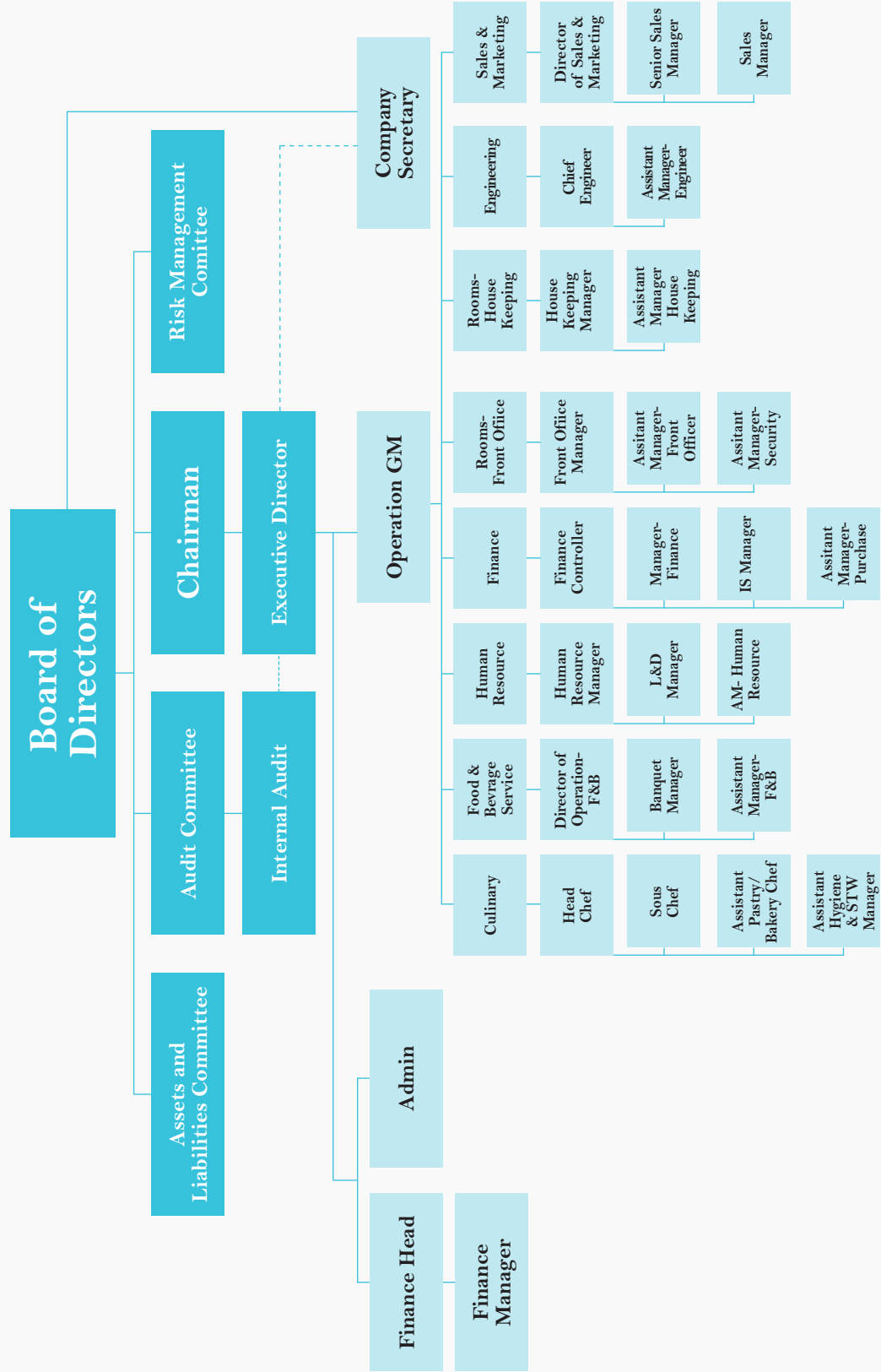
HYATT PLACE™

Kathmandu

Hyatt Place Hotel

Chinnalata Chowk, Soalteemode, Kathmandu Metropolitan City-13, Nepal
T: +977(1)5381234. F: +977(1)4287041.
E: info@cityhotel.com.np

Organization Chart









Overview of Major Operational Initiatives



Awards & Recognition

01

Green Hospitality Award at Waste Management and Climate Conference:

On World Environment Day, the Waste Management & Climate Conference (WMCC) 2024 had taken place at Hotel Soaltee, a successful event jointly organized by the Nepal Government, Khaalिसि, the Confederation of Nepalese Industries, the National Human Rights Commission, and the Coca Cola Foundation, with WHR and CNIYEF as co-organizers.

During the event, Hyatt Place Kathmandu was honored for its outstanding sustainability initiatives, chosen from numerous nominations across Nepal. The recognition highlights the hotel's commitment to integrating sustainability into its operations and enriching guest experiences with environmentally conscious practices.



02

2023 Leading F&B Hotel/ Resort SATA (South Asian Travel Awards)

▼ The South Asian Travel Awards (SATA) is an esteemed annual event that honors excellence in the travel and tourism industry across South Asia. The awards celebrate the achievements of hotels, airlines, destinations, and other key organizations that significantly contribute to the

growth and success of the region's travel and tourism sector.

In 2023, The Hyatt Place Hotel was honored with Silver for Leading F&B Hotel/Resort, a testament to its excellence in the travel and tourism industry across South Asia.



03

International Tourism & Hospitality Award for the Best General Manager of Nepal



04

TripAdvisor's Travelers' Choice Awards Winner 2024!





CITY HOTEL



Kathmandu

05

International Tourism & Hospitality Award for the Best Hotel/ Resort of NEPAL







Sustainability and *CSR Efforts*

- ▼ Caring for the planet is a natural extension of Hyatt's purpose – to care for the planet, people, and engage in responsible business, so they can be at their best. At Hyatt Place Kathmandu, we are dedicated to sustainability and committed to making a difference through our daily processes.

The Hyatt Corporation has developed a global Environmental, Social, and Governance (ESG) strategy through the World of Care, which is deeply embedded across all areas of Hyatt's business. The World of Care is Hyatt Corporation's global

approach to advancing care for the planet, people, and responsible business.

The Hyatt Corporation emphasizes supporting the following United Nations Sustainable Development Goals – those that align most closely with Hyatt's business impact and opportunities to make a difference through the World of Care. As part of the Hyatt Brand, Hyatt Place Kathmandu also emphasizes following the same ESG strategy in Nepal.

To learn more about Hyatt's sustainability efforts, visit [Hyatt.com/WorldOfCare](https://www.hyatt.com/WorldOfCare)

Sustainability Highlights at Hyatt Place, Kathmandu

01 Waste And Circularity

- We have forfeited the use of Plastic straws.
- Water is served in earthenware water bottles in outlets & Events.
- If the guests would like to avoid disposable water bottles, Hydro Taps are placed in guest areas like - Restaurant, Events & Market.
- We allow Mobile Entry through the World of Hyatt app to eliminate the number of wooden keycards handed out.
- All Internal requisitions are digital, no printouts are used.
- We do segregation of garbage at the source itself.
- Rainwater Harvesting for recycling.

02 Carbon Emissions And Water

- Lights are turned on in meeting rooms only when needed.
- Our daily operational reports are used to effectively schedule heating and cooling needs.
- Through our Conserve program, we change linens every third day unless requested otherwise, and guests may choose to reuse towels by leaving them hanging.
- Electricity is sourced from water renewable energy.
- Fossil fuel is used for Diesel generators only.
- Electric Pick-Up Van for guest & colleagues' transportation.
- Electric charging stations- 2 Charging stations







CSR

01 A Day with the elders from the Himalayan Elderly Home

In a joyous event with the elders from Himalayan Elderly Home. The team from Hyatt Place Kathmandu spent a day with the elders from the Himalayan Elderly Home. The day was well spent by our guests, where they danced

and sang along with the team from the hotel. The hotel also organized a lunch for the special guests for the day. It was a wholesome day for both the guests and the hotel staff with lots of laughter, fun and warmth.





02 Environment Day

- On the occasion of World Environment Day, the team of Hyatt Place Kathmandu took an initiative to clean the neighborhood and collect waste from the surrounding areas. The team successfully collected 20 kgs of waste by collecting solid waste from the nearby area of Tahachal where the hotel is located.

Together for a better planet

World Earth Day





03

Blood Donation Program

▾ In an attempt to give back to the community. The team of Hyatt Place Kathmandu volunteered their time. Amazingly, with their collaborative effort, they were able to collect 45 pints of blood through a blood donation program in collaboration with Metro City Hospital in Kathmandu!



04 Global Handwashing Day

▶ In celebration of Global Handwash Day, we collaborated with Eco Soap Nepal for recycling used soaps from guest rooms to support underprivileged communities in Nepal. We collaborated with Kids of Prisoners

Assistance Nepal, offering eco-friendly soaps, imparting vital handwashing knowledge, and concluding on a sweet note with laddu delights. Clean hands and bright smiles all around!

Please Scan to Watch



Major Events

(Sept – December, 2023)

- Hyatt Place Kathmandu is renowned for hosting unique events and F&B promotions in the valley, with the Kids' Carnival being one of its signature offerings. This year, the hotel also introduced a one-of-a-kind event called the "Pet Carnival," a special celebration designed exclusively for pets and their owners. The Pet Carnival featured a range of fun activities, including pet parades, talent shows, and interactive games, creating a memorable experience for pet lovers. In addition to these events, Hyatt Place launched the "Jr. Chef" program, a culinary initiative designed to inspire young aspiring chefs. The program invites children to explore the world of cooking through fun, hands-on experiences, where they can create their own dishes with guidance from the hotel's expert chefs. These initiatives highlight Hyatt Place's commitment to offering innovative, family-friendly experiences, strengthening its position as a leader in the hospitality industry while fostering a sense of community and creativity among guests of all ages.



01 Pet Carnival

9th Dec

Hyatt Place Kathmandu proudly stands as Nepal's first pet-friendly hotel. In collaboration with Pet Mama Nepal, a leading pet spa, we recently hosted a vibrant Pet Carnival, bringing together pets and their owners for a day of fun and bonding. The carnival featured a variety

of pet-friendly games, exciting gift hampers, and even a dedicated pet salon stall. Designed to create an unforgettable experience, the event offered a lively and engaging atmosphere for both pets and pet lovers across the Kathmandu Valley.



THE PLACE FOR PETS

OUR FIRST-EVER PET CARNIVAL 2023 WAS A PAW-SOME SUCCESS,

WHICH WAS HOSTED IN COLLABORATION WITH PET-MAMA

FROM TALENTED TRICKS TO ADORABLE COSTUMES,

02 Kids Carnival

- ▼ This year we also organized a fun event, “The Kids Carnival” focusing on the joy of parent’s and children’s bonds. Each season of the Kids’ Carnival featured an array of exciting activities, including interactive game stations and thrilling competitions. Held quarterly, this vibrant event was designed for children under 15, providing them with a fun-filled experience to enjoy with their friends and family.





CITY HOTEL



Kathmandu



03 Junior Chef

▼ Jr MasterChef challenge, a challenge for parents and kids, where they came together for a delightful culinary experience. This

event was focused on creating bonds and unforgettable memories for the kids and their parents alike.





CITY HOTEL



HYATT PLACE

Kathmandu



04

Master Chef

Hunt for the Best Home Cook

MasterChef was an incredible showcase of culinary talent. With enthusiastic participants, all passionate home cooks were given a platform to showcase their creativity and skills.

The event was judged by three esteemed experts: Ms. Sabitri Maharaj, the visionary Director of the Academy of Culinary Arts & Hospitality Management; Mrs. Tasneem Shahani, the proud owner of Tasneem's Kings Kitchen; and Mr. Baburam Sharma, the culinary maestro of Hyatt Place.





CITY HOTEL



Kathmandu



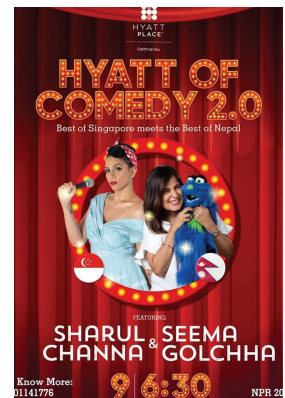
05 Hyatt Of Comedy

- Hyatt of Comedy with Seema Golchha
- Hyatt of Comedy 2.0 – with Sharul Channa & Seema Golchha
- Hyatt of Comedy Kids edition with Seema Golchha
- Hyatt of Comedy with Asish Vidyarthi

Hyatt of Comedy has emerged as a signature event at Hyatt Place Kathmandu, bringing together top stand-up comedians from both Nepal and around the world. Notable performances

have included international talents such as Ms. Sharul Channa from Singapore and Bollywood actor-turned-comedian Mr. Ashish Vidyarthi, who captivated audiences with their engaging humor.

The event also featured the renowned ventriloquist Ms. Seema Golchha, adding a distinctive element of entertainment. With its dynamic lineup and diverse talent, Hyatt of Comedy has become a highly anticipated event for comedy enthusiasts in the valley.





CITY HOTEL



Kathmandu

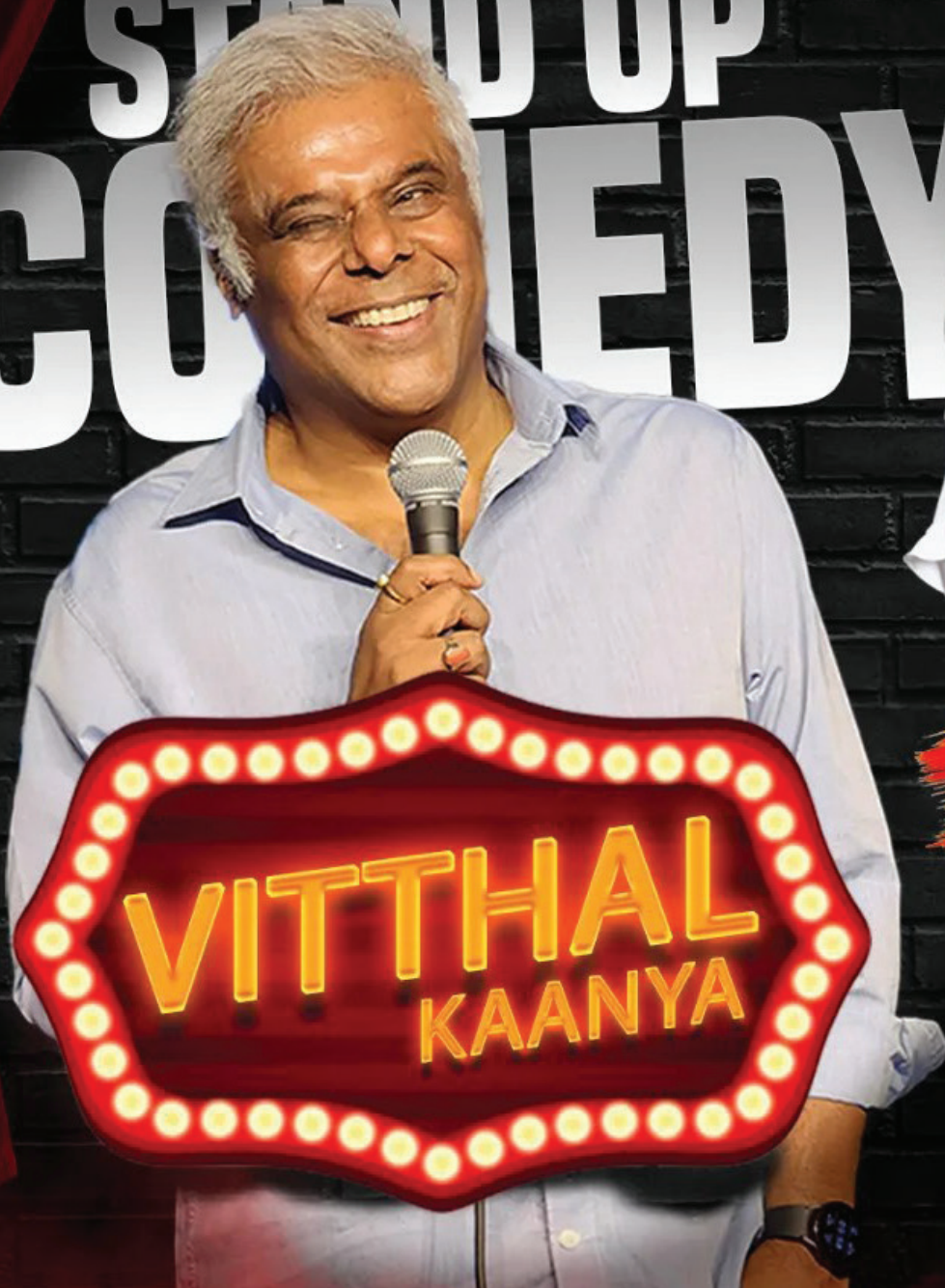


ASHISH VIDYARTHI

STAND UP COMEDY



Tickets on



**OPENING ACT by
Seema Golchha**

**30th AUG
KATHMANDU**

**Timing
6.30pm**



**HYATT
PLACE**

Kathmandu



**VENUE - HYATT PLACE KATHMANDU
REDCROSS RD, KATHMANDU 44614, NEPAL**

06 Himalayan Heritage, Art Centric – Thangka & Statue Exhibition

▼ In July 2024, Hyatt Place Kathmandu proudly hosted its very first art exhibition, marking a significant milestone in our transition to Hyatt Centric Soaltee Mode. This pilot project featured traditional Thangka paintings from Enlightenment Thangka and statues from Shakya Mandala, celebrating Nepal's rich artistic heritage. The opening day's Wine &

Cheese event was graced by a distinguished guest list, including ambassadors, heads of INGOs/NGOs, corporate leaders, media representatives, high-net-worth individuals, and influencers. The exhibition ran from July 5th to July 14th, 2024, in the lobby of Hyatt Place Kathmandu, setting the stage for our rebranding journey.



CITY HOTEL



Kathmandu

Shakya
Mandala



Enlightenmēt

Himalayan Heritage

ART CENTRIC – THANGKA & STATUE EXHIBITION

OPENING DATE
4 PM – 5TH JULY 2024

EXHIBITION DATES
6TH JULY – 14TH JULY 2024

HYATT PLACE KATHMANDU
TAHACHAL, KATHMANDU

FOR INQUIRIES, PLEASE CONTACT +977 15381234/+977 9801229377





CITY HOTEL



Kathmandu



07 Dynawhite:

KTM LIVE
ENTERTAINMENT

HYATT PLACE
Kathmandu
PRESENTS

MUSIFIX



DYNAWHITE VOL IX
UNMATCHED TECHNO VIBES WITH

FOLIC STATE

FINZOR | MNIK | ARGOD

ZING SKYBAR & LOUNGE

JAN 27, SATURDAY
5 PM - ONWARDS | THEME: BLACK & WHITE

ENTRY FEE: 1500

TARAQHAL, KATHMANDU
CALL - 9801229377

GREY GOOSE
VODKA

HYATT PLACE
Kathmandu

PRESENTS



KICHAN | ANGIE | AVANTIKA | EVILIVA

DYNAWHITE VOL IX
500S BELOW DECK

APRIL 5, FRIDAY
7 PM - ONWARDS

ENTRY FEE: 1500 INCLUDES 1 DRINK
CALL - 9801229377

Hyatt Place Kathmandu, Taraqhal

K khalti

GREY GOOSE
VODKA

HYATT PLACE
Kathmandu

PRESENTS



DYNAWHITE VOL IX
500S BELOW DECK

KICHAN

ANGIE | AVANTIKA | EVILIVA

APRIL 5, FRIDAY
7 PM - ONWARDS

ENTRY FEE: 1500 INCLUDES 1 DRINK
CALL - 9801229377

Hyatt Place Kathmandu, Taraqhal

K khalti



**Collaboration
with**



CITY HOTEL



Kathmandu

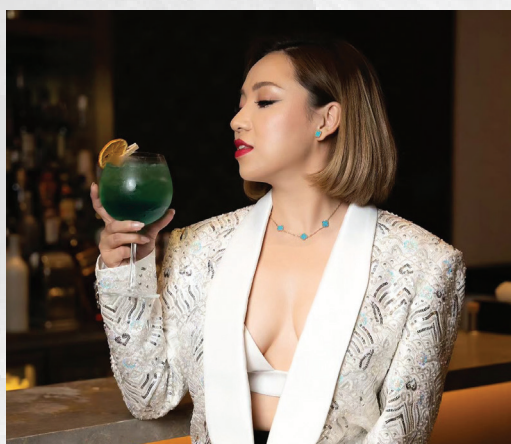
Digital Collaboration:



Malina Joshi
- Miss Nepal 2011



Priyanka Rani Joshi
- Miss Nepal World 2022



Deepa Gurung
- Beauty Enterprenuer



CITY HOTEL



Kathmandu



Aziizaa Atelier
- Fashion



Koseya Fashion
- Fashion



Ashim Ranabhat
- Fashion Stylist/ Model

Notable future Collaborations:

What the future holds:



HYATT
PLACE™
Kathmandu



Starting in November 2024, we have entered an exciting collaboration with Vyasa Studios, led by Sanjay Silwal Gupta, host of the popular YouTube show *On Air with Sanjay Silwal*. This partnership presents a unique opportunity for Hyatt Place Kathmandu to create significant brand awareness as we transition to Hyatt Centric Soaltee Mode.

In addition to enhancing our marketing efforts, this collaboration will offer the hotel a new promotional platform. As part of the agreement, our conversion logo will be featured on banner ads and in TVCs during *On Air with Sanjay Silwal* episodes throughout 2025, strengthening the visibility of our rebranding.

Collaboration with Vyasa Studios (Sanjay Silwal Gupta)

First pet friendly hotel in Nepal







We are Upgrading:

Hyatt Place Kathmandu is rebranding to Hyatt Centric Kathmandu, a premium lifestyle brand within the Hyatt portfolio. The rebranding will make it the first Hyatt Centric Hotel in Nepal. Located in prime destinations across world-class cities like New York, Madrid, Mumbai, Bangalore, Tokyo, Hong Kong and Chicago, the Hyatt Centric brand is thoughtfully designed to turn a stay into an opportunity for discovery, targeting millennial-minded travelers who want to be in

the center of the action.

The rebranding will come with a renovated entrance and lobby area, a unique sky bar and lounge, and enhanced amenities. Every element of this transformation will be carefully curated to embody the distinct vibrancy of the full-service Hyatt Centric brand.

A launchpad to inspire exploration for savvy travelers, the property is conveniently located near the city centre, within a short driving distance

from renowned pilgrimage destinations, including UNESCO World Heritage Sites such as Swayambhunath Stupa, Boudhanath Stupa, and Pashupatinath Temple. The hotel's location will make it a perfect choice for contemporary travelers with an adventurous spirit, situated in a picturesque valley rich in historic sites, situated in a picturesque valley rich in historic sites, ancient temples, shrines, golden pagodas, and fascinating villages.





CITY HOTEL



HYATT
PLACE™

Kathmandu



A fresh look:

As part of our rebranding, Zing World of Flavours, our lobby restaurant, will be upgraded to NOON. Additionally, our Zing Sky Bar & Lounge is transforming into an upscale, high-energy sky bar. Not only that but the hotel entrance and porch area are also being redesigned to reflect the Centric brand essence, incorporating elements of local architecture. We are also adding new activities with a new kids' area, providing a dedicated space for children.



More Space for Spectacular Events and Banquets:

- ▶ The event space has been expanded from 500 sq. m. to 800 sq. m. (5 Halls), allowing us to accommodate events ranging from 10 to 600 guests.





CITY HOTEL



Kathmandu

Corporate Information

BOARD OF DIRECTORS:

Mr. Shakti Kumar Golyan
Mr. Akshay Golyan
Mrs. Kumud Golyan
Mr. Kamlesh Kumar Agrawal
Mr. Harischandra Subedi
Mr. Pradeep Raj Pandey
Mr. Tilak Koirala

MANAGEMENT TEAM

Corporate Team

Mr. Shashank Guragain	- Finance Head
Mr. Bijaya Pandey	- Internal Auditor
Mr. Rochak Shrestha	- Deputy Manager - Finance
Mr. Suraj Khatri	- Finance & Admin Assistant

Hyatt Operation Team

Mr. Varun Talwar	- General Manager
Mr. Arun Lal Choudhary	- Finance Controller
Mr. Pammy Sheoran	- F&B – Director of Operations
Ms. Sushma Ranjitkar	- Human Resource Manager
Mr. Baburam Sharma	- Head Chef
Ms. Vikas Duggal	- Director of Sales & Marketing
Ms. Bimala Manandhar	- Front Office Manager

COMPANY SECRETARY:

Ms. Jelina Maharjan

STATUTORY AUDITORS:

Mr. Indra Prasad Mainali - (M/S I.P. Mainali & Associates, Chartered Accountants)

SHARE REGISTRAR:

Global IME Capital Limited

Registered Office : Chinnalata Chowk, Soalteemode, Kathmandu, Nepal G.P.O. Box No. 8801

Phone No : +977 01 4671200

Email : info@cityhotel.com.np

PAN/VAT No. : 302738784

Website : www.cityhotel.com.np



CITY HOTEL



Notice of Annual General Meeting

As per the decision of the meeting of Board of Directors of City Hotel Limited held on Mangsir 14, 2081 (November 29, 2024), the 9th Annual General Meeting of the company is scheduled to be held on the following date, time, and venue to discuss and decide on the agendas listed below. This notice is published to inform all esteemed shareholders to attend the meeting in person or through a duly appointed representative.

1. Date, Time, and Venue of the Meeting:

Date: 10 January 2025 (2081/09/26) (Friday)

Time: 11 am

Venue: Kalimati Banquet, Kalimati, Kathmandu

2. Agenda for Discussion:

A. Ordinary Resolutions:

1. To discuss and approve the Board of Directors' annual report for the fiscal year 2023/24 (2080/81)
2. To discuss and approve the audit report, balance sheet, profit and loss statement, cash flow statement, and other financial details for the fiscal year 2023/24 (2080/81)
3. To appoint an auditor for the fiscal year 2024/25 (2081/82) and determine their remuneration.
4. To conduct election for directors representing the promoter shareholders.
5. To ratify the appointment of independent director.

B. Special Resolutions:

1. To issue the right shares at a 1:0.8 ratio.
2. To amend the relevant clause of the Memorandum of Association to increase the Company's Issued Capital.
3. To delegate full authority to the Board of Directors to make necessary amendments if suggested or instructed by regulatory bodies concerning the necessary amendment of issued capital.

C. Miscellaneous:

With the permission of Board of Directors,
Jelina Maharjan
Company Secretary

Note: It is requested to the concerned shareholders to obtain information regarding the annual report, other reports, and proposals to be presented in the general meeting from the company's website: <https://cityhotel.com.np/>



CITY HOTEL



Kathmandu

Proxy Appointment Application Form

City Hotel Limited
K.M.C. Ward No. -13
Chinnalata chowk, Soalteemode, Kathmandu.

Dear Sir/Madam,

Sub: Appointment of Proxy at 9th Annual General Meeting

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 9th Annual General Meeting to be held on Friday, 10th January 2025 (26th Poush, 2081), in the capacity of a shareholder of your Company hereby appoint Mr./Ms..... a shareholder of the Company having Shareholder Certificate No. or BOID No. and a resident of DistrictMetropolitan City/ Sub Metropolitan City/Municipality/Rural Municipality, Ward No..... as my/our representative to participate and vote on my/our behalf in the said General Meeting.

Appointed Representative	Applicant
Signature	Signature
Name:	Name:
Shareholder No.....	Shareholder No.....
BOID Number.....	BOID Number.....
Total Share Owned.....	Total Share Owned.....
Date.....	Date.....

Note: This Application needs to be submitted at the Company's registered office Chinnalata Chowk Soalteemode, Kathmandu at least 48 hours before AGM.

CITY HOTEL LIMITED

ENTRANCE CARD

Signature

Name:

Shareholder No.....

BOID Number

Total Share Owned

Date

This Entrance Card is issued to attend the 9th Annual General Meeting of City Hotel Limited

Company Secretary

Note: Candidates must bring this Entrance Card to attend the AGM of the Company.

Report of Board of Directors

Respected Shareholders,

The Board of Directors is delighted to extend a warm welcome to all respected shareholders present at the Ninth Annual General Meeting of City Hotel Limited. It is our honor to present the Ninth Annual Report, along with the audit report and financial statements, for the fiscal year ending on July 15, 2024 (Asadh 31, 2081).

The company has prepared and presented its financial statements in accordance with the Nepal Financial Reporting Standards (NFRS) as per prevailing laws. This report comprehensively covers the company's achievements, challenges, factors impacting business operations, during F.Y. 2023-24 and the goals set for the running fiscal year.

A. Overview of Operation of Previous Year:

Compared to the previous fiscal year, this year saw a significant increase in revenue. The total income for this fiscal year reached NPR 58.24 crore, reflecting a 14% increase (equivalent to NPR 7.27 crore) from NPR 50.97 crore in the previous year. The company's Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) increased to NPR 20.48 crore up from NPR 14.26 crore in the previous year.

The key performance indicators and comparative statistics for the fiscal year 2023/24 are as follows:

In crore (Rs.)

Particulars	F.Y. 2023/24	F.Y. 2022/23	Variance	Increase/ (Decrease)%
Revenue from Operations	50.42	47.32	3.11	7%
Add: Other Income	7.82	3.66	4.16	114%
Total Revenue	58.24	50.97	7.27	14%
Less: Total Expenditure	37.76	36.71	1.05	3%
EBIDTA	20.48	14.26	6.22	44%
Less: Finance Cost	32.73	35.34	(2.61)	-7%
EBDT	(12.25)	(21.08)	8.33	-42%
Less: Depreciation and Amortization	13.31	13.11	0.20	2%
Profit/(Loss) before tax for the year	(25.56)	(34.19)	8.63	-25%
Less: Current Taxes	-	-	-	0%
Less: Deferred Tax	(5.23)	(6.97)	1.73	-25%
Net Profit after Tax	(20.32)	(27.22)	6.90	-25%

B. Impact of National and International Circumstances on the Company's Business:

The tourism industry is significantly influenced by various national and international circumstances and policies. Complex interactions among global, regional, and national scenarios have shaped our business environment throughout the year.

The International situations like the Russia-Palestine and Russia-Ukraine conflicts have created global tensions, leading to contractions in economic activities and adversely impacting global economic growth. These international dynamics have affected on Nepal's tourism sector as well.

In the domestic scenario, incidents such as internal flight crashes and vehicle accidents creates fear among tourists. For instance, the tragic plane crash in Pokhara, a popular tourist hub, in January 2023, significantly affected tourism to certain extent.

Despite these challenges, Nepal remains a country with immense potential for tourism due to its geographical and natural richness. Tourists are drawn to Nepal for cultural site visits, understanding rural lifestyles, religious journeys, trekking, mountaineering, and many more. However, the lack of basic infrastructure in many potential tourist areas discourages some visitors. Thus, there is an urgent need for enhancing physical infrastructure to facilitate tourist access in order to develop,

expand, and promote tourism sectors. Additionally, to address existing challenges, the government, hotel operators, and other stakeholders need to collaborate to identify issues and effectively implement plans to mitigate them.

The government's investments in upgrading Tribhuvan International Airport, Pokhara International Airport, and Gautam Buddha International Airport have contributed positively to improving tourist inflows and organizing their travel experiences. Furthermore, the adoption of digital marketing by tourism industrialists in promoting Nepal's art, culture, religious heritage, and natural beauty has successfully attracted both domestic and international travelers.

C. Opinion of Board of Directors on Achievements of the Current Year and Future Plans:

The achievements of the Current Year till the month of Aswin, 2081 is as follows:

In crore (Rs.)

Particulars	From 16 July, 2024 to 16 Oct, 2024	From 17 July 2023 to 17 Oct 2024	Variance	Increase/ (Decrease)%
Revenue from Operations	11.02	11.60	-0.57	-5%
Add: Other Income	2.11	1.68	0.44	26%
Total Revenue	13.13	13.27	-0.14	-1%
Less: Total Expenditure	9.23	8.62	0.61	7%
EBIDTA	3.90	4.65	-0.75	-16%
Less: Finance Cost	7.64	9.01	-1.38	-15%
EBDT	-3.74	-4.37	0.63	-14%
Less: Depreciation and Amortization	3.46	3.41	0.05	2%
Profit/(Loss) before tax for the year	-7.20	-7.77	0.58	-7%
Less: Current Taxes	0	0	0	
Less: Deferred Tax	-1.57	-1.74	0.17	-10%
Net Profit after Tax	-5.63	-6.03	0.41	-7%

• Awards and Recognitions

The company has been honored with the following awards and recognitions:

- Green Hospitality Award at the Waste Management and Climate Conference.
- 2023 Leading F&B Hotel/Resort by the South Asian Travel Awards (SATA).
- International Tourism and Hospitality Award for Best Hotel/Resort in Nepal.
- International Tourism and Hospitality Award for Best General Manager in Nepal.
- Trip Advisor's Choice Awards Winner 2024.

• Key Objectives for the Current Year

The banquet capacity of this hotel has been expanded from 400 to 600 guests, and the facility is now operational. To fully utilize this increased capacity, the company aims to collaborate with various organizers to boost bookings for meetings, conferences, corporate events, and weddings. The Company will make necessary efforts to impress customers with excellent service and hospitality in order to encourage customers for repeated visits in our hotel. Additionally, we aim to complete the ongoing project to upgrade the hotel from Hyatt Place to Hyatt Centric on time and enhance the quality of service and ensure significant revenue growth. The Company expects all employees to work diligently to achieve these objectives.

Considering the growing competition in the hospitality sector, the hotel plans to continuously maintain and upgrade its

various sections, rooms, and facilities to meet customer needs and expectations. The Company will organize various programs and initiatives targeting domestic and international customers, aiming for significant improvements in sales and profits. The company will identify areas requiring improvement in a timely manner and take appropriate steps while utilizing available resources optimally.

D. Industrial and Business Relations of the Company:

We are pleased with the harmonious relationships maintained with our employees in F.Y. 2023-24. Through the collaboration of management and staff, the hotel has effectively utilized available resources to deliver standard and quality service, establishing itself as a preferred destination for guests.

We have provided various training programs and services, adhering to safe workplace standards. The hotel spent NPR 11,86,679.59 on employee training during F.Y. 2023-24. This shows the company's commitment to enhancing employee capabilities and wellbeing.

Furthermore, we have maintained a positive and harmonious relationships with national and international stakeholders, including guests, customers, suppliers, airlines, tour operators, travel agencies, government bodies, regulatory authorities, local community members, and industry associations. The hotel is a member of the Nepal Hotel Association and the American Chamber of Commerce in Nepal, underscoring its strong connections across the hospitality industry.



E. Changes in the Board of Directors and the Reasons for It:

As of the F.Y. 2023-24 and till the time of preparing this report, there have been no changes in the company's Board of Directors.

F. Key Factors Affecting the Business:

The main factors impacting the company's business include rising bank interest rates, the policies of Nepal Rastra Bank, the international situation, political instability, various pandemics, and natural disasters.

G. Response of Board of Directors to the Remarks made, if any made in Auditor's Report:

The Board of Directors does not have any comments regarding the audit report for the fiscal year 2023-24. Management has been advised to implement the auditor's suggestions to further improve the company's efficiency and performance.

H. Recommended Dividend Distribution:

Since the company has not made profit, the Board of Directors has not recommended any dividend distribution.

I. If Any Shares were Forfeited, 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:

No shares were forfeited by the company in the last fiscal year.

J. Review of Progress of Transaction and Status of the Company and its Subsidiary Company at the End of the Last Fiscal Year:

The details of transaction of Company are as stated in the financial statements and the company does not have any subsidiary companies.

K. Major Transactions of the Company and its Subsidiary Company during the Fiscal Year and any Material Change in the Business of the Company:

The major transactions completed by the company during the fiscal year are as stated in the financial statements, and the company does not have any subsidiary companies.

L. Information Provided to the Company by Substantial Shareholders in the Last Fiscal Year:

No information was received from the Substantial shareholders in the last fiscal year.

M. Details of Share taken by Directors and Officers of the Company in the Previous Fiscal Year and in the Event of their Involvement in Share Transaction of the Company, Details of Information Received by the Company from them in that Respect:

The company has not received any information regarding the share ownership of directors and officers or their involvement in the share transactions in the last fiscal year.

N. Details of Disclosure made about Personal Interests of any Directors and Their Relatives in any Agreements related with the Company in the last Fiscal Year:

No such information has been provided regarding personal interests of directors or their relatives in the agreement.

O. In the event that the Company has Bought its own shares (Share Buy Back), the Reasons for such buy back, Number and Share value of such Shares and Amount paid by the Company for such buy back:

The company has not purchased its own shares.

P. Internal Control System, if any, and its Details:

The company has developed the following internal control systems:

- Compliance with all systems, standards, and guidelines issued by Hyatt International Corporation, including regular monitoring and review.
- All departments follow Standard Operating Procedures (SOPs).
- Management is informed of findings from the monitoring and review of internal control systems.
- Internal audits are conducted periodically by internal auditors.
- Regular discussions are held with the management and audit committee regarding the internal auditor's reports and internal control systems.
- Hyatt management team regularly present the progress and operation of Hotel to the Board of Directors for discussion.

Q. Total Management Expenses for the Previous Fiscal Year:

In crore (Rs.)

Particulars	F.Y. 2023-24	F.Y 2022-2023	Variance	Variance in Percentage (%)
Employee Expense	10.23	8.76	1.47	17%
Administrative and Operating Expenses	13.10	13.39	(0.29)	(2)%
Operation Expenses	14.43	14.56	(0.13)	(1)%
Finance Cost	32.73	35.34	(2.61)	(7)%
Total	70.49	72.05	(1.56)	6%

R. List of Audit Committee Members, their Remuneration, Allowances and Benefits, Particulars of Functions Discharged by the Committee, and Details of Suggestions, if any made by the Committee:

1. List of Audit Committee Members and Their Remuneration:

S.N.	Name	Position
1.	Kamlesh Kumar Agrawal	Chairman
2.	Harischandra Subedi	Member
3.	Sushil Thapa	Member
4.	Sundar Bahadur Sheni	Member Secretary

- **Per Meeting Allowance:** NPR 10,000/- (only for the members who are part of the Board of Directors)
- **No Other Benefits:** No other benefits have been provided to the mentioned members of the audit committee.

2. Details of the Audit Committee's Activities:

The audit committee monitors and reviews whether the company's operations comply with legal requirements. The audit committee meets quarterly to review internal and external audit reports, control and compliance matters, and the company's financial status. It provides suggestions to the board of directors during board meetings based on these reviews.

In order to gain detailed information on various topics, hotel officials are invited to the meetings when necessary. During these meetings, committee members provide advice and suggestions as required based on their findings during audits.

During F.Y. 2023-24, the key functions performed by the Audit Committee are as follows:

- The committee reviewed the company's quarterly financial statements and internal audit reports. It also discussed suggestions provided by both the external and internal auditors with management.
- The committee reviewed the internal quarterly reports of the internal auditors before publishing the quarterly financial statements and related internal audit reports.
- The committee informed the board regarding the audit committee meetings and the various recommendations that management should implement quarterly.
- The committee reviewed the company's annual financial statements for fiscal year 2023-24 and the preliminary audit report, offering suggestions on the audited financial statements, brief financial reports, and financial highlights, which were then presented to the board for approval.

- The committee made recommendations regarding the appointment of auditors and their remuneration at the company's ninth annual general meeting.
- The committee inspected the internal control systems.
- The committee reviewed compliance with legal and regulatory requirements.

The audit committee members are glad to present that during fiscal year 2023-24, no major issues were reported in the company's internal audit report. The company's internal control system is satisfactory.

The Board of Directors has implemented or is in the process of implementing most of the recommendations and suggestions from

the audit committee and the status of the suggestions is satisfactory.

Further, the Board of Directors is satisfied that the member of the audit are competent and experienced in financial matters, and have recent and relevant experience.

S. Suggestions Given by the Audit Committee, if Any:

In accordance with Section 165, Sub-section (d) of the Companies Act, 2063, the audit committee has suggested appointing I.P Mainali and Associates, Chartered Accountants as the auditor for the company's fiscal year 2081/82 and setting their remuneration NPR 4,00,000/- (excluding tax).

T. Payment due, if any, to the Company from any Directors, Managing Director, Chief Executive, Substantial Shareholders of the Company, or any of their Close Relative, or from any Firm, Company or Corporate Body in which he/she is involved:

S.N.	Name of Related Party	Receivable/Payable (Rs.)
1	Westar Properties Limited	1,62,523.56
2	Westar Galaxy Trading Private Limited	(37,352.50)
3	Tricot Industries Private Limited	53,915.13
4	Nexus Engineering Consultancy and Construction Private Limited	4,75,258.17
5	Janata Agro and Forestry Limited	1,00,829.45
6	Golyan Agro Private Limited	(1,65,658.12)
7	Elevate Energy Private Limited	102.63
8	Akshay Golyan	(23,70,00,000.00)
9	Surabhi Golyan	(6,20,00,000.00)



U. Payment of Remuneration, Allowances, and Benefits paid to Directors, Managing Director, Chief Executive, and Officials:

The directors of this company are paid NPR 10,000/- (Ten Thousand Nepali Rupees) per meeting (including taxes), and no other remuneration, allowances, or benefits are provided to them. The total meeting allowances paid to the Board of Directors in fiscal year 2023-24 was NPR 300,000/- (Three Lakhs Rupees). The remuneration, allowances and other benefits paid to key management personnel of the Company are as follows:

S.N.	Key Management Personnel	Position	F.Y. 2080/81
1	Akshay Golyan	Executive Director	--
2	Varun Talwar	General Manager	Rs 90,63,975.00/-

V. Dividends to be received by Shareholders:

As the company has not distributed any dividends to date, there is no amount remaining for shareholders to receive.

W. Details of sale and purchase of Property Pursuant to Section 141:

No purchase or sale of properties occurred during fiscal year 2023-24 in accordance with Section 141 of Companies Act, 2063.

X. Details of Transactions between Associated Companies as per Section 175:

No transactions took place between associated companies under Section 175.

Y. Other Matters to Be Disclosed in the Board Report as per the Act and Prevailing Laws:

There are no additional matters to be disclosed in the Board of Directors' report as per the Act and prevailing laws.

Z. Other Necessary Matters:

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

Annual Report Related to Sub-rule (2) of Rule 26 of the Securities Registration and Issuance Regulations, 2073 (2016)

1. Report of Board of Directors:

The Report of Board of Directors is included under Director's Report heading of the Annual Report.

2. Auditor's Report:

The Auditor's Report is included under Auditor's Report heading of the Annual Report.

3. Audited Financial Statements:

The Audited Financial Statements is included under Audited Financial Statements of the Annual Report.

4. Details Concerning Legal Proceedings:

a. Case Filed by or against the Corporate Body during the said period:

To date, the company has not filed any cases nor has been notified of any cases being filed against it.

b. Case filed by or against the promoter or directors of the corporate body regarding violations of prevailing rule or committing criminal offence:

No cases have been filed by Company's promoter or director nor any cases have been filed against the company's promoter or director for violating existing rules or committing criminal offenses.

c. Cases Related to Financial Crimes Against Promoters or Directors:

The company has not received any such information.

5. Analysis of Corporate Body's Share Transactions and Performance:

a. The management's opinion on the Corporate Body's share transaction in the securities market:

Securities price are determined by the open securities market.

b. Maximum, Minimum, and Final Share Prices Along with Total Transaction Volume and Trading Days for Each Quarter of the Previous Year:

Quarter	Maximum Price (Rs.)	Minimum Price (Rs.)	Final Price (Rs.)	Total Trading Days	Total Transactions	Total Shares Traded
First Quarter (till end of Ashwin 2080)	782.50	540.40	549.00	61	27,968	1,314,841
Second Quarter (till end of Poush 2080)	747.00	503.70	674.90	49	12,432	952,023

Third Quarter (till end of Chaitra 2080)	690.90	559.00	595.00	58	11,420	741,558
Fourth Quarter (till end of Ashad 2081)	780.00	562.00	744.00	61	20,956	20,61,440

6. Challenges and Problems:

a. **Internal:** No internal issues.

b. **External:**

- Location of hotel is distant from major cities and airports, lacking nearby shopping centers, attractive cafes, restaurants, or tourist spots.
- Increased competition due to the opening of many branded hotels.
- Increased costs of accommodation in five-star hotels due to luxury taxes.
- Lack of suitable revision, development, and expansion of national policies related to tourism.
- Fluctuations in foreign exchange rates.
- Natural disasters and calamities during the rainy season.

c. **Strategies Adopted by Management to Address the Challenges:**

- Expansion of banquet area to attract large events.
- Progressing towards upgrading the hotel brand from Hyatt Place to Hyatt Centric.
- Attracting corporate meetings and social programs through banquet expansion.

- Addressing the challenges and continuously evaluating business performance to enhance growth.
- Focusing on effective market management, upgrading hotel rooms for comfort and freshness, and conducting necessary renovations.
- Providing international-level quality services to domestic and international clients to achieve targeted revenues.

7. Corporate Governance:

The Management has taken following steps to enhance corporate governance:

- a. Compliance with the standards set by prevailing laws and regulations, as well as directives and circulars issued by regulatory authorities.
- b. Regular review and suggestions from the Audit Committee through independent and internal audits on a regular basis.
- c. An active internal control system with an operational internal audit department within the hotel. The Board of Directors, Audit Committee, Risk Management Committee, and other senior officials actively work toward the company's progress.
- d. Internal committees remain proactive in delivering result-oriented tasks.



Summary of the Compliance Report containing major points of Report under Clause 20(4) of Directives on Good Corporate Governance of a Body Corporate, 2074 to be placed in the Annual Report

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 has been found at a good level:

A concise overview of the compliance status, as outlined in the compliance report, is presented below:

- The company has timely and appropriately submitted required reports to regulatory bodies, adhering to specified timelines and prescribed methods outlined in relevant directives, laws, rules, and regulations. Proper recording of transactions in accordance with prevailing laws has been maintained.
- 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 timely published quarterly financial statements along with the information required to be disclosed.
- Provisions related to the election, nomination of directors/independent directors, and their tenure has been aligned with applicable laws, Articles of Association, and Memorandum of Association
- The company has consistently complied with directions and directives issued by regulatory bodies, meeting all requirements of prevailing acts and regulations, including directives.
- Various committees have been formed as necessary as per the instructions and guidelines issued by the regulatory body.

(Note: This is only the executive summary of the report approved by the Board and Certified by the Statutory Auditor. The detailed report will be submitted to SEBON pursuant to the Directives on Good Corporate Governance of a Body Corporate, 2074)



CITY HOTEL



Acknowledgements:

In the end, we would like to express our heartfelt gratitude to all our esteemed shareholders and stakeholders who have directly or indirectly participated in the company's Ninth Annual General Meeting and contributed invaluable advice and constructive suggestions, playing a key role in the company's progress. We acknowledge that this has made a significant contribution to the growth and prosperity of the Company.

We also express our deep gratitude to the Government of Nepal, the Ministry of Culture, Tourism and Civil Aviation, Nepal Tourism Board, Hotel Association of Nepal, Nepal Rastra Bank, Office of Company Registrar, Nepal Securities Board, Nepal Stock Exchange Limited, CDS and Clearing Limited, and other government agencies and regulatory bodies for their support and guidance, which have played a crucial role in the development of the hotel.

Further, we extend our sincere thanks to all our guests, travel agencies, airlines, vendors, consultants, contractors, suppliers, service providers, banks, business partners, and other stakeholders for their support and collaboration. We also wish to express our gratitude to our internal and external auditors, media friends, and all relevant institutions, as well as all our customers.

We are deeply thankful to the members of the Board of Directors for their guidance and look forward to receiving their suggestions and continued contributions for the progressive development of the hotel in the future.

Lastly, we extend our heartfelt thanks to all the managers and staff who have made tireless and invaluable contributions to the operation of the hotel.

Thank you.

29 Nov 2024

On behalf of Board of Directors

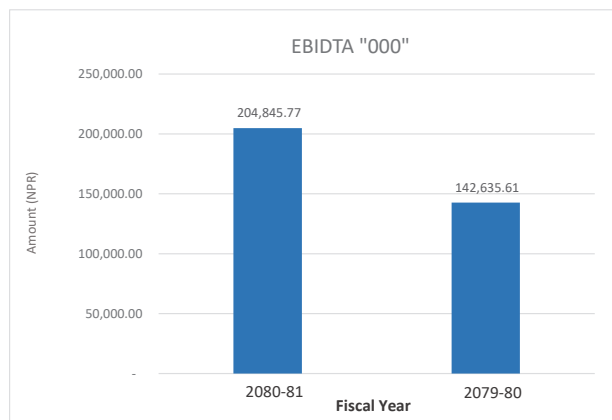
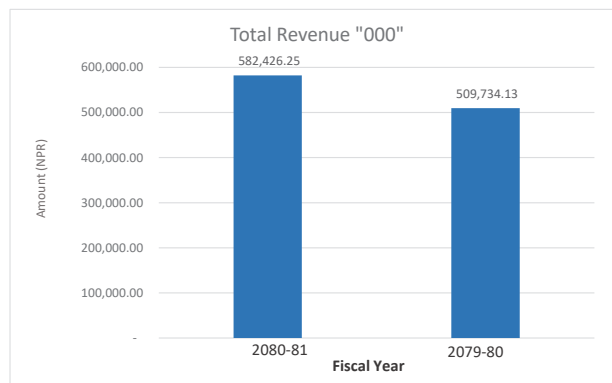
Financial Highlights

The major performance indicators and financial highlights of the company for FY 2080-81 are as under

Section I: Income Statement

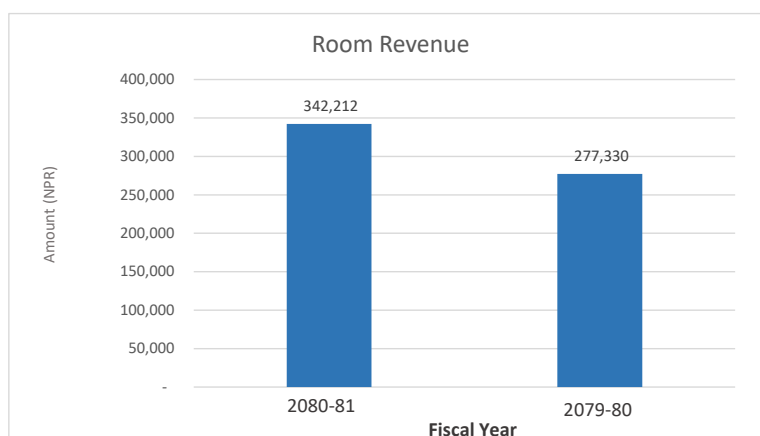
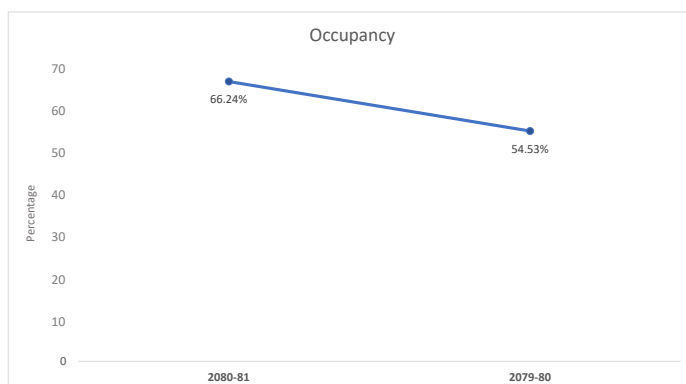
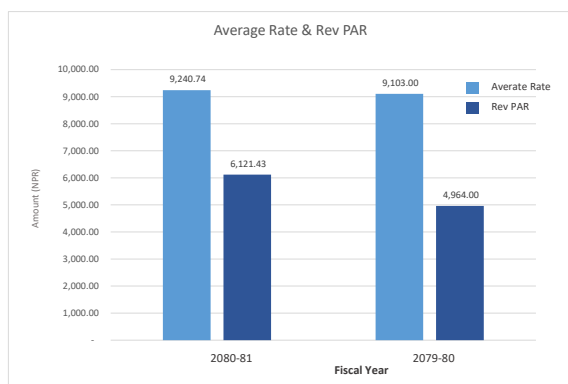
In Thousands (NPR)

Particulars	Fiscal year	
	2080-81	2079-80
Total Revenue	582,426.25	509,734.13
Total Expenditure	377,580.48	367,098.51
EBIDTA	204,845.77	142,635.61
Finance Cost	327,317.95	353,420.61
EBDT	(122,472.18)	(210,785.00)
Depreciation & Amortization	133,092.84	131,117.03
Profit/(Loss) before tax for the year	(255,565.01)	(341,902.03)
Less:		
Current Tax	-	-
Deferred Tax	(52,340.02)	(69,681.57)
Net Profit after tax	(203,224.99)	(272,220.46)
Balance Transfer to Reserve & Surplus	(203,224.99)	(272,220.46)



Section II: Room Revenue, Occupancy, Average Room Rate (ARR) and RevPAR

Particulars	Fiscal Year	
	2080-81	2079-80
Room Count	153	153
Rooms Available	55,904.00	55,868.00
Rooms Sold	37,033.00	30,465.00
Occupancy	66.24%	54.53%
Average Room Rate (ARR)	9,240.74	9,103.00
Rev PAR (Revenue per Available Room)	6,121.43	4,964.00
	NPR (In '000)	
Room Revenue	342,212	277,330
Food & Beverage Revenue	153,167	179,875
Other Operating Revenue	8,852	10,822
Service Charge Revenue	-	5,124
Miscellaneous Income	78,195	36,583
Total Revenue	582,426	509,734



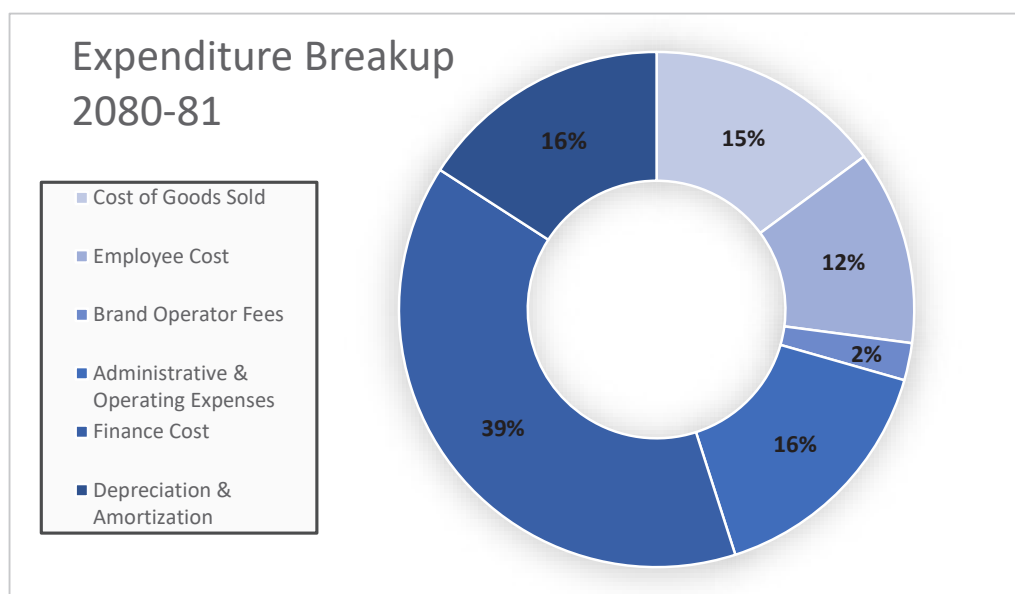
Section III: Key Financial Indicators

Particulars	Fiscal Year		
	80-81	79-80	78-79
Debt Capital ratio	0.69	0.65	0.64
Return on Shareholders fund	(0.14)	(0.17)	(0.02)
Earning per share	(12.14)	(17.75)	(2.96)
Networth Per share	87.38	96.96	118.85
Total Assets value per share	323.49	319.70	365.27
Market value per share	744.00	680.10	-
Price earning ratio (P/E ratio)	(61.29)	(41.87)	-
Current ratio	0.41	0.54	2.89

Section IV: Expenditure Breakup

In Thousands (NPR)

Particulars	2080-81	%
Cost of Goods Sold	124,710.90	15%
Employee Cost	102,291.78	12%
Brand Operator Fees	19,594.29	2%
Administrative & Operating Expenses	130,983.52	16%
Finance Cost	327,317.95	39%
Depreciation & Amortization	133,092.84	16%
Total	837,991.26	100%

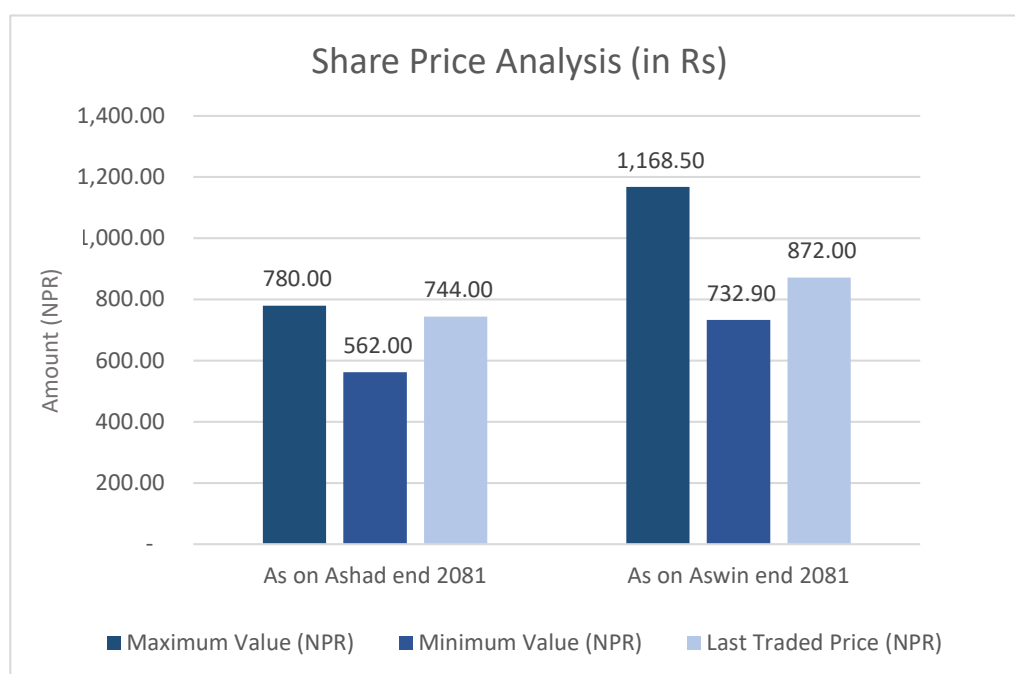




Setion V: Analysis of Share Transaction

A Total of 1,6740,000 unit of shares of City Hotel Limited has been listed on June 08 2023 on Nepal Stock Exchange (NEPSE) and is traded under scrip name CITY

	Maximum Value (NPR)	Minimum Value (NPR)	Last Traded Price (NPR)	Total Traded Days	Total No. of Transactions	Total No. of Traded Shares
As on Ashad end 2081	780.00	562.00	744.00	61	20,956	2,061,440
As on Aswin end 2081	1,168.50	732.90	872.00	57	26,667	2,332,301



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
CITY HOTEL LIMITED****Reports on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of **City Hotel Limited** (hereinafter referred to as "the Company") ,which comprises the statement of financial position as at Ashad 31, 2081 (corresponding to July 15, 2024), the statement of profit or loss and other comprehensive income, the statement of change in equity, the statement of cash flows for the year then ended, and note to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as at Ashad 31, 2081 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the Company in accordance with the code of ethics for the professional accountant issued by The Institute of Chartered Accountants of Nepal together with the ethical requirement that is relevant to our audit of the financial statements under the provisions of the Company Act, 2063, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN code of ethics for professional accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 for the financial year ended on Ashad 31, 2081 (corresponding to July 15, 2024). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key matter to be communicated in our report.

S.N.	Details of key Audit Matters	How the matters were addressed in our audit.
1	Revenue Recognition: (Refer Note 21 of the financial statements)	
	<p>We identified recognition of revenue as key audit matter because revenue is one of key performance indicator of the Company and recorded in complex IT system and environment, likewise revenue also includes high number of individual and low value transaction therefore gives rise to a risk that revenue is recognized when the significant risk and rewards of ownership of the goods have transferred to the buyer, with the Company retaining neither continuing managerial involvement to the degree usually associated with the ownership, nor effective control over the goods sold.</p> <p>Revenue is measured at the fair value of the consideration received or receivable net of trade discounts. Revenue includes all revenue from ordinary activities of the company that are recorded net of Value Added Taxes collected from the customer that are remitted or are to be remitted to</p>	<p>Our audit procedures to access the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of company's accounting policies in line with NFRS 15 (Revenue) for recording of sales and compliance of those policies with applicable accounting standards, further testing the accounting of revenue in books of accounts thereof. 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. Performed detailed analysis of Revenue, analytical testing with sales information filed with tax authorities, testing the timing of its recognition and

	the government authorities.	<p>accuracy of the amounts recognized and verification of the supporting information of the Revenue transactions.</p> <ul style="list-style-type: none"> • Tested a sample of sales transactions recorded during the year with sales invoices, sales contracts and other relevant underlying documents including performing cut-off date sales transactions to ensure correct booking of revenue in concerned period. • Assessing the adequacy of disclosures in the financial statements.
2	Property, Plant and Equipment: (Refer Note 4 of the financial statements)	
	<p>There are areas where management judgement impacts the carrying value of Property, plant and equipment and their depreciation or amortization rates. These include the decision to capitalize or expense the costs, the annual capitalization of assets and the use of management assumption and estimates for the determination of 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 judgement and estimates required, we consider this to be a Key Audit Matter.</p>	<p>We assessed the controls in place over the Property, Plant and Equipment, 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 judgments and there are no material misstatement of impairment and capitalization of assets.</p>

Information Other Than the Financial Statements and Auditor's Report Thereon

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not included the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we concluded that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

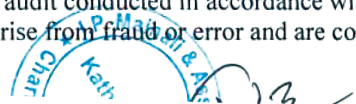
Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with the NFRS, and for such internal control as management determines is necessary to enable preparation of the financial statements that are free from material misstatements,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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered



material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statement or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease as a going concern.
- Evaluate the overall presentation of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation,

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

Report on Other Legal and Regulatory Requirements

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

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, the Statement of Financial Position, Statement of Profit or Loss, 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 and information dealt with by this report are in compliance with the provisions of the Companies Act, 2063 and are in agreement with the books of account maintained by the company.
- In our opinion, Proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books;
- 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 audit, we have not come across cases where the management group 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; and
- We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the books of accounts.


CA Indra Prasad Mainali
Proprietor
I. P Mainali & Associates
(Chartered Accountants)



Place: Kathmandu, Nepal

Date: 29th Nov. 2024

UDIN Number:241213CA01440QwWTh

Page 3 of 3



CITY HOTEL



Kathmandu

City Hotel Limited

Statement of Financial Position

For the year ended on Asadh 31, 2081 (July 15, 2024)

Particulars	Notes	As on July 15, 2024	As on July 16, 2023
Assets			
Non Current Assets			
Property, Plant and Equipments	4	4,670,039,886.67	4,634,893,851.55
Intangible Assets	5	33,118,213.64	37,542,713.09
Investment Property	6	358,210,701.42	368,026,642.57
Deferred Tax Assets	7.3.1	34,014,979.77	-
Other Assets	8.1	32,986,415.72	25,683,071.06
Total Non Current Assets		5,128,370,197.23	5,066,146,278.27
Current Assets			
Inventories	9	7,117,530.09	6,267,839.13
Cash and Cash Equivalents	10	15,958,700.57	14,731,534.78
Trade Receivables	11	51,799,522.37	23,133,068.69
Prepayments	8.2	4,780,002.98	3,707,060.01
Other Assets	8.3	207,142,185.41	237,805,785.11
Total Current Assets		286,797,941.42	285,645,287.72
Total Assets		5,415,168,138.65	5,351,791,565.99
Equity & Liabilities			
Equity			
Share Capital	12	1,674,000,000.00	1,674,000,000.00
Other Equity	14	(211,245,286.08)	(50,845,877.73)
Total Equity		1,462,754,713.92	1,623,154,122.27
Non Current Liabilities			
Long Term Borrowings	15	3,189,953,949.28	3,129,148,566.46
Deferred Tax Liability	7.3.2	-	6,768,931.86
Lease Liabilities	16.1	43,911,592.06	47,675,233.69
Other Liabilities	17	18,519,652.72	20,994,545.16
Total Non Current Liabilities		3,252,385,194.06	3,204,587,277.17
Current Liabilities:			
Financial:			
Trade Payables	18	86,070,246.12	75,033,504.47
Short Term Borrowings	19	76,812,851.55	59,664,288.94
Lease Liabilities	16.2	3,763,641.62	3,202,228.78
Other Liabilities	20	533,381,491.38	386,150,144.37
Total Current Liabilities		700,028,230.67	524,050,166.55
Total Equity and Liabilities		5,415,168,138.65	5,351,791,565.99

Note 1 to 34 forms an integral part of this financial statement

Shakti Kumar Golyan
Chairperson
Kamlesh Kumar Agrawal
Director

Akshay Golyan
Executive Director
Shashank Guragain
Finance Head

As per our report of even date
CA Indra Prasad Mainali
Proprietor
IP Mainali & Associates
Chartered Accountants

Place: Kathmandu
Date: 29th November, 2024



CITY HOTEL



City Hotel Limited
Statement of Profit or Loss
For the year ended on Asadh 31, 2081 (July 15, 2024)

Particulars	Notes	For the year ended July 15, 2024	For the year ended July 16, 2023
Income:			
Revenue from Operations	21	504,231,032.71	473,151,155.23
Miscellaneous Income	22	78,195,220.78	36,582,973.16
Total Revenue		582,426,253.49	509,734,128.39
Expenditure:			
Cost of Goods Sold	23	124,710,895.86	128,788,922.89
Employee Cost	24.3	102,291,777.76	87,589,187.07
Brand Operator Fees	25	19,594,289.99	16,815,818.66
Administrative & Operating Expenses	26	130,983,519.76	127,219,469.33
IPO Issue expenses	27	-	6,685,115.80
Total Expenditure		377,580,483.36	367,098,513.75
Profit/(Loss) before Interest and Depreciation for the year		204,845,770.13	142,635,614.65
Finance Cost	28	327,317,945.27	353,420,611.28
Depreciation & Amortization	4,5,6	133,092,836.04	131,117,032.04
Profit/(Loss) before tax for the year		(255,565,011.18)	(341,902,028.68)
Less:			
Current Tax Expense		-	-
Deferred Tax Expense / (Income)	7.3	(52,340,021.01)	(69,681,573.49)
Net Profit/(Loss) after tax		(203,224,990.17)	(272,220,455.19)

Note 1 to 34 forms an integral part of this financial statement

Shakti Kumar Golyan
Chairperson
Kamlesh Kumar Agrawal
Director
Place: Kathmandu
Date: 29th November, 2024

Akshay Golyan
Executive Director
Shashank Guragain
Finance Head

As per our report of even date
CA Indra Prasad Mainali
Proprietor
IP Mainali & Associates
Chartered Accountants



CITY HOTEL



Kathmandu

City Hotel Limited
Statement of Other Comprehensive Income
 For the year ended on Asadh 31, 2081 (July 15, 2024)

Particulars	For the year ended July 15, 2024	For the year ended July 16, 2023
Profit/(Loss) for the Year	(203,224,990.17)	(272,220,455.19)
Other Comprehensive Income		
Income that will not be reclassified to profit or loss		
Revaluation of Land net of taxes	42,825,581.81	40,799,958.78
Items that are or may be reclassified subsequently to profit or loss	-	-
Total Other Comprehensive Income, net of tax	42,825,581.81	40,799,958.78
Total Comprehensive Income of the year	(160,399,408.35)	(231,420,496.40)

Note 1 to 34 forms an integral part of this financial statement

Shakti Kumar Golyan
Chairperson

Kamlesh Kumar Agrawal
Director

Place: Kathmandu
Date: 29th November, 2024

Akshay Golyan
Executive Director

Shashank Guragain
Finance Head

As per our report of even date

CA Indra Prasad Mainali
Proprietor
IP Mainali & Associates
Chartered Accountants



CITY HOTEL



Kathmandu

City Hotel Limited

Statement of Cash Flows

For the year ended on Asadh 31, 2081 (July 15, 2024)

Particulars		For the year ended July 15, 2024	For the year ended July 16, 2023
A	Cash Flow from Operating Activities:		
	Profit/(Loss) before Income-tax and extraordinary items:	(255,565,011.18)	(341,902,028.68)
	Adjustments For:		
	Prior Year Taxes	-	(4,164,335.46)
	Gain on Sale of Fixed Assets	-	(7,246,238.21)
	Depreciation & Amortization	133,092,836.04	131,117,032.04
	Operating Profit/(Loss) before Working Capital Changes	(122,472,175.14)	(222,195,570.31)
	Changes in Working Capital		
	(Increase)/Decrease in Inventories	(849,690.96)	(829,285.63)
	(Increase)/Decrease Prepayments	(1,072,942.97)	(1,981,311.78)
	(Increase)/ Decrease in Trade Receivables	(28,666,453.68)	(1,389,741.93)
	(Increase)/Decrease Other Current Assets	30,663,599.70	46,058,476.01
	Increase/(Decrease) in Current Liabilities	175,978,064.12	391,519,285.91
	Cash Generated from Operations	53,580,401.07	211,181,852.27
	Tax Payments	-	-
	Net Cash Flow From Operating Activities	53,580,401.07	211,181,852.27
B	Cash Flow from Investing Activities :		
	Purchase of PPE, Intangible Assets & Investment Property	(99,616,739.37)	(72,134,942.29)
	Sales of PPE		8,075,000.00
	Net Cash Flow from Investing Activities	(99,616,739.37)	(64,059,942.29)
C	Cash Flow from Financing Activities :		
	Increase/(decrease) in Medium and long term loan	60,805,382.82	8,296,528.09
	(Increase)/Decrease in Other Assets - Non Current	(7,303,344.66)	11,981,026.62
	Increase/(decrease) in Non Current Liabilities	(6,238,534.06)	(390,493,120.97)
	Issue of Share Capital/Share Application Money	-	167,400,000.00
	Net Cash Flow From Financing Activities	47,263,504.10	(202,815,566.26)
	Net Increase in Cash & Cash equivalents	1,227,165.80	(55,693,656.28)
	Opening Cash balance & Cash equivalents	14,731,534.78	70,425,191.06
	Closing Cash & Cash Equivalents	15,958,700.57	14,731,534.78

Note 1 to 34 forms an integral part of this financial statement

Shakti Kumar Golyan
Chairperson

Kamlesh Kumar Agrawal
Director

Place: Kathmandu
Date: 29th November, 2024

Akshay Golyan
Executive Director

Shashank Guragain
Finance Head

As per our report of even date

CA Indra Prasad Mainali
Proprietor
IP Mainali & Associates
Chartered Accountants



CITY HOTEL



Kathmandu

City Hotel Limited

Statement of Changes in Equity

For the year ended on Asadh 31, 2081 (July 15, 2024)

Particulars	Share Capital	Revaluation Reserve	Retained Earning	FFNE & Replacement Reserve	Total
Balance as at July 16, 2023	1,674,000,000.00	508,145,452.45	(473,068,690.74)	13,388,277.96	1,722,465,039.67
Change in accounting policy	-	-	-	-	-
Prior Period Adjustment	-	(99,310,917.40)	-	-	(99,310,917.40)
Restated Balance	1,674,000,000.00	408,834,535.05	(473,068,690.74)	13,388,277.96	1,623,154,122.27
Net profit for the period	-	-	(255,565,011.18)	-	(255,565,011.18)
Revaluation For the year	-	54,381,691.19	-	-	54,381,691.19
Deferred Tax Income/(expense)	-	(11,556,109.38)	52,340,021.01	-	40,783,911.63
Dividend	-	-	-	-	-
Transfer to FF & E Replacement Reserve	-	-	(12,869,580.00)	12,869,580.00	-
FF & E Replacement Reserve Purchase	-	-	2,801,900.57	(2,801,900.57)	-
Issue of Public Share Capital/Application Money	-	-	-	-	-
Balance as at July 15, 2024	1,674,000,000.00	451,660,116.86	(686,361,360.34)	23,455,957.39	1,462,754,713.92

As per our report of even date

Shakti Kumar Golyan
Chairperson
Kamlesh Kumar Agrawal
Director

Place: Kathmandu
Date: 29th November, 2024

Akshay Golyan
Executive Director
Shashank Guragain
Finance Head

CA Indra Prasad Mainali
Proprietor
IP Mainali & Associates
Chartered Accountants

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

1 Corporate information:

City Hotel Limited is a limited liability company domiciled in Nepal. The registered office address of the company is Ward No. 13, Kathmandu Metropolitan City, Kathmandu, Nepal.

The company's principal activity comprises of providing Hotel services. The Company is operating Hotel Business through Management & Technical assistance from Hyatt International Technical Services, Inc.

The composition of Board of Directors is as follows:

Name	Position
Shakti Kumar Golyan	Chairman
Akshay Golyan	Director
Kumud Golyan	Director
Kamlesh Kumar Agrawal	Director
Harischandra Subedi	Director
Pradeep Raj Pandey	Independent Director
Tilak Koirala	Public Director

2 Basis of Preparation :

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Changes in Equity, Statement of Cash flows, Significant accounting policies and explanatory notes.

2.1 Statement of Compliance :

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standards Board Nepal (ASB) and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

This section describes the critical accounting judgement that the company has identified as having potentially material impact on the company's financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Accounting policies along

with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The company's accounting policies require the management to exercise judgement in making accounting estimates.

2.2 Basis of Measurement:

The financial statements are prepared under the historical cost convention basis except for those explicitly specified in relevant notes and for following material items in Statement of Financial Position:

- Inventories are measured at cost or net realizable value whichever is lower.
- Financial assets other than those measured at amortized cost, are measured at fair value.
- Land under Investment property is measured at cost.



CITY HOTEL



Kathmandu

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

2.3 Critical Accounting Estimates

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. In the future, actual result may differ from these estimates and assumptions.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Specific accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

2.4 Functional Currency:

The functional currency used in Financial Statement is Local Currency

of Nepal denoted as NPR or NRS.

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.

2.6 Going Concern:

The financial statements are prepared under going concern assumption, as the management of the company is satisfied that the company has the resources to continue in business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.7 Comparative Information:

Comparative information for all the periods presented has been disclosed as required under NAS 1.

2.8 Financial Period:

The company prepares financial statements in accordance with the Nepalese financial year using

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

Nepalese calendar. The corresponding dates for Gregorian calendar are as follows:

Particulars	Nepalese Calendar Date/Period	Gergorian Calendar Date/Period
SFP* Date	Ashad 31, 2081	July 15, 2024
Current Reporting Period	Shrawan 01, 2080 to Ashad 31, 2081	July 17, 2023 to July 15, 2024
Comparative SFP Date	Shrawan 01, 2079 to Ashad 31, 2080	July 17, 2022 to July 16, 2023

*Statement of Financial Position

2.9 Standalone financial statements:

This financial statement is the standalone financial statement of the company.

2.10 Prior Period Errors:

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the effected prior years' financial statements. Sometimes such changes may not be practicable. In such cases, it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.

2.11 Materiality and Aggregation:

In compliance with NFRS 1 Presentation of Financial Statements, each material class of similar item is presented separately in the financial statement. Item of dissimilar nature or functions are presented separately, unless they are material.

2.12 Reporting Pronouncements:

The company for its preparation of financial statement has adopted accounting policies to comply with the

pronouncements made by The Institute of Chartered Accountants of Nepal.

2.13 Limitation of NFRS implementation:

If the information is not available and the cost to develop would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective section.

3 Significant Accounting Policies:

NFRS requires adoption of accounting policies that are most appropriate to the company's circumstances determining and applying accounting policies. Directors and management are required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the Company's reported financial position, results or cash flows.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed wherever required.

3.1 Current Versus Non-Current Classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

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:

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

All other assets are classified as non-current:

The Company classifies a liability as current when:

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

the liability for at least twelve months after reporting period,

The Company classifies all other liabilities as non-current.

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

3.2 Cash Flow Statement

The carrying amount of cash and cash equivalents are measured at cost in the statement of Financial position. Statement of Cash Flow has been prepared by using the "Indirect Method" in accordance with NAS 07 Cash Flow Statements.

3.3 Financial Instruments : Financial asset

Financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - (i) to receive cash or another financial asset from another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

receive a variable number of the entity's own equity instruments;
or

- (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A Recognition:

All financial assets are initially recognized on the date on which the company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

B Classification:

The financial assets are measured at amortized cost or fair value on the basis of the company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

The two classes of financial assets are as follows:

i. Financial assets measured at amortized cost:

Financial assets are measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold 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.

ii. Financial assets measured at fair value:

Financial assets other than those are measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

a) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognised in profit or loss as incurred. such assets are subsequently measured at fair value and changes in fair value are recognised in statement of profit or loss.

b) Financial assets at fair value through Other comprehensive Income (FVTOCI)

Investment in an equity instrument that is not held for trading and at the initial recognition, the company makes an irrevocable election that the subsequent changes in fair value of the instrument to be recognized in other comprehensive income are classified as financial



City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

C Measurement:

The financial assets are measured at amortized cost or fair value on the basis of the company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

i. Initial Measurement:

A financial asset, other than those are measured at FVTPL, is measured initially at fair value plus any transaction cost. Transaction costs in relation to financial assets those are measured at FVTPL are charged to statement of profit or loss.

ii. Subsequent Measurement:

A financial asset, is subsequently measured at fair value or amortized cost based on the classification of the financial asset. Financial asset those are classified to be measured at amortized cost, are measured at amortized cost using Effective Interest Rate method.

The amortized cost of a financial asset is the amount at which financial asset is measured at initial recognition minus principal repayments, minus cumulative amortization using the Effective interest rate method of any difference between the initial amount and the maturity amount and minus

any reduction for impairment or uncollectibility.

Financial asset classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at FVTPL are charged to statement of profit or loss whereas financial assets at FVTOCI are charged to other comprehensive income.

D Derecognition:

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

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the company

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

E Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk.

When available, the company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price - i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in

the same instrument (without modification) or based on a valuation technique whose variable include only data observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the difference is not recognised in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity investments are recorded at cost.

F Impairment of Financial Assets

The carrying amounts of the Company's financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit or Loss.

The company considers evidence of impairment for loans and advances and held to maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity instrument securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for an impairment that has been incurred but not yet identified.

Loans and advances held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

maturity investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

In assessing collective impairment, the company uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

3.4 Financial Instruments- Financial liabilities

A financial liability is any liability that is:

"(a) contractual obligation:

- (i) to deliver cash or another financial asset to another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity

instruments; or

- (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments."

A Recognition:

All financial assets are initially recognized on the date on which the company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

B Classification:

The company classifies its financial liabilities, other than financial guarantees and loan commitments, as follows:

- i. Financial Liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognised in profit or loss as incurred. such assets are subsequently measured at fair value and changes in fair value are recognised in statement of profit or loss.

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

- ii. Financial Liabilities measured at amortized cost:

All financial liabilities other than measured at fair value through profit or loss are classified subsequently measured at amortized cost using Effective interest rate method.

C Measurement:

- i. Initial Measurement:

A financial liability, other than those are measured at FVTPL, is measured initially at fair value plus any transaction cost. Transaction costs in relation to financial assets those are measured at FVTPL are charged to statement of profit or loss.

- ii. Subsequent Measurement:

A financial liability, is subsequently measured at fair value or amortized cost based on the classification of the financial liability. Financial liability those are classified to be measured at amortized cost, are measured at amortized cost using Effective Interest Rate method.

The amortized cost of a liability asset is the amount at which financial liability is measured at initial recognition minus principal repayments, minus cumulative amortization using the Effective interest rate method of any difference between the initial amount and the maturity amount

and minus any reduction for non-payment.

3.5 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.

3.6 Capital Management

Capital includes paid up 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



City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

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.

3.7 Events after reporting period:

The company monitors and assess events that may have potential impact to qualify as adjusting and/or non-adjusting events after the end of the reporting period. Where necessary, all material events after the reporting date have been considered and appropriate adjustment in the books with additional disclosures have been made in the financial statements as per the NAS 10 Events After the Balance Sheet Date and non-adjusting events are disclosed in the

notes with possible financial impact, to the extent ascertainable.

3.8 Lease:

The company as a lessee:

The company enters into an agreement for lease of land, buildings etc for hotel use. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with NFRS 16 - Lease, at inception of the contract, the company assess whether a contract is, or contain a lease. A lease is defined as a contract, or part of a contract, that conveys the right to control the use of an asset (the underlying asset) for a period of time in exchange for a consideration.

To Assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and.

The company assess whether it has the right to direct 'how and for what



CITY HOTEL



Kathmandu

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which the company is a lessee, the company has elected not to separate non-lease component and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as lessee:

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-to-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of NAS 40 - Investment Property and is accounted for as thereunder), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right-to-use asset. Right-to-use

assets are tested for impairment whenever there is an indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the company's incremental borrowing rate. Generally, the company uses the incremental borrowing rate as the discount rate.

Lease Payments included in the measurement of the lease liability comprises the following:

- Fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual.
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period of the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.



CITY HOTEL



Kathmandu

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The company presents right-of-use assets that do not meet the definition of Investment Property in the Property, Plant and Equipment notes. And lease liability on the face of the Statement of Financial position under Current and Non-current liabilities.

The company has elected not to apply the requirements of NFRS 16-Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense

on a straight line method over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increase.

The company as a lessor:

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. To classify each lease, the company makes an overall assessment whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major economic life of the asset.

The company recognises lease payments received under operating lease as income on a straight line basis over the lease term unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increase, as part of 'other income'.

The accounting policies applicable to the company as a lessor in the comparative period were not different from NFRS 16.

City Hotel Limited
Significant Accounting Policies and Explanatory Notes
For the year ended on Asadh 31, 2081 (July 15, 2024)

4. Property, Plant & Equipments

Particulars	Land	Freehold Buildings	Office Furnitures	Hotel Furnitures	Computers & Office Equipments	Hotel IT Equipments	Vehicles	Equipment & Machineries	Right-of-Use Assets	Capital work-in-progress	Total
Cost											
Gross Block As on July 16, 2023	834,921,124.00	274,481,330.98	4,694,714.12	226,433,123.15	5,351,743.41	50,177,709.07	27,549,041.76	794,650,405.95	53,350,955.00	47,417,422.30	4,789,159,622.74
Additions	-	-	-	131,005.00	144,000.00	968,817.09	-	1,704,784.48	-	96,670,838.80	99,616,739.37
Revaluation Surplus of PPE	54,381,691.19										54,381,691.19
Transfer to Investment Property											-
Revaluation & Adjustments											-
Disposals/Adjustments											-
Gross Block As on July 15, 2024	889,302,815.19	274,481,330.98	4,694,714.12	226,564,128.15	5,495,743.41	51,144,526.16	27,549,041.76	796,354,484.43	53,350,955.00	144,088,261.10	4,943,158,053.30
Depreciation & Impairment Losses											
Accumulated Depreciation as on July 16, 2023	-	66,358,934.83	3,177,014.73	17,816,551.69	3,698,073.64	5,960,810.57	7,363,212.49	42,696,494.20	7,194,679.04	-	154,265,771.19
Charge for the year	-	54,892,267.68	392,087.02	15,559,127.44	75,621.85	5,271,401.87	3,631,821.20	32,592,423.69	5,755,744.69	-	118,852,395.44
Adjustment due to Revaluations & others											-
Impairment Losses											-
Transfer to PPE											-
Disposals/Adjustments											-
Accumulated Depreciation as on July 15, 2024	-	121,251,202.51	3,569,101.75	33,375,679.13	4,455,695.49	11,232,212.44	10,995,033.69	75,288,917.89	12,950,423.73	-	273,118,166.63
Net Block											
As on July 15, 2024	889,302,815.19	2,623,362,181.47	1,125,612.37	193,188,449.02	1,040,147.92	39,912,313.72	16,554,008.07	721,065,566.54	40,400,531.27	144,088,261.10	4,670,039,886.67
As on July 16, 2023	834,921,124.00	2,678,254,449.15	1,517,699.39	208,616,571.46	1,653,669.77	44,216,898.50	20,185,829.27	751,953,911.75	46,156,275.96	47,417,422.30	4,634,893,851.55



City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

4.1 Recognition & Measurement

Property, Plant and Equipment are initially measured at cost in the Statement of Financial Position and are inclusive of all cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable for each class of assets. Property, Plant & Equipment are recognized as an asset, if and only if 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.

Cost includes the purchase price and other directly attributable costs of Property, Plant & Equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in Statement of Profit or Loss as incurred. If an item of Property, Plant & Equipment consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual

useful lives. Subsequent costs that do not qualify the recognition criteria under NAS 16 are expensed as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is considered for determination of cost of the respective asset if the recognition criteria under NAS 16 and IFRIC 1. Management feels that such cost are difficult to estimate and are not material thus are not considered.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation on these assets will commence when these assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Subsequently PPE is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

4.2 Depreciation:

The depreciation period is based on the expected useful life of an asset. Depreciation on items of PPE is provided on the straight-line method based on the estimated useful life of the assets determined by the management. Depreciation on additions to PPE is provided on pro-rata basis in the year of purchase. The residual values, useful lives and the depreciation methods

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates are accounted for as a change in accounting estimates in accordance with NAS 8. If an item of PPE consist of several components with different useful lives, those components that are significant are depreciated over their individual useful life.

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. Such changes are reflected in the assumptions when they occur.

The estimated useful lives of assets are as follows:

Particulars	Class of assets	Estimated Useful Life (Years)
Building	Building	50
Computers	Computers & Office Equipments	5
Office Equipment, Printers & Other	Computers & Office Equipments	5
Hotel IT Equipments	Hotel IT Equipments	5 to 10
Office Furniture	Furniture & Fixtures	7
Hotel Furnitures	Hotel Furnitures	7 to 15
Vehicles	Vehicles	7
Equipments & Machineries - Office	Equipments & Machineries	7
Equipments & Machineries - Hotel	Equipments & Machineries	7 to 25

4.3 Change in Accounting Estimate:

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly, are not corrections of errors.

4.4 De-recognition:

An item of Property, Plant and Equipment is de-recognized on disposal or when no future economic benefits are expected from the use of that asset. The gain or loss arising from the disposal of an item of Property, Plant and Equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognized in the statement of profit and loss.

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the Year ended Asadh 31, 2081 (July 15, 2024)

4.5 Revaluation of Land

Land under Property, Plant & Equipment has been revalued at its Fair Market Value based on the valuation report of Sustainable Infrastructure Development Engineering Consultancy Pvt. Ltd. dated July 14th, 2024. Revaluation Gain has been presented separately under Reserve & Surplus net of deferred tax arising on it.

4.6 Capital Work in Progress:

The expenditure incurred in

acquisition and installation of Hotel equipments till the date of commissioning or civil works under construction till the date of completion is recognized as Capital works-in-progress. Equipment are capitalized upon commissioning and civil works are capitalized upon handing over after being capable of being used.

Borrowing Costs for the qualifying assets are recognised under Capital work in progress and apportioned to the respective assets proportionately at the time of Capitalization.

5. Intangible Assets

Particulars	Computer Softwares	Others	Total
Cost			
Gross Block As on July 16, 2023	44,277,495.45	-	44,277,495.45
Additions	-	-	-
Revaluation Surplus of Intangible Assets	-	-	-
Transfer	-	-	-
Revaluation & Adjustments	-	-	-
Disposals/Adjustments	-	-	-
Gross Block As on July 15, 2024	44,277,495.45	-	44,277,495.45
Accumulated Amortisation			
Accumulated Balance As on July 16, 2023	6,734,782.36	-	6,734,782.36
Charge for the year	4,424,499.45	-	4,424,499.45
Adjustment due to Revaluations & others	-	-	-
Impairment Losses	-	-	-
Transfer to PPE	-	-	-
Disposals/Adjustments	-	-	-
Accumulated Depreciation as on July 15, 2024	11,159,281.81	-	11,159,281.81
Net Block			
As on July 15, 2024	33,118,213.64	-	33,118,213.64
As on July 16, 2023	37,542,713.09	-	37,542,713.09

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

Recognition, Measurement & Amortization:

Intangible assets are recognised on the basis of costs incurred to acquire and bring to use the specific software and the asset created is expected to provide future economic benefits where it is probable that it will generate future economic benefits in excess of its cost. Computer software cost are ammortised on the basis of expected useful life which is estimated as 10 years (to be reviewed periodically). Costs associated with maintaining software are recognised as and expenses as and when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In

the event that an asset's carrying amount is determined to be greater than its recoverable amount, the assets is written down immediately.

Software & Licence cost are ammortised on the basis of expected useful life which is estimated as 5 years (to be reviewed periodically). Costs associated with maintaining software are recognised as an expenses when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the assets is written down immediately.

6. Investment Propoerty

Particulars	Land	Freehold Buildings	Equipment & Machineries	Total
Cost				
Gross Block As on July 16, 2023	32,427,516.11	344,530,514.71	18,040,174.12	394,998,204.94
Additions	-	-	-	-
Revaluation Surplus of IP	-	-	-	-
Transfer from PPE	-	-	-	-
Revaluation & Adjustments	-	-	-	-
Disposals/Adjustments	-	-	-	-
Gross Block As on July 15, 2024	32,427,516.11	344,530,514.71	18,040,174.12	394,998,204.94
Depreciation & Impairment Losses				
Acumulated Balance As on July 16, 2023	-	23,363,527.55	3,608,034.82	26,971,562.37
Charge for the year	-	8,613,262.87	1,202,678.28	9,815,941.15
Adjustment due to Revaluations & others	-	-	-	-
Impairment Losses	-	-	-	-
Transfer from PPE	-	-	-	-
Disposals/Adjustments	-	-	-	-
Accumulated Depreciation as on July 15, 2024	-	31,976,790.42	4,810,713.10	36,787,503.52
Net Block				
As on July 15, 2024	32,427,516.11	312,553,724.29	13,229,461.02	358,210,701.42
As on July 16, 2023	32,427,516.11	321,166,987.16	14,432,139.30	368,026,642.57

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

6.1 Recognition & Measurement

Investment Properties are initially measured at cost in the Statement of Financial Position and are inclusive of all cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable for each class of assets. Investment Properties are recognized as an asset, if and only if 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.

Cost includes the purchase price and other directly attributable costs of Property, Plant and Equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. If an item of Property, Investment Property

consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NFRS are expensed as and when incurred.

The entity applies the Cost Model for Investment Property.

6.2 Depreciation:

The depreciation period is based on the expected useful life of an asset. Depreciation on items of Investment Property is provided on the straight-line method based on the estimated useful life of the assets determined by the management. Depreciation on additions to IP is provided on pro-rata basis in the year of purchase. The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates are accounted for as a change in accounting estimates in accordance with NAS 8. If an item of Investment Property consist of several components with different useful lives, those components that are significant are depreciated over their individual useful life.

The estimated useful lives of assets are as follows:

Particulars	Class of assets	Estimated Useful Life (Years)
Building	Building	40
Air Conditioners	Equipment & Machinerics	15
Lift	Equipment & Machinerics	15

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

6.3 Change in Accounting Estimate:

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly, are not corrections of errors.

6.4 De-recognition:

An item of Investment Property is de-recognized on disposal or when the investment property is permanently withdrawn from use and when no future economic benefits are expected from its disposal. The gain or loss arising from the disposal of an item of Property, Plant and Equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognized in the statement of profit and loss.

7. Taxation:

Income Tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the Statement of Profit or Loss except to the extent that it relates to items recognized directly to equity.

7.1 Income Tax Rate Applicable to the Company:

The company is a tourism industry and normal applicable tax rate is

25%. The company has been listed on NEPSE and as per Section 11 of Income Tax Act, tax rebate of 15% on applicable tax rate is allowed to the tourism industry listed in stock exchange. Accordingly effective future Tax Rate is 21.25%.

7.2 Current Income Tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the Statement of Financial Position date. Provision for Current Tax has not been made in view of taxable losses during the year.

7.3 Deferred Tax Assets

Deferred tax assets are recognized for unused tax losses and taxable temporary difference to the extent that it is probable that taxable profit will be available against which the losses can be utilized. 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. Such changes are reflected in the assumptions when they occur.

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

Deferred tax in the current year is calculated on temporary differences using the effective future tax rate of 21.25%. Deferred tax assets have been recognized in respect of all tax losses and other temporary differences giving rise to deferred tax

assets where the management believe it is probable that these assets will be recovered. In case of the Revaluation of land during the year Company has recognized Deferred tax Liability at the company tax rate of 21.25%.

7.3.1 Deferred Tax Asset

Particulars	As on July 15, 2024	As on July 16, 2023
Origination and reversal of temporary differences	34,014,979.77	
Total	34,014,979.77	-

7.3.2 Deferred Tax Liability

Particulars	As on July 15, 2024	As on July 16, 2023
Origination and reversal of temporary differences		6,768,931.86
Total	-	6,768,931.86

FY 2080/81

Particulars	Carrying Amount	Tax Base	Taxble Temporary Diff
Property, Plant & Equipment and IP	5,061,368,801.74	4,608,964,783.05	(452,404,018.69)
Taxable Carry Forward Losses	-	1,136,979,733.43	1,136,979,733.43
Leave Payable (Provision for Expenses to be claimed on actual basis)	(1,356,200.95)	-	1,356,200.95
Lease Liabilities	47,675,233.68		47,675,233.68
Total Temporary Difference (assets)			733,607,149.37
Deferred Tax Asset PL		21.25%	155,891,519.24
Opening Deferred Tax Assets/(Liability)			103,551,498.23
Deferred Tax (Income) / Expenses Charged to PL			52,340,021.01
Revaluation Reserve as on 15th July 2024	573,536,656.33		(573,536,656.33)
Deferred Tax Asset / (Liability)		21.25%	(121,876,539.47)
Opening Deferred Tax Assets/(Liability)			(110,320,430.09)
Deferred Tax (Income) / Expenses Charged to OCI			(11,556,109.38)



CITY HOTEL



Kathmandu

City Hotel Limited
Significant Accounting Policies and Explanatory Notes
For the year ended on Asadh 31, 2081 (July 15, 2024)

FY 2079/80

Particulars	Carrying Amount	Tax Base	Temporary Diff
Property, Plant & Equipment and IP	5,040,463,207.21	4,714,980,703.76	(325,482,503.46)
Taxable Carry Forward Losses		760,709,933.22	760,709,933.22
Leave Payable (Provision for Expenses to be claimed on actual basis)	(1,196,275.73)	-	1,196,275.73
Lease Liabilities	50,877,462.67		50,877,462.67
Total Temporary Difference assets / (Liability)			487,301,168.16
Tax Rate		21.25%	103,551,498.23
Opening Deferred Tax Assets/(Liability)			24,395,153.41
Deferred Tax (Income) / Expenses Charged to PL			79,156,344.82
Revaluation Reserve as on 16th July 2022	467,345,493.67	-	(467,345,493.67)
Deferred Tax Asset / (Liability)		21.25%	(99,310,917.40)
Deferred Tax (Income) / Expenses Charged to OCI - Prior Period			(99,310,917.40)
Revaluation Reserve as on 16th July 2023	51,809,471.47	-	(51,809,471.47)
Deferred Tax (Income) / Expenses Charged to OCI		21.25%	(11,009,512.69)
Revaluation Reserve net of taxes for FY 79/80			40,799,958.78

City Hotel Limited
Significant Accounting Policies and Explanatory Notes
For the year ended on Asadh 31, 2081 (July 15, 2024)

8. Other Assets

8.1 Other Assets - Non Current

Particulars	As on July 15, 2024	As on July 16, 2023
Advance to Vendors & Contractors	27,733,279.81	21,402,694.55
L/C & TT (NET)	5,253,135.91	4,280,376.51
Total	32,986,415.72	25,683,071.06

Advance to Vendors & Contractors

Advance provided to Vendors/Contractors against works relating to Capital Nature are classified under this group.

Advances - LC's and TT's

Advance against LC's and TT's provided for works relating to Capital Nature are classified under this group.

8.2. Prepayments

Particulars	As on July 15, 2024	As on July 16, 2023
Prepaid Expenses	4,780,002.98	3,707,060.01
Total	4,780,002.98	3,707,060.01

8.3. Other Assets - Current

Particulars	As on July 15, 2024	As on July 16, 2023
Income Tax Receivables	10,354,462.55	3,698,984.40
Advance to Suppliers	506,231.25	724,572.02
Deposits	297,000.00	297,000.00
VAT Receivable	192,303,969.62	227,693,311.98
Staff Advances	3,680,521.99	5,391,916.71
Total	207,142,185.41	237,805,785.11

Income Tax Receivables:

The advance income tax represents the Installment tax paid and Tax deducted at source by parties & Banks which will be adjustable against Income Tax Liabilities.

VAT Receivable:

VAT Receivable is the Input VAT credit paid on the purchase of goods/services adjusted with output vat collected on sales.

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

9. Inventories

Particulars	As on July 15, 2024	As on July 16, 2023
Inventory related to Operations	7,117,530.09	6,267,839.13
Total	7,117,530.09	6,267,839.13

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 estimated cost of completion and the necessary estimated expenses. The cost of obsolescence and

other anticipated losses are also considered for determining the net realizable values.

The cost of Inventory related to operations are determined on FIFO method and includes expenditure incurred directly in acquiring the inventories and bringing them to their present location and condition.

10. Cash and Cash Equivalents

Particulars	As on July 15, 2024	As on July 16, 2023
Cash in hand	775,091.38	1,086,353.82
Balances with Banks		
Siddhartha Bank Limited (001-06463620)	532,741.63	144,687.42
RBB Current Account - 1850100000055001	373,696.75	261,558.27
Global IME Bank Ltd.(Call)-07511010001837	2,947.08	2,947.08
Nepal Bank Ltd-0020010700340900001	1,000.02	1,381.64
Nepal SBI Bank Ltd (22525240200199)	45,199.44	30,277.11
NIFRA-00100100000048000001	6,287.79	85,994.60
Sanima Bank A/c No.0010100100002174	502,134.66	20,571.95
Global IME Bank - 7501010001443	1,089,025.66	2,894,753.14
Global IME Bank-10101010000198	51,055.49	-
Himalayan Bank Collection - 00306161260028 NPR	4,079,788.54	3,679,285.49
Himalayan Bank Call - 00306161260018 USD	7,456,998.68	6,523,724.26
NMB Bank Account	590,938.38	-
Nabil Bank Account	451,795.07	
Total	15,958,700.57	14,731,534.78

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

10.1 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 or less from the date of transaction is considered as cash equivalent.

10.2 Balances with banks includes balances in all current and call accounts of the company. Balances in foreign currency are translated at the exchange rate prevailing at the reporting date and any

gain/loss is charged to Statement of profit or loss.

11 Trade Receivables

For allowances, assets with a potential need for a write-down are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment, and written-down, if necessary. Estimated irrecoverable amounts are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences.

Particulars	As on July 15, 2024	As on July 16, 2023
Sundry Debtors:		
Unsecured, Considered Good	51,799,522.37	23,133,068.69
Less: Provision for Doubtful Debts	-	-
Total	51,799,522.37	23,133,068.69

11.1 Impairment

For allowances, assets with a potential need for a write-down are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment, and

written-down, if necessary. Estimated irrecoverable amounts are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences.

City Hotel Limited

Statement of Changes in Equity

For the year ended on Asadh 31, 2081 (July 15, 2024)

12. Share Capital

Particulars	As on July 15, 2024	As on July 16, 2023
Authorised:		
50,000,000 equity shares of 100 each (Previous Year 20,000,000 equity shares of 100 each)	5,000,000,000.00	2,000,000,000.00
Issued		
16,740,000 equity shares of 100 each	1,674,000,000.00	1,674,000,000.00
Paid up		
15,066,000 Promoter Equity shares of 100 each	1,506,600,000.00	1,506,600,000.00
1,674,000 Public Equity Shares of 100 each	167,400,000.00	167,400,000.00
Total	1,674,000,000.00	1,674,000,000.00

12.1 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.

12.2 The shareholding pattern of the company is as follows:

Shareholder's Name	As on July 15, 2024	As on July 16, 2023
Akshay Golyan	284,443,600.00	284,443,600.00
Kumud Golyan	336,250,000.00	336,250,000.00
Surabhi Golyan	271,480,000.00	271,480,000.00
Shakti Kumar Golyan	487,806,400.00	487,806,400.00
Basu Dev Golyan	100,640,000.00	100,640,000.00
Kamlesh Kumar Aggrawal	20,000,000.00	20,000,000.00
Pawan Kumar Golyan	3,480,000.00	3,480,000.00
Harischandra Subedi	2,500,000.00	2,500,000.00
Public Equity Share	167,400,000.00	167,400,000.00
Total	1,674,000,000.00	1,674,000,000.00

12.3. Reconciliation of the number of equity shares outstanding at the beginning and end of the year:

Particulars	Amount	Nos of Shares
Total Shares outstanding at 17-07-2023	1,674,000,000.00	16,740,000
Add: Shares issued during the year	-	-
Total Shares outstanding at 15-07-2024	1,674,000,000.00	16,740,000

City Hotel Limited

Statement of Changes in Equity

For the year ended on Asadh 31, 2081 (July 15, 2024)

13. Share Application Money

Particulars	As on July 15, 2024	As on July 16, 2023
Share Application Money		-
Total	-	-

14. Other Equity

Particulars	As on July 15, 2024	As on July 16, 2023
A. Retained Earnings		
Upto Last Year	(473,068,690.74)	(190,968,293.45)
Add: For the Year	(203,224,990.17)	(272,220,455.19)
Less: Transfer to FF & E Replacement Reserve	(12,869,580.00)	(9,907,588.35)
Add: Utilization of FFNE for Assets Purchase	2,801,900.57	27,646.25
Sub Total	(686,361,360.34)	(473,068,690.74)
B. Revaluation Reserve:		
Upto Last Year	408,834,535.05	467,345,493.67
Add: Prior Period Adjustment		(99,310,917.40)
Add: For the Year	42,825,581.81	40,799,958.78
Sub Total	451,660,116.86	408,834,535.05
C. FF & E Replacement Reserve		
Upto Last Year	13,388,277.96	3,508,335.86
Add: For the Year	12,869,580.00	9,907,588.35
Less : FFNE Reserve Use for Purchase for the year	(2,801,900.57)	(27,646.25)
Sub Total	23,455,957.39	13,388,277.96
Total (A+B+C)	(211,245,286.08)	(50,845,877.73)

14.1 Revaluation of Land under PPE:

Land under Property, Plant & Equipment has been revalued at its Fair Market Value based on the valuation report of Sustainable Infrastructure Development Engineering Consultancy Pvt. Ltd. Revaluation Gain has been presented under Revaluation Reserve. In the current year Revaluation gain on land of Rs. 42,825,581.81/- net of taxes has been recognised.

14.2 The hotel transfers a fixed percentage of gross revenue from retained earnings to FF&E Replacement Reserve. This reserve can only be used for the replacement/renovation of Hotel property.

14.3 Prior period adjustment pertains to deferred tax liability recognized on revaluation surplus of land in the prior years.

City Hotel Limited

Statement of Changes in Equity

For the year ended on Asadh 31, 2081 (July 15, 2024)

Financial Liabilities

15. Long Term Borrowings

Particulars	As on July 15, 2024	As on July 16, 2023
Secured loan		
Bridge Gap Loan (15.1)	77,057,480.44	219,912,122.38
Term Loan (15.2)	3,112,896,468.84	2,909,236,444.08
Total	3,189,953,949.28	3,129,148,566.46

15.1. Bridge Gap Loan

Particulars	As on July 15, 2024	As on July 16, 2023
Bridge Gap Loan- NIFRA	77,057,480.44	162,585,966.50
Bridge Gap Loan -Import GIBL	-	57,326,155.88
Total	77,057,480.44	219,912,122.38

15.2 Term Loan

Particulars	As on July 15, 2024	As on July 16, 2023
Term Loan- Global IME Bank	907,617,628.23	909,933,819.93
Term Loan - Nepal SBI Bank	495,232,400.00	470,066,508.80
Term Loan-RBB	146,706,333.03	147,028,137.03
Term Loan - Sanima Bank	495,232,399.68	496,119,524.68
Term Loan - Nepal Bank Ltd	453,011,400.00	433,219,600.20
Term Loan - Siddhartha Bank	245,102,060.00	223,262,822.63
Term Loan - NIFRA	375,925,047.90	239,170,983.81
Short Term Loan -Global IME Bank	40,000,000.00	-
Less: Current Maturity of Long term loan	(45,930,800.00)	(9,564,953.00)
Total	3,112,896,468.84	2,909,236,444.08

16. Lease Liabilities

16.1 Non-Current

Particulars	As on July 15, 2024	As on July 16, 2023
Maturing more than 12 Months	43,911,592.06	47,675,233.69
Sub Total	43,911,592.06	47,675,233.69

City Hotel Limited

Statement of Changes in Equity

For the year ended on Asadh 31, 2081 (July 15, 2024)

16.2 Current:

Particulars	As on July 15, 2024	As on July 16, 2023
Maturing within 12 Months	3,763,641.62	3,202,228.78
Sub Total	3,763,641.62	3,202,228.78
Total	47,675,233.68	50,877,462.46

17. Other Non Current Liabilities

Particulars	As on July 15, 2024	As on July 16, 2023
Retention Money Payable	3,001,564.72	5,476,457.16
Security Deposit - Rank Entertainment Holding	15,518,088.00	15,518,088.00
Total	18,519,652.72	20,994,545.16

18. Trade Payables

Particulars	As on July 15, 2024	As on July 16, 2023
Sundry Creditors	72,563,930.16	58,002,354.26
Other Accrued Payables	13,506,315.96	17,031,150.21
Total	86,070,246.12	75,033,504.47

Trade & Other Payables:

The trade payables are non interest bearing. The Payables that are to be settled within a year is classified as current liabilities.

19. Short Term Borrowings

Particulars	As on July 15, 2024	As on July 16, 2023
Current Maturity of Long term Borrowings	45,930,800.00	9,564,953.00
Global IME Bank Ltd-7501010000295	18,728,320.89	42,958,184.66
Global IME Bank - 7501010015020	12,153,730.66	7,141,151.28
Total	76,812,851.55	59,664,288.94

20. Other Liabilities - Current

Particulars	As on July 15, 2024	As on July 16, 2023
Audit Fee Payable	174,336.28	123,125.00
Retirement Benefits Payable	915,924.84	746,749.65
Staff Payable	731,893.72	1,382,511.21
VAT Payable under RCM	3,393,761.87	2,013,195.83
Withholding Taxes	3,055,230.24	1,079,418.25
Waiter Tips Payable	38,367.34	31,758.79



City Hotel Limited

Statement of Changes in Equity

For the year ended on Asadh 31, 2081 (July 15, 2024)

Luxury Tax Payable	977,433.06	-
Guest Deposits	2,377,929.98	1,175,613.12
Other Payable	299,072,250.00	76,500.00
Interest Payable	222,644,364.05	379,521,272.52
Total	533,381,491.38	386,150,144.37

20.1 The Interest Payable are the deferred interest payable by the company. The Interest is deferred utilizing the relaxation / facility provided by Nepal Rastra Bank to the Hotel Industry.

20.2 Provisions are recognized when the company has a present obligation, legal or constructive, as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of obligation

20.3 Withholding Taxes:

Withholding taxes includes tax

deducted at source by the company on various payments as required under Income Tax Act and which are payable within next month of deduction.

20.4 Retirement Benefits Payable

Retirement benefits payable includes the monthly contribution in Social Security Fund on behalf of both employer and employee

20.5 Other Payable

Other Payable includes advances received from directors as disclosed under note 30.4



CITY HOTEL



Kathmandu

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

21. Revenue from Operations

Particulars	For the year ended July 15, 2024	For the year ended July 16, 2023
Room Revenue	342,212,232.56	277,329,925.71
Food & Beverage Revenue	153,167,079.29	179,874,695.68
Other Operating revenue	8,851,720.86	10,822,358.83
Service Charge Revenue	-	5,124,175.01
Total	504,231,032.71	473,151,155.23

21.1 Revenue Recognition:

The Company is involved in the hotel and restaurant service. Its revenue mainly comprises of income from Room services, Food & beverage etc. The revenue is governed by NFRS 15 unless indicated otherwise.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at fair value of the consideration received or receivable net of Value added tax, Luxury Tax & Discount. The bases of Income recognition are as below:

21.2 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 Luxury Tax

22. Miscellaneous Income

Particulars	For the year ended July 15, 2024	For the year ended July 16, 2023
Rental Income from Investment Property	77,235,811.39	26,013,140.03
Shop Rent	783,698.75	1,961,352.48
Interest Income	190,868.21	7,600.70
Other Income	15,000.00	469,377.62
Profit on sale of Land	-	7,246,238.21
Currency Exchange Gain	(30,157.57)	885,264.12
Total	78,195,220.78	36,582,973.16

22.1 Interest Income:

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

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

22.2 Rental Income:

Rental income is recognized on accrual basis as per contract / agreement.

23. Cost of Goods Sold

Particulars	For the year ended July 15, 2024	For the year ended July 16, 2023
Food & Beverage cost	71,738,630.71	77,677,158.49
Other Direct Cost	1,214,148.75	1,836,985.17
Other Operating cost	51,758,116.40	49,274,779.23
Total	124,710,895.86	128,788,922.89

24. Employee Cost:

24.1 Short term benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus, if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

24.2 Post Employment Benefits:

24.2.1 Social Security Fund

Contributions for social security fund are deposited monthly to the Employee's account at Social Security Fund. The social Security fund is in the nature of Defined Contribution Plan whereby there are no further obligations of the Company except the monthly contributions made to the Fund. Contributions made to the Fund are recognised as expense on accrual basis.

Total contribution under SSF is 31% of the basic salary as per the prevailing Labor laws. Out of the total contribution 20% is contribution from the company and 11% is the contribution of employees.

24.2.2 Leave Encashment

The employees of the company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at the end of the financial year or at retirement or termination of employment. The company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The company measures the expected cost of compensated absences as the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at the end of the



CITY HOTEL



City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

reporting period. The company recognises accumulated compensated absences based on accrual basis. Non-accumulating compensated absences are recognised in the period in which the absences occur.

24.3 Employee Cost

Particulars	For the year ended July 15, 2024	For the year ended July 16, 2023
Salary Cost	60,183,460.89	57,858,564.48
Allowances	26,204,234.06	14,049,538.13
Defined Contribution Plan Cost	4,460,557.67	4,449,668.88
Employee Meal	10,598,905.29	10,485,580.58
Other Benefits	844,619.85	745,835.00
Total	102,291,777.76	87,589,187.07



City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

25. Brand Operator Fees

Particulars	For the year ended July 15, 2024	For the year ended July 16, 2023
Hyatt Management Fee - Basic	5,074,600.15	4,160,850.29
Hyatt Management Fee - Incentive	10,479,538.17	8,691,931.93
Hyatt Management Fee - License	4,040,151.67	3,963,036.44
Total	19,594,289.99	16,815,818.66

Brand Operator Fees are booked on the basis of Management Service, Licence & Royalty Agreement, which includes Base Fee, Licence Fee & Incentive Fee.

26. Administrative & Operating Expenses

Particulars	For the year ended July 15, 2024	For the year ended July 16, 2023
Other Operating Expenses		
Heat Light and Power	45,143,129.45	52,246,690.75
Card Commission	4,483,886.36	4,810,073.10
Agency Commission	12,141,142.57	11,284,119.54
Software License Renewal	10,027,921.23	8,432,214.01
Selling & Business promotion expense		
Selling & Marketing	12,377,755.90	11,458,195.67
Business Promotion	11,578,682.61	6,792,366.06
Tour & Travelling	2,785,359.94	2,678,739.00
Other General & Administration expenses		
Training & Development	1,186,679.59	506,976.07
Audit fee	176,991.15	125,000.00
Consultancy Expenses	927,039.88	175,000.00
Bank Charge	619,734.43	570,295.30
Board Meeting Allowances	360,000.00	280,000.00
Rating Fee	335,240.00	323,240.00
Corporate Social Expenses	324,000.00	104,000.00
Insurance Expenses	11,118,535.30	13,319,748.02
Office Expenses	523,333.56	364,286.14
Administration & General	2,456,470.19	2,603,247.02
Printing & Stationery	822,281.51	569,464.37
Puja Expenses	-	23,275.00
Rates & Taxes	5,561,967.23	2,251,549.67
Renewal & Registration	842,178.11	902,333.67
Repair & Maintenance	7,191,190.75	7,397,546.94
Telephone & Mobile	-	1,109.00
Total	130,983,519.76	127,219,469.33

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

27. IPO issue related expenses

Particulars	For the year ended July 15, 2024	For the year ended July 16, 2023
Initial Public Offering Expenses	-	6,685,115.80
Total	-	6,685,115.80

28. Finance Cost

Particulars	For the year ended July 15, 2024	For the year ended July 16, 2023
Interest of Term Loan	322,370,174.05	348,273,225.80
Interest on Lease Liabilities	4,947,771.22	5147385.482
Total	327,317,945.27	353,420,611.28

28.1 Borrowing Cost that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for intended use or sale.

28.2 Finance costs comprises of interest on Term Loan which has been proportionately used for construction of Property Plant & Equipments, Investment property and Interest

on Lease liabilities. Interest bearing borrowings are recognised initially at cost, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using effective interest method assuming to be bank interest rate.



City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

Earnings Per Share

Particulars	For the year ended July 15, 2024	For the year ended July 16, 2023
Numerator		
Net Profit/(Loss) for the year	(203,224,990.17)	(272,220,455.19)
Denominator (Weighted Avg No. of Shares)		
Basic	16,740,000	15,336,592
Diluted	16,740,000	15,336,592
Earning Per Share (in NRs) (Face Value Rs 100/- each)		
Basic	(12.14)	(17.75)
Diluted	(12.14)	(17.75)

Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares.

29. Contingent Liabilities & Capital Commitment

29.1 Contingent Liabilities

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

29.1.1 Bank Guarantee has been

provided to the Department of Customs for obtaining EXIM Code. As at the reporting date the guarantee amount is NPR 300,000

29.2 Commitment

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets. These amounts are not recorded in the statement of financial position since the company has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that we are committed to pay.

30. Related Party Transactions

30.1 Relationship

"The company identified related parties on the following lines

- 1 Shareholders having shareholding of 5% or more during the year.

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

- 2 Companies represented by the Directors.
- 3 Directors and their relatives
- 4 Key management personnel and their relatives"

30.2 Transactions with Directors & Key Management Personnel

During the year neither any directors nor any key management personnel nor any associate or family member (relative) of the directors and key management personnel was indebted to the company.

There have no material transactions or proposed transactions with directors

and key management personnel or their relatives and associates except for the share application money received as per the act and regulations.

30.3 Those charged with Governance

Those charged with governance include the Board of Directors of the Company.

Board members are paid Rs. 10,000 per meeting as meeting fee for attending each meeting of Board. Meeting fee paid to members of Board for attending Board meetings during the year amounts to Rs. 0.30 million (previous year Rs. 0.28 Million).

30.4 Other Related Party Transaction and Balances

Revenue From Related Parties:	Amount (NPR)
Sales Revenue from Westar Properties Ltd.	145,898.36
Rental Income from Westar Galaxy Trading Pvt. Ltd.	4,540,800.00
Sales Revenue from Westar Galaxy Trading Pvt Ltd.	7,039,012.90
Sales Revenue from Veda Hospitality Pvt. Ltd	65,616.60
Sales Revenue from Tricot Industries Pvt. Ltd.	430,607.33
Sales Revenue from Nexus Engineering Consultancy And Construction Pvt. Ltd.	3,106,272.73
Sales Revenue from Janata Agro & Forestry Limited	352,752.24
Sales Revenue from Golyan Tower Pvt. Ltd	90,610.10
Sales Revenue from Golyan Agro Pvt. Ltd.	1,254.60
Sales Revenue from Elevate Energy Pvt Ltd	703,400.86
Sales Revenue from Apollo Energy Pvt. Ltd	448,049.39
Purchase from Related Parties:	Amount (NPR)
Consultancy Fee paid to Westar Galaxy Trading Pvt Ltd	448,213.00
Purchase from Tricot Industries Ltd	144,788.22
Purchase from Golyan Agro Pvt. Ltd.	145,452.68

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

Amount Receivable/(Payable) from Related Parties:	Amount (NPR)
Westar Properties Ltd.	162,523.56
Westar Galaxy Trading Pvt Ltd.	(37,352.50)
Tricot Industries Pvt. Ltd.	53,915.13
Nexus Engineering Consultancy And Construction Pvt. Ltd.	475,258.17
Janata Agro & Forestry Limited	100,829.45
Golyan Agro Pvt Ltd	(165,658.12)
Elevate Energy Pvt Ltd	102.63
Amount Receivable / (Payable) from Directors/ Shareholders	Amount (NPR)
Akshay Golyan	(237,000,000.00)
Surabhi Golyan	(62,000,000.00)

Advance from Directors has been taken for the payment of interest as per the meeting of Board of directors dated 2081/10/25. Company has not paid any interest on these advances.

31. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's Capital commitments and construction of the hotel project. The company has not started the operations as on the Financial Statement date, hence the company do not have the financial assets except bank balances.

"The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below."

31.1 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."

31.2 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 case of impact on tourism sector, it may have impact of company debtors' ability to pay the company within

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

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."

31.3 Liquidity risk

The Company monitors its risk to a shortage of funds on a regular basis through fund forecast. The Company's objective is to maintain a balance between continuity of funding through equity and flexibility through use of bank loans. Access to sources of funding is sufficient."

31.4 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 borrowings. The Company manages its interest rate risk by negotiating with highly reputed commercial banks.

31.5 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's payable in foreign currency. The company manages its foreign currency risk by quoting its tariff and collecting some portion of its revenue in USD. The Company manages its foreign currency risk by not holding the payables in foreign currencies for shorter duration."

31.6 Operational Risk

The Company has been managed by the International Hotel chain brand Hyatt. They have prepared and implemented various Standard Operating Procedures (SOPs) in the form of clear cut delegation of authority for the activities, guidelines regulations etc. Company believes that the controls implemented by the company have minimized the operational risk to acceptably low level. The brand also carries out Control Self Assessment at reasonable interval."

32. Lease:

32.1 Movement in Lease liability during the year:

Particulars	As at Ashad 31, 2081
Opening Balance	50,877,462.46
Add: Recognised during the year	-
Add: Interest accrued during the year	4,947,771.22
Less: Payment of Lease Liabilities	(8,150,000.00)
Less: Derecognition during the year	-
Closing Balance	47,675,233.68

City Hotel Limited

Significant Accounting Policies and Explanatory Notes

For the year ended on Asadh 31, 2081 (July 15, 2024)

32.2 Maturity Analysis

Particulars	As at Ashad 31, 2081
Less than one year	3,202,228.78
One to five years	28,230,026.38
More tha Five years	19,445,207.51
Total	50,877,462.67

32.3 Amount recognized in Statement of Profit or loss:

Particulars	As at Ashad 31, 2081
Interest Payment on Lease Liabilities in Finance Cost	4,947,771.22
Lease Payments charged in Administrative Epenses	-
Total	4,947,771.22

32.4 Amount recognized in Statement of Cash Flows:

Particulars	As at Ashad 31, 2081
Cash Outflow for Lease Liabiity	8,150,000.00
Cash Outflow for operating lease	-
Total	8,150,000.00

33. Others

33.1. Bonus Provision:

Provision for Bonus has not been made in view of losses incurred during the year.

33.2 Provision for CSR:

Provision of CSR under Section 48 of

Industrial Enterprises Act has not been done in view of losses incurred during the Year.

34 Regrouping and Round off:

Figures have been regrouped and rearranged so as to facilitate comparison. Insignificant rounding off differences may exist.



Notes



CITY HOTEL

City Hotel Limited

Office: Chinnalata Chowk, Soalteemode, Kathmandu Metropolitan City-13, Nepal
Site: Chinnalata Chowk, Soalteemode, Kathmandu Metropolitan City-13, Nepal
T: +977(1)5617200. **M:** +977 9801099716. **F:** +977(1)4287041. **E:** info@cityhotel.com.np