

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BETAN KARNALI SANCHAYAKARTA HYDROPOWER COMPANY LIMITED

Opinion

We have audited the accompanying financial statements of M/S Betan Karnali Sanchayakarta Hydropower Company Limited, which comprise the Statement of Financial Position as at 31st Ashad 2081, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

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

Basis of Opinion

We conducted our audit in accordance with Nepal Standard on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ICAN's *Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's *Handbook of Code of Ethics for Professional Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of Financial Statements of current period. These matters were addressed in the context of our audit of the Financial Statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for other information. The other information comprises the information included in the Annual Report and Report of Board of Directors, but not includes 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 in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is material misstatement of the other information, 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 is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

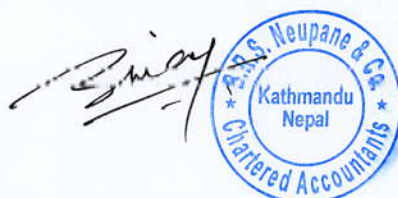
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit is conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and access the risks of material misstatement of 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 the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern; and



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

Based on our examination of the financial statements as per Company's Act, we report that:

- a) 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.
- b) The accounts and records of the Company have been maintained as required by law and practice in a manner to reflect the real affairs of the Company.
- c) The statement of financial position, statement of financial performance and the statement of cash flow dealt with by this report are in agreement with the books of account of the Company.
- d) In our opinion and to the best of our information and according to explanations given to us, the Board of Directors, the representative or any employee of the Company has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the company deliberately or acted in a manner that would jeopardized the interest and security of the Company and the business of the Company appears to have been conducted satisfactorily.


CA. Binay Prakash Shrestha
Partner



UDIN : 241204CA00116YUyBK

Place: Kathmandu

Date: 16 Mangsir 2081 (1st December 2024)

Betan Karnali Sanchayakarta Hydropower Company Limited

Durbarmarg, Kathmandu

FINANCIAL STATEMENTS F/Y 2080/81

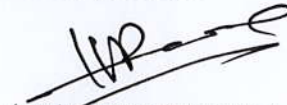
Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu

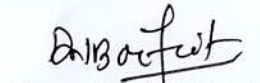
STATEMENT OF FINANCIAL POSITION
As at 31st Asadh, 2081

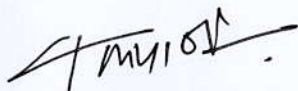
Particulars	Note	As at 31st Asadh, 2081	Amounts in Nepalese Rupees As at 31st Asadh 2080
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	5.1	18,124,801	19,367,149
Rights To use Assets	5.1	14,034,897	
Intangible Assets	5.2	675,339,160	541,877,252
Deferred Tax Assets	5.3	-	-
Total Non- Current Assets		707,498,857	561,244,401
Current Assets			
Financial Assets:			
Cash and cash equivalents	5.4	270,022,996	330,422,482
Other Financial Assets	5.5	-	19,090
Other Current Assets	5.6	3,689,328	7,658,957
Total Current Assets		273,712,324	338,100,528
Total Assets		981,211,181	899,344,929
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	5.7	980,000,000	980,000,000
Reserves and Surplus	5.8	(34,905,605)	(108,839,293)
Total Equity		945,094,395	871,160,707
Liabilities			
Non-Current Liabilities			
Leave Encashment Liabilities	5.9	4,910,754	2,359,004
Deferred Tax Liabilities	5.10	-	-
Lease Liability	5.11	10,521,103	
Total Non-Current Liabilities		15,431,857	2,359,004
Current Liabilities			
Financial Liabilities	5.12	6,518,043	12,995,277
Short Term Employee Benefit	5.13	-	-
Other Current Liabilities and Provisions	5.14	14,166,886	12,829,941
Total Current Liabilities		20,684,929	25,825,218
Total Liabilities		36,116,786	28,184,222
Total Equity and Liabilities		981,211,181	899,344,929

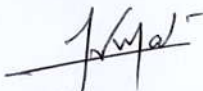
The accompanying notes are integral part of these financial statements


(Shashi Tiwari)
Accounts Officer

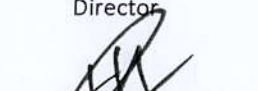

(Krishna Prasad Acharya)
Managing Director


(Durga Nanda Bariyait)
Director


(Dr. Kalyanraj Sharma)
Director

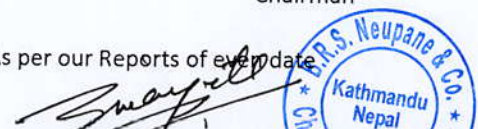

(Jeetendra Dhital)
Director


(Dr. Hari Prasad Adhikari)
Director


(Hari Sharan Pudasaini)
Director


(Deepak Thapa)
Chairman

As per our Reports of even date


CA. Binay Prakash Shrestha
Partner



Dated: 1st December, 2024

B.R.S. Neupane & Company, Chartered Accountants

Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu

STATEMENT OF PROFIT OR LOSS
31st Asadh, 2081

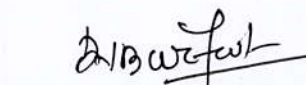
Amounts in Nepalese Rupees

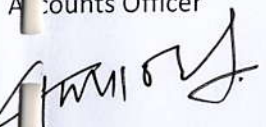
Particulars	Notes	Current Year	Previous Year
Revenue (Construction)	5.15	133,464,740	93,193,656
Cost of Sales (Construction)	5.16	(133,464,740)	(93,193,656)
Gross Profit		-	-
Other Income	5.17	-	57,436
Administrative and Operating Expenses	5.18	(27,645,626)	(26,578,484)
Profit from Operation		(27,645,626)	(26,521,048)
Finance Income	5.19	16,430,979	32,214,479
Finance Cost	5.20	(1,003)	(770)
Finance Cost (Lease Financial Charges)	5.20	(1,617,482)	
Profit Before Tax		(12,833,132)	5,692,660
Income Tax Expense			
Tax Expenses	5.21	(3,376,540)	(7,345,299)
Deferred Tax (Expenses)/Income		-	
Profit for the Year		(16,209,672)	(1,652,639)
Earnings per equity share of Rs. 100 each			
Basic earnings per share		(1.65)	(0.17)
Diluted earnings per share		(1.65)	(0.17)

The accompanying notes are integral part of these financial statements


(Shashi Tiwari)
Accounts Officer


(Krishna Prasad Acharya)
Managing Director


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Director


(Dr. Kalyanraj Sharma)
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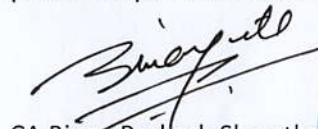

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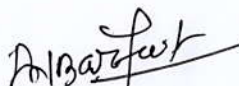
STATEMENT OF OTHER COMPREHENSIVE INCOME
31st Asadh, 2081

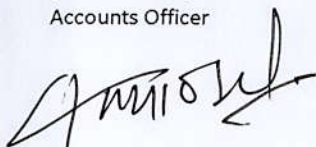
Particulars	Notes	Amounts in Nepalese Rupees	
		Current Year	Previous Year
Profit for the Year		(16,209,672)	(1,652,639)
Other Comprehensive Income			
Other comprehensive Income not to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive gains/(losses) for the Year		-	-
Total comprehensive gains/(losses) for the Year		(16,209,672)	(1,652,639)

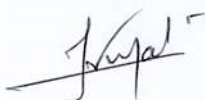
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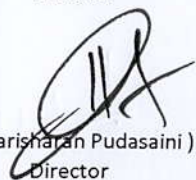

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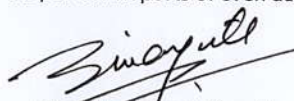

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Dated: 1st December, 2024

Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu

STATEMENTS OF CASH FLOW

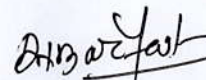
31st Asadh, 2081

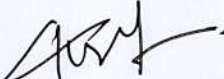
Particulars	Amounts in Nepalese Rupees	
	Current Year	Previous Year
CASH FLOWS FROM OPEARATING ACTIVITIES		
Profit/(loss) for the Year	(16,209,672)	(1,652,639)
Adjustments for:		
Depreciation, amortisation and Impairment	5,627,812	2,379,382
Interest Income	(16,430,979)	(32,214,479)
Adjustment for Changes in Employee Benefits	13,072,853	373,743
Adjustment for Changes in Working Capital		
(Increase)/ decrease in Current Assets	3,988,718	364,665
Increase/ (decrease) in Current Liabilities, and Provisions	85,003,071	7,072,350
Cash Generated from Operations	75,051,804	(23,676,978)
Bonus Paid	-	-
Income Tax paid	-	-
NET CASH FLOWS FROM OPEARATING ACTIVITIES	75,051,804	(23,676,978)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	(18,417,528)	(75,000)
Work In Progress (Project Expenditure)	-	-
Acquisition of Intangible Assets	(133,464,740)	(93,193,656)
Interest Income	16,430,979	32,214,479
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(135,451,290)	(61,054,177)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of share capital	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net Increase in Cash and Cash equivalents	(60,399,486)	(84,731,156)
Cash and Cash equivalents at the Beginning of the period	330,422,482	415,153,637
Cash and Cash equivalents at the end of the period	270,022,996	330,422,481

The accompanying notes are integral part of these financial statements

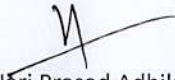

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Accounts Officer

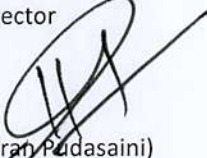

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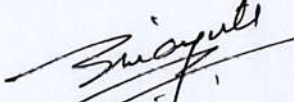

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(Hari Sharan Pudasaini)
Director


(Deepak Thapa)
Chairman

As per our Reports of even date


CA Binay Prakash Shrestha
Partner



Dated: 1st December, 2024

B.R.S. Neupane & Company, Chartered Accountants

Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu

STATEMENT OF CHANGES IN EQUITY
F.Y. 2080/81

Amounts in Nepalese Rupees

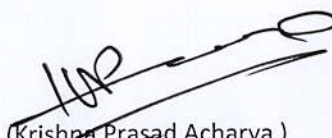
Particulars	Equity Share capital	Retained earnings	Total
Balance as at 1st Shrawan 2079	980,000,000	(107,186,654)	(107,186,654)
Profit/(Loss) for the Period	-	(1,652,639)	(1,652,639)
Other comprehensive Income	-	-	-
Total Comprehensive Income	-	(1,652,639)	(1,652,639)
Issue of Share Capital	-	-	-
Share Issue Cost	-	-	-
Balance as at 31st Ashad 2080	980,000,000	(108,839,293)	(108,839,293)
Adjustment in opening balance	-	90,143,360	90,143,360
Profit/(Loss) for the Period	-	(16,209,672)	(16,209,672)
Other comprehensive Income	-	-	-
Total Comprehensive Income	-	(16,209,672)	(16,209,672)
Issue of Share Capital	-	-	-
Share Issue Cost	-	-	-
Balance as at 31st Asadh 2081	980,000,000	(34,905,605)	(34,905,605)

The accompanying notes are integral part of these financial statements



Hashi Tiwari)

Accounts Officer



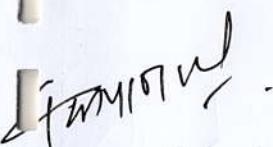
(Krishna Prasad Acharya)

Managing Director



(Durga Nanda Bariyait)

Director



(Dr. Kalyanraj Sharma)

Director



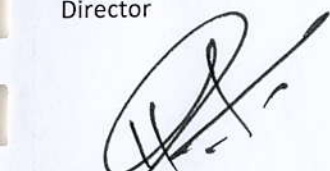
(Jeetendra Dhital)

Director



(Dr. Hari Prasad Adhikari)

Director



Hari Sharan Pudasaini)

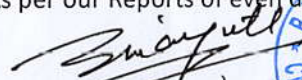
Director



(Deepak Thapa)

Chairman

As per our Reports of even date



CA Binay Prakash Shrestha

Partner

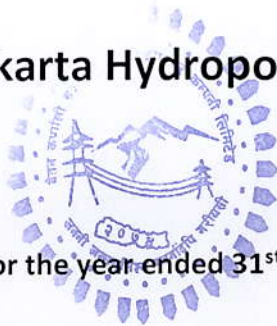


Dated: 1st December, 2024

B.R.S. Neupane & Company, Chartered Accountants

Betan Karnali Sanchayakarta Hydropower Company Ltd.

Durbarmarg, Kathmandu



Notes to the Financial Statements for the year ended 31st Ashad, 2081

1. Corporate Information

1.1 Background

Betan Karnali Sanchayakarta Hydropower Company Limited (the Company) is a public limited company incorporated under the Company Act, 2063 of Nepal on 2074/03/29 (13th July, 2017) with registration number 168131/073/074. The prime objective of the company is to construct, develop, operate and manage Hydropower Projects. The Registered address of the company is at Durbarmarg, Kathmandu. The Promoter Shareholder consists the Contributors of Employees Provident Fund (40%), Employees Provident Fund (15%), Vidhyut Utpadan Company Limited (10%) and Nepal Electricity Authority (10%). The Company has provisions for shares for the general public (13%), project affected local (10%) and the people classified as members of Ati Bippanna Pariwar (2%).

The Company has obtained the Survey License of Betan Karnali Hydroelectricity Project from The Ministry of Energy on 2074/02/07 with license number Bi. Bi. Bi. 073/74 Bi. U. Sa. 820 to conduct the feasibility survey.

The Company has completed the Detailed Engineering Study (DES) through its consultants NEA Engineering Company Limited has initiated various pre-construction activities. These include Access Road, Test Adit Tunnel Construction, Basic Camp House Construction, Land Acquisition process and EOI for International Consultants. The Company has also applied for Generation License and PPA with NEA and is making financial arrangements with financial institutions for the project construction.

1.2 Financial Statements

The Financial Statement of the company for the year ended 31st Ashad, 2081 comprises:

- Statement of Financial Position
- Statement of Profit or Loss
- Statement of Other Comprehensive Income
- Statement of Cash Flows
- Statement of Changes in Equity
- Notes to the Financial Statements and Significant Accounting Policies of the Company

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July 4, 2018

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1.3 Principal Activities and Operations

The principal activity of the company is to generate and sell hydroelectricity to Nepal Electricity Authority.

1.4 Responsibility for Financial Statements

The Board of Directors is responsible for the fair preparation and presentation of financial statements of the company as per the provisions of the Companies Act, 2063, in accordance with Nepal Financial Reporting Standard (NFRS).

1.5 Approval of Financial Statements by Directors

The accompanied Financial Statements have been authorized by the Board of Directors vide its resolution dated 1st December, 2024 and recommended for its approval by the Annual General Meeting of the shareholders.

1.6 Reporting Period of the Financial Statements

The accompanying financial statements were prepared and presented for fiscal year 2080/81 B.S. (2023/24 A.D.) and covers the period from 1st Shrawan, 2080 to 31st Ashadh, 2081 B.S. corresponding from 17th July 2023 to 15th July 2024. Comparative reporting period figures have been restated/reclassified wherever necessary by the standards/regulations and/or for better presentation.

2. Basis of Preparation and measurement

2.1 Basis of preparation

The financial statements have been prepared on accrual and going concern basis, which assumes that the company will run for the foreseeable future. The accounting policies are applied consistently to all the period presented in the financial statements. All assets and liabilities are classified as current or non-current. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.2 Statement of Compliance

The accompanying financial statements has been prepared in accordance with the applicable Nepal Financial Reporting Standard (NFRS) as pronounced by the Institute of Chartered Accountants of Nepal (ICAN) and the financial statement has also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.



2.3 Functional and Presentation Currency

The financial statements are presented in functional and presentation currency of the company i.e. Nepalese Rupee ("NPR") which is the currency of the primary economic environment in which the company operates. Financial information is presented in Nepalese Rupees, and rounded off to the nearest rupee.

2.4 Basis of Measurement

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

3. Significant Accounting Estimates, Judgments and Assumptions

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year primarily includes:

3.1 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Company's ability to continue as a going concern and do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements are prepared on going concern assumption.

3.2 Useful Life and Residual Value of Property, Plant and Equipment

Management reviews the useful life and residual values of property, plant and equipment at least once a year. Such life is dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the management.



3.3 Impairment of Property, Plant and Equipment

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

3.4 Contingencies

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

3.5 Fair Value Measurements

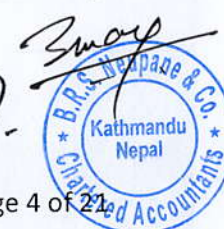
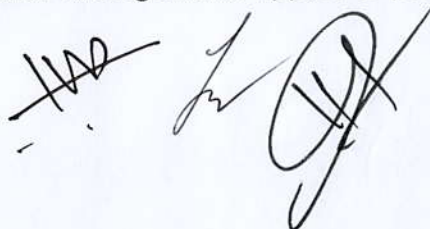
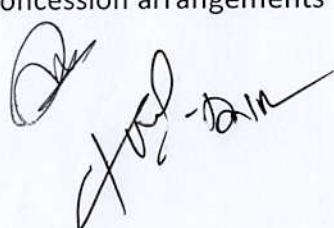
Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable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

3.6 Recognition of Deferred Tax Asset Deferred Tax Liability

Significant management judgment is required to determine the amount of deferred tax asset and deferred tax liability 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 are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

3.7 Service Concession Arrangements

Under IFRIC 12 – Service Concession Arrangements applies to public-to-private service concession arrangements if:



- 
- a) The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what prices, and
 - b) The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement, and
 - c) Is the infrastructure constructed or acquired by the operator from a third party for the purpose of the service arrangement OR is the infrastructure existing infrastructure of the grantor to which the operator is given access for the purpose of the service arrangement.

4. Significant Accounting Policies

4.1 Property, Plant and Equipment

Items of property, plant and equipment are initially recognized at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

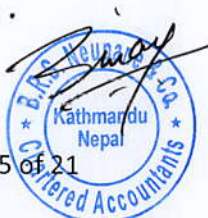
Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognized in profit or loss.

The carrying amount of any component accounted for as separate assets are derecognized when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company has adopted cost model for property, plant & equipment. Carrying amount of assets has been assumed as fair value.

4.2 Depreciation

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



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Depreciation has been computed on WDV Method. The estimate useful lives for the assets are as follows:

Assets	Life
Leasehold Developments	10 years
Building	50 years
Office Equipment	10 years
Metal Furniture	10 years
Vehicles	15 years
Computer and Printer	6 years
Generator	10 years
Battery	3 years
Other Assets	3 to 10 years

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the statement of comprehensive income (e.g. through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

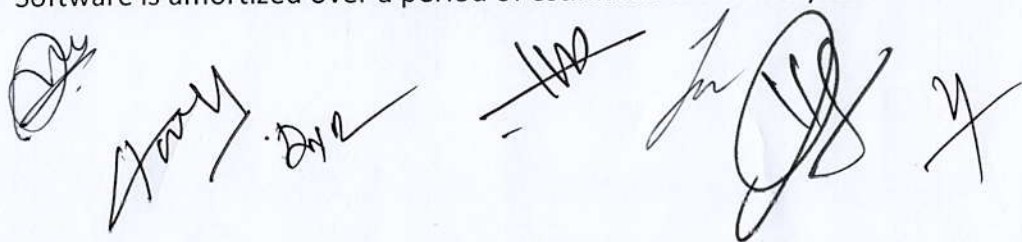
4.3 Intangible Assets

Intangible assets that the Company controls and from which it expects future economic benefits are capitalized upon acquisition and initially measured at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g., licenses) or the likelihood of technical, technological obsolescence (e.g., computer software). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight-line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

Software is amortized over a period of estimated life of five years.



All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit or Loss and Other Comprehensive Income. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and/or impairment losses.

Intangible assets include computer application and service concession arrangements (in accordance with IFRIC 12).

Intangible asset (computer application) includes the cost of computer application development including software, direct charges for labor, materials, contracted services and borrowing costs as per NAS 23.

Service concession arrangements of the Company includes Project Work in Progress of Betan Karnali Hydroelectric Project (439 MW as per the Feasibility License). Service concession arrangements are amortized over the contractual period as per the Power Purchase Agreement (PPA) that will be done between the Company and Nepal Electricity Authority (NEA). Amortization shall start once the projects starts its commercial operation of electricity. The details of Intangible Assets (Service Concession Arrangements) is shown in the following table:

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Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080	Expenditure during the Year
Detail Engineering Study	228,424,341	228,424,341	-
Detail Engineering Study (1st Intallment Capitalization)	90,153,740		90,153,740
Environmental Impact Assessment	19,553,520	15,642,816	3,910,704
Initial Env. Examination (33KV)	1,942,753	1,942,753	-
Initial Env. Examination (400KV)	2,498,289	2,498,289	-
Hydraulic Physical Modelling	17,901,121	7,671,909	10,229,212
Public Consultation & Stakeholder Engagement	632,228	148,073	484,155
Construction Power Study License (33KV & 400Kv)	260,000	260,000	-
Power Purchase Agreement Fee	360,000	360,000	-
Generation Licence Deposits	4,000,000	4,000,000	-
Construction License Deposits (400kv)	4,000,000	-	4,000,000
Lagani Board Application Payments	150,000	150,000	-
PPA Grid Impact Study	350,000	350,000	-
Transmission Line License Deposits	750,000	750,000	-
Survey License Fees	16,063,014	16,063,014	-
Track Opening (Achham & Surkhet)	47,139,923	41,464,762	5,675,161
Basic Camp House	10,361,570	10,361,570	-
Camp House Evaluation	133,210	133,210	-
Campsite Compensation Expenses	50,000	50,000	-
Temporary Campsite Land Rent	1,056,000	660,000	396,000
Procesing at Land Revenue & Survey Exp	2,482,511	2,223,757	258,754
Rent(Drilling Core Box Storage)	136,110	89,444	46,667
Test Adit Tunnel Construction	140,393,682	140,393,682	-
Test Adit Tunnel Supervision Costs	23,484,030	23,484,030	-
WIP Tunnel (Evaluation Committee Allowance)	340,183	340,183	-
Land rent (Test Adit Purpose)	1,188,000	990,000	198,000
Land Rent Dhakari (Storage & Others)	1,237,500	907,500	330,000
Sub Committee Allowance	3,623,000	2,860,000	763,000
EOI Evaluation Meeting Expenses- International Cons	77,748	30,686	47,062
RFP Preparation Meeting Expenses-International Co	22,181	22,181	-
Grid Connection Expenses (Allowances Paid)	89,100		89,100
Consultancy Fee	1,142,290	1,118,290	24,000
Cost Update and What If Ananlysis Cost	1,493,157	-	1,493,157
Garmin GPS equipment	38,420	38,420	-
Notice & Publications	3,411,486	3,093,368	318,118
Site Visit Accessories	290,257	288,357	1,900
Corporate Social Responsibility	600,000	600,000	-
Other Field Investigations	10,896,069	4,955,058	5,941,011
Project Site Internet Installation & Communication Expenses	3,221,065	2,339,665	881,400
Other Operational Expenses (Kitchen Accessories & Fuel, Repair & Maintenance)	749,172	545,612	203,560
CampHouse Property Insurance	28,580	28,580	-
Project Site Insurance Expenses	174,373	122,068	52,305
Computers And Printers Project Site	237,305	237,305	-
Furniture & Fixture (Project Site)	3,490,979	3,490,979	-
OfficeEquipments Project Site	132,450	132,450	-
33kV Transmission Line Review	729,734	729,734	-
Project Employee Costs:			
Staff Salary	12,124,279	9,187,314	2,936,965
Staff Allowances	11,057,275	7,686,981	3,370,294
Field Allowances	2,153,293	1,499,869	653,424
Provident Fund Contribution	1,212,428	918,732	293,696
Uniform Allowance Expenses	375,000	300,000	75,000
Festival Allowance	948,575	708,217	240,358
Contribution to Gratuity Fund	989,297	806,359	182,938
Medical Allowance	978,595	763,535	215,060
Total Project Work In Progress	675,327,830	541,863,090	133,464,740

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Service Concession Arrangements

IFRIC 12 on Service Concession Arrangements provides that the operator's right over the infrastructure assets cannot be recognized as property, plant and equipment (PPE) of the operator.

This interpretation applies to public-to-private service concession arrangements if:

- (a) The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- (b) The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.
- (c) Is the infrastructure constructed or acquired by the operator from a third party for the purpose of the service arrangement OR is the infrastructure existing infrastructure of the grantor to which the operator is given access for the purpose of the service arrangement

Infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole of life assets) is within the scope of this Interpretation, if the above conditions are satisfied.

The consideration received by the operator is recognized at fair value. Consideration may result in the recognition of a financial asset or an intangible asset.

(i) Recognition as a Financial Asset

The financial asset model is used when the Company, being an operator, has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. Unconditional contractual right is established when the grantor contractually guarantees to pay the operator (a) specific or determinable amount; (b) the shortfall, if any, between amounts received from the users of the public services and specified or determinable amounts.

(ii) Recognition as an Intangible Asset

The intangible asset model is used to the extent that the Company, being an operator, receives a right (a license) to charge users of the public service. A right to charge users of a public services is not an unconditional right to receive cash because the amounts are contingent on to the extent that public uses the services. Both type of arrangements may exist within a single contract to the extent that the grantor has given an unconditional





guarantee of payment for the construction and the operation i.e. considered as a financial asset and to the extent that the operator has to rely on the public using the service in order to obtain payment, the operation has an intangible asset.

The Company manages concession arrangements which will include power supply from its hydro power plant namely Betan Karnali Hydroelectric Project (439 MW as per the Feasibility License). The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the services to be provided to the public user through Nepal Electricity Authority. The right to consideration gives rise to an intangible asset and accordingly, the intangible asset models is applied.

4.4 Financial Instruments

4.4.1 Recognition of Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

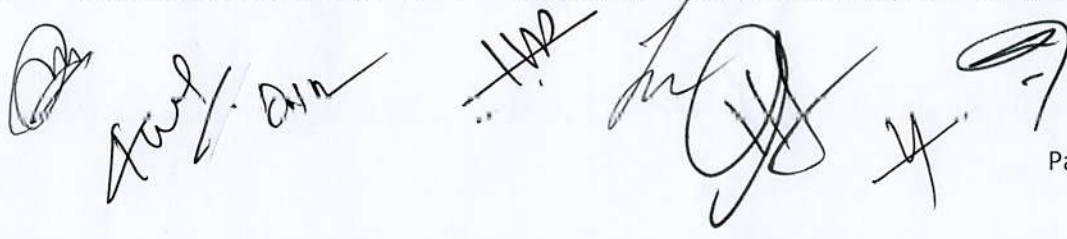
4.4.2 Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income/expense arising on financial instruments after applying an effective interest rate is recognized in Statement of Profit and Loss and is included in the "Other finance income" or "Other finance cost" line item. For calculating EIR, risk free interest rate of 10% p.a. has been considered.

4.4.3 Financial Assets

4.4.3.1 Financial Assets at Amortized Cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



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4.4.3.2 Financial Assets Measured at Fair Value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company, in respect of equity investments which are not held for trading, has made an irrevocable election to present in other comprehensive income for subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

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

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

4.4.3.3 Impairment of Financial Assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

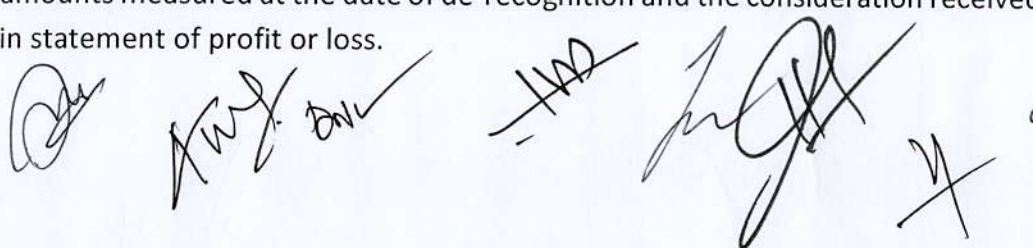
4.4.3.4 De-recognition of Financial Assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under NFRS 9.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

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

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







4.4.4 Financial Liabilities and Equity Instruments

4.4.4.1 Classification as Debt or Equity

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

4.4.4.2 Equity Instruments

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

4.4.4.3 Financial Liabilities

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

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

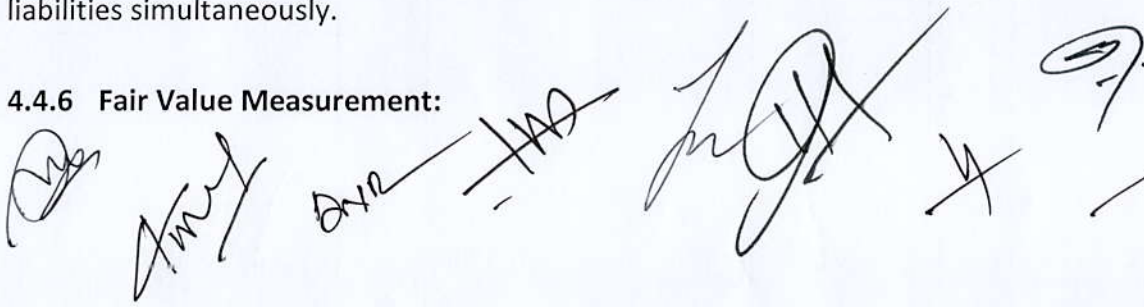
4.4.4.4 De-recognition of Financial Liability

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

4.4.5 Off-Setting of Financial Instruments

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

4.4.6 Fair Value Measurement:





The Company measures financial instruments, such as, investment in equity instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

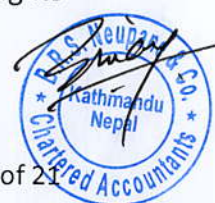
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.5 Leases

NFRS 16 – Leases has introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its



obligation to make lease payments. The company has applied NFRS 16 effective from FY 2080-81.

Opening Right to use assets and Lease Liability is computed by discounting the future lease payments using incremental borrowing rate of the company and additional of initial charges, if any. Right to use assets is depreciated over the lease period i.e. 5 Years. Interest charge on lease is included as expenses. The disclosure of future lease payment as at 31 Ashad 2081 is as follows:

Lease Payment Period	Payable Amount (NRS)
Within One year	4,320,000.00
More than 1 year	10,521,102.98

Lease liability for payment more than 1 year has been included under non-current liability and for payment within 1 year has been included under current liability.

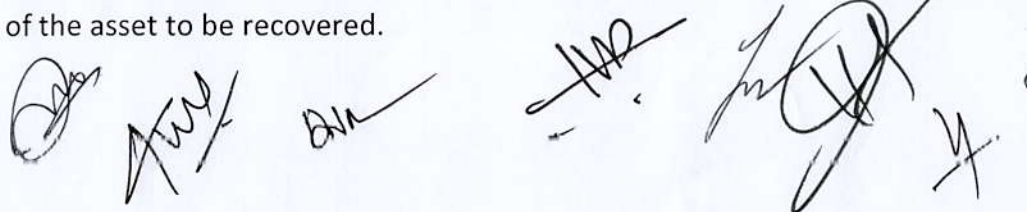
4.5 Taxation

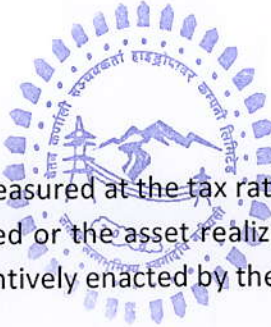
As per Nepal Accounting Standard- NAS 12 (Income Taxes) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income.

Current Tax: Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.





Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Currently deferred tax liabilities on fixed assets are not recognized as hydropower companies are eligible for tax concessions after commercial operations as per Nepal Income Tax Act, 2058.

4.6 Provision and Contingencies

In accordance with Nepal Accounting Standards (NAS) 37- Provisions, Contingent Liabilities and Contingent Assets, a provision is required to be recognized where there is a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which are uncertain. The company has made provisions for all those obligations meeting the definition contained in NAS 37.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

4.7 Earnings Per Share

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

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



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shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, as per **NAS 33- Earning Per Share**.

Particulars	FY 2080/81	FY 2079/80
Profit Attributable to ordinary Shareholders	(16,209,672)	(1,652,639)
Weighted average number of Ordinary Shares	9,800,000	9,800,000
Basic Earnings per Ordinary Share (NPR)	(1.65)	(0.17)

4.8 Inventories

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

4.9 Cash and Cash Equivalents

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

4.10 Borrowing Cost

As per NAS 23, Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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

4.11 Revenue recognition

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a) Construction Revenue (Service Concession Arrangement)

The Company has recorded revenue of NPR 133,464,740.00 representing revenue from construction activities carried out with respect to creation of project assets during the year, which is based on forecasted cost as per IFRIC 12.

b) Construction Cost (Service Concession Arrangement)

The construction cost represents aggregate of cost incurred for creation of project assets during the reporting period.

The details of the Construction Revenue and Construction Cost recorded with respect to the creation of Project Assets is as follows:

Particulars	FY 2080-81	FY 2079-80
	NPR	NPR
Construction Revenue (Refer Note 5.15)	133,464,740	93,193,656
Construction Cost (Refer Note 5.15)	(133,464,740)	(93,193,656)
Construction Service Mark Up	-	-

c) Sale of Electricity

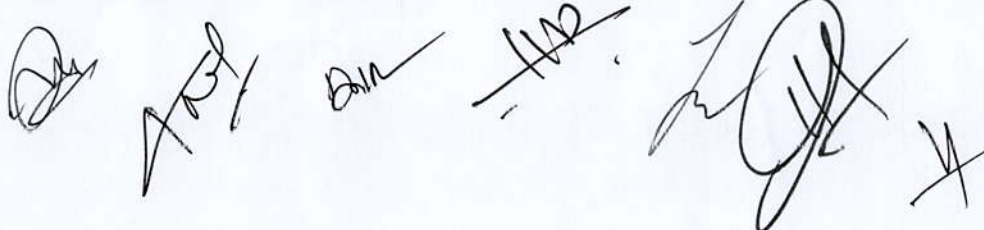
NFRS 15 provides new guidance on revenue recognition and establishes principles to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue from contracts with customers. The core principle of NFRS 15 is that an entity recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. Under NFRS 15, entities follow a five-step model framework to (1) identify the contract with a customer, (2) identify the separate performance obligations, (3) determine the transaction price, (4) allocate the transaction price, and (5) when to recognize revenue. The company is in construction phase, hence revenue from sale has not been recognized.

d) Other Services

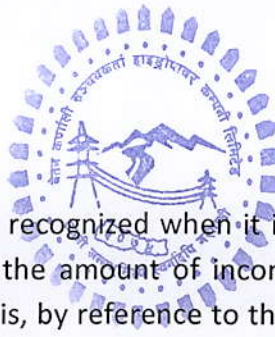
Fees from other services (except sale of electricity) are to be accounted on accrual basis as and when the right to receive arises.

e) Dividend Income

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







f) Interest Income

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

4.12 Government Grants and Grant Aid in Reserve

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

4.13 Employment Benefits

Defined Contribution Plan:

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contribution into a separate institution (or own fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits). The Company has the schemes of defined contribution plan of employment benefits namely provident fund, employee gratuity and accumulated leave as per employee service manual. These employee benefits are complied with employee service manual of the company and in line with Labor Act, 2074. The contribution payable by the employer to a defined contribution plan in proportion to the services rendered to the Company by the employees is recorded as an expense under 'Personnel expenses' as and when they become due. Unpaid contributions, if any, are recorded as a liability under 'Other liabilities'.

a) Defined Contribution Plan – Provident Fund:

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or constructive obligation to pay additional sums. Contributions to defined contribution schemes (Provident Fund) are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions. Contributions to defined contribution schemes are deposited with Employees Provident Fund.



b) Defined Contribution Plan – Gratuity Fund

As per the provision of Labor Act, 2074 enacted and effective from 19th Bhadra, 2074, gratuity plan has been converted into contribution plan from defined benefit plan. Contribution for gratuity needs to be deposited on monthly basis to the separate Social Security Fund. Total gratuity obligation calculated as per previous labor act till the transition date also needs to be deposited to the Social Security Fund.

Defined Benefit Plan:

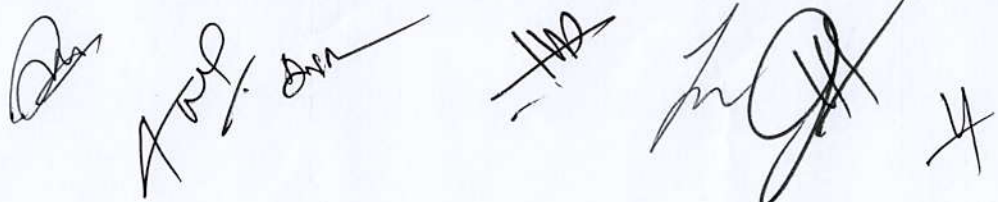
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, leave encashment has been considered as defined benefit plans as per Nepal Accounting Standards – NAS 19 (Employee Benefits). Those employee benefits which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.

4.14 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity 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 and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim is to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary, adjust, its capital structure. 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 the years ended 31st Ashad, 2081. During the Fiscal Year 2079/80, as per the decision of the 129th Board Meeting of the Company, paid up capital recorded as capital contributions paid by Sanchayakarta (Ka-2) has been transferred and recorded as capital contributions of Sanchayakosh (Ka-1). This has resulted in decrease of capital contributions by Sanchayakarta by NPR 28 Crs. and increase of capital contributions by Sanchayakosh by the same amount.





4.15 Segment reporting

The managing director and functional managers of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by NFRS 8, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators, however the Company is primarily engaged in only one segment viz., "Generation and Sale of electricity" and that most of the operations are in Nepal. Hence the Company does not have any reportable segments as per NFRS 8 "Operating Segments".

4.16 Staff Bonus

A 2% bonus on electricity income in line with the provisions of the Electricity Act, 2049, and 10% bonus on income from other sources as per Bonus Act, 2030 shall be provided once the company starts generating revenue from electricity generation.

4.17 Events after the Reporting Period

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the financial statements.

4.18 Related Party Transactions

Related parties of an entity represent parent company, major shareholders, associated companies, directors and key management personnel of the group, and companies of which they are principal owners. The names of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of NAS 24- 'Related Party Disclosures'.

Key management personnel refer to the person who have authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The Company carries out transactions in the ordinary course of business with the parties who are defined as related parties in the NAS 24 (Related Party Disclosures), the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the company and is comparable with what is applied to transactions between the company and its unrelated customers.

Related party transactions also include transaction with entities that are controlled, joint ventures or significantly influenced directly by any key management personnel or their close family members.



Board of Directors as at 31st Ashad, 2081

Name	Representing	Position
Mr. Deepak Thapa	KSK- On Behalf Of Sanchayakarta	Chairman
Mr. Janak raj Sharma	KSK- On Behalf Of Sanchayakarta	Director
Dr. Hari Prasad Adhikari	KSK- On Behalf Of Sanchayakarta	Director
Mr. Jeetendra Dhital	Karmachari Sanchaya Kosh (KSK)	Director
Dr. Kalyan Raj Sharma	Vidyut Utpadan Company Limited (VUCL)	Director
Mr. Durga Nanda Bariyait	Nepal Electricity Authority (NEA)	Director
Mr. Krishna Prasad Acharya	Independent Member (Finance)	Managing Director

Transactions with Key Managerial Personnel (KMPs)

According to Nepal Accounting Standard - NAS 24 (Related Party Disclosures) Key Managerial Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Such KMPs include the Board of Directors of the Company (including both Executive and Non-Executive Directors), key employees who are holding directorship in subsidiary companies of the Company.

Close Family Members (CFM) of the KMPs are those family members who may be expected to influence or be influenced by that KMPs in their dealing with the entity. They may include KMPs domestic partner and children of the KMPs domestic partner and dependents of the KMPs and the KMPs domestic partner.

Compensation for Board Meetings (provide individual details)

Particulars	2080/81	2079/80
Allowances provided to Board Members (Meeting Fee including Board & Sub-Committee Fee)	18,18,000	1,393,000
Other expenses related to Board Meeting	129,049	128,453

Remuneration to Managing Director

Particulars	2080/81	2079/80
Gross Salary & Benefits	30,48,926	41,73,105
Meeting Allowance (Board & Sub-Committees)	2,80,000	1,68,000

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Betan Karnali Sanchayakarta Hydropower Company Ltd
Durbarmarg, Kathmandu

Notes forming part of the Financial Statements
F.Y. 2080-81

Note 5.1 Property, Plant and Equipment

Amounts in Nepalese Rupees

	Right to Use Assets	Plant & Machineries	Leasehold Developments	Office Equipments	Computer and Printer	Furniture and Fixtures	Vehicles	Total
Gross Value								
Balance as at 1st Shrawan, 2080		-	4,006,354	1,475,602	2,177,969	1,821,528	21,243,462	30,723,914
Additions Until Ashad End, 2081	17,543,621.42	-	39,107	94,999	-	-	739,800	18,417,528
Acquired through Business combination	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance as at 31st Aadh, 2081	17,543,621	-	4,044,461	1,570,601	2,177,969	1,821,528	21,983,262	49,141,442
Depreciation and Impairment Losses								
Rate of Depreciation								
Balance as at 1st Shrawan, 2080		-	1,304,372	863,662	1,729,586	1,040,053	6,419,091	11,356,765
Charge for F/Y 2080/81	3,508,724.28	-	273,066	136,379	176,231	160,728	1,369,851	5,624,980
Acquired through Business combination	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance as at 31st Aadh, 2081	3,508,724	-	1,577,438	1,000,041	1,905,818	1,200,781	7,788,942	16,981,744
Net Carrying Amount:								
At 31st Asadh, 2081	14,034,897	-	2,467,023	570,560	272,151	620,747	14,194,319	32,159,698
At 1st Shrawan, 2080	-	-	2,700,982	611,939	448,383	781,475	14,824,370	19,367,149

All property, plant and equipments are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred. Rights to use assets have been calculated for the new lease of Company Head Office premises for 5 years according to NFRS accounting treatment.





Note 5.2 Intangibles

Intangible assets include computer application and Service Concession Arrangements (in accordance with IFRIC 12). Service concession arrangements will be amortized over the contractual period as per the Power Purchase Agreement (PPA) that will be done between the Company and Nepal Electricity Authority (NEA).

Company appointed NEA engineering Company as consultant to carryout the feasibility study of Betan Karnali Hydropower Project. The Company has already obtained Detail Engineering Study Report and the project is technically feasible, financially viable and operationally sound. Hence, cost associated with the survey of the project is accounted under Project work-in-progress. In addition to the survey, the Company has also finalised pre-construction activities such as Adit Tunnel, Access Road, Campsite Temporary Building Construction works and project related study works. Costs of such pre-construction activities are also accounted as capital expenditure and recorded and presented under capital work-in-progress.

In this regard, 1st Installation (IPC) of Detailed Engineering Study paid to the Consultants NEA Engineering Limited on the Financial Year 2076/77 amounting to Rs 9,01,53,740.00 has been re-grouped in Fiscal Year 2080/81 and included in WIP resulting in an increase in Reserves & Surplus for the same amount.

Particulars	Software	Service Concession Arrangement	Total
Gross Value			
Balance as at 1st Shrawan 2080	36,160	541,863,090	541,899,250
Additions during the year	-	133,464,740	133,464,740
Acquired through Business combination	-	-	-
Revaluation	-	-	-
Disposals	-	-	-
Balance as at 30th Chaitra, 2080	36,160	675,327,830	675,363,990
Amortization and Impairment Losses			
Rate of Amortization			
Balance as at 1 Shrawan 2080	21,998	-	21,998
Charge for the year	2,832	-	2,832
Acquired through Business combination	-	-	-
Revaluation	-	-	-
Disposals	-	-	-
Balance as at 30th Chaitra, 2080	24,830	-	24,830
Net Carrying Amount:			
At 31st Asadh, 2081	11,330	675,327,830	675,339,160
At 31st Ashad, 2080	14,162	448,669,434	448,683,596

Note 5.2.1 Service Concession Arrangement (Capital WIP)

Company appointed NEA engineering Company as consultant to carryout the feasibility study of Betan Karnali Hydropower Project. The Company has already obtained Detail Engineering Study Report and the project is technically feasible, financially viable and operationally sound. Hence, cost associated with the survey of the project is accounted under Project work-in-progress. In addition to the survey, the Company has also finalised pre-construction activities such as Adit Tunnel, Access Road, Campsite Temporary Building Construction works and project related study works. Costs of such pre-construction activities are also accounted as capital expenditure and recorded and presented under capital work-in-progress. Accordingly, 1st Installation (IPC) of Detailed Engineering Study paid to the Consultants NEA Engineering Limited on the Financial Year 2076/77 amounting to Rs 9,01,53,740.00 has been re-grouped in Fiscal Year 2080/81 and included in WIP resulting in an increase in Reserves & Surplus for the same amount.

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080	Expenditure during the Year
Betan Karnali Hydroelectric Project (BKHEP)	675,327,830	541,863,090	133,464,740
Total	675,327,830	541,863,090	133,464,740



Betan Karnali Sanchayakanta Hydropower Company Ltd.
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Details of Capital WIP

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080	Expenditure during the Year
Detail Engineering Study	228,424,341	228,424,341	-
Detail Engineering Study (1st Intallment Capitalization)	90,153,740		90,153,740
Environmental Impact Assessment	19,553,520	15,642,816	3,910,704
Initial Env. Examination (33KV)	1,942,753	1,942,753	-
Initial Env. Examination (400KV)	2,498,289	2,498,289	-
Hydraulic Physical Modelling	17,901,121	7,671,909	10,229,212
Public Consultation & Stakeholder Engagement	632,228	148,073	484,155
Construction Power Study License (33KV & 400Kv)	260,000	260,000	-
Power Purchase Agreement Fee	360,000	360,000	-
Generation Licence Deposits	4,000,000	4,000,000	-
Construction License Deposits (400kv)	4,000,000	-	4,000,000
Lagani Board Application Payments	150,000	150,000	-
PPA Grid Impact Study	350,000	350,000	-
Transmission Line License Deposits	750,000	750,000	-
Survey License Fees	16,063,014	16,063,014	-
Track Opening (Achham & Surkhet)	47,139,923	41,464,762	5,675,161
Basic Camp House	10,361,570	10,361,570	-
Camp House Evaluation	133,210	133,210	-
Campsite Compensation Expenses	50,000	50,000	-
Temporary Campsite Land Rent	1,056,000	660,000	396,000
Procesing at Land Revenue & Survey Exp	2,482,511	2,223,757	258,754
Rent(Drilling Core Box Storage)	136,110	89,444	46,667
Test Adit Tunnel Construction	140,393,682	140,393,682	-
Test Adit Tunnel Supervision Costs	23,484,030	23,484,030	-
WIP Tunnel (Evaluation Committee Allowance)	340,183	340,183	-
Land rent (Test Adit Purpose)	1,188,000	990,000	198,000
Land Rent Dhakari (Storage & Others)	1,237,500	907,500	330,000
Sub Committee Allowance	3,623,000	2,860,000	763,000
EOI Evaluation Meeting Expenses- International Consultants	77,748	30,686	47,062
RFP Preparation Meeting Expenses-International Consultants	22,181	22,181	-
Grid Connection Expenses (Allowances Paid)	89,100		89,100
Consultancy Fee	1,142,290	1,118,290	24,000
Cost Update and What If Ananlysis Cost	1,493,157	-	1,493,157
Garmin GPS equipment	38,420	38,420	-
Notice & Publications	3,411,486	3,093,368	318,118
Site Visit Accessories	290,257	288,357	1,900
Corporate Social Responsibility	600,000	600,000	-
Other Field Investigations	10,896,069	4,955,058	5,941,011
Project Site Internet Installation & Communication Expenses	3,221,065	2,339,665	881,400
Other Operational Expenses (Kitchen Accessories & Fuel,Repair & Maintenance)	749,172	545,612	203,560
CampHouse Property Insurance	28,580	28,580	-
Project Site Insurance Expenses	174,373	122,068	52,305
Computers And Printers Project Site	237,305	237,305	-
Furniture & Fixture (Project Site)	3,490,979	3,490,979	-
OfficeEquipments Project Site	132,450	132,450	-
33kV Transmission Line Review	729,734	729,734	-
Project Employee Costs:			
Staff Salary	12,124,279	9,187,314	2,936,965
Staff Allowances	11,057,275	7,686,981	3,370,294
Field Allowances	2,153,293	1,499,869	653,424
Provident Fund Contribution	1,212,428	918,732	293,696
Uniform Allowance Expenses	375,000	300,000	75,000
Festival Allowance	948,575	708,217	240,358
Contribution to Gratuity Fund	989,297	806,359	182,938
Medical Allowance	978,595	763,535	215,060
Total Project Work In Progress	675,327,830	541,863,090	133,464,740



Betan Karnali Sanchayakarta Hydropower Company Ltd.

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Notes forming part of the Financial Statements

F.Y. 2080-81

Note 5.3 Deferred Tax Assets/(Deferred Tax Liabilities)

Amounts in Nepalese Rupees

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Currently deferred tax liabilities on fixed assets are not recognized as hydropower companies are eligible for tax concessions after commercial operations as per Nepal Income Tax Act, 2058.

Note 5.4 Cash and cash equivalents

Cash and Cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents consist of cash in hand and balance with banks. Cash at bank represents the balance with "A" class commercial bank which is closely regulated by the Central Bank. There has been no indication of impairment on these instruments. Fixed Deposits, if any, are presented as cash equivalent at the date of acquisition.

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
Fixed Deposits		170,000,000
Everest Bank Ltd	210,277	1,199,388
NMB Bank Ltd	56,663,327	3,776,911
Nepal SBI Bank Limited	10,995	10,995
Prabhu Bank Limited	362,431	147,960,541
Nepal Investment Mega Bank Limited	130,197,276	7,474,647
NABIL Bank Limited	72,611,613	
Citizens International Bank Limited	9,967,076	
Total	270,022,996	330,422,482

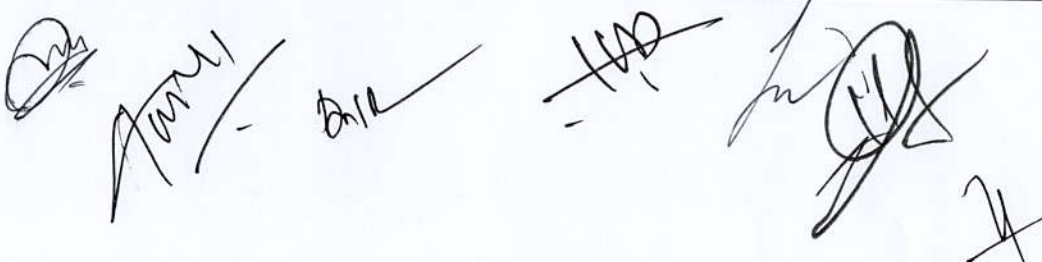
Note 5.5 Other Financial Assets

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
Aditya Nath Jha		4,750
Naween Acharya		14,339
Total	-	19,090

Note 5.6 Other Assets

The advance tax is the amount withheld by Banks as TDS (withholding tax @ 15%) while paying Interest on Fixed Deposits & balance on call accounts. Bank pays such amount to Inland Revenue Department (IRD) and submits details to IRD, such amount belongs to this company's tax.

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
Advance Tax 79/80		7,289,841
Advance tax 80/81	3,343,246	
United Traders Syndicate Pvt. Ltd		540
Leave Encashment Pre-payments	-	5,513
Prepaid Internet Expenses	125,740	147,644
Prepaid Insurance	220,343	215,419
Total	3,689,328	7,658,957




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Notes forming part of the Financial Statements
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Amounts in Nepalese Rupees

Note 5.7 Share Capital

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

Particulars	As at 31st Asadh, 2081		As at 31st Asadh 2080	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Authorized Share				
Ordinary Share of Rs 100 each	200,000,000	20,000,000,000	200,000,000	20,000,000,000
Issued Shares				
Ordinary Share of Rs 100 each	75,000,000	7,500,000,000	75,000,000	7,500,000,000
Paid up				
Ordinary Share of Rs 100 paid at Rs 7 each	75,000,000	525,000,000	75,000,000	525,000,000
New paid up Shares of Rs 100 at Rs 3.6 each		275,000,000		275,000,000
New paid up Shares of Rs 100 at Rs 2.4 each		180,000,000		180,000,000
Right	-	-	-	-
Bonus	-	-	-	-
At the End of the year	75,000,000	980,000,000	75,000,000	980,000,000

The current shareholding of the company is as follows:

The Paid up Capital of the Employees Provident Fund, On Behalf Of Sanchayakarta of Npr Rs 28 Crores has been transferred and recorded as capital contributions by Employees Provident Fund as per the decision made by the Company's 129th Board Meeting.

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
Employees Provident Fund, On behalf of Sanchayakarta	-	-
Employees Provident Fund	660,000,000	660,000,000
Vidhyut Utpadan Company Ltd.	250,000,000	250,000,000
Nepal Electricity Authority	70,000,000	70,000,000
Total	980,000,000	980,000,000

After the issuance of shares to the general public, total shareholding pattern of the company would be as follows:

Shareholders	Number of Shares	Amount	Percentage
Employees Provident Fund, On behalf of Sanchayakarta	80,000,000	8,000,000,000	40.00%
Employees Provident Fund	30,000,000	3,000,000,000	15.00%
Vidhyut Utpadan Company Ltd.	20,000,000	2,000,000,000	10.00%
Nepal Electricity Authority	20,000,000	2,000,000,000	10.00%
General Public	26,000,000	2,600,000,000	13.00%
Projectsite Affected areas	20,000,000	2,000,000,000	10.00%
Ati Vipanna Pariwar	4,000,000	400,000,000	2.00%
Total	200,000,000	20,000,000,000	100.00%



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Notes forming part of the Financial Statements
F.Y. 2080-81

Notes 5.8 : Reserves and Surplus

The Adjustments on Intangible Assets (Work in Progress) are due to re-grouping of 1st Instalment payments to the Consultants NEA Engineering Company limited into Intangible Assets which was previously charged in Statement of Profit and Loss in the year 2076/77 hence resulting in significant increase in Reserves and Surplus of the Company. Balance of Retained Earnings and Reserves as on 31st Ashad, 2081 is as under:

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
Opening Balance	(108,839,293)	(107,186,654)
Adjustments to Intangible Assets	90,143,360	-
Adjusted Opening Balance	(18,695,933)	(107,186,654)
Profit / Losses during the Year	(16,209,672)	(1,652,639)
Total	(34,905,605)	(108,839,293)

Notes 5.9: Leave Encashment Liabilities

The Company has schemes of employment benefits namely provident fund, employee Gratuity and accumulated leave payable as per employee service. The Company did an agreement with Karmachari Sanchaya Kosh to deposit Gratuity regularly along with Provident Fund hence the fund is being deposited in Karmachari Sanchaya Kosh.

The unavailed leave consists of unavailed sick leave & home leave of staffs existing at the Fiscal year 2080-81 calculated as per the Nepali calendar year upto Chaitra 2080. The company implements Actuarial Valuations for leave encashment liability as per NAS 19.

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
Leave Encashment Liability	4,781,039	2,314,884
Gratuity Fund Payable	129,715	44,120
Provident Fund Payable	-	-
CIT Payable	-	-
Total	4,910,754	2,359,004

Note 5.10 Deferred Tax Liabilities

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
Deferred Tax Liabilities	-	-
Total	-	-

Note 5.11 Lease Liabilities (Non-Current)

Lease Liability created is charged in Non-Current Liability for payment more than one year as per the requirement of NFRS 16 on Rental Lease agreement of Head Office.

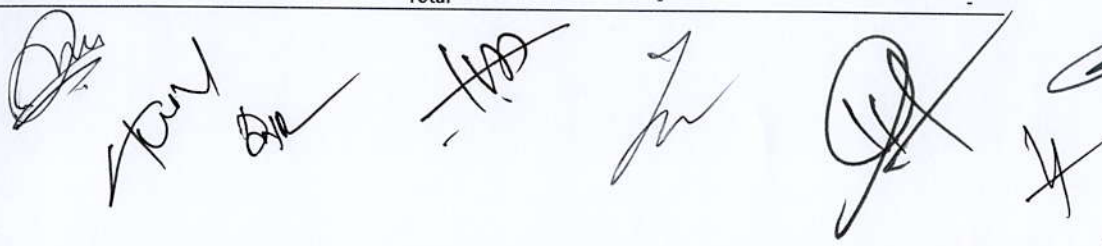
Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
Lease Liability (Right to Use Assets)	10,521,102.98	-
Total	10,521,102.98	-

Notes 5.12 Financial Liabilities

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
KAS Associates, Chartered Accountants	-	83,625
G & G Associates	83,625	-
Physical Modelling retention	792,085	339,465
Retention Deposit (400kV)	110,544	110,544
Retention Deposit (Test Adit Tunnel)	-	6,212,110
Retention (Supervision Test Adit Tunnel)	-	1,039,116
Retention (Sediment Sampling)	531,789	210,417
NEA Engineering Company Limited	5,000,000	5,000,000
Total	6,518,043	12,995,277

Notes 5.13 Short Term Employee Benefit

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
Salary & Allowance Payable	-	-
Total	-	-





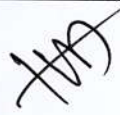
Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu

Notes forming part of the Financial Statements
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Notes 5.14 Other Current Liabilities and Provisions

Particulars	As at 31st Asadh, 2081	As at 31st Asadh 2080
Meeting Allowance Tax Payable	69,255	110,910
Provision for Discharge Measurement & Sediment Samp	8,195,800	4,457,827
Provision for Cost Update and What If Analysis	1,493,157	
Lease Liability	4,320,000	
Provision For Statutory Audit	167,250	167,250
Provision for Tax Audit Fee	55,750	55,750
Social Security Tax Payable	7,592	6,617
Roshan Shrestha	83,300	
Committee Allowances Payable	151,895	
Promoters Meeting Allowance Payable	17,850	
Consultancy Fee Payable	15,000	
Vat Payable	353,044	
Remuneration Tax Payable	232,618	116,124
Dhakari Gaun Palika	46,667	23,722
Nrip Bahadur Budha	135,000	135,000
Lok Bahadur Budha	75,000	75,000
Bajire Budha	6,000	3,000
Dil Bahadur Thapa	9,000	4,500
Narjit Budha	6,000	3,000
Surendra Bahadur Shahi	18,010	38,476
Purna Bahadur Bista	12,390	10,530
Shiva Aryal	12,750	
Keraoneva Design	55,750	55,750
Dispute Resolution Center Nepal	30,000	
Raj Bahadur Singh	15,865	
Subisu Cablenet Pvt Ltd	21,165	
TDS - Private Company	138,598	7,701
TDS- Proprietorship & Individual	24,176	5,783
TDS Public Ltd.	384	186,621
Lease Equalization Reserve	21,081	21,081
Provision for Income Tax (79-80)		7,345,299
Provision For Income Tax (80/81)	3,376,540	
Total	14,166,886	12,829,941











Betan Karnali Sanchayakarta Hydropower Company Ltd.
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Notes forming part of the Financial Statements
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Amounts in Nepalese Rupees

Notes 5.15: Revenue (Construction)

The work in progress (WIP) carried out on each fiscal year for construction activities of the project is recognized as Revenue for construction and as well as Cost of Sales following IFRIC 12 standards.

Particulars	Current Year	Previous Year
Betan Karnali Hydroelectricity project (BKHEP)	133,464,740	93,193,656
Total	133,464,740	93,193,656

Notes 5.16: Cost of Sales (Construction)

Particulars	Current Year	Previous Year
Betan Karnali Hydroelectricity project (BKHEP)	133,464,740	93,193,656
Total	133,464,740	93,193,656

Notes 5.17 Other Income

The company made income through advance rent provided for the 2nd and 3rd Quarter, FY 2079/80 for Head Office space, as interest income, which would have been earned from the FD if the advance would not have been provided, amounting to a total of Rs 57,436. The described income is shown separately as Other Income other than the finance income received from interest from Fixed deposits. There is no other income for the Fiscal Year 2080/81.

Particulars	Current Year	Previous Year
Sale of Tender Forms & Bid Documents	-	-
Other Income	-	57,436
Total	-	57,436

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Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu
Notes forming part of the Financial Statements
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Amounts in Nepalese Rupees

Notes 5.18 Administrative and Operating Expenses

Contribution for Employees' Provident Fund for all the staff and Gratuity has been made as per Karmachari Prashasan (1st Amendment) Biniyamawali, 2076 and the Labor Act, 2074. Further, employees cost relating to project are charged in project work-in-progress. Provision for unavailed leave salary is a non-cash expense stated from Actuarial Valuation Report on leave days attributed to each staff until Chaitra 2080.

Particulars	Current Year	Previous Year
Depreciation on Property, Plant & Equipments	2,116,255	2,375,842
Depreciation on Right to use Assets	3,508,724	
Amortization of Intangibles	2,832	3,540
AGM Expenses	330,292	113,150
Board Meeting Allowance	777,000	994,000
Board Meeting Expenses	129,049	128,453
Sub Committee Allowance	777,000	560,000
Sub-Committee Meeting Expenses	127,879	68,403
Support Staff Allowance	374,200	381,250
Audit Expenses	64,692	51,516
Consultancy Fee	50,000	5,000
Labour Audit Fee	33,900	33,900
Internal Audit Fee	169,500	169,500
Actuarial Leave Calculation Fees	35,000	35,000
Statutory Audit Fee	169,500	169,500
Tax Audit Fee	56,500	56,500
Fuel Expenses	541,531	450,470
Insurance Fixed Assets	185,375	142,233
Repair & Maintenance	632,908	452,874
Vehicle Renewal Charges	114,300	126,400
Communication Expense	275,594	243,500
Consumable Materials	37,166	22,307
Sanitation Expenses	38,713	34,093
Land & Property Tax & Other Charges	25,212	20,650
Advertisement Expenses	-	263,629
Printing & Stationery	83,111	94,741
Refreshment Expenses	461,798	328,734
Office Rent	-	4,067,027
Water & Electricity	97,325	119,437
Books & Periodicals	44,018	12,349
Hospitality Expenses	-	323,010
Notice & Publication	98,818	117,159
Seminar & Workshop Expenses	113,685	454,035
Training Expenses	42,000	53,000
Travelling Expenses (National & International)	583,948	1,758,979
Employee Cost:(Head Office)		
Staff Salary	4,310,445	4,042,006
Staff Allowances	4,257,168	2,372,991
Company & Project Leadership Allowance(MD)		1,072,786
Compulsary Travel Leave-MD	73,500	60,561
Provident Fund Contribution	431,045	404,200
Uniform Allowance Expenses	160,000	160,000
Festival Allowance	281,158	381,673
Contribution to Gratuity Fund	420,771	299,705
Medical Allowance	355,318	295,158
Annual Performance Incentive (MD)	0	2,180,178
Provision for Unavailed Leave Salary	5,097,015	916,319
Insurance Expenses-Staff	161,383	162,728
Total	27,645,626	26,578,484




Betan Karnali Sanchayakarta Hydropower Company Ltd.
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Notes forming part of the Financial Statements
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Amounts in Nepalese Rupees

Notes 5.19 Finance Income

Interest from Call Accounts comprises NMB Bank Ltd, Everest Bank Ltd, Nepal Investment Mega Bank Limited, Citizens Bank, NABIL Bank Limited and Prabhu Bank Limited interest income. The Company has utilised its funds for a certain amount on different time periods as Fixed deposit in Nepal Investment Mega Bank Limited, NMB Bank Limited and NABIL Bank Limited earning interest on monthly and financial quarter ends. Following is the details of financial income:

Particulars	Current Year	Previous Year
Interest from Call Accounts	2,924,818	2,833,281
Interest from Fixed Deposits	13,506,161	29,381,197
Total	16,430,979	32,214,479

Notes 5.20 Finance Cost

Particulars	Current Year	Previous Year
Bank Charges	1,003	770
Lease Financial Charges	1,617,482	-
Total	1,618,485	770

Notes 5.21 Tax Expenses

Details of company's tax expense:

Particulars	Current Year	Previous Year
Current Tax Expenses		
Current Tax on the profits of the Year	3,376,540	7,345,299
Adjustments for Prior Period Items	-	-
Deferred Tax Expenses		
Origination and reversal of temporary differences	-	-
Adjustments for Prior Period Items	-	-
Total	3,376,540	7,345,299

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