

Independent Auditor's Report

**To the Director of
Manakamana Daraundi Hydropower Co. Ltd**

Report on the Audit of the Financial Statements:**Opinion**

We have audited the financial statements of Manakamana Daraundi Hydropower Co. Ltd., *herein referred to as "Company"*, which comprise the statement of financial position as at 31st Ashadh 2081, and the statement of profit & loss, 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 read together with the notes attached thereon present fairly, in all material respects the financial position of the Company as at 31st Ashadh 2081 and its financial performance, its cash flows, changes in equity for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for opinion

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

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

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

UDIN: 250228CA005972UAKL



BSP & Associates

Chartered Accountants

New plaza, Kathmandu, Nepal

Cop no: 569 Firm no: 467

Email:bsp.associates@outlook.com

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably expect to influence the economic decisions of users taken on the basis of these financial statements. Further responsibilities of the auditor have been mentioned in **Appendix-1**.

Report on Other Legal and Regulatory Requirement

- We have obtained information and explanations asked for, which, to the best knowledge and belief, were necessary for the purpose of our audit.
- In our opinion, statement of financial position, profit or loss, other comprehensive income, changes in equity and cash flows, have been prepared in accordance with the requirements of the Companies Act, 2063 and are in agreement with the books of account maintained by the Company including relevant records relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and record of the Company.
- To the best of our information and according to explanation given to us and so far appeared from our examination of the books of account of the Company, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company.
- The operation of the Company is within its jurisdiction.

Place: Kathmandu

Date: 2081/10/27



CA Bijayshwar Poudel
Proprietor

Appendix - 1

As a part of audit in accordance of NFRS, we exercised professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risk of material misstatement of the financial statement whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide an opinion. The risk of not detecting material misstatements resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.
- Obtained 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 internal control.
- Concluded an appropriateness of management use of going concern basis of accounting and, based in audit evidence obtained, whether a material uncertainty exists related to events or condition that may cast significant doubt on the company ability to continue as going concern. If we concluded that a material uncertainty exists, we were required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure were inadequate, to modify our opinion. Our conclusions were 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 going concern.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluated the overall presentation, structure, and content of financial statement including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We remain solely responsible for our audit opinion.
- We communicated 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 identified during our audit.
- We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matter that may reasonably be thought to bear on our independence, and where applicable, related standards.



Manakamana Daraundi Hydropower Co. Ltd

Kathmandu, Nepal
Statement of Financial Position
As on 31st Ashadh 2081

Particulars	Schedule No.	AS AT 31st Ashad 2081 Amount (Rs.)	AS AT 31st Ashad 2080 Amount (Rs.)
Assets			
Non Current Assets			
Property, Plant and Equipments	1	635,682.33	545,426.43
Intangible Assets		-	-
Financial Assets			
Capital Work in Progress	2	41,941,582.00	28,609,395.40
Other Non-Current Receivables		-	-
Deferred Tax Assets		-	-
Total Non Current Assets		42,577,264.32	29,154,821.84
Current Assets			
Inventories		-	-
Financial Assets			
Trade & Other Receivables	3	-	-
Cash & Cash Equivalent	4	61,302,880.98	47,635,714.99
Other Financial Assets	5	6,544,514.13	804,423.05
Total Current Assets		67,847,395.11	48,440,138.04
Assets Held for Sale		-	-
Total Assets		110,424,659.43	77,594,959.88
Equity and Liabilities			
Equity Share Capital	6	89,149,300.00	31,197,000.00
Advance received from shareholders	7	21,624,700.00	45,234,800.00
Reserve and Surplus	8	(659,921.64)	(457,293.96)
Total Equity		110,114,078.36	75,974,506.04
Liabilities			
Non Current Liabilities			
Financial Liabilities		-	-
Borrowings	9	-	-
Other Financial Liabilities		-	-
Provisions		-	-
Deferred Tax Liabilities		-	-
Other Non-Current Liabilities		-	-
Total Non Current Liabilities		-	-
Current Liabilities			
Financial Liabilities		-	-
Borrowings	9	-	-
Trade Payables	10	-	-
Other Financial Liabilities	11	310,581.07	1,620,453.76
Provisions		-	-
Other Current Liabilities		-	-
Current Tax Liability		-	-
Total Current Liabilities		310,581.07	1,620,453.76
Total Liabilities		310,581.07	1,620,453.76
Total Equity & Liabilities		110,424,659.43	77,594,959.88
Contingent Liabilities			

Significant Accounting Policies & Notes to Accounts

14

As per our Report of even date attached

Dr Dambar Bahadur Nepali
Dr Dambar Bahadur Nepali
Executive Chairman

Dandapani Bashyal
Dandapani Bashyal
Director

Upendra Dev Bhatta
Upendra Dev Bhatta
Director

Gokarna Prasad Sharma
Gokarna Prasad Sharma
Director

Kumar Prasad Ojha
Kumar Prasad Ojha
Director

Balram K.C
Balram K.C
Director

Nirmala Sharma Ghimire
Nirmala Sharma Ghimire
Director

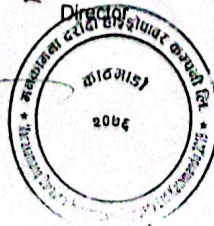
Krishna Prasad Adhikari
Krishna Prasad Adhikari
Director

Balkumar Shrestha
Balkumar Shrestha
Director

Atmeshwar Chapagain
Atmeshwar Chapagain
Accountant

CA Bijayshwar Poudel
CA Bijayshwar Poudel
Proprietor
BSP & Associates
Chartered Accountants

Date: 2081/10/27
Place: Kathmandu, Nepal



Manakamana Daraundi Hydropower Co. Ltd

Kathmandu, Nepal


Statement of Profit or Loss and Other Comprehensive Income For The Year Ended 31 st Ashad 2081

Particulars	Schedule No.	Period ended on 31st Ashad 2081 Amount (Rs.)	Period ended on 31 st Ashad 2080 Amount (Rs.)
Revenue		-	-
Cost of Operation		-	-
Gross Profit		-	-
Other Income & Expenses		217,350.47	88,949.75
Employee Expenses	12	201,950.00	138,690.40
Administrative and Other Operating Expenses	13	208,083.44	253,892.37
Profit From Operations		(192,682.97)	(303,633.02)
Depreciation		9,944.71	1,111.27
Profit (Loss) Before Interest & Tax		(202,627.68)	(304,744.29)
Finance Costs		-	-
Profit Before Tax		(202,627.68)	(304,744.29)
Current Tax		-	-
Profit for the year		(202,627.68)	(304,744.29)
Other Comprehensive Income:			
reclassified to profit or loss in subsequent			
i. Remeasurement (Losses)/gains on post employment defined benefit Plans		-	-
ii. Equity instruments through other comprehensive income		-	-
iii. Tax relating items that will not be reclassified to profit or loss		-	-
Other Comprehensive gain/(loss) for the year, net of tax		-	-
Total Comprehensive gain/(loss) for the year, net of tax		(202,627.68)	(304,744.29)

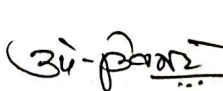
Significant Accounting Policies & Notes to Accounts

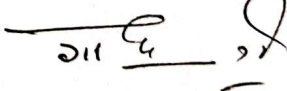
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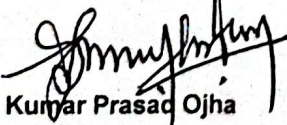
As per our Report of even date attached


Dr Dambar Bahadur Nepali
Executive Chairman



Dandapani Bashyal
Director

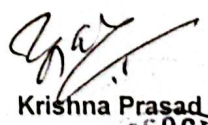

Upendra Dev Bhatta
Director

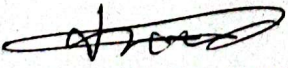

Gokarna Prasad Sharma
Director


Kumar Prasad Ojha
Director


Balram K.C
Director


Nirmala Sharma Ghimire
Director


Krishna Prasad Adhikari
Director


BalKumar Shrestha
Director


Atmeshwar Chapagain
Accountant


CA Bijayshwar Poudel
Proprietor
BSP & Associates
Chartered Accountants

Date: 2081/10/27

Place: Kathmandu, Nepal

Manakamana Daraundi Hydropower Co. Ltd

Kathmandu, Nepal

Statement of Cash Flow

For The Year Ended 31 st Ashad 2081

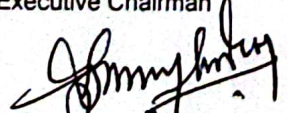
PARTICULARS	Period ended on	
	31st Ashad 2081	31 st Ashad 2080
	Amount (Rs.)	Amount (Rs.)
A Cash flow from Operating Activities:		
Profit Before taxations	(202,627.68)	(299,109.33)
Adjustments for Non Cash Items and Non Operating Items		
Depreciation & Impairment of PPE	198,894.11	140,253.26
Expenses Written off	-	-
Adjustment for Changes in Operating assets and liabilities		
(Increase) or Decrease in Receivable	-	-
(Increase) or Decrease in Inventories	-	-
Increase or (Decrease) in Account payables	-	-
Changes in operating assets	(5,740,091.08)	(91,163.07)
Changes in operating liabilities	(1,309,872.69)	1,525,302.09
Cash generated from operations	(7,053,697.34)	1,275,282.94
Income tax Paid	-	-
Net cash from operating activities	A (7,053,697.34)	1,275,282.94
B. Cash flow from investing activities		
(Purchase) or Sale of Property, Plant and Equipment	(289,150.00)	(352,300.00)
CWIP Addition	(13,332,186.59)	(14,386,073.04)
Net cash from investing activities	B (13,621,336.59)	(14,738,373.04)
C. Cash from financing activities		
Increase/(Decrease) in Capital & Amt received for share Capital	34,342,200.00	45,234,800.00
Increase in Bank Loan	-	-
Net cash from financing activities	C 34,342,200.00	45,234,800.00
Net increase in cash & cash equivalents	A+B+C 13,667,166.07	31,771,709.90
Cash & cash equivalent (Opening balance)	47,635,714.91	15,864,005.01
Cash & cash equivalent (Closing balance)	61,302,880.98	47,635,714.91

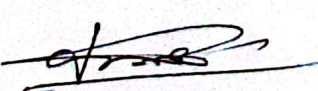
Significant Accounting Policies & Notes to Accounts

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As per our Report of even date attached



Dr Dambar Bahadur Nepali
Executive Chairman



Kumar Prasad Ojha
Director



BalKumar Shrestha
Director


Date: 2081/10/27
Place: Kathmandu, Nepal

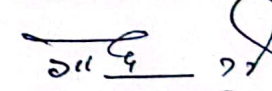

Dandapani Bashyal
Director



Balam K.C
Director

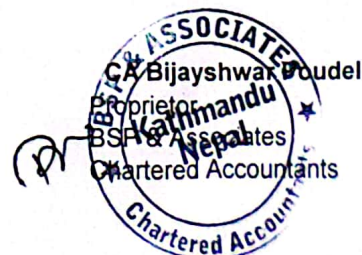

Upendra Dev Bhatta
Director


Nirmala Sharma Ghimire
Director


Atmeshwar Chhapagain
Accountant


Gokarna Prasad Sharma
Director


Krishna Prasad Adhikari
Director


BSH & Associates
Chartered Accountants
Kathmandu, Nepal

Manakamana Daraundi Hydropower Co. Ltd

Kathmandu, Nepal

Statement of Changes In Equity For The Year Ended 31 st Ashad 2081

Particular	Share Capital	Retained Earning	Fair Value Reserve	Deferred Tax Reserve	Total
As on 1st Shrawan 2080					
Net Profit for the Year	76,431,800.00	(299,109.33)	-	-	75,974,506.04
Distribution of Dividend		(202,627.68)			(202,627.68)
Share received in cash	34,342,200.00				34,342,200.00
Transfer from Deferred Tax Reserve					-
As on 31 st Ashad 2081	110,774,000.00	(202,627.68)	-	-	110,114,078.36

Significant Accounting Policies & Notes to Accounts

14

As per our Report of even date attached

D. Dhambar
Dr Dhambar Bahadur Nepali
Executive Chairman

Dandapani Bishyal
Dandapani Bishyal
Director

Upendra Dev Bhatta
Upendra Dev Bhatta
Director

Gokarna Prasad Sharma
Gokarna Prasad Sharma
Director

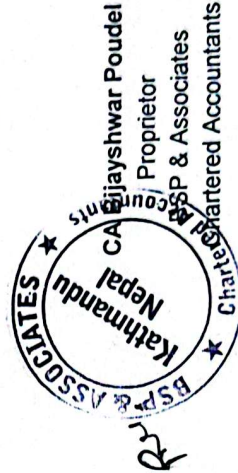
Krishna Prasad Adhikari
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Director

Balram K.C
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Nirmala Sharma Ghimire
Nirmala Sharma Ghimire
Director

Atmeshwar Chapagain
Atmeshwar Chapagain
Accountant



Date: 2081/10/27
Place: Kathmandu, Nepal

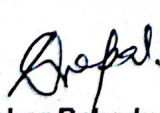
Manakamana Daraundi Hydropower Co. Ltd

Kathmandu, Nepal


Schedules forming part of the Statement of Financial Position

Fiscal Year 2080-81

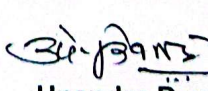
		AS AT	AS AT
		31st Ashad 2081	31 st Ashad 2080
Schedule -2	CAPITAL WORK IN PROGRESS		
	License and Renewal Fee	6,516,840.00	6,438,000.00
	Hydrological Expenses	624,180.61	564,180.61
	Survey Expenses	15,473,021.12	10,259,259.30
	Residential Identification Expenses	450,000.00	450,000.00
	Project Legal Expenses	266,325.00	266,325.00
	Technical Expenses (DEOD)	104,000.00	104,000.00
	Project Travelling Expenses	178,415.00	178,415.00
	Project Salary and Wages	450,000.00	450,000.00
	Allocated Administrative Expenses	11,063,328.62	7,109,743.25
	Allocated Depreciation	343,304.05	154,354.64
	Allocated Salary Expenses	6,472,167.60	2,635,117.60
	Total	41,941,582.00	28,609,395.40
		AS AT	AS AT
		31st Ashad 2081	31 st Ashad 2080
Schedule -3	TRADE & OTHER RECEIVABLE		
	Trade receivables		
	Total	-	-
		AS AT	AS AT
		31st Ashad 2081	31 st Ashad 2080
Schedule -4	CASH & BANK BALANCE		
	Cash in hand	-	-
	Everest Bank Ltd	14,493,804.01	20,600,951.10
	Everest Bank Ltd/ BG Margin	6,000,000.00	
	Sanima Bank Ltd, Current A/c	40,809,076.97	27,034,763.89
	Total	61,302,880.98	47,635,714.99



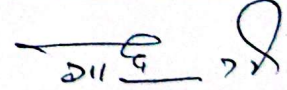
Dr Dambar Bahadur Nepali
Executive Chairman



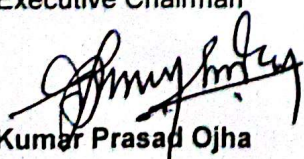
Dandapani Bashyal
Director



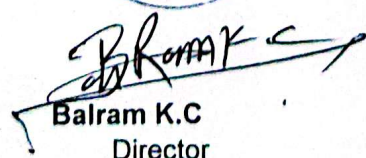
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Kumar Prasad Ojha
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Nirmala Sharma Ghimire
Director



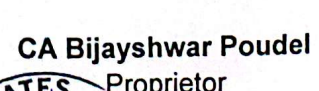
Krishna Prasad Adhikari
Director



BalKumar Shrestha
Director



Atmeshwar Chapagain
Accountant



CA Bijayshwar Poudel
Proprietor

BSP & ASSOCIATES
Kathmandu, Nepal
Chartered Accountants

Manakamana Daraundi Hydropower Co. Ltd

Kathmandu, Nepal

Schedules forming part of the Statement of Financial Position

Fiscal Year 2080-81

Schedule -5	OTHER FINANCIAL ASSETS	AS AT	AS AT
		31st Ashad 2081	31 st Ashad 2080
	Advance Tax	215,759.72	95,304.97
	Neeltara W & E Pvt. Ltd	100,000.00	100,000.00
	Shree Ganesh Eng. Consultancy	-	366,000.00
	Staff Advance	950,000.00	-
	Systematic Hydro Eng, Consultancy	240,000.00	240,000.00
	Other Advances	-	3,118.08
	Investments	5,038,754.41	-
	Total	6,544,514.13	804,423.05

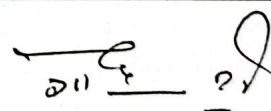
Schedule -6	EQUITY SHARE CAPITAL	AS AT	AS AT
		31st Ashad 2081	31 st Ashad 2080
	Authorised Capital	700,000,000.00	700,000,000.00
	(7,000,000 Share of Rs. 100 each)		
	Issued Share Capital	700,000,000.00	700,000,000.00
	(7,000,000 Share of Rs. 100 each)		
	Paid up Share Capital	89,149,300.00	31,197,000.00
	891,493 Share of Rs. 100 each)		
	Total	89,149,300.00	31,197,000.00

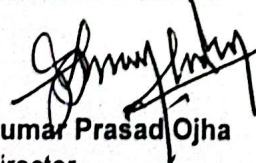
Schedule -7	ADVANCE RECEIVED FOR SHARE CAPITAL	AS AT	AS AT
		31st Ashad 2081	31 st Ashad 2080
	Advance Share Capital	21,624,700.00	45,234,800.00
	Total	21,624,700.00	45,234,800.00

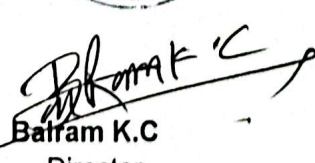

Dr Dambar Bahadur Nepali
Executive Chairman

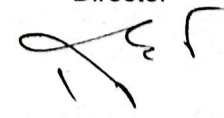

Dandapani Bashyal
Director

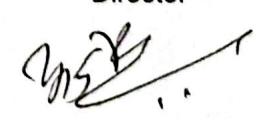

Upendra Dev Bhatta
Director

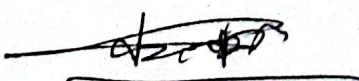

Gokarna Prasad Sharma
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BalKumar Shrestha
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Atmeshwar Chapagain
Accountant

CA Bijayshwar Poudel
Proprietor

BSB & Associates
Chartered Accountants




Manakamana Daraundi Hydropower Co. Ltd

Kathmandu, Nepal

Schedules forming part of the Statement of Financial Position

Fiscal Year 2080-81

<u>Schedule -8 RESERVE AND SURPLUS</u>		AS AT 31st Ashad 2081	AS AT 31 st Ashad 2080
Opening Reserve		(457,293.96)	(158,184.63)
Add: Current Year Profit carried forward		(202,627.68)	(299,109.33)
Total		(659,921.64)	(457,293.96)
<u>Schedule -9 BORROWING</u>		AS AT 31st Ashad 2081	AS AT 31 st Ashad 2080
Non Current Borrowing			-
Sub Total		-	-
Current Borrowing			
Sub Total		-	-
Grand Total		-	-
<u>Schedule -10 TRADE PAYABLE</u>		AS AT 31st Ashad 2081	AS AT 31 st Ashad 2080
Trade Payables			-
Total		-	-
<u>Schedule -11 OTHER FINANCIAL LIABILITIES</u>		AS AT 31st Ashad 2081	AS AT 31 st Ashad 2080
Audit Fee & Others		27,875.00	27,875.00
TDS Payable on Audit Fee		375.00	375.00
Sundry Payable		236,356.07	1,586,085.76
Other TDS Payable		45,975.00	6,118.00
Total		310,581.07	1,620,453.76



Dr Dambar Bahadur Nepali
Executive Chairman

Dandapani Bashyal
Director

Upendra Dev Bhatta
Director

Gokarna Prasad Sharma
Director

Kumar Prasad Ojha
Director

Balram K.C
Director

Nirmala Sharma Ghimire
Director

Krishna Prasad Adhikari
Director

Balkumar Shrestha
Director

Atmeshwar Chapagain
Accountant

CA Bijayshwar Poudel
Proprietor
BSP & Associates
Chartered Accountants

Manakamana Daraundi Hydropower Co. Ltd

Kathmandu, Nepal

Schedules forming part of the Statement of Profit or Loss and Other Comprehensive Income

Fiscal Year 2080-81

Schedule -12 Employee EXPENSES

	Period ended on 31st Ashad 2081	Period ended on 31st Ashad 2080
Salary Expenses	4,039,000.00	2,773,808.00
Staff Welfare Expenses		-
Total	4,039,000.00	2,773,808.00
Less: Allocated to Capital WIP (95%)	3,837,050.00	2,635,117.60
Total	201,950.00	138,690.40

Schedule -13

ADMINISTRATIVE AND OTHER OPERATING EXPE

	Period ended on 31st Ashad 2081	Period ended on 31st Ashad 2080
Wages		
Printing & Stationery Expenses	73,100.00	138,321.00
Office Rent	293,333.00	264,000.00
Refreshment Expenses	105,884.78	128,750.00
Communication Expenses	54,310.00	27,350.00
Bank Charges	417,649.33	52,845.00
License renewal fee	1,272,508.00	2,518,505.00
Meeting Allowance	544,138.70	535,900.00
Office Expenses	286,674.14	267,390.50
Meeting Expenses	314,310.00	332,357.62
Electricity Expenses	38,155.00	27,099.00
Repair Expenses	-	102,639.36
Audit Fees	28,250.00	28,250.00
Transportation Expenses	560,859.40	553,031.93
Advertisement Expenses	88,940.00	101,408.00
Miscellaneous Expenses	83,556.46	-
Total	4,161,668.81	5,077,847.41
Less: Allocated to Capital WIP (95%)	3,953,585.37	4,823,955.04
Total	208,083.44	253,892.37

Dr Dambar Bahadur Nepali
Executive Chairman

Dandapani Bashyal
Director

Kumar Prasad Pjha
Director

Bhram K.C
Director

Balkumar Shrestha
Director

Nirmala Sharma Ghimire Krishna Prasad Adhikari
Director

Upendra Dev Bhatta
Director

Gokarna Prasad Sharma
Director

Atmeshwar Chapagali CA Bijayshwar Poudel
Accountant Proprietor



Manakamana Daraundi Hydropower Co. Ltd

Kathmandu, Nepal

Fiscal Year 2080-81 Property Plant and Equipments

Particulars	Rate	Opening Balance	Addition		Disposal	Depn Base	Depn upto Previous Year	Depn for the year	Closing Balance
			Upto Poush	Upto Chaitra	Upto Ashadh				
Pool 'A'									
Land		-	-	-	-	-	-	-	-
Building	5%	-	-	-	-	-	-	-	-
Sub Total									
Pool 'B'									
Furniture and Fixture	25%	263,384.77	11,300.00	-	-	274,684.77	-	68,671.19	206,013.58
Computers	25%	60,000.00	277,850.00	-	-	337,850.00	-	84,462.50	253,387.50
Office Equipments	25%	27,041.67	-	-	-	27,041.67	-	6,760.42	20,281.25
Sub Total		350,426.43	289,150.00	-	-	639,576.43	-	159,894.11	479,682.33
Pool 'C'									
Vehicle	20%	-	-	-	-	-	-	-	-
Sub Total									
Pool 'D'									
Plant and Machinery	15%	-	-	-	-	-	-	-	-
Other Assets	15%	-	-	-	-	-	-	-	-
Sub Total									
Pool 'E'									
Intangible Assets	20%	195,000.00	-	-	-	195,000.00	-	39,000.00	156,000.00
Sub Total		195,000.00	-	-	-	-	-	39,000.00	156,000.00
Grand Total		545,426.43	289,150.00	-	-	639,576.43	-	198,894.11	635,682.33
						Allocated CWIP	95%	188,949.40	
						Charged to PL		9,944.71	

Dr. Dambar Bahadur Nepali

Dr Dambar Bahadur Nepali
Executive Chairman

Kumar Prasad Pjha
Kumar Prasad Pjha
Director

Balkumar Shrestha
Balkumar Shrestha
Director



Dandapani Bhashya
Director

Balram K.C.
Director

Upendra Dev Bhatta

Upendra Dev Bhatta
Director

Nirmala Sharma Ghimire
Nirmala Sharma Ghimire
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Atmeshwar Chapagain
Atmeshwar Chapagain
Accountant

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Krishna Prasad Adhikari
Krishna Prasad Adhikari
Director



BSP & ASSOCIATES
Kathmandu
Nepal
Chartered Accountants

Date: 2081/10/27
Place: Kathmandu, Nepal

SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNT

1. Corporate Information

Manakamana Daraundi Hydropower Co. Ltd is a company established under Companies Act 2063 with registration number 213240/75/076. The company has been incorporated with the objective of development, production and distribution of hydro electricity.

2. Significant Accounting Policies

2.1 Basis of Preparation

The balance sheet, Statement of income and cash flows, together with the accounting policies and notes (Financial Statement) of the company as at year end and for the period then ended comply Nepal Financial Reporting Standards except otherwise stated.

Current year figures are shown in Nepalese rupees and regrouped/ rearranged wherever necessary.

2.2 Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) and Nepal Accounting Standard requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet. Actual amount could differ from those estimates. Any differences from those estimates are recorded in the period in which they are identified.

2.3 Going Concern

The financial statements are prepared on the assumption that the Company is a going concern.

2.4 Revenue Recognition

Interest Income is recognized on cash and other incomes is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

2.5 Other Income & Expense

Loss on investment value and commission expenses are set off against the gain on sale of investments and interest income.

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2.6 Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation and inclusive of all expenses up to the commissioning / putting the assets to use. Company has the policy of following the depreciation rates as per Income Tax Act.

2.7 Capital Work in Progress

Company has policy of charging 95% of the expenses to Capital WIP so as to reflect the project cost.

2.8 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on 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.

For the purpose of cash flow statements, cash and cash equivalents consist of cash on hand and bank balance.

2.9 Amount received from shareholders

Amount received as share capital and yet to obtain the share register, for such shareholders are shown as amount received from shareholders.

2.10 Income Tax & Deferred Tax

Income Tax has been calculated as per Income Tax Act 2058 and rules 2059. No deferred tax has been calculated.

2.11 Investments

Investments made are shown at their cost. The loss on sale of investment is shown at other income and expenses. The details of investment at Ashad end 2081 is NPR 5,038,754.41 as detailed below.

Companies	Quantity	Cost	Value (NPR)
CEDB Hydropower	1,439.00	1,092.07	1,571,489.83
Infrastructure Development Bank	1,000.00	211.70	211,697.80
Miteri Development Bank Limited	960.00	557.00	534,720.00
Nepal Insurance Co. LTd	3,115.00	873.47	2,720,846.78
Total	6,514.00		5,038,754.41



3.1 Accounts Conformation

3.2 Regrouping of Figures

3.3 Miscellaneous

- 34-2072
- Defect.
- MS/c-
- 2076
- काठमाडौं दरभंगा हाइड्रोपावर कम्पनी लि.
- २०७६
- BSP & ASSOCIATES
Kathmandu
Nepal
Chartered Accountant