

## INDEPENDENT AUDITOR'S REPORT

To,  
The Shareholders Of  
Jagdulla Hydropower Company Limited  
Kathmandu, Nepal

### Opinion

We have audited the financial statements of **Jagdulla Hydropower Company Limited** which comprises of Statement of Financial Position as at 31<sup>st</sup> Ashad 2081 (15 July 2024), and the statement of profit or loss and other comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and Notes to the financial statements, including summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all materials respects, the financial position of **Jagdulla Hydropower Company Limited** as at 31<sup>st</sup> Ashad 2081 (15 July 2024), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

### Basis For Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion there on and we do not provide a separate opinion on these matters.



Key Audit Matter	The Risk	How our audit addressed the matter
Applicability of IFRIC 12	The company has not applied provisions of IFRIC 12 while implementing Nepal Financial Reporting Standard (NFRS).	We reviewed the applicability of IFRIC 12 in Nepal context and refer similar companies' annual report to see applicability of IFRIC 12. Most of the companies have not applied provisions of IFRIC 12. Therefore, we could not conclude about its applicability till formal instruction from Regulator.

### Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with NASs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a operation or 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 have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

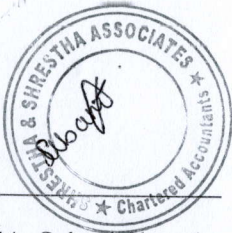
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and events in a manner that achieves fair presentation.



**Report on other legal and regulatory requirement:**

We have determined to communicate following matters in with the requirement of Companies Act 2063 and other regulatory requirements:

- 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.
- The company has kept proper books of account as required by law, in so far as it appears from our examination of those books of account.
- The Statement of Financial Position, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and summary of significant accounting policies and explanatory notes to the financial statements dealt by this report are in agreement with the books of account maintained by the company.
- In our opinion and to the best of our information and accordance to the explanations and from our examination of the books of account of the company, we have not come across the cases where board of directors or any office bearer have acted contrary to the provisions of law or committed any misappropriation or caused any loss or damage to the Company.
- We have not come across any fraudulence in the accounts. so far as it appeared from our examination of the book, and
- The company has not acted in a manner to jeopardize the interest and security of the stakeholders.



CA. Subani Shrestha

Partner

Shrestha and Shrestha Associates

Chartered Accountants

Date: 28.11.2024

Place: Lalitpur, Nepal

UDIN No: 241128CA01363f8PjC

# Jagdulla Hydropower Company Limited

NEW BANESHWOR 31, KATHMANDU, NEPAL

## STATEMENT OF FINANCIAL POSITION


As at 31st Ashad 2081 (15 July 2024)


Figures in NPR

Particulars	Note	31.03.2081	31.03.2080
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4.1	30,125,736	16,492,357
Intangible Assets	4.2	290,975	368,663
Intangible Assets Under Development	4.3	1,093,425,943	730,413,113
<b>Total Non- Current Assets</b>		<b>1,123,842,655</b>	<b>747,274,132</b>
<b>Current Assets</b>			
Prepayments and Advance Tax	4.4	9,003,717	8,350,533
Trade and Other Receivable	4.5	99,928,860	57,950,569
Cash and Cash Equivalents	4.6	78,726,774	284,585,175
<b>Total Current Assets</b>		<b>187,659,351</b>	<b>350,886,277</b>
<b>Total Assets</b>		<b>1,311,502,006</b>	<b>1,098,160,409</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	4.7	1,271,380,000	981,650,000
Advance for Share Capital	4.7.1	5,000,000	89,730,000
Retained Earnings and Reserves	4.8	8,325,001	7,771,823
<b>Total Equity</b>		<b>1,284,705,001</b>	<b>1,079,151,823</b>
<b>Liabilities</b>			
<b>Non Current Liabilitio</b>			
Provision	4.9	2,822,367	9,707,483
<b>Total Non Current Liabilities</b>		<b>2,822,367</b>	<b>9,707,483</b>
<b>Current Liabilities</b>			
Trade and Other Payables	4.10	18,311,728	3,822,774
Provision for Taxation		5,662,910	5,478,329
<b>Total Current Liabilities</b>		<b>23,974,638</b>	<b>9,301,103</b>
<b>Total Liabilities</b>		<b>26,797,005</b>	<b>19,008,586</b>
<b>Total Equity and Liabilities</b>		<b>1,311,502,006</b>	<b>1,098,160,409</b>

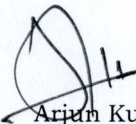
The accompanying notes are an integral part of these financial statements.

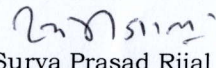
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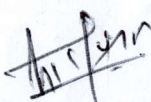
  
Parwati Krishna  
Pokharel  
Account Officer


  
Sajani Aryal  
Sr. Finance  
Manager

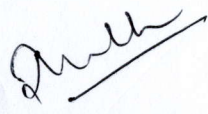
  
Sanjay  
Sapkota  
CEO


  
Arjun Kumar  
Gautam  
Director

  
Surya Prasad Rijal  
Director

  
Mohan Prasad Gautam  
Director

  
Prakash Adhikaree  
Independent Director

  
Jeebachh Mandal  
Chairman

  
CA. Subam Shrestha  
Partner  
Shrestha and Shrestha  
Associates

Date: 2081/07/29

Place: Kathmandu, Nepal

# Jagdulla Hydropower Company Limited

NEW BANESHWOR 31, KATHMANDU, NEPAL

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

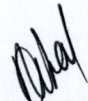
For the period from 1st Shrawan 2080 to 31st Ashadh 2081


Figures in NPR


Particulars	Notes	F.Y 2080/81	F.Y 2079/80
<b>Continuing Operations</b>			
Revenue from Operations		-	-
Cost of Sales		-	-
<b>Gross Profit</b>		-	-
Other Income	4.11	96,642	417,182
Administrative and Operating Expenses	4.12	(5,449,279)	(6,769,068)
Depreciation		-	-
<b>Profit / (Loss) from Operations</b>		<b>(5,352,637)</b>	<b>(6,351,887)</b>
Finance Income	4.13	6,258,693	28,066,746
Finance Costs		-	-
<b>Profit/ (Loss) Before Tax</b>		<b>906,056</b>	<b>21,714,860</b>
<b>Income Tax Expense</b>			
Current Tax	4.14	(352,878)	(5,478,329)
<b>Net Profit/(Loss) for the year (A)</b>		<b>553,178</b>	<b>16,236,531</b>
<b>Other Comprehensive Income</b>			
Items that Will Not be Reclassified to Profit or Loss		-	-
Gains/(Losses) from Investment in Equity Instruments Measured at Fair Value		-	-
Gains/(Losses) on Revaluation		-	-
Income Tax Relating to Above Items		-	-
<b>Other Comprehensive Income (B)</b>		-	-
<b>Total Comprehensive Income for The Year (A+B)</b>		<b>553,178</b>	<b>16,236,531</b>
<b>Earning per share</b>			
Basic		0.04	1.65
Diluted		0.04	1.65


The accompanying notes are an integral part of these financial statements.

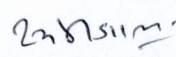
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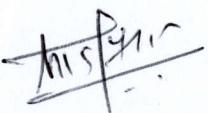
  
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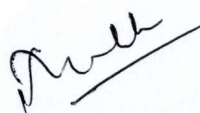
  
Sanjay  
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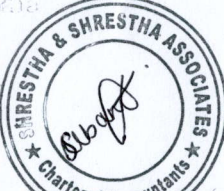
  
Arjun Kumar  
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Partner  
Shrestha  
and Shrestha Associates

Date: 2081/07/29  
Place: Kathmandu, Nepal

# Jagdulla Hydropower Company Limited

NEW BANESHWOR 31, KATHMANDU, NEPAL


## STATEMENT OF CASH FLOWS


For the period from 1st Shrawan 2080 to 31st Ashadh 2081

Figures in NPR


	F.Y 2080/81	F.Y 2079/80
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) for the Year	553,178	16,236,531
<b>Adjustments for:</b>		
Income Tax during the year	352,878	5,478,329
Depreciation Expenses	-	-
Deferred Tax	-	-
<b>Working capital adjustments</b>		
(Increase)/ decrease in Trade and other receivables	(41,978,291)	(34,267,661)
(Increase)/ decrease in Prepayments/Advance Tax	(653,184)	(6,735,831)
Increase/ (decrease) in Trade and Other Payables	14,488,953	(9,068,528)
Increase/ (decrease) in Employee Benefits	(6,885,117)	675,519
<b>Cash generated from operations</b>	<b>(34,121,583)</b>	<b>(27,681,642)</b>
Bonus Paid	-	-
Income Tax paid	(168,296)	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(34,289,880)</b>	<b>(27,681,642)</b>
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant and Equipment	(18,907,085)	(5,683,850)
Decrease/(Increase) in Intangible Assets Under Development	(357,593,636)	(85,654,345)
Purchase of Intangible Assets	(67,800)	-
Investment in Subsidiary and Associates	-	-
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(376,568,522)</b>	<b>(91,338,195)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Share Capital	200,000,000	50,000,000
Advance Against Share	5,000,000	89,730,000
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>205,000,000</b>	<b>139,730,000</b>
<b>INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(205,858,402)</b>	<b>20,710,163</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of period</b>	<b>284,585,175</b>	<b>263,875,012</b>
<b>CASH AND CASH EQUIVALENTS, End of Period</b>	<b>78,726,774</b>	<b>284,585,177</b>

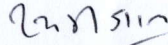
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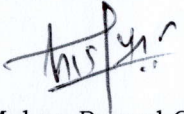
  
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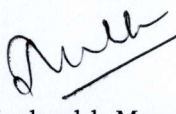
  
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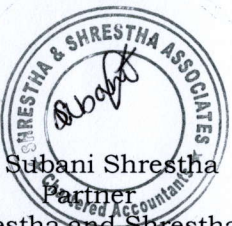
  
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Partner  
Shrestha and Shrestha  
Associates

Date: 2081/07/29

Place: Kathmandu, Nepal

# Jagdulla Hydropower Company Limited

NEW BANESHWOR 31, KATHMANDU, NEPAL

## STATEMENT OF CHANGES IN EQUITY

For the period from 1st Shrawan 2080 to 31st Ashadh 2081

Figures in NPR

	Share Capital	Retained Earnings	Total
<b>Balance as at 1st Shrawan 2079</b>			
Profit for the year	931,650,000.00	(8,637,883.19)	923,012,116.81
Other comprehensive Income	-	16,409,706.19	16,409,706.19
<b>Total Comprehensive Income</b>		7,771,823.00	7,771,823.00
Issue of Share Capital	50,000,000.00	-	50,000,000.00
Advance for share capital	89,730,000.00	-	89,730,000.00
Dividends to shareholders	-	-	-
<b>Balance as at 31st Ashad 2080</b>	<b>1,071,380,000.00</b>	<b>7,771,823.00</b>	<b>1,079,151,823.00</b>
Profit for the year	-	553,177.74	553,177.74
Prior Period Adjustments	-	-	-
Other comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>		<b>553,177.74</b>	<b>553,177.74</b>
Issue of Share Capital	200,000,000.00	-	200,000,000.00
Advance for share capital	5,000,000.00	-	5,000,000.00
Dividends to shareholders	-	-	-
<b>Balance as at 31st Ashad 2081</b>	<b>1,276,380,000.00</b>	<b>8,325,000.74</b>	<b>1,284,705,000.74</b>

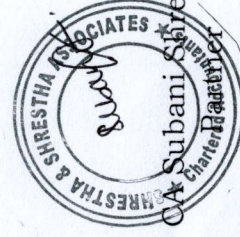
As per our report of even date



*[Signature]*  
Sejani Aryal  
Sr. Finance  
Manager

*[Signature]*  
Arjun Kumar  
Gautam  
Director

*[Signature]*  
Surya Prasad Rijal  
Director



*[Signature]*  
Prakash Adhikaree  
Independent Director

*[Signature]*  
Jeebachh Mandal  
Chairman

*[Signature]*  
Shrestha and Shrestha  
Associates

*[Signature]*  
Parwat Krishna  
Pokharel  
Account Officer

*[Signature]*  
Mohana Prasad Gautam  
Director

Date: 2081/07/29  
Place: Kathmandu, Nepal

**Jagdulla Hydropower Company Limited**  
**NEW BANESHWOR 31, KATHMANDU, NEPAL**  
Significant Accounting Policies & Explanatory Notes  
For the F.Y 2080/81

**1 Reporting entity**

Jagdulla Hydropower Company Limited (the Company) is a public limited company incorporated under the provisions of the Company Act, 2063 of Nepal on 2074.02.14 (28th May, 2017). The main objective of the company is to construct, develop, operate and manage Jagdulla Hydropower Project and other hydropower projects. The registered office of the Company is located at New Baneshwar 31, Kathmandu, Nepal.

**2 Basis of preparation**

**a) Statement of compliance**

The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards. Further the financial statements are in compliance with the Companies Act 2063 with Amendments and other relevant laws.

The financial statements were authorized for issue by the Board of Directors on Kartik 29, 2081.

**b) Functional currency**

These financial statements are presented in Nepalese Rupee (NPR), which is the Company's functional currency.

**c) Use of estimates and judgements**

The preparation of the financial statements in conformity with NFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 3-whether the arrangement classifies as a service concession arrangement.

Further, management uses valuation techniques to determine the fair value of financial instruments. This involves developing estimates and assumptions consistent with how market participants would price the instrument, Management bases its assumptions in observable data as far as possible. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**3 Significant Accounting Policies**

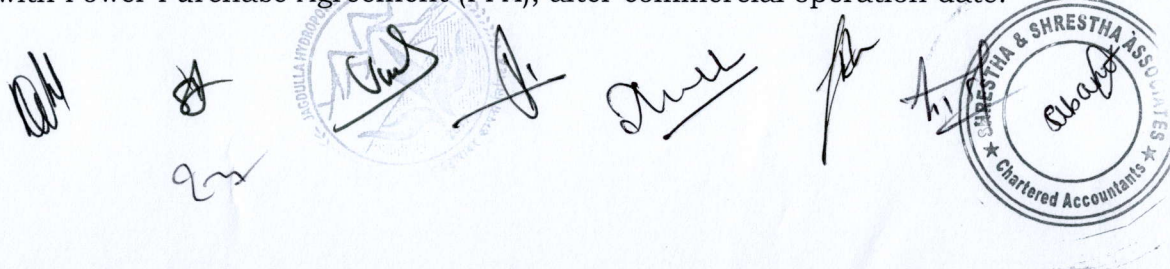
The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

**a) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**(i) Sale of Electricity**

Revenue from sale of electricity will be recognized on the basis of meter reading in accordance with Power Purchase Agreement (PPA), after commercial operation date.



(ii) **Interest income**

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate (EIR).

b) **Lease Payments**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

c) **Taxation**

Income Tax expense represents the sum of the current tax and deferred tax.

(i) **Current Tax**

Current tax which comprises expected tax payable or receivables is based on taxable profit or loss for the year based on Nepalese tax laws and any adjustments to the tax payable or receivable in respect of previous years. The Company's liability for current tax is to be calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The Company is in tax holiday, thus not calculated income tax liability.

Current tax assets and liabilities are offset if certain criteria are met.

(ii) **Deferred Tax**

Deferred tax is recognized on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred Tax Assets (DTA) are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences 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 is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred Tax Liabilities (DTL) and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

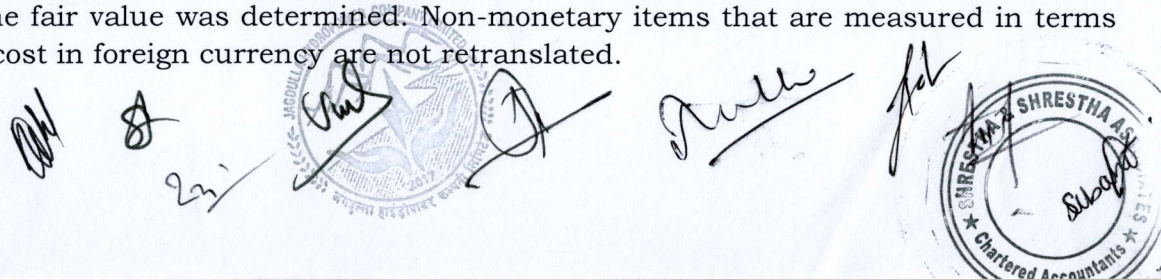
**DTA and DTL are offset if certain criteria is met.**

Deferred tax assets towards unused tax losses have not been created due to the uncertainty of the future taxable profits that will be available against which the asset can be utilized. The company has no any deferred tax assets and liabilities as on reporting period.

d) **Foreign currency transaction**

In preparing the financial statements of the Company, transaction in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates (selling rate of NRB) of exchange prevailing at the dates of transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at the fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

The bottom of the page contains several handwritten signatures and stamps. On the left, there are three distinct signatures. In the center, there is a circular stamp with text in Nepali and English, including 'SHRESTHA & SHRESTHA A.S.' and 'Chartered Accountants'. To the right of this stamp is another signature. On the far right, there is a larger circular stamp with the text 'SHRESTHA & SHRESTHA A.S.' and 'Chartered Accountants' around the perimeter, with a signature across it.

e) **Property, plant and equipment**

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period. Property, plant and equipment are stated at the cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimate useful lives of various assets are as follows:

Particulars	Estimated useful lives	Residual Value
Computers	3 Years	5%
Office Equipment	3 Years	5%
General Furniture and Fitting	10 Years	5%
Motorcycle, Scooters and other Moped	8 Years	5%
Motors, Lorries and Cars	8 Years	5%

As item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

f) **Capital Work in Progress (CWIP)**

Assets in the course of construction are capitalized and shown as assets under capital work in progress account (CWIP). At the point when the construction of the project is complete and it is ready management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Where an obligation (legal or constructive) exists to dismantle or remove an assets or restore a site to its former condition at the end of its useful life, the present value of the estimated cost of completion, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized. Revenue generated during the trial period is capitalized. All the assets, the project being in progress, has been capitalized in the capital work in progress.

g) **Intangible assets (owned)**

An intangible asset is recognized if it is probable that the extended future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Intangible asset acquired separately with finite lives

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortization is recognized on a straight-line basis over their estimated useful lives, and is generally recognized in the statement of profit and loss. The estimated being accounted for on a prospective basis.

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*[Circular stamp: SHRESTHA & SHRESTHA ASSOCIATES Chartered Accountants]*

Computer software are amortized over an estimated useful life of 4 years. The amortization expense has been capitalised in CWIP.

h) **Impairment**

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

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

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

i) **Employee benefits**

*Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has present or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

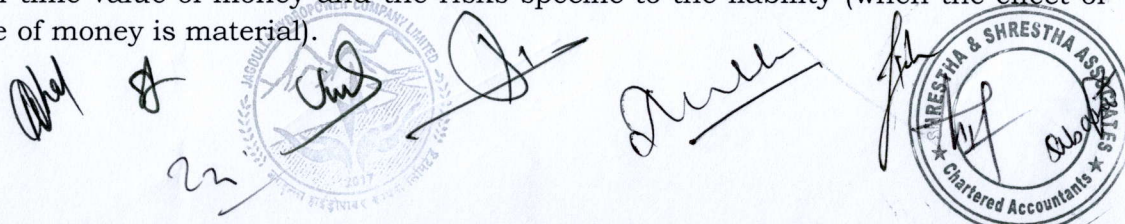
*Retirement benefits and other long-term employee benefits*

Company does not have recognized the Retirement benefits and other Long-Term Employee Benefits.

j) **Provisions and contingent liabilities**

- (i) Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of time value of money and the risks specific to the liability (when the effect of the time value of money is material).

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When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

- (ii) A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

k) **Financial Instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured 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 or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(i) *Financial assets*

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), 'held to maturity' investments, 'available for sale' (AFS) financial assets and 'loans receivables' based on the characteristics of each instrument. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Of these categories, the company only has loans and receivables.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. Loans and receivables including other receivables and bank balances and cash are measured at amortized cost using the effective interest method, less any impairment.

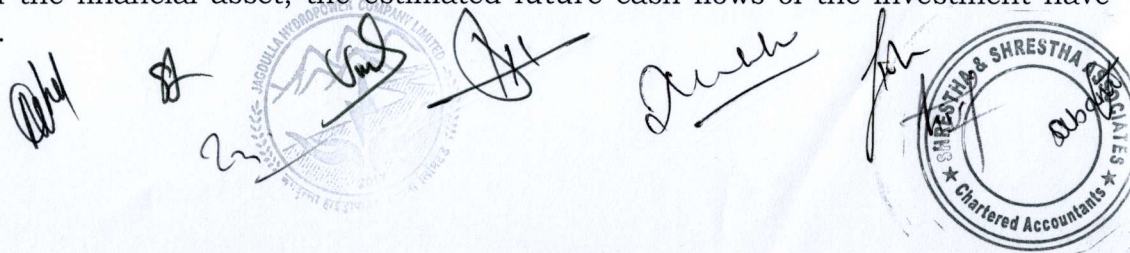
Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(b) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, of, where appropriate, a shorter period, to the net carrying amount of the financial instrument.

(c) Impairment of financial assets

Financial assets, being loans and receivables, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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For all financial assets other than available for sale assets, objective evidence of impairment could include:

1. Significant financial difficulty of the issuer or counterparty; or
2. Breach of contract, such as a default or delinquency in interest or principal payments; or
3. It becomes probable that the borrower will enter bankruptcy or financial re-organization; or
4. The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment is reserved does not exceed what the amortized cost would have been had the impairment not been recognized.

(d) Derecognition of financial assets

The company de-recognizes a financial asset only when the contractual right to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another entity. If the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

(ii) *Financial liabilities and equity*

(a) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

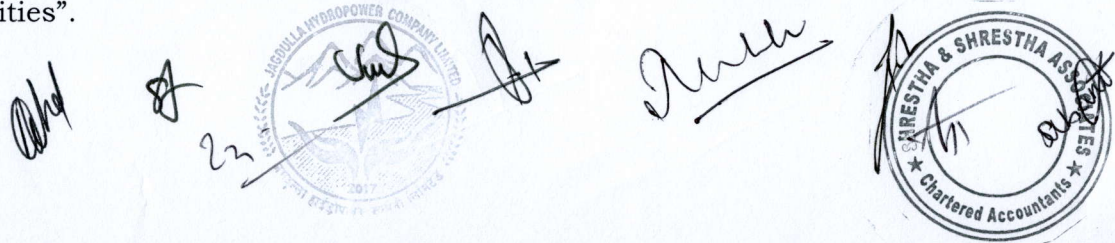
(b) Equity Instruments

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

Borrowings from promoter which are not intended to be repaid are treated as equity (additional paid capital) in the financial statements.

(c) Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. Of these categories, the Company only has "other financial liabilities".



(d) Other financial liabilities

Other financial liabilities (including other payables) are subsequently measured at amortized cost using the effective interest method. The effective interest method is method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, of (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(e) Derecognition of financial liabilities

The company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

1) **Cash and cash equivalents**

Cash and cash equivalents include deposits account balances maintained with banks and financial institutions. These enable the company to meet its short term liquidity requirements. The carrying amount of cash and cash equivalents approximates their fair value. They are readily convertible to known amount of cash and are subject to insignificant risk of change in value. These balances have been used as Cash and Cash Equivalents for the presentation of Statement of Cash Flows as well.

m) **Equity and reserves**

Share Capital represents the nominal (par) value of ordinary equity shares that have been issued.

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*[Circular stamp: SARWULLA HYDROPOWER COMPANY LIMITED]*

*[Circular stamp: SHRESTHA & SHRESTHA ASSOCIATES Chartered Accountants]*

# Jagdulla Hydropower Company Limited

NEW BANESHWOR 31, KATHMANDU, NEPAL

## 4. Notes to the Financial Statements

Figures in NPR

### 4.1 Property, Plant and Equipment

	Buildings	Plant & Machinery	Office Equipment	Furniture and Fixture	Vehicle	Office Setup	Partition	Total
Balance as at 1 Shrawan 2080	-	954,799	3,979,353.86	2,701,368.90	19,720,500.03	341,656.99	290,178.27	27,987,856.79
Additions	-	-	1,841,995.72	5,019,509.25	12,045,580.39	-	-	18,907,085.36
Revaluation and Adjustments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31st Ashadh 2081</b>	-	<b>954,799</b>	<b>5,821,349.58</b>	<b>7,720,878.15</b>	<b>31,766,080.42</b>	<b>341,656.99</b>	<b>290,178.27</b>	<b>46,894,942.15</b>
<b>Depreciation and Impairment Losses</b>								
Balance as at 1 Shrawan 2080	-	-	3,237,750.29	778,300.36	6,896,618.78	341,656.99	241,173.80	11,495,500.22
Depreciation Charge for the year	-	113,430	911,311.53	615,864.06	3,608,597.87	-	24,502.24	5,273,705.79
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at 31st Ashadh 2081</b>	-	<b>113,430</b>	<b>4,149,061.82</b>	<b>1,394,164.42</b>	<b>10,505,216.65</b>	<b>341,656.99</b>	<b>265,676.03</b>	<b>16,769,206.01</b>
<b>Net Book Value</b>								
At 1st Shrawan 2080	-	954,799	741,603.57	1,923,068.54	12,823,881.25	-	49,004.48	16,492,356.57
<b>Balance as at 31st Ashadh 2081</b>	-	<b>841,368.65</b>	<b>1,672,287.76</b>	<b>6,326,713.73</b>	<b>21,260,863.77</b>	-	<b>24,502.24</b>	<b>30,125,736.14</b>



# Jagdulla Hydropower Company Limited

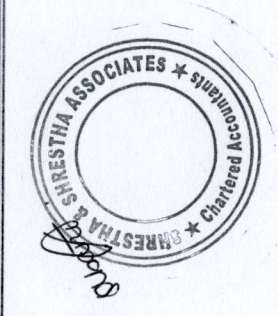
NEW BANESHWOR 31, KATHMANDU, NEPAL

Notes to the Financial Statements

Figures in NPR

## 4.2 Intangible Assets

	Accounting Software	MIS Software	Other	Total
<b>Balance as at 1 Shrawan 2080</b>	<b>71,190</b>	<b>480,250</b>	-	<b>551,440</b>
Additions	67,800.00	-	-	67,800.00
Transfer	-	-	-	-
Revaluation and Adjustments	-	-	-	-
Disposals	-	-	-	-
<b>Balance as at 31st Ashadh 2081</b>	<b>138,990.00</b>	<b>480,250.00</b>	-	<b>619,240.00</b>
<b>Amortization</b>				
<b>Balance as at 1 Shrawan 2080</b>	<b>62,715.00</b>	120,062.50	-	<b>182,777.50</b>
Amortization Charge for the year	25,425.00	120,062.50	-	145,487.50
Transfer	-	-	-	-
Disposals	-	-	-	-
<b>Balance as at 31st Ashadh 2081</b>	<b>88,140.00</b>	<b>240,125.00</b>	-	<b>328,265.00</b>
<b>Net Book Value</b>				
Balance as at 1 Shrawan 2080	8,475.00	360,187.50	-	368,662.50
<b>Balance as at 31st Ashadh 2081</b>	<b>50,850.00</b>	<b>240,125.00</b>	-	<b>290,975.00</b>



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*Signature*

# Jagdulla Hydropower Company Limited

NEW BANESHWOR 31, KATHMANDU, NEPAL

Notes to the Financial Statements

## 4.3: Intangible Assets Under Development

### 4.3.1: Jagdulla Hydropower Project 106 MW

Particulars	31.03.2081	Addition during the year	31.03.2080
4.3.1.1: Pre-operating Cost	67,735,147	24,697,530	43,037,617.05
4.3.1.2: Infrastructure Development Cost	188,819,922	151,741,926	37,077,995.42
4.3.1.3: Civil Construction Cost	86,288,748	-	86,288,748.24
4.3.1.4: Cost for Detailed Engineering Design	250,075,834	-	250,075,833.94
4.3.1.5: Project Supervision, Management & Engineering Cost	142,081,724	56,167,608	85,914,116.54
4.3.1.6 Project Land Cost	115,589,397	-	115,589,397.25
4.3.1.7 Community Support Program	1,827,245	236,170	1,591,074.53
4.3.1.8 Finance Cost on Long term Borrowing	57,500,000	57,500,000	
<b>Total Intangible Assets Under Development (A)</b>	<b>909,918,017</b>	<b>290,343,234</b>	<b>619,574,782.97</b>

#### 4.3.1.1: Pre-operating Cost

Particulars	31.03.2081	Addition during the year	31.03.2080
EIA Study Charges	16,044,441	5,013,888	11,030,552.91
License Fees & Renewal Charges	25,315,460	8,360	25,307,100.00
Power Purchase Expenses	2,612,000	400,000	2,212,000.00
Project Public Relation and Stakeholder Expenses	270,404	-	270,403.78
Public Consultation and Stakeholder	1,951,314	-	1,951,313.69
Consultancy Fees	21,541,529	19,275,282	2,266,246.67
<b>Total Project Supervision, Management &amp; Engineering Cost</b>	<b>67,735,146.58</b>	<b>24,697,529.53</b>	<b>43,037,617.05</b>

#### 4.3.1.2: Infrastructure Development Cost

Particulars	31.03.2081	Addition during the year	31.03.2080
Access Road	16,897,112	16,376,826	520,286.00
Bridge Works	50,598,423	30,584,740	20,013,683.02
Camp Facilities	9,567,127	9,323,095	244,032.00
Bailey Bridge	95,457,265	95,457,265	-
Office and Residence Building In Hw and Pw Area	524,332	-	524,332.43
Pre- Fab Building	15,775,662	-	15,775,661.97
<b>Total Infrastructure Development Cost</b>	<b>188,819,921.71</b>	<b>151,741,926.29</b>	<b>37,077,995.42</b>

#### 4.3.1.3: Civil Construction Cost

Particulars	31.03.2081	Addition during the year	31.03.2080
Test Adit Works	86,288,748	-	86,288,748.24
<b>Total Civil Construction Cost</b>	<b>86,288,748</b>	<b>-</b>	<b>86,288,748.24</b>

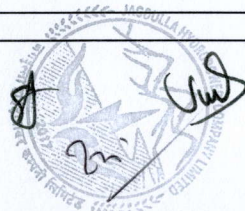
#### 4.3.1.4: Cost for Detailed Engineering Design

Particulars	31.03.2081	Addition during the year	31.03.2080
Feasibility Study Expenses	250,075,834	-	250,075,833.94
<b>Total Cost for Detailed Engineering Design</b>	<b>250,075,834</b>	<b>-</b>	<b>250,075,833.94</b>

#### 4.3.1.5: Project Supervision, Management & Engineering Cost

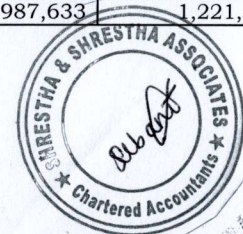
Particulars	31.03.2081	Addition during the year	31.03.2080
Salary And Grade	32,903,640	15,521,160	17,382,480.04
Uniform Allowance	880,341	327,200	553,140.78
Overtime Allowance	391,481	391,481	-
Site Allowance	544,111	544,111	-
Festival Allowance	1,366,823	1,366,823	-
HR Development Cost	740,177	277,765	462,411.84
Performance Incentives	107,310	107,310	-
Providend Fund	3,179,547	1,523,714	1,655,833.20
Gratuity Fund	1,591,756	1,244,294	347,461.88
Staff Insurance Premium	324,251	144,036	180,215.11
Responsibility Allowance	35,367,868	11,828,813	23,539,055.18
Leave Expenses	2,208,795	987,633	1,221,161.40

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Medical Allowance	1,299,841	1,299,841	-
Travel Local	1,514,097	1,514,097	-
DA Local	1,193,826	54,400	1,139,426.03
Traveling Expenses	2,796,160	1,004,580	1,791,580.01
R&M Office Equipments	164,079	22,224	141,855.00
R&M Furnitures And Fixtures	20,941	20,941	-
R&M Vehicles	1,440,886	399,551	1,041,334.99
R & M Others	15,422	15,422	-
Electricity NEA	174,260	174,260	-
Fuel Vehicle	1,927,293	722,887	1,204,405.77
Water Charges	309,910	48,688	261,221.68
House Rent	9,665,801	3,024,896	6,640,904.43
Telephone/Fax	333,407	65,245	268,162.47
Internet	224,445	224,445	-
Vehicle Renew	77,312	77,312	-
Vat	7,238	7,238	-
License Fee	1,519,383	36,160	1,483,223.12
Renewals & Tax	7,705	7,705	-
Insurance- Furnituire	453,232	20,205	433,027.40
Insurance -Office Equipments	24,949	24,949	-
Insurance-Vehicle	173,653	173,653	-
Meeting Allownace	5,534,200	609,280	4,924,920.00
Other Expenses	313,326	26,880	286,446.28
Suport Staff Allowance	124,365	34,624	89,740.80
Statutory Audit Fee	804,786	101,248	703,538.00
Tax Audit Fee	21,696	21,696	-
Internal Audit Fee	137,408	137,408	-
Audit Related Other Expenses	65,307	20,170	45,137.42
AGM Expenses	277,830	83,444	194,385.29
Printing And Stationary	719,537	157,065	562,471.73
Books And Periodicals	7,896	525	7,371.12
Porter,Helper and Other Labor	1,280	1,280	-
Advertisement Expenses	1,317,084	324,318	992,766.00
Business Promotion Expenses	111,183	25,481	85,702.31
Consumble Goods And Tools	1,469,800	480,798	989,002.56
Guest Hospitality	513,319	333,574	179,745.70
Faulty/Kitchen	309,472	207,302	302,109.45
Staff Entertainment	11,403	11,403	-
Functions And Celebrations	8,230	8,230	-
Tendering Expenses	126,428	126,428	-
Meeting Expenses	49,047	49,047	-
Other Miscellaneous Expenses	611,429	151,329	460,100.09
Bank Charge	3,315	2,702	612.98
Transportation	99,950	99,950	-
Financing Expenses	2,986,373	2,986,373	-
DDA Expenses	452,000	452,000	-
Wages	276,569	-	276,569.44
Per diem international	186,978	-	186,978.34
Consultancy fees	8,991,795	2,117,541	6,874,254.34
Depreciation	13,092,719	4,335,355	8,757,364.35
Company Registration Expense	248,000	-	248,000.00
<b>Total Project Supervision, Management &amp; Engineering Cost</b>	<b>142,081,724.27</b>	<b>56,167,607.73</b>	<b>85,914,116.54</b>

#### 4.3.1.6: Project Land Cost

Particulars	31.03.2081	Addition during the year	31.03.2080
Project Land Acquisition for Project	115,589,397	-	115,589,397.25
<b>Total Project Land Cost</b>	<b>115,589,397</b>	<b>-</b>	<b>115,589,397.25</b>

#### 4.3.1.7 Community Support Program

Particulars	31.03.2081	Addition during the year	31.03.2080
Corporate Social Responsibility Program	1,827,245	236,170	1,591,074.53
<b>Total Environment/Social Mitigation Cost</b>	<b>1,827,245</b>	<b>236,170</b>	<b>1,591,074.53</b>

**4.3.1.8: Finance Cost**

Particulars	31.03.2081	Addition during the year	31.03.2080
13.25.005-Bank Charges On Long Term Borrowings	57,500,000	57,500,000	-
<b>Total Project Land Cost</b>	<b>57,500,000</b>	<b>57,500,000</b>	<b>-</b>

**4.3.2 Jagdulla-A Hydropower Project 82.3 MW**

Particulars	31.03.2081	Addition during the year	31.03.2080
4.3.2.1: Pre-operating Cost	31,547,457	5,000,000	26,547,457.10
4.3.2.2: Cost for Detailed Engineering Design	120,770,664	62,483,554	58,287,110.65
4.3.2.3: Project Supervision, Management & Engineering Cost	31,189,805	5,186,043	26,003,762.47
<b>Total Intangible Assets Under Development (B)</b>	<b>183,507,927</b>	<b>72,669,597</b>	<b>110,838,330.22</b>

**4.3.2.1: Pre-operating Cost**

Particulars	31.03.2081	Addition during the year	31.03.2080
EIA Study Charges	928,295	-	928,295
Feasibility Study Fees	19,619,162	-	19,619,162
Survey License Fees	11,000,000	5,000,000	6,000,000
<b>Total Pre-Operating Cost</b>	<b>31,547,457</b>	<b>5,000,000</b>	<b>26,547,457.10</b>

**4.3.2.2: Cost for Detailed Engineering Design**

Particulars	31.03.2081	Addition during the year	31.03.2080
Detailed Engineering Study Expenses	120,770,664	62,483,554	58,287,111
<b>Total Cost for Detailed Engineering Design</b>	<b>120,770,664</b>	<b>62,483,554</b>	<b>58,287,110.65</b>

**4.3.2.3: Project Supervision, Management & Engineering Cost**

Particulars	31.03.2081	Addition during the year	31.03.2080
Salary And Grade	6,951,909	1,036,429	5,915,480.22
Uniform Allowance	232,200	36,800	195,399.70
Overtime Allowance	63,773	63,773	-
Site Allowance	1,667	1,667	-
Festival Allowance	79,589	79,589	-
HR Development Cost	211,658	720	210,938.42
Performance Incentives	26,827	26,827	-
Providend Fund	687,973	101,030	586,942.70
Gratuity Fund	369,929	85,642	284,287.00
Staff Insurance Premium	129,953	34,809	95,143.75
Responsibility Allowance	6,912,406	838,416	6,073,990.27
Leave Expenses	529,356	61,145	468,210.93
Medical Allowance	78,177	78,177	-
Travel Local	61,760	61,760	-
DA Local	532,732	13,600	519,132.35
Traveling Expenses	523,284	15,360	507,924.33
R&M Office Equipments	59,697	5,556	54,141.23
R&M Furnitures And Fixtures	5,235	5,235	-
R&M Vehicles	387,651	74,948	312,702.87
R & M Others	3,856	3,856	-
Electricity NEA	40,430	40,430	-
Fuel Vehicle	638,357	122,854	515,503.28
Water Charges	126,003	12,172	113,830.76
House Rent	2,785,803	679,622	2,106,180.57
Telephone /Fax	103,638	9,262	94,375.69
Internet	7,413	7,413	-
Vehicle Renew	19,328	19,328	-
Vat	1,810	1,810	-
License Fee	618,231	9,040	609,191.28
Renewals & Tax	1,926	1,926	-
Insurance Furnitures	5,051	5,051	-
Insurance Office Equipments	6,237	6,237	-
Insurance Vehicle	187,672	43,413	144,258.59
Meeting Allowance	1,715,320	222,320	1,493,000.00
Other Expenses	123,264	6,720	116,543.89
Suport Staff Allowance	37,635	8,656	28,979.20

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Statutory Audit Fee	207,694	25,312	182,382.00
Tax Audit Fee	5,424	5,424	-
Internal Audit Fee	34,352	34,352	-
Audit Related Other Expenses	25,759	5,042	20,716.98
AGM Expenses	119,607	20,861	98,746.25
Printing And Stationary	210,593	34,592	176,000.96
Books And Periodicals	5,782	131	5,651.28
Porter,Helper and Other Labor	165,443	320	165,123.36
Advertisement Expenses	213,593	18,297	195,296.30
Business Promotion Expenses	22,694	6,370	16,324.25
Consumable Goods And Tools	248,061	32,988	215,072.90
Guest Hospitality	26,731	12,638	14,093.69
Pantry/Kitchen	16,858	16,858	-
Staff Entertainment Expenses	2,866	2,866	-
Functions And Celebrations	2,058	2,058	-
Tendering Expenses	12,080	12,080	-
Meeting Expenses	135,630	12,262	123,368.56
Other Miscellaneous Expenses	160,863	37,832	123,030.81
Bank Charge	533	328	204.88
Wages	-	-	-
Per diem international	-	-	-
Consultancy fees	1,300,680	-	1,300,679.87
Depreciation	4,004,752	1,083,839	2,920,913.36
Company Registration Expenses	-	-	-
<b>Total Project Supervision, Management &amp; Engineering Cost</b>	<b>31,189,805</b>	<b>5,186,043</b>	<b>26,003,762</b>

<b>Intangible Assets Under Development (A+B)</b>	<b>1,093,425,943.38</b>	<b>363,012,830.19</b>	<b>730,413,113.19</b>
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# Jagdulla Hydropower Company Limited

NEW BANESHWOR 31, KATHMANDU, NEPAL

Notes to the Financial Statements

Figures in NPR

## 4.4 Prepayments and Advance Tax

	31.03.2081	31.03.2080
Advance Tax (Tax Deducted by Banks)	6,580,520.89	5,641,716.98
Prepaid Expenses	2,423,196.36	2,708,815.80
	<b>9,003,717.25</b>	<b>8,350,532.78</b>

## 4.5 Trade and Other Receivable

	31.03.2081	31.03.2080
District Administrative Office Dolpa	17,362,715.82	17,362,715.82
Other Advance	82,450,948.34	38,596,496.31
Deposit	112,125.00	112,125.00
Interest Receivable	-	1,871,630.13
Account Receivable	3,070.88	7,601.69
	<b>99,928,860.04</b>	<b>57,950,568.95</b>

## 4.6 Cash and Cash Equivalents

	31.03.2081	31.03.2080
Everest bank Ltd # 00101103200003	351,035.02	326,095.15
Everest bank Ltd # 00100105202140	27,873,290.67	194,123,010.12
Nabil Bank Limited	481,170.00	99,900.00
Mega Bank Nepal Limited-Fixed Deposit	-	-
Nabil Bank Limited-Fixed Deposit	50,000,000.00	50,000,000.00
Nepal Investment Mega Bank Limited-Fixed Deposit	-	20,000,000.00
Siddhartha Bank Limited-Fixed Deposit	-	20,000,000.00
Century Commercial Bank Limited-Fixed Deposit	-	-
Cash in hand	21,278.00	36,170.00
	<b>78,726,773.69</b>	<b>284,585,175.27</b>

## 4.7 Share Capital

	31.03.2081	31.03.2080
Vidhyut Utpadan Company Limited	709,180,000.00	580,000,000.00
Government of Karnali Province	177,500,000.00	117,150,000.00
Hydroelectricity Investment and Development Company	234,300,000.00	234,300,000.00
Jagdulla Rural Municipality	200,000.00	-
Mudkechula Rural Municipality	200,000.00	200,000.00
Nepal Electricity Authority	150,000,000.00	50,000,000.00
	<b>1,271,380,000.00</b>	<b>981,650,000.00</b>

### 4.7.1 Advance for Share Capital

	31.03.2081	31.03.2080
Vidhyut Utpadan Company Limited	-	29,180,000.00
Government of Karnali Province	-	60,350,000.00
Hydroelectricity Investment and Development Company	-	-
Jagdulla Rural Municipality	5,000,000.00	200,000.00
Mudkechula Rural Municipality	-	-
Nepal Electricity Authority	-	-
	<b>5,000,000.00</b>	<b>89,730,000.00</b>

## 4.8 Retained Earnings and Reserves

	31.03.2081	31.03.2080
Opening Balance	7,771,823.00	(8,637,883.19)
Prior Period Adjustments	-	173,175.17
Profit/(Loss) for the period	553,177.74	16,236,531.02
	<b>8,325,000.74</b>	<b>7,771,823.00</b>

**4.9 Provision**

	31.03.2081	31.03.2080
Provision for Expenses	7,290.06	7,844,897.17
Staffs Annual and Sick Leave	2,815,076.63	1,862,586.05
	<b>2,822,366.69</b>	<b>9,707,483.22</b>

**4.10 Trade and Other Payables**

	31.03.2081	31.03.2080
Withholding Taxes Payable	743,930.18	515,061.97
VAT Payable	414,975.10	404,388.70
Accounts Payable	8,560,971.04	1,911,209.37
Employees payable	36,613.25	
Retention	8,555,237.36	992,114.43
	<b>18,311,726.93</b>	<b>3,822,774.47</b>

**4.11 Other Income**

	31.03.2081	31.03.2080
Miscellaneous income	16,641.99	47,181.59
Tender Form Sale	80,000.00	370,000.00
	<b>96,641.99</b>	<b>417,181.59</b>

**4.12 Administrative and Operating Expenses**



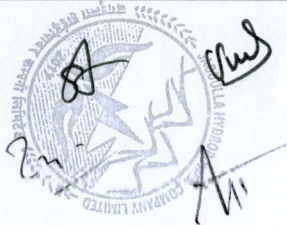


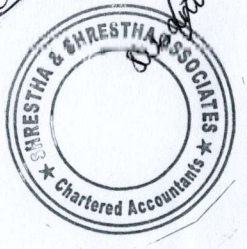
	31.03.2081	31.03.2080
Salary And Grade	1,295,535.63	1,943,494.29
Uniform Allowance	46,000.00	58,598.88
Overtime Allowance	79,716.51	-
Site Allowance	2,083.80	-
Festival Allowance	99,486.78	-
HR Development Cost	900.00	70,298.22
Performance Incentives	33,534.25	-
Providend Fund	126,287.49	194,349.42
Gratuity Fund	107,052.73	157,937.22
Staff Insurance Premium	43,511.32	32,723.60
Responsibility Allowance	1,048,019.95	1,980,618.06
Leave Expenses	76,431.56	154,872.73
Medical Allowance	97,721.29	-
Travel Local	77,200.00	-
DA Local	17,000.00	131,024.00
Traveling Expenses	19,200.20	112,674.08
R&M Office Equipments	6,944.91	16,660.21
R&M Furnitures And Fixtures	6,544.00	-
R&M Vehicles	93,685.36	61,516.62
R & M Others	4,819.40	-
Electricity NEA	50,537.52	34,140.11
Fuel Vehicle	153,566.93	167,454.56
Water Charges	15,215.11	-
House Rent	1,188,528.09	606,423.00
Telephone/Fax	11,577.69	31,917.44
Internet	9,266.00	-
Vehicle Renew	24,160.00	-
Vat	2,262.00	-
License Fee	11,300.00	41,454.60
Renewals & Tax	2,407.94	-
Insurance Furnitures	6,314.06	-
Insurance Office Equipments	7,796.45	-
Insurance Vehicle	54,266.60	42,255.32
Meeting Allownace	109,400.00	-
Meeting Allowance	81,000.00	538,720.00
Other Expenses	8,400.00	36,956.20





Suport Staff Allowance	10,820.00	-
Statutory Audit Fee	31,640.00	55,370.00
Tax Audit Fee	6,780.00	-
Internal Audit Fee	42,940.00	-
Audit Related Other Expenses	6,303.00	5,382.00
AGM Expenses	26,076.40	38,636.48
Printing And Stationary	43,239.52	47,590.82
Books And Periodicals	164.00	3,139.60
Porter,Helper and Other Labor	400.00	57,863.20
Advertisement Expenses	22,870.80	46,299.80
Business Promotion Expenses	7,962.71	-
Consumble Goods And Tools	41,234.70	47,962.90
Guest Hospitality	15,797.00	-
Pantry/Kitchen	21,072.60	-
Staff Entertainment	3,582.20	-
Functions And Celebrations	72,596.00	-
Tendering Expenses	15,099.40	-
Meeting Expenses	15,327.13	36,228.40
Other Miscellaneous	47,290.21	16,474.60
Bank Charge	410.00	32.00
	<b>5,449,279.25</b>	<b>6,769,068.36</b>

<b>4.13 Finance Income</b>	<b>31.03.2081</b>	<b>31.03.2080</b>
Interest from bank accounts	6,258,692.77	28,066,746.36
	<b>6,258,692.77</b>	<b>28,066,746.36</b>

# Jagdulla Hydropower Company Limited

NEW BANESHWOR 31, KATHMANDU, NEPAL

Notes to the Financial Statements

Figures in NPR

<b>4.10.1 Withholding Tax Payable</b>		
	<b>31.03.2081</b>	<b>31.03.2080</b>
Party Tax Payable	177,455.24	170,578.83
Staffs Tax Payable	468,565.20	210,982.18
Social Security Tax Payable	23,910.59	24,026.23
Rental Tax Payable	23,449.15	21,829.73
Meeting Tax Payable	50,550.00	87,645.00
	<b>743,930.18</b>	<b>515,061.97</b>
<b>4.10.2 Accounts Payable</b>		
	<b>31.03.2081</b>	<b>31.03.2080</b>
Anil Pathak	785.89	1,190.00
Anil Budathoki	11,053.84	-
Arjun Kumar Gautam	-	5,950.00
Ashok Bista	31,500.00	-
All in One general Store	40,755.00	-
BC Store	-	47,125.00
Bhim Prashad Budha	18,959.39	36,146.88
Bheri Khabar Media	93,660.00	-
Bikram Boyeju	13,600.00	-
Bimala Gautam	8,565.07	425.00
Binaya Prakash Roshyara	19,057.01	-
Bishal Malla	7,500.00	-
Buddhi bahadur Thapa	4,250.00	-
Citizen Investment Trust	27,692.24	-
Chandra rokaya	4,200.00	-
Dev Shankar Rokaya	-	7,920.00
Dipak Tahapa	16,700.00	39,545.00
Dolpa Sagar Travels & Tour	-	13,000.00
Gopal Shahi	28,226.68	-
Hirachan Caravan JV	6,879,757.50	-
Hira Sakarmi	-	425.00
Jwala Electronic and order suppliers	1,500.00	-
Kumar BK	5,842.41	-
Laxman Sapkota	-	2,550.00
Lal Bahadur Lama	4,690.00	-
Madhav Pyakurel	56,731.53	-
Man Prashad Neupane	2,000.00	-
Mandira Khadka	771.90	60,312.32
Megh raj Sharma	2,100.00	-
Parwat Krishna Pokharel	917.90	972.79
Prakash Adhikaree	-	29,750.00
Prabhu Ram Silwal	55,300.00	-
Prem Prashad Pandey	-	7,920.00




Rabindra Budha	145,660.81	-
R. Sapkota & Associate	214,700.00	28,250.00
Ram Chandra Basnet	34,927.09	154,453.28
Ram Chandra Lama	4,745.43	26,555.76
Ranjita Bhattarai (Acharya)	-	23,886.96
Ramando Order and Suppliers	13,745.00	-
Sajani Aryal	2,925.80	-
Sanjaya Sapkota	3,483.62	62,148.21
Sajha Sewa Sahakari Sanstha Limited	14,273.21	-
Sarmila Gharti	-	26,555.76
Shambhavhi Stationary And general Supplies	-	14,613.76
Shangrila Marketing Nepal Pvt. Ltd.	5,594.79	6,926.87
Shanta Gautam	6,579.55	425.00
Sherpa Hydro Construction P. Ltd.	-	166,323.09
Subani Shrestha & Associates	158,200.00	113,000.00
Sunita Fancy and General Store	27,400.00	-
Subash Khadka	38,400.00	-
Suman BC	18,613.12	-
Suresh Olee	1,000.00	-
Surya Prasad Rijal	-	59,500.00
Tamu Appliance Suppliers	-	876,826.44
Taranath Sapkota	-	59,500.00
Tayajong Media and Production Pvt. Ltd	468,867.00	-
The Institute of Chartered Accountants of Nepal	33,450.00	-
We Print Graphics	892.00	5,742.25
Yuraj Bohara	31,397.26	33,270.00
	<b>8,560,971.04</b>	<b>1,911,209.37</b>

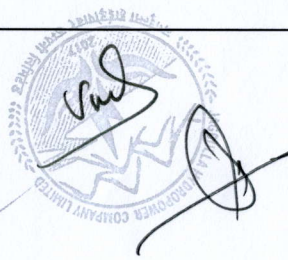
#### 4.10.2 Employees payable

	31.03.2081	31.03.2080
Provident Fund payable	1,028.19	-
Gratuity Fund payable	28,983.24	-
Salary payable	6,601.82	-
	<b>36,613.25</b>	

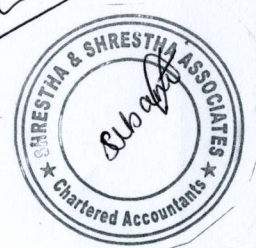
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#### 4.15 Income Tax

##### Current Tax

Though income generated from the sale of electricity is exempted from Income Tax, the company has earned interest income and other miscellaneous income which are taxable as per Income Tax Act, 2058. Accordingly, provision for taxation of NRs. 5,662,910 including fees and interest u/s 117, 118 & 119 of Income Tax Act, 2058 has been made for the year.

Since the company has not started its commercial operations, deferred tax has not been recognized and previously recognized deferred tax liabilities have been accordingly adjusted.

#### 4.16 Financial Instruments- Financial Liabilities

Financial liabilities held by the company are non-interest bearing. The non-interest bearing instruments carrying value represents the amortized cost.

Financial liabilities of the company comprises of Withholding taxes payable, VAT payable, Accounts payable, Employees payable and Retention money payable. The amount has been initially recognized at cost and it is continued to carry at cost as the carrying amount is considered as approximate fair value to be paid.

Details of financial liabilities are presented as follows:

Particulars	31.03.2081	31.03.2080
Withholding Taxes Payable	743,930.18	515,061.97
VAT Payable	414,975.10	404,388.70
Accounts Payable	8,560,971.04	1,911,209.37
Employees Payable	36,613.25	-
Retention	8,555,237.36	992,114.43
<b>Total</b>	<b>18,311,726.93</b>	<b>3,822,774.47</b>

#### 4.17 Financial Instruments- Financial Assets

Financial assets of the company comprise of advances (including prepaid expense and advance tax), deposits, interest payable, balances with bank and cash in hand. The amount has been initially recognized at cost and it is continued to carry at cost as the carrying amount is considered as approximate fair value to be realized.

Details of financial assets are presented as follows:

Particulars	31.03.2081	31.03.2080
Advances	108,817,381.41	64,309,744.91
Deposits	112,125.00	112,125.00
Interest Receivable	-	1,871,630.13
Account Receivable	3,070.88	7,601.69
Balance with Banks including Fixed Deposits	78,705,495.69	284,549,005.27
Cash in Hand	21,278.00	36,170.00
<b>Total</b>	<b>187,659,350.98</b>	<b>350,886,277.00</b>

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#### 4.19 Earnings per share (EPS)

Particulars		32.03.2081	32.03.2080
<b>Numerator</b>			
Profit for the year and earning used in basic EPS		553,177.74	16,236,531.02
Earnings used in diluted EPS		553,177.74	16,236,531.02
<b>Denominator</b>			
Weighted average number of shares used in basic EPS		12,713,800.00	9,816,500.00
Weighted average number of shares used in diluted EPS		12,713,800.00	9,816,500.00
<b>Basic and diluted earnings per share</b>		<b>0.04</b>	<b>1.65</b>

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is computed by dividing the net profit attributable to the ordinary and potential equity holders of the company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There are no instruments, such as convertibles, that would require dilution of EPS, therefore diluted EPS and Basic EPS remains the same.

#### 4.20 Related Party Transaction

There are no any related party transactions during the fiscal year .

#### Directors and their relatives

The total composition of Board of Directors as per the Articles of Association of the Company is seven however composition of Board of Directors is detailed as below:

Name	Position
Mr. Sandip Kumar Dev, Joint Secretary, Ministry of Energy, Water Resources and Irrigation	Chairman
Mr.Surya Prasad Rijal, Managing Director, Vidhyut Utpadan Company Ltd.	Director
Mr. Arjun Kumar Gautam, Chief Executive Officer, HIDCL	Director
Mr. Mohan Prasad Gautam, Chief Executive Officer, Upper Tamakoshi Hydropower Ltd.	Director
Mr. Prakash Adhikaree	Independent Director

The company has not made public issue of shares, there is no representation in the Board from the public. Except for the following transactions the Company has not entered into any other transaction with directors or their relatives during the financial year 2079/080 (2022/023).

Name	Position	Meeting Allowance	Date of appointment (Date of exit)
Mr. Sandip Kumar Dev	Chairman	98,000.00	3/26/2080 (7/29/2081)
Mr. Jeebach Mandal	Chairman	0.00	7/29/2081
Mr.Surya Prasad Rijal	Director	133,000.00	4/20/2079
Mr. Arjun Kumar Gautam	Director	182,000.00	1/5/2079
Mr. Mohan Prasad Gautam	Director	105,000.00	9/14/2079
Er. Prakash Adhikaree	Independent Director	70,000.00	12/17/2078



### Key Management Personnel

The CEO of the Company is considered to be the Key Management personnel. The company has not entered into any transaction (other than payment of salary and benefits) with the Key Management Personnel or their relatives during the year.

Mr. Sanjaya Sapkota was appointed in the post of CEO as on Baisakh 10, 2080 and was paid salary and allowances as follows:

Particulars	Amount
Salary with grade	720,000.00
PF Contribution by Employer	72,000.00
Responsibility Allowance	1,800,000.00
Gratuity Allowance	59,976.00
Dashain Allowance	60,000.00
Uniform Allowance	10,000.00
Medical Allowance	60,000.00
Leave Encashment	36,000.00
Performance Allowance	167,671.23
Meeting Allowance	118,000.00

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*[Circular stamp: JAGULLA HYDROPOWER COMPANY LIMITED, 2017]*

*[Circular stamp: SHRESTHA & SHRESTHA ASSOCIATES Chartered Accountants]*

#### 4.21 Events after reporting period

The Company monitors and assesses events that may have potential impact to qualify as adjusting and/or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

There are no material events that have occurred subsequent to 16<sup>th</sup> July 2024 till the signing of this financial statement.

#### 4.22 Foreign Currency Transactions

There are no foreign currency transactions incurred by the Company which needs to be disclosed or adjusted.

#### 4.23 Segmental Reporting

The company is engaged solely in the business of development of Hydroelectric Projects and views this as the only reportable segment and therefore identification, classification and disclosure of separate reportable operating segments in accordance with NFRS 8 is not applicable.

#### 4.24 Provisions and Contingencies

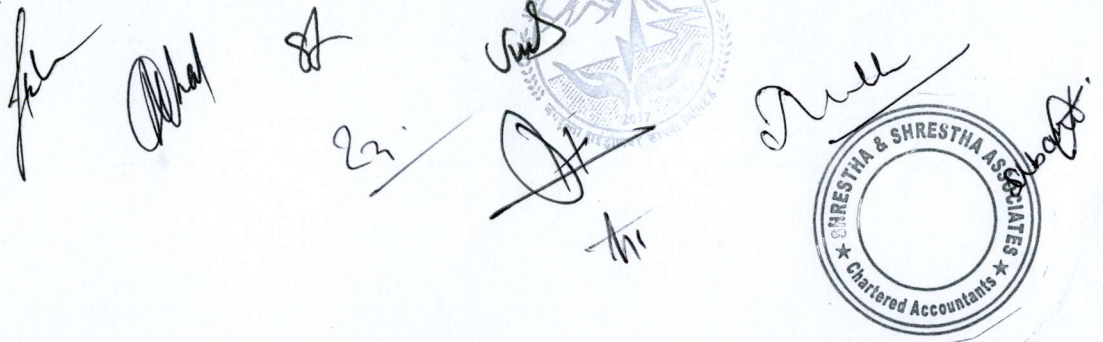
Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

There are no contingent liabilities as on Ashad 31, 2081 (16<sup>th</sup> July 2024).

#### 4.25 Comparative figures

Previous year figures have been reclassified/re-arranged/regrouped to facilitate fair comparison, where necessary.

The bottom of the page contains several handwritten signatures and stamps. On the right, there is a circular stamp for 'SHRESTHA & SHRESTHA ASSOCIATES Chartered Accountants'. To its left are several other signatures and a stamp, including one that appears to be a circular seal with a mountain range design.