

INDEPENDENT AUDITOR'S REPORT

To The Shareholders,
Simple Energy Private Limited.

Report on the Audit of the Financial Statement

We have audited the financial statements of Simple Energy Pvt. Ltd. ("the company"), which comprises the statement of financial position as at 32nd Asadh, 2082 (16th July 2025) and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing ("NSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with 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 our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the 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 thereon, and we do not provide a separate opinion on these matters. We have determined these matters to be key audit matters to be communicated in our report.

S.N.	Key Audit Matters	Auditor's Response
1.	Intangible Assets Micro entities shall prepare financial statements in accordance with NAS for MEs 2018 and shall disclose if full implementation of NFRS has been adopted. The amortization shall be charged throughout their useful life in case of Intangible Assets.	Our audit procedures included: <ul style="list-style-type: none"><input type="checkbox"/> Review of the addition of intangible assets termed as project assets of the company.<input type="checkbox"/> Test the accuracy of the assets recognition and amortization.<input type="checkbox"/> Checking the useful life of assets.<input type="checkbox"/> And whether full disclosures are made in the notes to the accounts.
2.	Salaries and Allowances The salaries and allowances of the company for the financial year shall be tested for the capitalization and allocations to the projects as the case may be. Additionally, the company shall fulfill all the statutory compliances including the withholding tax deduction.	Our audit procedures included: <ul style="list-style-type: none"><input type="checkbox"/> Review of the Employment Contract<input type="checkbox"/> Test the withholding tax calculation and payments to tax department.<input type="checkbox"/> Test the process, method and policy for the allocation of salaries and allowances to assets and projects.
3.	Capital Work in Progress Capital work in progress includes the projects under development and work in progress under contract for system sales. Management shall recognize and disclose such transactions to capital work in progress.	Our audit procedures included: <ul style="list-style-type: none"><input type="checkbox"/> Testing the process and policy for identification and recognition during development phase for projects and system sales.<input type="checkbox"/> To identify whether the closing inventory includes items of capital work in progress and vice versa.



Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Accounting Standard "NAS for MEs 2018" and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. .

Auditor's Responsibilities for the audit of the financial statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the company as at 32nd Asadh, 2082 (16th July, 2025) and its financial performance and its cash flows for the year then ended in accordance with Nepal Accounting Standard for Micro Entities 2018 "NAS for MEs 2018".

Report on other legal and regulatory requirements

Based on our examination, we would like to further report that:

- We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- The company has maintained proper books of account as required by the Companies Act, in a manner to reflect the real affairs of its business,
- The financial statements have been prepared in compliance with the NAS for Mes 2018 and are in agreement with the books of account maintained by the company
- In our opinion to the best of our information and according to the explanation given to us, the present balance sheet properly reflects the financial situation of the company and the profit and loss account and cash flow statement for the year ended on the same date properly reflect the profit and loss, cash flow of the company, respectively
- We have not come across cases where Board of Directors or any employees of the company have acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the company.
- We have not come across any cases of fraudulence in the account, so far as it appeared from our examination of the books.




For R. Shrestha & Associates
Chartered Accountants
Rabindra Shrestha, FCA
Proprietor
Membership No.:339

Simple Energy Private Limited
Statement of Profit or Loss
For the Year Ending 32nd Ashad, 2082 [16th July, 2025]


Particulars	Note	Amount 'NRs	
		2081-82 2024-25	2080-81 2023-24
Income			
Sales Revenue	2	124,241,876	27,287,025
Other income	3	5,896,212	7,451,383
Total Income		130,138,089	34,738,409
Expenditures			
Cost of System Sales	4	55,998,790	-
Operation Cost	5	2,060,597	1,700,681
Employee Benefits	6	4,146,110	549,577
Administrative Expenditures	7	2,985,254	1,636,739
Financing Cost	8	-	-
Depreciation and Amortization	15	26,502,367	20,354,862
Total Expenditures		91,693,118	24,241,859
Profit from Operation		38,444,971	10,496,550
Profit Before Tax		38,444,971	10,496,550
Less: Current Income Tax		6,041,958	3,924,747
Less: Prior Period Taxes		-	-
Add: Deferred Tax Assets	9	6,179,594	-
Net Profit/ (Loss) after tax for the year		38,582,607	6,571,803

Note 1 includes Significant Accounting Policies and Other Explanatory Notes
Note 1-15 are the integral parts of this financial statement



Mr. Apar Neupane
CEO



Mr. Rabindra Shrestha, FCA
Proprietor
R Shrestha and Associates
Chartered Accountants


Ms. Amrita Bhurtyal
Finance Manager





Juan Gin Foo
Director

Simple Energy Private Limited
Statement of Financial Position
For the Year Ending 32nd Ashad, 2082 [16th July, 2025]


Particulars	Note	Amount 'NRs	
		As at 32nd Ashad, 2082 [16th July, 2025]	As at 31st Ashad, 2081 [15th July, 2024]
Non Current Assets			
Capital WIP	14	324,652	27,804,533
Property, Plant and Equipment	15.1	2,707,134	2,636,134
Intangible Assets	15.2	22,797,448	22,653,039
Project Assets	15.3	295,849,197	228,552,569
Less: Accumulated Depreciation and Amortization	15	(62,359,256)	(35,856,890)
Deferred Tax Assets	19	6,179,594	-
Total Non Current Assets		265,498,769	245,789,386
Current Assets			
Trade debtors and other receivables	16	57,005,027	14,755,092
Cash and cash equivalents	17	69,824,489	10,287,848
Investment	18	300,000	80,300,000
Total Current Assets		127,129,516	105,342,940
Total Assets		392,628,285	351,132,326
Equity and Liabilities			
Equity			
Share capital	10	352,444,000	352,444,000
Retained Earnings	11	30,411,774	(8,170,834)
Total Equity		382,855,774	344,273,166
Current Liabilities			
Trade and other payables	12	3,730,554	2,934,414
Provision	13	6,041,958	3,924,747
Total Current Liabilities		9,772,512	6,859,161
Total Liabilities		9,772,512	6,859,161
Total Equity and Liabilities		392,628,285	351,132,326

Note 1 includes Significant Accounting Policies and Other Explanatory Notes
Note 1-15 are the integral parts of this financial statement


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CEO



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R Shrestha and Associates
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Finance Manager




Juan Gin Foo
Director

Simple Energy Private Limited
Statement of Cash Flow
For the Year Ending 32nd Ashad, 2082 [16th July, 2025]

	Amount 'NRs	
	2081-82	2080-81
Particulars	2024-25	2023-24
Cash flow from operating activities		
Profit before tax and extraordinary item	38,582,607	6,571,802
Adjustments for		
Depreciation	26,502,367	20,354,862
Deferred Tax	(6,179,594)	-
Operating cash flow before change in working capital	58,905,380	26,926,664
(Increase) / Decrease in Trade and other receivables	(42,249,935)	(9,590,801)
Increase / (Decrease) in Provisions	2,117,211	3,924,747
Increase / (Decrease) in Trade and other payables	796,140	24,603
Net Cash Flow from Operating Activities [A]	19,568,796	21,285,213
Cash flow from investment activities		
Purchase of Fixed Assets	(71,000)	(253,866)
Project Assets	(67,296,628)	(69,720,673)
(Increase) / Decrease in Capital WIP	27,479,881	(9,073,834)
Investment	80,000,000	(45,000,000)
Intangible Assets	(144,409)	-
Net Cash Flow from Investment Activities [B]	39,967,844	(124,048,374)
Cash flow from financing activities		
Proceeds from Share Capital	-	106,444,000
Net Cash Flow from Financing Activities [C]	-	106,444,000
Net increase/ (decrease) in cash and cash equivalents [A+B+C]	59,536,640	3,680,839
Cash and cash equivalents at the beginning of period	10,287,849	6,607,010
Cash and Cash equivalents at the end of period	69,824,489	10,287,849

Note 1 includes Significant Accounting Policies and Other Explanatory Notes
Note 1-15 are the integral parts of this financial statement



Mr. Apar Neupane
CEO



Ms. Amrita Bhurtyal
Chief Financial Officer



Mr. Rabindra Shrestha, FCA
Proprietor
R Shrestha and Associates
Chartered Accountants



Juan Gin Foo
Director

Simple Energy Private Limited
Statement of Change in Equity
For the Year Ending 32nd Ashad, 2082 [16th July, 2025]

Particulars	Amount 'NRs		
	Share Capital	Retained Earnings	Total
Balance as on 1st Shrawan 2081	352,444,000	(8,170,833)	344,273,167
Changes in accounting policy	352,444,000	(8,170,833)	344,273,167
Restated Balance		38,582,607	38,582,607
Net profit / (loss) for the year			
Issue of share capital			
Balance as at 32nd Ashad, 2082 (16th July, 2025)	352,444,000	30,411,774	382,855,774

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Simple Energy Pvt. Ltd.

Notes to the financial statement

	2081-82 2024-25	2080-81 2023-24
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Note 2

Sales

Electricity Sales	37,420,261	27,287,025
System Sales	86,541,615	-
AMC Income	280,000	-
Total	124,241,876	27,287,025

Note 3

Other Income

Interest Income	1,693,694	7,397,308
Miscellaneous	26,186	54,075
Grant Income	4,137,332	-
Insurance Claim Income	39,000	-
Total	5,896,212	7,451,383

Note 4

Cost of System Sales

Jay Shree Company Pvt.Ltd.	11,607,283	-
Jay Shree PU Tech	12,269,420	-
Nutri Foods Pvt.Ltd.	19,265,826	-
Jay Shree Polymers Pvt.Ltd.	12,138,227	-
Utsav Neupane	294,455	-
Wonder Material	182,305	-
AMC Cost-Jay Shree Company	47,975	-
AmC cost-Jay Shree Pu tech	42,158	-
AMC cost-Jay shree Polymers	47,795	-
Techno Electra Pvt Ltd	103,346	-
Total	55,998,790	-

Note 5

Operation Cost

Jagadamba Spinning Mills Ltd- 500Kw	185,821	209,986
Raj Brewery Pvt.ltd.- 500Kw	249,088	249,385
MM Polymers Pvt.Ltd.- 300Kw	154,435	204,814
MM Plastic Pvt.Ltd.- 300Kw	165,487	205,047
Bhudeo Khadya Udhog Pvt.Ltd.-500Kw	146,142	344,551
Yak Brewery Pvt.Ltd.-500Kw	152,442	202,266
Sarbottam Steels Ltd.-500Kw	216,755	145,876
Premier Organics Ltd.-350Kw	120,568	52,361
Jagadamba Tea Processing- 500Kw	217,682	86,394
Operation Global Automobile Pvt.Ltd.-150kw	33,903	-
Operation Mainawati Steels Ltd-500Kw	16,295	-
Operation Yeti Brewery-500 Kw	219,596	-
Operation South Asian Bevarages Ltd-400Kw	182,383	-
Total	2,060,597	1,700,681




Note 6**Employee Benefits**

Salaries and Allowances	3,837,974	252,424
Daily Allowance	4,500	-
Pantry Supplies	303,636	297,153
Total	4,146,110	549,577

Note 7**Administrative Expenses**

Internet & Telephone Expenses	81,419	78,888
Meeting & Refreshment Expenses	4,675	-
Printing & Stationary	35,760	34,449
Water and Electricity Expenses	136,551	159,606
Audit Fee	126,500	90,400
Bank Charges	3,878	19,718
Courier Expenses	8,209	6,775
Field Visit Expenses	22,567	16,130
Insurance	75,844	65,119
Miscellaneous Expenses	-	750
Office Rent	1,743,111	-
Office Supplies & Consumables	52,354	83,395
Other Advisory Services	89,550	186,507
Other Software -ID	336,145	487,819
Repair & Mainatainace	9,130	11,445
Transportation Expenses	24,940	12,270
Wages	-	43,460
Registration and Renewal	35,378	24,320
Training and Staff motivation	125,767	172,373
Tools and Equipment	-	10,961
Solar Panel Testing Expenses	-	99,960
Waste Management	14,973	-
Loss of Assets	58,503	32,394
Total	2,985,254	1,636,739

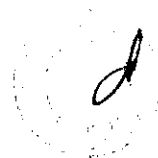
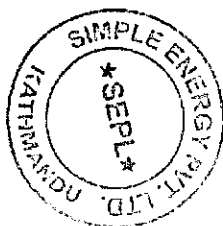
Note 8**Financial Cost**

Financial Cost	-	-
Total	-	-

Note 9**Deferred Tax Expenses**

Deferred Tax Expenses	6,179,594	-
Total	6,179,594	-



Simple Energy Pvt. Ltd.
Notes to audited financial statements

Note 10		2081-82		2080-81
		2024-25		2023-24
Share Capital	NOS	Amount	NOS	Amount
Authorised Capital	3,524,440	352,444,000	3,524,440	352,444,000
Issued Share Capital	3,524,440	352,444,000	3,524,440	352,444,000
Paid-up Share Capital	3,524,440	352,444,000	3,524,440	352,444,000
Total Paid Up Capital	3,524,440	352,444,000	3,524,440	352,444,000

Note 11	2081-82	2080-81
	2024-25	2023-24
Retained Earnings		
Balance of profit/ loss as per last account	(8,170,833)	(14,742,636)
Current period profit/ loss	38,582,607	6,571,803
Balance	30,411,774	(8,170,833)

Note 12		
	2081-82	2080-81
Trade and Other Payables		
Sundry Creditors	211,862	2,221,218
TDS Payable	93,154	106,959
Audit Fee Payable	124,739	78,050
SSF and CIT Payable	220,777	208,261
VAT payable	2,805,519	-
Other Payables and liabilities	274,503	319,926
Balance	3,730,554	2,934,414

Note 13		
	2081-82	2080-81
Provisions		
Provision - Income Tax	6,041,958	3,924,747
Provision - Expenses	-	-
Balance	6,041,958	3,924,747

Note 16		
	2081-82	2080-81
Trade and Other Receivables		
Sundry Debtors	29,060,914	4,161,177
Advance Taxes	7,377,172	2,354,848
Loans & Advances (Asset)	4,500	6,507,046
Security Deposit	399,000	453,000
Prepaid Expenses	827,699	799,851
Inventory	17,308,858	479,169
VAT Receivables	2,026,884	-
Balance	57,005,027	14,755,092

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Note 17

Cash and Cash Equivalents

Bank Balances	69,812,511	10,287,046
Cash in hand	11,977	802
Balance	69,824,489	10,287,848

Note 18

Investment

Investment	300,000	80,300,000
Balance	300,000	80,300,000

Note 19

Deferred Tax Assets

Deferred Tax Assets	6,179,594	-
Balance	6,179,594	-

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Note 14

Capital Work in Progress

Project Name	Balance as at 1st Shrawan 2081	Addition 2081-82	Transferred to PPA	Balance as at 32nd Asadh 2082
Premier Organics Ltd	1,333,636	630,022	1,963,658	-
South Asian Beverages Ltd	30,250	17,694,470	17,724,719.92	-
Yeti Brewery Ltd	20,717,713	1,625,063	22,342,776.14	-
National Trust for Nature Conservation	-	2,434,050	2,434,049.64	-
Mainawati Steels Industries Ltd	-	17,963,362	17,963,362.00	-
Global Automobiles	-	5,553,192	5,553,192.00	-
Alexa life Sciences Pvt.ltd.	-	324,652	-	324,652
Total	22,081,599	46,224,812	67,981,758	324,652

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Note 15.1
Property, Plant and Equipment

Particulars	Computers and Laptops	Office Furniture and Set Up, Office equipments	Printers and Other Office Electronics	Vehicles	Total
Rate of Depreciation	25%	25%	25%	20%	
Gross Assets Value as at 17th July 2023	942,181	1,302,892	116,061	275,000	2,636,134
Addition	71,000				71,000
Disposal					
Gross Assets Value as at 15th July 2024	1,013,181	1,302,892	116,061	275,000	2,707,134
Accumulated Depreciation					
Opening Accumulated Depreciation	397,959	606,884	71,551	119,541	1,195,935
Depreciation	146,615	155,468	29,662	31,092	362,836
Disposal					
Closing Accumulated Depreciation	544,574	762,352	101,213	150,633	1,558,771
Net Balance Reporting					
Opening Balance as at 16th July 2024	544,222	696,008	44,510	155,459	1,440,199
Closing Balance as at 16th July 2025	468,607	540,540	14,849	124,367	1,148,363

Note 15.2
Intangible Assets

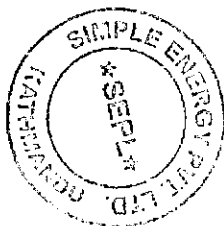
Particulars	Project Development	Accounting Software	Total
Time Period	5 Years	5 Years	
Gross Assets Value as at 16th July 2024	22,025,844	627,195	22,653,039
Addition		144,409	144,409
Gross Assets Value as at 16th July 2025	22,025,844	771,604	22,797,448
Opening Accumulated Amortization	13,215,506	231,838	13,447,344
Amortization	4,405,169	146,162	4,551,331
Total Accumulated Amortization	17,620,675	378,000	17,998,675
Net Balance Reporting			
Opening Balance as at 16th July 2024	17,620,675	74,128	17,694,803
Closing Balance as at 16th July 2025	4,405,169	393,604	4,798,773

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Note 15.3
Project Assets

Particulars	Bhudeo Khadya Udhyog Project Assets	JSM Project Assets	MM Plastic Project Assets	MM Polymers Project Assets	Raj Project Assets	Yak Brewery Project Assets	Sarbottam Steels Ltd.	Jagdamba Tea Processing Pvt.Ltd	Premier Organics Ltd.	Yeti Brewery Pvt.Ltd.	South Asian Beverages Pvt.Ltd.	NTNC	Mainawati Steel Industries Ltd.	Global Automobil es Pvt.Ltd.	Total
Time Period (Years)	12	12	15	15	12	12	12	12	14	12	12	12	12	12	
Gross Assets Value as at 16th July 2024	30,319,871	31,177,393	18,957,239	18,285,990	33,017,366	27,112,123	27,846,210	26,277,418	15,558,960						228,552,569
Addition									1,771,550	22,111,739.70	16,642,401	2,638,832	18,234,868	5,897,238	67,296,628
Gross Assets Value as at 16th July 2025	30,319,871	31,177,393	18,957,239	18,285,990	33,017,366	27,112,123	27,846,210	26,277,418	17,330,509	22,111,740	16,642,401	2,638,832	18,234,868	5,897,238	295,849,197
Opening Accumulated Amortization	3,158,320	5,196,232	2,001,042	1,846,372	3,439,309	2,824,179	1,740,388	729,928	277,839						21,213,610
Amortization	2,526,656	2,598,116	1,263,816	1,219,066	2,751,447	2,259,344	2,320,518	2,189,785	1,237,894	1,842,645	1,040,150	50,709	249,491	38,564	21,588,200
Total Accumulated Amortization	5,684,976	7,794,348	3,264,858	3,065,438	6,190,756	5,083,523	4,060,906	2,919,713	1,515,732	1,842,645	1,040,150	50,709	249,491	38,564	42,801,810
Net Balance Reporting															
Opening Balance as at 16th July 2024	27,161,551	25,981,161	16,956,197	16,439,618	29,578,057	24,287,943	26,105,822	25,547,489	15,281,121	22,111,740	16,642,401	2,638,832	18,234,868	5,897,238	272,864,038
Closing Balance as at 15th July 2025	24,634,895	23,383,045	15,692,381	15,220,552	26,826,610	22,028,600	23,785,305	23,357,704	15,814,777	20,269,095	15,602,251	2,588,123	17,985,377	5,858,674	253,047,388

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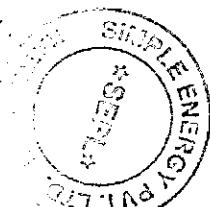
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Simple Energy Private Limited

Depreciation Computation in accordance with Schedule 2 of Income Tax Act, 2058

Fiscal Year 2081-82

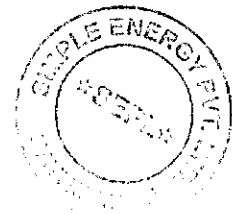
POOL	Particulars	Depreciation Rate	Opening Depn Basis	Addition during the year date Amount	Allowable portion	Addition as per IT Act	Disposal	DepnBasis for the year	Depn for the year	Depn basis for next year
A	Buildings and Structures									
	SubTotal Pool A	5%								
B	Computers, Equipments and Furnitures			Shrawan-Poush 40,000 Magh-Charitra 31,000 Baisakh-Asadh -	1.00 0.67 0.33	40,000 20,667				
	SubTotal Pool B	25%	1,248,808	71,000		60,667		1,309,475	327,368.67	992,439
C	Vehicles			Shrawan-Poush Magh-Charitra Baisakh-Asadh	1.00 0.67 0.33					
	Sub Total Pool C	20%	140,800					140,800	28,160	112,640
F	Intangible & Other Assets									
	Project Development	20%	8,810,137					22,025,844	4,405,169	4,405,169
	Accounting Software	20%	37,064					92,660	18,532	18,532
	Digital Application	20%	203,563					339,271	67,854	180,117
	Software	20%	130,046					195,264	39,053	190,993
	Software	20%		Shrawan-Poush 100,000	1.00	100,000		100,000	20,000	80,000
	Online Billing Software	20%		Baisakh-Asadh 44,409	0.33	14,803		14,803	2,961	41,448
	Project Assets									
	Rhaden Khadya Udhvdyg	8.33%	26,959,418					30,319,871	2,526,656	24,432,763
	Jagadamba Spinning Mill	8.33%	25,981,161					31,177,394	2,598,116	23,383,045
	MM Plastic	6.67%	16,429,607					18,957,239	1,263,816	15,165,791
	MM Polymers	6.67%	16,251,851					18,285,990	1,219,066	15,032,785
	Raj Brewery	8.33%	29,357,941					33,017,366	2,751,447	26,605,494
	Yak Brewery	8.33%	24,107,156					27,112,123	2,259,344	21,847,852
	Sarbottom Steels Ltd.	8.33%	25,525,692.97					27,846,210	2,320,518	39,847,576
	Jagadamba Tea Processing Pvt.Ltd	8.33%	24,817,560.97					26,277,418	2,189,785	44,739,516
	Premier Organics Ltd	7.14%	15,188,508.44					15,558,960	1,111,354	16,715,986
	South Asian Beverage Ltd	8.33%		Shrawan-Poush 16,642,401	1.00	16,642,401		16,642,401	1,386,867	15,255,534
	Yoti Brewery Pvt.Ltd	8.33%		Shrawan-Poush 22,111,740	1.00	22,111,740		22,111,740	1,842,645	20,269,095
	NTNC	8.33%		Baisakh-Asadh 2,638,832	0.33	879,611		879,611	73,301	2,565,531
	Mainawati Steel Industries Ltd	8.33%		Baisakh-Asadh 18,234,868	0.33	6,078,289		6,078,289	506,524	17,728,344
	Global Automobiles Pvt Ltd	8.33%		Baisakh-Asadh 5,847,238	0.33	1,965,746		1,965,746	163,812	5,733,425
	Sub Total Pool E		213,799,947	65,669,487		47,792,589	-	298,998,199	26,766,819	294,239,997
	This Year Total		215,189,555	65,740,487		47,853,256	-	300,448,473	27,122,347	295,345,076




Simple Energy Pvt. Ltd.
Tax liability Assessment Report
Fiscal Year 2081-82

Particulars	30.12%		69.88%		100%	
	Exempt	Net	Taxable	Net	Total	Net
	PL Account	For Income Tax	Disallowance	PL Account	For Income Tax	Disallowance
Service income u/s 7.2 ka	37,420,261	37,420,261		86,821,615	86,821,615	
Other Income	4,137,332	4,137,332		1,758,880	1,758,880	
Income for ITR - Change of accounting policy						
Gross Income	41,557,593	41,557,593		88,580,495	88,580,495	
Interest on loan u/s 14						
Cost of inventory/ stock consumption u/s 15	2,060,597	2,060,597		55,998,790	55,998,790	
Repairs & improvement u/s 16 (2)	2,750	2,750		6,480	6,480	
Depreciation U/S 19	23,068,347	23,068,347		3,434,070	3,434,070	
General Deduction U/S 13	2,145,217	2,145,217		4,977,017	4,977,017	
Total Expenses	27,276,911	27,900,434	(623,523)	64,416,207	64,412,664	
Income From Business	14,280,683	13,657,159		24,164,288	24,167,831	
Less: Loss up to last Year U/S 20.1 Kha						
Assessable Income (Loss)	14,280,683	13,657,159		24,164,288	24,167,831	
Less: Loss up to last Year U/S 20.1 Kha						
Taxable Income		13,657,159			24,167,831	
Tax Liability @ 0% & 25%					6,041,958	
Net Tax liability					6,041,958	
Cost of inventory/ stock consumption u/s 15						
Particulars	PL Account	For Income Tax	Disallowed	PL Account	For Income Tax	Disallowed
Opening Inventory						
Purchase of Materials						
Wages						
Other Direct Cost	2,060,597	2,060,597		55,998,790	55,998,790	
Less: Closing Inventory						
Cost of Operation	2,060,597	2,060,597		55,998,790	55,998,790	

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General Deduction U/S 13

Particulars	PL Account	For Income Tax	Disallowed	PL Account	For Income Tax	Disallowed	PL Account	For Income Tax	Disallowed
Employee Expenses	1,248,808	1,248,808		2,897,301	2,897,301		4,146,110	4,146,110	
Office Operating Expenses	896,409	896,409		2,079,716	2,079,716		2,976,124	2,976,124	
Internet & Telephone Expenses	24,523	24,523		56,896	56,896		81,419	81,419	
Meeting & Refreshment Expenses	1,408	1,408		3,267	3,267		4,675	4,675	
Printing & Stationary	10,771	10,771		24,989	24,989		35,760	35,760	
Water and Electricity Expenses	41,129	41,129		95,422	95,422		136,551	136,551	
Audit Fee	38,102	38,102		88,398	88,398		126,500	126,500	
Bank Charges	1,168	1,168		2,710	2,710		3,878	3,878	
Courier Expenses	2,473	2,473		5,736	5,736		8,209	8,209	
Field Visit Expenses	6,797	6,797		15,770	15,770		22,567	22,567	
Insurance	22,844	22,844		53,000	53,000		75,844	75,844	
Office Rent	525,025	525,025		1,218,086	1,218,086		1,743,111	1,743,111	
Office Supplies & Consumables	15,769	15,769		36,585	36,585		52,354	52,354	
Other Advisory Services	26,972	26,972		62,578	62,578		89,550	89,550	
Other Software -ID	101,247	101,247		234,898	234,898		336,145	336,145	
Transportation Expenses	7,512	7,512		17,428	17,428		24,940	24,940	
Registration and Renewal	10,656	10,656		24,722	24,722		35,378	35,378	
Training and Staff Motivation	37,881	37,881		87,886	87,886		125,767	125,767	
Waste Management	4,510	4,510		10,463	10,463		14,973	14,973	
Loss of Assets	17,621	17,621		40,882	40,882		58,503	58,503	
Other Expenses	2,145,217	2,145,217		4,977,017	4,977,017		7,122,234	7,122,234	
General Deduction U/s 13									



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1 General information

It is registered in Office of Company Registrar on 25th June, 2021 and in Inland Revenue Office on 9th of Bhadra, 2078. Its registered address is Ward no. 30, Kathmandu, Nepal. It is engaged in the business of production of solar energy in Nepal.

Statement of compliance

Basis of measurement

Financial Period

Company prepares its financial statement as per the financial year followed in Nepal. Current financial year 2081-82 is from 1st of Shrawan, 2081 to 32nd of Asadh 2082 (2024.07.16 to 2025.07.16). Comparative presented are of private limited company for financial year 2080-81 is from 1st of Shrawan, 2080 to 31st of Asadh 2081 (2023.07.16 to 2024.07.15).

Functional and presentation currency

The financial statements are prepared in Nepalese Rupees, which is the company's functional currency. All the financial information presented in Nepalese Rupees has been rounded to the nearest rupee.

Rearrangement and reclassification

The figures of previous year have been rearranged and reclassified wherever necessary to facilitate comparisons. Appropriate disclosures are made wherever necessary.

Statement of Financial Position

The statement of financial position is prepared in accordance to the current and non-current nature of its elements except equity. Detailed figures are presented in the relevant section below.

Statement of Profit or Loss and Other Comprehensive Income

The statement of profit or loss and other comprehensive income is prepared in accordance to the function of its elements. Detailed figures of revenue, expenses, gains or losses have been disclosed in the relevant section below.

Statement of Cash Flow

The statement of cash flow is prepared using indirect method. All the activities are categorized in major three categories namely; cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

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Statement of Changes in Equity

The statement of changes in equity is prepared as per the changes traced in the equity and its elements. All the elements of equity along with their changes during the fiscal year are presented individually in the statement of changes in equity.

4 Accounting Policies and Accounting Estimates

Accounting Policies

The preparation of financial statement requires management to make judgments, estimates and assumptions in respect of the application of the relevant accounting policies and the reported balances of assets, liabilities, income and expenses. Specific accounting policies have been included with the elements of financial statement below. Effect of changes in policies has been reported as required in the respective sections.

Accounting Estimates

Management has applied various accounting estimation while preparing financial statement as applicable. Such accounting estimates have been disclosed along with the elements of financial statement. Effect of changes in accounting estimates has been reported as required in the respective sections.

5 Elements of Financial Statement

Revenue Recognition

An entity shall recognize revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration (payment) to which the the entity expects to entitled in exchange for those goods. The transfer of goods and services is based upon the transfer of control. Revenue from operation has been recognized as per NFRS 15.

Operation Cost

Operation Cost includes the directly associated cost to perform the core business of the company.

Other Income

Other income includes income from interest received from the financial institution from short term investment deposit.

Administrative Expenses

Administrative expenses include general expenses incurred for office operation. It also includes the human resource cost including all the statutory retirement benefits as prescribed.

Financial cost

Financial cost includes the interest paid to the financial institutions against the use of financial borrowings and overdraft (credit) facilities. It also includes the interest component of lease liability computed in accordance to NFRS 16. There is no any financial cost in this fiscal year.

Share Capital

Share Capital includes equity contribution from the JV partners.

Trade and other Payables

Trade payables mainly consist of amount Company owes to the suppliers and government authorities that have been invoiced or accrued. These also include withholding taxes in relation to the company's role as an employer. Other payables include advances from related party companies which are presented in related party disclosures as well. These amounts have been recognized at cost.

Provisions

Company has made provision for expenses as per NAS 37 'Provisions, Contingent Liabilities and Assets'. Provision recognized for FY 2081-82 for expenses and income tax liabilities.



Cash and Cash Equivalents

Cash and Cash Equivalents include cash in hand and deposit account balances maintained with banks or financial institutions. The carrying amount of cash and cash equivalents approximates their fair value. They are readily convertible to known cash and are subjected to insignificant risk of change in value.

Advances, Deposits and Trade Receivables

Advances and deposits include advances provided for expenses, prepayments and advance taxes to the income tax department. These receivables do not carry any interest so measured at cost less any impairment losses.

Fixed Deposits

These are cash at bank in fixed deposit for short term at financial institutions.

Property, Plant and Equipment (PPE)

Property, Plant and Equipment are those tangible assets used for rendering services or for administrative purposes. They are recognized as PPE if and only if it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation

Depreciation is charged to the income statement on written down valued method. Rates of depreciation is as under

Office Equipment	25%
Furniture and Fixtures	25%
Automobiles	20%
Machineries & Equipment	15%
Leasehold Improvements	5%

Intangible Assets

Intangible Assets are those assets which are not in physical form and qualify all the criteria for assets recognition as per Nepal Accounting Standards. The amortization of intangible assets has been provided in the straight-line method as per their useful lives. Useful lives of such assets have been estimated on the basis of their validity as well as applicability period whichever is lower.

Amortization of Intangible Assets

Accounting Software	Basis of 5 Years (SLM Method)
Project Development Assets	Basis of 5 Years (SLM Method)

Capital Work in Progress

Management has charged all the solar electricity project development cost to the capital work in progress stating each project head separately. Capital WIP are not depreciated. Capital WIP shall be transferred to the Property, Plant and Equipment for depreciation over the period after the completion of the project development (when generation of electricity is started).

Income Taxes

Income tax on the profit or loss for the year comprises current taxes and deferred tax in accordance with Nepal Accounting Standard 12.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. As per the tax assessment for fiscal year 2081-82, company has income tax profit and thus there is a provision for income tax expense of 2081-82.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for



Simple Energy Pvt. Ltd.
2081-82 (2024-25)

tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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