

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Betan Karnali Sanchayakarta Hydropower Company Limited.
Durbarmarg, Kathmandu, Nepal

Opinion

We have audited the accompanying financial statements of Betan Karnali Sanchayakarta Hydropower Company Limited (hereafter in this report referred as "the Company") which comprise the Statement of Financial Position as at 31st Aashadh, 2080 and the Statement of Profit or Loss, the Statement of Other Comprehensive Income, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the financial position of the Company as at 31st Aashadh, 2080 and of its financial performance and its cash flows for the year then ended in accordance with the Nepal Financial Reporting Standards (NFRSs).

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of 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 statement in Nepal, and we have fulfilled our 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 on the Financial Statements.

Key Audit Matters

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

Emphasis of Matter

We draw attention to Note no. 4.15 and annexure 5.7 of the financial statements, which describes the transfer of capital previously recorded as capital contributions by Sanchayakarta (ka-2) as the capital contributions by Sanchayakosh (ka-1) during the year. As there is no change in total paid up capital of the company, our opinion is not modified in respect of this matter.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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.



When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 the Nepal Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless the 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 Responsibility 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 conducted in accordance with the 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess 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 appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related 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.
- Evaluate the overall presentation, structure, 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 representation.



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

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

Reports on the requirements of Companies Act, 2063

We have examined the attached Financial Statements and report that:

1. 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;
2. In our opinion, proper books of accounts as required by laws have been kept by the Company so far as it appears from our examination of such books;
3. In our opinion, the Statement of Financial Position, Statement of Profit and Loss, Statement of Other Comprehensive Income, Statement of Cash Flow and Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts;
4. To the best of our information and according to explanation given to us and from our examination of books of account of the Company necessary for the purpose of our audit, we have not come across cases where Directors or any Employees thereof have acted contrary to the provisions of laws relating to accounts or committed any misappropriation or caused loss or damage to the Company.
5. In our opinion and to the best of information provided to us, and as confirmed by the management through Management Representation Letter, we did not obtain any information that substantiate there is accounts related forgery in the company.



Mukunda Mahat, FCA
Partner,
K.M.U. & Associates, Chartered Accountants



Date: 10th Kartik, 2080

Place: Lalitpur

UDIN: 231108CA00245bSB9Z

Betan Karnali Sanchayakarta Hydropower Company Limited

Durbarmarg, Kathmandu

**AUDITED FINANCIAL STATEMENTS
2079/80**

Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu

STATEMENT OF FINANCIAL POSITION
As at 31st Asadh, 2080

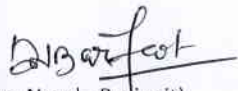
Particulars	Note	Amounts in Nepalese Rupees	
		As at 31st Asadh 2080	As at 32nd Asadh 2079
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	5.1	19,367,149	21,667,991
Intangible Assets	5.2	541,877,252	448,687,136
Deferred Tax Assets	5.3	-	-
Total Non- Current Assets		561,244,401	470,355,128
Current Assets			
Financial Assets:			
Cash and cash equivalents	5.4	330,422,482	415,153,637
Other Financial Assets	5.5	19,090	-
Other Current Assets	5.6	7,658,957	8,042,711
Total Current Assets		338,100,528	423,196,348
Total Assets		899,344,929	893,551,476
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	5.7	980,000,000	980,000,000
Reserves and Surplus	5.8	(108,839,293)	(107,186,654)
Total Equity		871,160,707	872,813,346
Liabilities			
Non-Current Liabilities			
Employee Benefits	5.9	2,359,004	1,985,261
Deferred Tax Liabilities	5.10	-	-
Total Non-Current Liabilities		2,359,004	1,985,261
Current Liabilities			
Financial Liabilities	5.11	12,995,277	11,423,744
Short Term Employee Benefit	5.12	-	-
Other Current Liabilities and Provisions	5.13	12,829,941	7,329,125
Total Current Liabilities		25,825,218	18,752,869
Total Liabilities		28,184,222	20,738,130
Total Equity and Liabilities		899,344,929	893,551,476

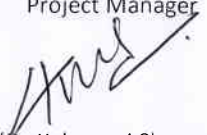
The accompanying notes are integral part of these financial statements


(Shashi Tiwari)
Accounts Officer

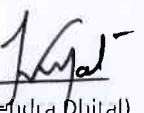

(Upendra Neupane)
Project Manager

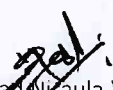

(Radesh Pant)
Director


(Durga Nanda Bariyait)
Director


(Dr. Kalyanraj Sharma)
Director


(Dr. Hari Prasad Adhikari)
Director


(Jeetendra Dhital)
Director


(Laxmi Prasad Guraula)
Chairman

As per our Reports of even date


CA Mukunda Mahat
Managing Partner

K.M.U & Associates, Chartered Accountants



Dated: 1st October, 2023

Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu

STATEMENT OF PROFIT OR LOSS
For the Year Ended 31st Ashad, 2080

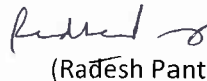
Amounts in Nepalese Rupees

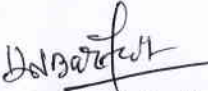
Particulars	Notes	Current Year	Previous Year
Revenue (Construction)	5.14	93,193,656	239,788,804
Cost of Sales (Construction)	5.15	(93,193,656)	(239,788,804)
Gross Profit		-	-
Other Income	5.16	57,436	-
Administrative and Operating Expenses	5.17	(26,578,484)	(29,407,183)
Profit from Operation		(26,521,048)	(29,407,183)
Finance Income	5.18	32,214,479	25,066,370
Finance Cost	5.19	(770)	(1,364)
Profit Before Tax		5,692,660	(4,342,177)
Income Tax Expense			
Tax Expenses	5.20	(7,345,299)	(6,034,574)
Profit for the Year		(1,652,639)	(10,376,751)
Earnings per equity share of Rs. 100 each			
Basic earnings per share		(0.17)	(1.06)
Diluted earnings per share		(0.17)	(1.06)

The accompanying notes are integral part of these financial statements


(Shashi Tiwari)
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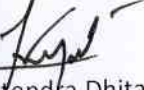

(Upendra Neupane)
Project Manager


(Radesh Pant)
Director


(Durga Nanda Bariyait)
Director


(Dr. Kalyanraj Sharma)
Director


(Dr. Hari Prasad Adhikari)
Director


(Jeeendra Dhital)
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(Laxmi Prasad Niraula)
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Dated: 1st October, 2023

Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu

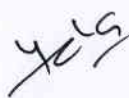
STATEMENT OF OTHER COMPREHENSIVE INCOME
For the Year Ended 31st Asadh, 2080

Particulars	Notes	Amounts in Nepalese Rupees	
		Current Year	Previous Year
Profit for the Year		(1,652,639)	(10,376,751)
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		(1,652,639)	(10,376,751)

The accompanying notes are integral part of these financial statements



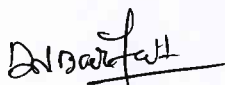
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Project Manager



(Ramesh Pant)
Director



(Durga Nanda Bariyait)
Director



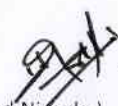
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(Dr. Hari Prasad Adhikari)
Director

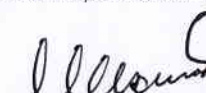


(Jeetendra Dhital)
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Managing Partner



K.M.U & Associates, Chartered Accountants

Dated: 1st October, 2023

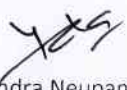
Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu

STATEMENTS OF CASH FLOW
For the Year Ended 31st Ashad, 2080

Particulars	Amounts in Nepalese Rupees	
	Current Year	Previous Year
CASH FLOWS FROM OPEARTING ACTIVITIES		
Profit/(loss) for the Year	(1,652,639)	(10,376,751)
Adjustments for:		
Depreciation, amortisation and Impairment	2,379,382	2,787,542
Interest Income	(32,214,479)	(25,066,370)
Adjustment for Changes in Employee Benefits	373,743	(646,532)
Adjustment for Changes in Working Capital		
(Increase)/ decrease in Current Assets	364,665	20,835,927
Increase/ (decrease) in Current Liabilities, and Provisions	7,072,350	6,504,441
Cash Generated from Operations	(23,676,978)	(5,961,743)
Bonus Paid	-	-
Income Tax paid	-	-
NET CASH FLOWS FROM OPEARATING ACTIVITIES	(23,676,978)	(5,961,743)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	(75,000)	(47,456)
Work In Progress (Project Expenditure)	-	-
Acquisition of Intangible Assets	(93,193,656)	(239,788,804)
Interest Income	32,214,479	25,066,370
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(61,054,177)	(214,769,890)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of share capital	-	455,000,000
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	455,000,000
Net Increase in Cash and Cash equivalents	(84,731,156)	234,268,366
Cash and Cash equivalents at the Beginning of the period	415,153,637	180,885,271
Cash and Cash equivalents at the end of the period	330,422,481	415,153,637

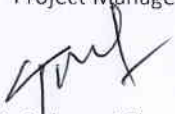
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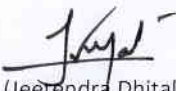

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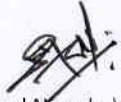

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Dated: 1st October, 2023

Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu

STATEMENT OF CHANGES IN EQUITY

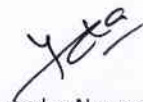
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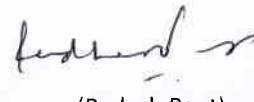
Amounts in Nepalese Rupees

Particulars	Equity Share capital	Retained earnings	Total
Balance as at 1st Shrawan 2078		(96,809,903)	(96,809,903)
Profit/(Loss) for the Period	-	(10,376,751)	(10,376,751)
Other comprehensive Income	-	-	-
Total Comprehensive Income	-	(10,376,751)	(10,376,751)
Issue of Share Capital	980,000,000	-	980,000,000
Share Issue Cost	-	-	-
Balance as at 31st Ashad 2079	980,000,000	(107,186,654)	872,813,346
Adjustment in opening balance	-	-	-
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 Asadh 2080	980,000,000	(108,839,293)	871,160,707

The accompanying notes are integral part of these financial statements


(Shashi Tiwari)
Accounts Officer


(Upendra Neupane)
Project Manager


(Radesh Pant)
Director


(Durga Nanda Bariyait)
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As per our Reports of even date


CA Mukunda Mahat
Managing Partner
K.M.U & Associates, Chartered Accountants



Dated: 1st October, 2023

Betan Karnali Sanchayakarta Hydropower Company Ltd.

Durbarmarg, Kathmandu



Notes to the Financial Statements for the year ended 31st Ashad, 2080

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) and is on the completion stage of Environmental Impact Assessment (EIA) through its consultants NEA Engineering Company Limited and has initiated various pre-construction activities. These include track opening work of access roads, Test Adit Tunnel Construction, Basic Camp House Construction, Land Acquisition process and EOI for International Consultants. The Company has also applied for Generation License process with Department of Electricity Development (DoED) and PPA with Nepal Electricity Authority (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, 2080 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



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 14th Ashwin, 2080 (1st October, 2023) 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 2079/080 B.S. (2022/023 A.D.) and covers the period from 1st Shrawan, 2079 to 31st Ashadh, 2080 B.S. corresponding from 17th July 2022 to 16th July 2023. 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

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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

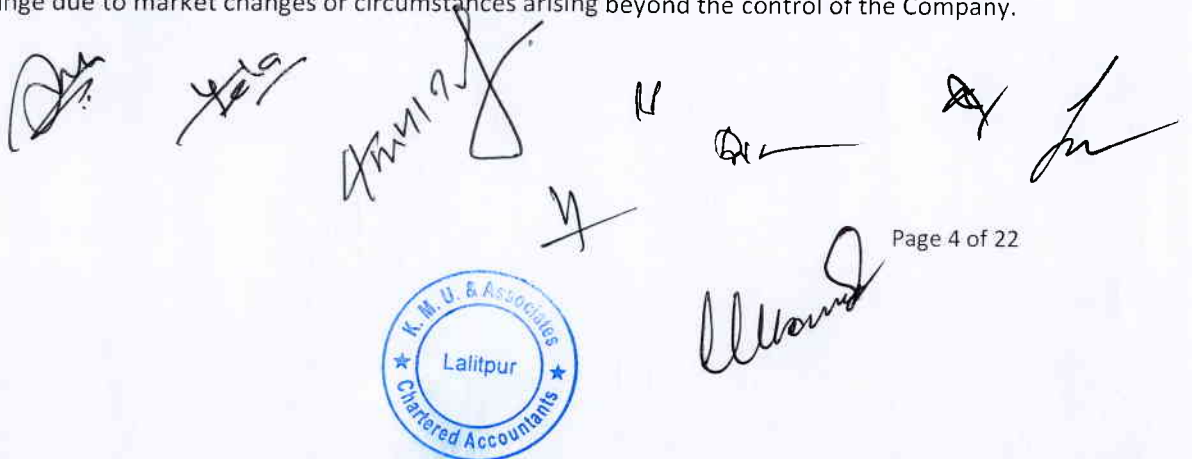
In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing are to be treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

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.

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3.7 Service Concession Arrangements

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

- 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
- 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
- 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.

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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.

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.

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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:

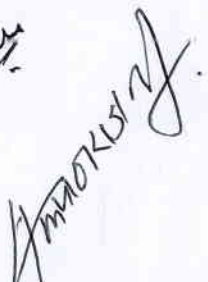
Details of Capital WIP		
Particulars	As at 31st Asadh, 2080	As at 32nd, Asadh 2079
Detail Engineering Study	228,424,341	223,668,910
Environmental Impact Assessment	15,642,816	3,910,704
Initial Env. Examination (33KV)	1,942,753	1,554,202
Initial Env. Examination (400KV)	2,498,289	499,658
Hydraulic Physical Modelling	7,671,909	
Public Consultation & Stakeholder Engagement	148,073	148,073
Construction Power Study License (33KV & 400Kv)	260,000	260,000
Power Purchase Agreement Fee	360,000	360,000
Generation License Deposits	4,000,000	4,000,000
Lagani Board Application Payments	150,000	
PPA Grid Impact Study	350,000	
Transmission Line License Deposits	750,000	
Survey License Fees	16,063,014	16,063,014
Track Opening (Achham & Surkhet)	41,464,762	25,671,502
Basic Camp House	10,361,570	10,361,570

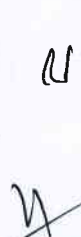




Camp House Evaluation	133,210	133,210
Campsite Compensation Expenses	50,000	50,000
Temporary Campsite Land Rent	660,000	462,000
Processing at Land Revenue & Survey Exp	2,223,757	1,969,213
Rent(Drilling Core Box Storage)	89,444	
Test Adit Tunnel Construction	140,393,682	115,509,060
Test Adit Tunnel Supervision Costs	23,484,030	15,362,203
WIP Tunnel (Evaluation Committee Allowance)	340,183	340,183
Land rent (Test Adit Purpose)	990,000	594,000
Land Rent Dhakari (Storage & Others)	907,500	577,500
Sub Committee Allowance	2,860,000	2,204,000
EOI Evaluation Meeting Expenses- International Consultants	30,686	
RFP Preparation Meeting Expenses-International Consultants	22,181	
Consultancy Fee	1,118,290	1,110,290
Garmin GPS equipment	38,420	38,420
Notice & Publications	3,093,368	3,064,078
Site Visit Accessories	288,357	202,297
Corporate Social Responsibility	600,000	400,000
Other Field Investigations	4,955,058	397,760
Project Site Internet Installation & Communication Expenses	2,339,665	1,458,265
Other Operational Expenses (Kitchen Accessories & Fuel, Repair & Maintenance)	545,612	245,738
CampHouse Property Insurance	28,580	13,523
Project Site Insurance Expenses	122,068	45,256
Computers And Printers Project Site	237,305	237,305
Furniture & Fixture (Project Site)	3,490,979	3,490,979
OfficeEquipments Project Site	132,450	91,450
33kV Transmission Line Review	729,734	729,734
Project Employee Costs:		
Staff Salary	9,187,314	5,925,200
Staff Allowances	7,686,981	4,496,837
Field Allowances	1,499,869	730,350
Provident Fund Contribution	918,732	592,520
Uniform Allowance Expenses	300,000	210,000
Festival Allowance	708,217	441,380
Contribution to Gratuity Fund	806,359	534,625
Medical Allowance	763,535	514,426
Total Project Work In Progress	541,863,090	448,669,434













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

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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 8% p.a. has been considered.

4.4.3 Financial Assets

4.4.3.1 Financial Assets Measured 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.



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.

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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

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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 Lease

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

The Company as a Lessee: A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

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

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

Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

For a lease agreement between house owner and the company for head office space, management has recognized lease payments as an expense in Statement of Profit or Loss on a straight-line basis over the lease term for the remaining period of lease.

Particulars	F.Y. 2079-80	F.Y. 2078-79
Total Lease payments (In Rs.)	4,650,000.00	8,610,000.00
Remaining lease period (in months)	13.00	25.00
Monthly rent- SLM basis (In Rs.)	338,918.92	338,918.92
Lease expenses for for the year (In Rs.)	4,067,027.03	4,067,027.03
Actual lease payments made till end of the fiscal year (In Rs.)	4,290,000.00	3,960,000.00
Lease equalization reserve (In Rs.)	(222,972.97)	107,027.03

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

4.6 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

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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.

4.7 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.

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4.8 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 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 2079/80	FY 2078/79
Profit Attributable to ordinary Shareholders	(1,652,639)	(10,376,751)
Weighted average number of Ordinary Shares	9,800,000	9,800,000
Basic Earnings per Ordinary Share (NPR)	(0.17)	(1.06)

4.9 Inventories

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories of stores, spare parts and loose tools are stated at the lower of weighted average cost and net realizable value. Net realizable value 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.

4.10 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.

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4.11 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.

4.12 Revenue recognition

a) Construction Revenue (Service Concession Arrangement)

The Company has recorded the revenue of NPR 93,193,656.00 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 2079-80	FY 2078-79
	NPR	NPR
Construction Revenue (Refer Note 5.14)	93,193,656	239,788,804
Construction Cost (Refer Note 5.15)	(93,193,656)	(239,788,804)
Construction Service Mark Up	-	-

c) Sale of Electricity

NFRS 15 Standard requires the following five step model framework to be followed for revenue recognition:

- Identification of the contracts with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract (as identified in step b)
- Recognition of revenue when the entity satisfies a performance obligation.

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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.

4.13 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.

4.14 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 and 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.

4.15 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 year ended 32nd Ashad, 2079. 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 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 Crores and increase of capital contributions by Sanchayakosh with the same amount.

4.16 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".

4.17 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.

4.18 Events after the Reporting Period

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

4.19 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.

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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, 2080

Name	Representing	Position
Mr. Laxmi Prasad Niraula	KSK – On behalf of Sanchayakarta	Chairman
Dr. Hari Prasad Adhikari	KSK – On behalf of Sanchayakarta	Director
Mr. Ganesh Singh Bhandari	KSK – On behalf of Sanchayakarta	Director
Mr. Jeetendra Dhital	Karmachari Sanchaya Kosh (KSK)	Director
Dr. Kalyanraj Sharma	Vidhyut Utpadan Company Limited (VUCL)	Director
Mr. Durga Nanda Bariyait	Nepal Electricity Authority (NEA)	Director
Mr. Radhesh Pant	Independent Member (Finance)	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.

Allowances for Board Members

Particulars	2079/80	2078/79
Allowances provided to Board Members (Meeting Fee including Board & Sub-Committee Fee)	1,393,000	1,232,000
Other expenses related to Board Meeting	128,453	77,858





Remuneration to Managing Director

Particulars	2079/80	2078/79
Gross Salary & Benefits	41,73,105	6,606,851
Meeting Allowance (Board & Sub-Committees)	1,68,000	245,000

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Betan Karnali Sanchayakarta Hydropower Company Ltd

Durbarmarg, Kathmandu

Notes forming part of the Financial Statements

F.Y. 2079-80

Amounts in Nepalese Rupees

Note 5.1 Property, Plant and Equipment

	Plant & Machineries	Leasehold Developments	Office Equipments	Computer and Printer	Furniture and Fixtures	Vehicles	Total
Gross Value							
Balance as at 1 Shrawan 2079	-	4,005,354	1,475,602	2,102,969	1,821,528	21,243,462	30,648,914
Additions during the year	-	-	-	75,000	-	-	75,000
Acquired through Business combination	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 31st Asadh, 2080	-	4,005,354	1,475,602	2,177,969	1,821,528	21,243,462	30,723,914
Depreciation and Impairment Losses							
Rate of Depreciation							
Balance as at 1 Shrawan 2079	-	1,004,263	705,216	1,450,014	837,708	4,983,722	8,980,923
Charge for F/Y 2079/80	-	300,109	158,447	279,572	202,345	1,435,369	2,375,842
Acquired through Business combination	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 31st Asadh 2080	-	1,304,372	863,662	1,729,586	1,040,053	6,419,091	11,356,765
Net Carrying Amount:							
At 31st Ashad, 2080	-	2,700,982	611,939	448,383	781,475	14,824,370	19,367,149
At 1st Shrawan, 2079	-	3,001,091	770,386	652,955	983,820	16,259,739	21,667,991

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.

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Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu
F.Y. 2079-80



Amounts in Nepalese Rupees

Note 5.2 Intangibles

Intangible assets include computer application and Service Concession Arrangements in accordance with IFRIC 12). 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 for Service Concession Arrangements shall start once the projects starts its commercial operation of electricity.

Particulars	Software	Service Concession Arrangement	Total
Gross Value			
Balance as at 1st Shrawan 2079	36,160	448,669,434	448,705,594
Additions during the year	-	93,193,656	93,193,656
Acquired through Business combination	-	-	-
Revaluation	-	-	-
Disposals	-	-	-
Balance as at 31st Ashad,2080	36,160	541,863,090	541,899,250
Amortization and Impairment Losses			
Rate of Amortization			
Balance as at 1 Shrawan 2079	18,458	-	18,458
Charge for the year	3,540	-	3,540
Acquired through Business combination	-	-	-
Revaluation	-	-	-
Disposals	-	-	-
Balance as at 31st Ashad 2078	21,998	-	21,998
Net Carrying Amount:			
At 31st Ashad,2080	14,162	541,863,090	541,877,252
At 32nd Ashad, 2079	17,702	448,669,434	448,687,136

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.

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079	Expenditure during the Year
Betan Karnali Hydroelectric Project (BKHEP)	541,863,090	448,669,434	93,193,656
Total	541,863,090	448,669,434	93,193,656

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Betan Karnali Sanchayakanta Hydropower Company Ltd.
Durbarmarg, Kathmandu
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Details of Capital WIP

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079	Expenditure during the Year
Detail Engineering Study	228,424,341	223,668,910	4,755,431
Environmental Impact Assessment	15,642,816	3,910,704	11,732,112
Initial Env. Examination (33KV)	1,942,753	1,554,202	388,551
Initial Env. Examination (400KV)	2,498,289	499,658	1,998,631
Hydraulic Physical Modelling	7,671,909		7,671,909
Public Consultation & Stakeholder Engagement	148,073	148,073	-
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	-
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)	41,464,762	25,671,502	15,793,260
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	660,000	462,000	198,000
Procesing at Land Revenue & Survey Exp	2,223,757	1,969,213	254,544
Rent(Drilling Core Box Storage)	89,444		89,444
Test Adit Tunnel Construction	140,393,682	115,509,060	24,884,623
Test Adit Tunnel Supervision Costs	23,484,030	15,362,203	8,121,826
WIP Tunnel (Evaluation Committee Allowance)	340,183	340,183	-
Land rent (Test Adit Purpose)	990,000	594,000	396,000
Land Rent Dhakari (Storage & Others)	907,500	577,500	330,000
Sub Committee Allowance	2,860,000	2,204,000	656,000
EOI Evaluation Meeting Expenses- International Consultants	30,686		30,686
RFP Preparation Meeting Expenses-International Consultants	22,181		22,181
Consultancy Fee	1,118,290	1,110,290	8,000
Garmin GPS equipment	38,420	38,420	-
Notice & Publications	3,093,368	3,064,078	29,290
Site Visit Accessories	288,357	202,297	86,060
Corporate Social Responsibility	600,000	400,000	200,000
Other Field Investigations	4,955,058	397,760	4,557,298
Project Site Internet Installation & Communication Expenses	2,339,665	1,458,265	881,400
Other Operational Expenses (Kitchen Accessories & Fuel, Repair & Maintenance)	545,612	245,738	299,873
CampHouse Property Insurance	28,580	13,523	15,057
Project Site Insurance Expenses	122,068	45,256	76,812
Computers And Printers Project Site	237,305	237,305	-
Furniture & Fixture (Project Site)	3,490,979	3,490,979	-
OfficeEquipments Project Site	132,450	91,450	41,000
33kv Transmission Line Review	729,734	729,734	-
Project Employee Costs:			
Staff Salary	9,187,314	5,925,200	3,262,114
Staff Allowances	7,686,981	4,496,837	3,190,145
Field Allowances	1,499,869	730,350	769,519
Provident Fund Contribution	918,732	592,520	326,212
Uniform Allowance Expenses	300,000	210,000	90,000
Festival Allowance	708,217	441,380	266,837
Contribution to Gratuity Fund	806,359	534,625	271,734
Medical Allowance	763,535	514,426	249,110
Total Project Work In Progress	541,863,090	448,669,434	93,193,656



Betan Karnali Sanchayakarta Hydropower Company Ltd.

Durbarmarg, Kathmandu

Notes forming part of the Financial Statements

F.Y. 2079-80

Note 5.3 Deferred Tax Assets

Amounts in Nepalese Rupees

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079
Deferred Tax Assets		-
Total		-

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 are presented as cash equivalent at the date of acquisition. Fixed Deposits has been maintained with Nepal Investment Mega Bank Limited and NMB Bank Limited for a total sum of NPR 170,000,000.00 classified as Cash & Cash Equivalents.

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079
Fixed Deposits	170,000,000	380,000,000
Everest Bank Ltd	1,199,388	1,291,098
NMB Bank Ltd	3,776,911	2,781,067
Nepal SBI Bank Limited	10,995	10,995
Prabhu Bank Limited	147,960,541	3,938,392
Nepal Investment Mega Bank Limited	7,474,647	27,132,086
Total	330,422,482	415,153,637

Note 5.5 Other Financial Assets

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079
Aditya Nath Jha (TDS recoverable)	4,750	
Naween Acharya (Travel Advance)	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 2080	As at 32nd Asadh 2079
Advance tax	7,289,841	7,681,654
Prabhu Insurance Limited	-	1,750
United Traders Syndicate Pvt. Ltd	540	
Leave Encashment Pre-payments	5,513	
Prepaid Internet Expenses	147,644	147,644
Prepaid Insurance	215,419	211,663
Total	7,658,957	8,042,711

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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

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 2080		As at 32nd Asadh 2079	
Authorized Share	Number	Amount (Rs.)	Number	Amount (Rs.)
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 2080	As at 32nd Asadh 2079
Employees Provident Fund, On behalf of Sanchayakarta	-	280,000,000
Employees Provident Fund	660,000,000	380,000,000
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:

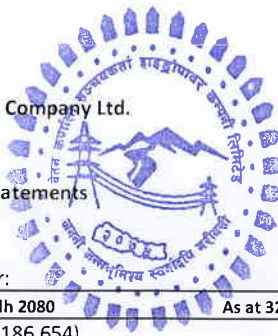
Shareholders	Number of Shares	Amount	Percentage
Employees Provident Fund, On behalf of Sanchayakarta	80,000,000	8,000,000,000	40.00%
Employees Provident Fund	30,000,000	3,000,000,000	15.00%
Vidhyut Utpadan Company Ltd.	20,000,000	2,000,000,000	10.00%
Nepal Electricity Authority	20,000,000	2,000,000,000	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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Betan Karnali Sanchayakarta Hydropower Company Ltd.
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Notes forming part of the Financial Statements
F.Y. 2079-80



Notes 5.8 : Reserves and Surplus

Balance of Retained Earnings and Reserves as on 31st Ashad, 2080 is as under:

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079
Opening Balance	(107,186,654)	(96,672,876)
Adjustment due to change in Accounting Estimate	-	(137,027)
Adjusted Opening Balance	(107,186,654)	(96,809,903)
Profit / Losses during the Year	(1,652,639)	(10,376,751)
Total	(108,839,293)	(107,186,654)

Notes 5.9: Employee Benefit

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 2079-80 calculated as per the Nepali calendar year upto Chaitra 2079. The company implements Actuarial Valuations for leave encashment liability as per NAS 19.

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079
Leave Encashment Liability	2,314,884	1,969,130
Gratuity Fund Payable	44,120	16,131
Total	2,359,004	1,985,261

Note 5.10 Deferred Tax Liabilities

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079
Deferred Tax Liabilities	-	-
Total	-	-

Notes 5.11 Financial Liabilities

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079
KAS Associates, Chartered Accountants	83,625	83,625
IEE (33KV) Retention Deposits	0	68,770
Physical Modelling retention	339,465	
Retention Deposit (400kV)	110,544	22,109
Retention Deposit (Camp House Construction)	0	458,477
Retention Deposit (Test Adit Tunnel)	6,212,110	5,111,020
Retention (Supervision Test Adit Tunnel)	1,039,116	679,744
Retention (Sediment Sampling)	210,417	
NEA Engineering Company Limited	5,000,000	5,000,000
Total	12,995,277	6,423,744

Notes 5.12 Short Term Employee Benefit

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079
Salary & Allowance Payable (MD Incentive)	-	-
Total	-	-

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Betan Karnali Sanchayakarta Hydropower Company Ltd.
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Notes forming part of the Financial Statements
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Notes 5.13 Other Current Liabilities and Provisions

Particulars	As at 31st Asadh 2080	As at 32nd Asadh 2079
Meeting Allowance Tax Payable	110,910	41,550
Provision for Discharge Measurement & Sediment Samp	4,457,827	
Provision For Statutory Audit	167,250	167,250
Provision for Tax Audit Fee	55,750	55,750
Social Security Tax Payable	6,617	6,788
Remuneration Tax Payable	116,124	258,339
Rental Tax Payable	-	99,000
Dhakari Gaun Palika	23,722	21,000
Nrip Bahadur Budha	135,000	135,000
Lok Bahadur Budha	75,000	75,000
Bajire Budha	3,000	
Dil Bahadur Thapa	4,500	
Narjit Budha	3,000	
Aditya Nath Jha		12,865
Surendra Bahadur Shahi	38,476	
Purna Bahadur Bista	10,530	
Keraoneva Design	55,750	
TDS - Private Company	7,701	77,616
TDS- Proprietorship & Individual	5,783	5,415
TDS Public Ltd.	186,621	94,924
Lease Equalization Reserve	21,081	244,054
Provision For Income Tax (78-79)		6,034,574
Provision For Income Tax (79-80)	7,345,299	
Total	12,829,941	7,329,125



Betan Karnali Sanchayakarta Hydropower Company Ltd.
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Notes forming part of the Financial Statements
FY. 2079-80

Amounts in Nepalese Rupees

Notes 5.14: 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)	93,193,656	239,788,804
Total	93,193,656	239,788,804

Notes 5.15: Cost of Sales (Construction)

Particulars	Current Year	Previous Year
Betan Karnali Hydroelectricity project (BKHEP)	93,193,656	239,788,804
Total	93,193,656	239,788,804

Notes 5.16 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.

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



Betan Karnali Sanchayakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu
Notes form part of the Financial Statements
F.Y. 2079-80

Amounts in Nepalese Rupees

Notes 5.17 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.

Particulars	Current Year	Previous Year
Depreciation on Property, Plant & Equipments	2,375,842	2,783,116
Amortization of Intangibles	3,540	4,426
AGM Expenses	113,150	108,792
Board Meeting Allowance	994,000	1,018,500
Board Meeting Expenses	128,453	77,858
Sub Committee Allowance	560,000	648,000
Sub-Committee Meeting Expenses	68,403	27,554
Support Staff Allowance	381,250	253,700
Audit Expenses	51,516	17,169
Consultancy Fee	5,000	135,600
Labour Audit Fee	33,900	-
Internal Audit Fee	169,500	169,500
Actuarial Leave Calculation Fees	35,000	25,000
Statutory Audit Fee	169,500	169,500
Tax Audit Fee	56,500	56,500
Fuel Expenses	450,470	378,232
Insurance Fixed Assets	142,233	201,240
Repair & Maintenance	452,874	462,381
Vehicle Renewal Charges	126,400	126,150
Communication Expense	243,500	293,516
Consumable Materials	22,307	65,951
Sanitation Expenses	34,093	59,458
Land & Property Tax	20,650	24,350
Advertisement Expenses	263,629	235,266
Printing & Stationery	94,741	93,057
Refreshment Expenses	328,734	350,402
Office Rent	4,067,027	4,067,027
Water & Electricity	119,437	82,040
Books & Periodicals	12,349	74,900
Hospitality Expenses	323,010	282,421
Notice & Publication	117,159	129,565
Seminar & Workshop Expenses	454,035	55,294
Training Expenses	53,000	83,055
Travelling Expenses (National & International)	1,758,979	1,054,375
Employee Cost:(Head Office)		
Staff Salary	4,042,006	4,646,526
Staff Allowances	2,372,991	3,348,121
Company & Project Leadership Allowance(MD)	1,072,786	2,993,419
Compulsary Travel Leave-MD	60,561	60,561
Provident Fund Contribution	404,200	464,653
Uniform Allowance Expenses	160,000	175,000
Festival Allowance	381,673	342,000
Contribution to Gratuity Fund	299,705	303,938
Medical Allowance	295,158	390,575
Annual Performance Incentive (MD)	2,180,178	2,265,100
Provision for Unavailed Leave Salary	916,319	670,418
Insurance Expenses-Staff	162,728	132,977
Total	26,578,484	29,407,183



Betan Karnali Sandhyakarta Hydropower Company Ltd.
Durbarmarg, Kathmandu
Notes forming part of the Financial Statements
F.Y. 2079-80



Amounts in Nepalese Rupees

Notes 5.18 Finance Income

Interest from Call Accounts comprises NMB Bank Ltd , Everest Bank Ltd, Nepal Investment Mega 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 and NMB 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	2,833,281	928,074
Interest from Fixed Deposits	29,381,197	24,138,296
Total	32,214,479	25,066,370

Notes 5.19 Finance Cost

Particulars	Current Year	Previous Year
Bank Charges	770	1,364
Interest Cost	-	-
Total	770	1,364

Notes 5.20 Tax Expenses

Details of company's tax expense:

Particulars	Current Year	Previous Year
Current Tax Expenses		
Current Tax on the profits of the Year	7,345,299	6,034,574
Adjustments for Prior Period Items	-	-
Deferred Tax Expenses		
Origination and reversal of temporary differences	-	-
Adjustments for Prior Period Items	-	-
Total	7,345,299	6,034,574

(Handwritten signatures and initials)

