

## **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 31<sup>st</sup> Ashad, 2080 (16<sup>th</sup> July, 2023) 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.

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 31<sup>st</sup> Ashad, 2080 (16<sup>th</sup> July, 2023) 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 ("NSA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements 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.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards, 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 financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the company as at 31<sup>st</sup> Ashad, 2080 (16<sup>th</sup> July, 2023) and (of) its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.



***Report on other legal and regulatory requirements***

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

- a) We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- b) 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,
- c) The financial statements have been prepared in compliance with the Accounting Standards of Nepal and are in agreement with the books of account maintained by the company
- d) 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
- e) 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.
- f) We have not come across any cases of fraudulence in the account, so far as it appeared from our examination of the books.

Place: Bhanimandal, Lalitpur, Kathmandu, Nepal

Date: 16<sup>th</sup> Poush, 2080 [1<sup>st</sup> January, 2024]

UDIN: 240101CA00339ngFpD



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

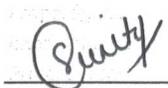
**Simple Energy Private Limited**  
**Statement of Financial Position**  
As at 31st Ashad, 2080 [16th July, 2023]

<b>Particulars</b>	<b>Note</b>	<b>Amount 'NRs</b>	
		<b>As at 31st Ashad, 2080 [16th July, 2023]</b>	<b>As at 32nd Ashad, 2079 [16th July, 2022]</b>
<b>Equity</b>			
Share capital	7	246,000,000	120,000,000
Retained Earnings	8	(14,742,636)	(9,040,006)
<b>Total Equity</b>		<b>231,257,364</b>	<b>110,959,994</b>
<b>Current Liabilities</b>			
Trade and other payables	9	2,909,811	17,736,331
<b>Total Current Liabilities</b>		<b>2,909,811</b>	<b>17,736,331</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>234,167,175</b>	<b>128,696,324</b>
<b>Non Current Assets</b>			
Capital WIP	14	18,730,699	101,898,171
Property, Plant and Equipment	15.1	2,382,268	2,127,387
Intangible Assets	15.2	22,653,039	22,118,504
Project Assets	15.3	158,831,896	-
Less: Accumulated Depreciation and Amortization	15	(15,502,027)	(4,717,697)
<b>Total Non Current Assets</b>		<b>187,095,874</b>	<b>121,426,365</b>
<b>Current Assets</b>			
Trade debtors and other receivables	11	5,164,291	2,819,216
Cash and cash equivalents	12	6,607,010	4,150,743
Investment	13	35,300,000	300,000
<b>Total Current Assets</b>		<b>47,071,301</b>	<b>7,269,960</b>
<b>TOTAL ASSETS</b>		<b>234,167,175</b>	<b>128,696,325</b>

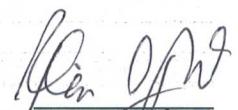
Note 1 includes Significant Accounting Policies and Other Explanatory Notes

Note 1-15 are the integral parts of this financial statement

  
Mr. Apar Neupane  
CEO

  
Ms. Sunita K.C.  
Chief Financial Officer



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



**Simple Energy Private Limited**  
**Statement of Profit or Loss**  
For the Year Ending 31st Ashad, 2080 [16th July, 2023]

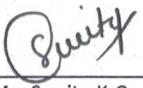
Particulars	Note	Amount 'NRs	
		2079-80	2078-79
		2022-23	2021-22
<b>Income</b>			
Sales Revenue	2	10,468,343	-
Operation Cost	3	(1,136,455)	-
<b>Gross Profit</b>		<b>9,331,887</b>	-
Other income	4	4,348,983	3,960,895
Administrative Expenditures	5	(8,566,576)	(8,248,205)
Depreciation	15	(10,816,924)	(4,717,697)
<b>Profit from Operation</b>		<b>(5,702,630)</b>	<b>(9,005,006)</b>
Financing Cost	6	-	-
<b>Profit Before Tax</b>		<b>(5,702,630)</b>	<b>(9,005,006)</b>
Current Income Tax		-	-
Deferred Tax		-	-
<b>Net Profit/ (Loss) after tax for the year</b>		<b>(5,702,630)</b>	<b>(9,005,006)</b>

Note 1 includes Significant Accounting Policies and Other Explanatory Notes

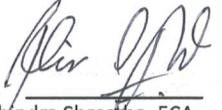
Note 1-15 are the integral parts of this financial statement

  
Mr. Apar Neupane  
CEO



  
Ms. Sunita K.C.  
Chief Financial Officer



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

**Simple Energy Private Limited**  
**Statement of Cash Flow**  
For the Year Ending 31st Ashad, 2080 [16th July, 2023]

Particulars	Amount 'NRs		
	2079-80	2078-79	
	2022-23	(2021-22)	
<b>Cash flow from operating activites</b>			
Profit before tax and extraordinary item	(5,702,630)	(9,005,006)	
<b>Adjustments for</b>			
Depreciation	10,816,924	4,717,697	
Deferred Tax			
<b>Operating cash flow before change in working capital</b>	<b>5,114,294</b>	<b>(4,287,310)</b>	
(Increase) / Decrease in Trade and other receivables	(2,345,075)	(2,819,216)	
Increase / (Decrease) in Trade and other payables	(14,826,520)	17,701,331	
<b>Net Cash Flow from Operating Activites [A]</b>	<b>(12,057,300)</b>	<b>10,594,805</b>	
<b>Cash flow from investment activities</b>			
Purchase of Fixed Assets	(364,881)	(24,245,890)	
Disposal of Fixed Assets	77,407	-	
Project Assets	(158,831,896)	-	
Acquisition of Capital WIP	83,167,473	(101,898,171)	
Investment	(35,000,000)	(300,000)	
Intangible Assets	(534,535)	-	
<b>Net Cash Flow from Investment Activities [B]</b>	<b>(111,486,433)</b>	<b>(126,444,061)</b>	
<b>Cash flow from financing activities</b>			
Proceeds from Share Capital	126,000,000	120,000,000	
Proceeds from loans and borrowings			
<b>Net Cash Flow from Financing Activities [C]</b>	<b>126,000,000</b>	<b>120,000,000</b>	
<b>Net increase/ (decrease) in cash and cash equivalents [A+B+C]</b>	<b>2,456,266</b>	<b>4,150,743</b>	
Cash and cash equivalents at the beginning of period	4,150,743		
<b>Amortization of Project Assets</b>	<b>6,607,010</b>	<b>4,150,743</b>	

Note 1 includes Signifiant Accounting Policies and Other Explanatory Notes

Note 1-15 are the integral parts of this financial statement

Mr. Apar Neupane  
CEO

Ms. Sunita K.C.  
Chief Financial Officer



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

**Simple Energy Private Limited**  
**Statement of Change In Equity**  
For the Year Ending 31st Ashad, 2080 [16th July, 2023]

Particulars	Share Capital	Accumulated Profit	Total	Amount 'NRs
<b>Balance as on 1st Shrawan 2079</b>	120,000,000	(9,040,006)	110,959,994	
Changes in accounting policy				-
<b>Restated Balance</b>	<b>120,000,000</b>	<b>(9,040,006)</b>	<b>110,959,994</b>	
Net profit / (loss) for the year		(5,702,630)	(5,702,630)	
Issue of share capital	126,000,000	-	126,000,000	
<b>Balance as at 31st Ashad, 2080 (16th July, 2023)</b>	<b>246,000,000</b>	<b>(14,742,636)</b>	<b>231,257,364</b>	



**Simple Energy Pvt. Ltd.**

**Notes to the financial statement**

**Amount 'NRs**

<b>2079-80</b>	<b>2078-79</b>
<b>2022-23</b>	<b>2021-22</b>

**Note 2**

**Sales**

Electricity Sales	10,468,343	-
<b>Total</b>	<b>10,468,343</b>	-

**Note 3**

**Operation Cost**

Jagadamba Spinning Mills Ltd	361,881	-
Raj Brewery Pvt.ltd.	328,263	-
MM Polymers Pvt.Ltd.	109,292	-
MM Plastic Pvt.Ltd.	118,983	-
Bhudeo Khadya Udhayog Pvt.Ltd.	154,824	-
Yak Brewery Pvt.Ltd.	63,213	-
<b>Total</b>	<b>1,136,455</b>	-

**Note 4**

**Other Income**

Interest Income	4,340,983	3,960,695
Miscellaneous	8,000	200
<b>Total</b>	<b>4,348,983</b>	<b>3,960,895</b>

**Note 5**

**Administrative Expenses**

Internet & Telephone Expenses	83,666	74,507
Meeting & Refreshment Expenses	57,809	31,009
Printing & Stationary	61,101	90,893
Water and Electricity Expenses	128,657	102,527
Audit Fee	79,100	56,500
Bank Charges	48,425	38,825
Business Development Expenses	26,700	57,038
Business Development Retainer	-	100,000
Courier Expenses	4,012	2,500
Field Visit Expenses	5,485	126,906
Fuel and Lubricants	-	2,860
Insurance	66,816	53,210
Miscellaneous Expenses	17,363	82,165
Office Rent	1,206,000	904,500
Office Supplies & Consumables	57,622	84,591
Other Advisory Services	509,065	224,870
Other Software -ID	466,456	428,073
Pantry Supplies	266,764	244,421
Repair & Mainatainace	19,337	23,651
Salaries and Allowances	5,069,378	5,416,479
SUN-Pre Development Expenses	-	70,371
Transportation Expenses	24,155	21,703
Wages	53,566	10,606
Daily Allowance	3,000	-
Registration and Renewal	11,385	-
Festival Expenses	3,170	-
Training and Staff motivation	265,516	-
Tools and Equipment	32,030	-
<b>Total</b>	<b>8,566,576</b>	<b>8,248,205</b>

**Note 6**

**Financial Cost**

Financial Cost

**Total**

*Quality*

*Amrit*



*J*

Simple Energy Pvt. Ltd.  
Notes to audited financial statements

	2079-80 2022-23	2078-79 2021-22
--	--------------------	--------------------

**Note 7**

**Share Capital**

**Authorised Capital**

3,524,440 shares of Rs. 100	352,444,000	120,000,000
-----------------------------	-------------	-------------

**Issued Share Capital**

3,524,440 shares of Rs. 100	352,444,000	120,000,000
-----------------------------	-------------	-------------

**Paid-up Share Capital**

2,460,000 shares of Rs. 100	246,000,000	120,000,000
-----------------------------	-------------	-------------

**Balance**

<b>246,000,000</b>	<b>120,000,000</b>
--------------------	--------------------

**Note 8**

**Retained Earnings**

Balance of profit/ loss as per last account	(9,040,006)	(35,000)
---	-------------	----------

Current period profit/ loss	(5,702,630)	(9,005,006)
-----------------------------	-------------	-------------

<b>Balance</b>	<b>(14,742,636)</b>	<b>(9,040,006)</b>
----------------	---------------------	--------------------

**Note 9**

**Trade and Other Payables**

Sundry Creditors	2,557,000	16,160,448
------------------	-----------	------------

TDS Payable	66,784	1,229,413
-------------	--------	-----------

Audit Fee Payable	66,900	55,750
-------------------	--------	--------

SSF and CIT Payable	180,126	241,297
---------------------	---------	---------

Other Payables	39,000	49,422
----------------	--------	--------

<b>Balance</b>	<b>2,909,811</b>	<b>17,736,331</b>
----------------	------------------	-------------------

**Note 11**

**Trade and Other Receivables**

Sundry Debtors	2,881,145	
----------------	-----------	--

Advances Tax	1,245,252	594,104
--------------	-----------	---------

Loans & Advances (Asset)	12,773	1,392,176
--------------------------	--------	-----------

Security Deposit	603,000	603,000
------------------	---------	---------

Prepaid Expenses	422,121	229,936
------------------	---------	---------

<b>Balance</b>	<b>5,164,291</b>	<b>2,819,216</b>
----------------	------------------	------------------

**Note 12**

**Cash and Cash Equivalents**

Bank Balances	6,605,969	4,149,046
---------------	-----------	-----------

Cash in hand	1,041	1,697
--------------	-------	-------

<b>Balance</b>	<b>6,607,010</b>	<b>4,150,743</b>
----------------	------------------	------------------

**Note 13**

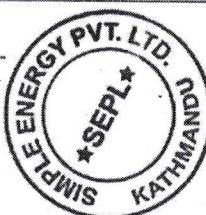
**Investment**

Investment	35,300,000	300,000
------------	------------	---------

<b>Balance</b>	<b>35,300,000</b>	<b>300,000</b>
----------------	-------------------	----------------

*Quality*

*Abu*



**Note 14**  
**Capital Work in Progress**

Project Name	Balance as at 1st Shrawan 2079	Addition 2079-80	Transferred to PPA	Balance as at 31st Asadh 2080
Jagdamba Spinning Mills	28,620,648	4,483,286	(33,103,934)	-
MM Plastic	16,722,922	3,893,389	(20,616,310)	-
MM Polymers	13,440,646	6,054,657	(19,495,303)	-
Raj Brewery	29,108,328	6,101,801	(35,210,129)	-
Ventura Bottlers	13,430,646	883,401	(14,314,047)	-
CWIP Inverter	574,981	9,127,215	(6,979,635)	2,722,561
CWIP Adhesives	-	1,666,399	(1,333,611)	332,787
CWIP Cable	-	4,117,939	(3,646,209)	471,730
CWIP DC Combiner Box	-	589,715	-	589,715
CWIP Solar Panel	-	53,068,176	(38,654,533)	14,413,643
CWIP Structure	-	763,346	(563,082)	200,264
<b>Total</b>	<b>101,898,171</b>	<b>90,749,322</b>	<b>(173,916,795)</b>	<b>18,730,699</b>



**Note 15.1**  
**Property, Plant and Equipment**

Particulars	Computers and Laptops	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 16th July 2022	616,000	1,120,325	116,061	275,000	2,127,386
Addition	269,181	95,701	-	-	364,881
Disposal	(110,000)	-	-	-	(110,000)
<b>Gross Assets Value as at 16th July 2023</b>	<b>775,181</b>	<b>1,216,026</b>	<b>116,061</b>	<b>275,000</b>	<b>2,382,268</b>
Accumulated Depreciation					
Opening Accumulated Depreciation	98,995	142,759	20,147	32,096	293,996
Depreciation	169,529	244,392	33,420	48,581	495,921
Disposal	(32,593)	-	-	-	(32,593)
<b>Closing Accumulated Depreciation</b>	<b>235,930</b>	<b>387,150</b>	<b>53,567</b>	<b>80,677</b>	<b>757,324</b>
Net Balance Reporting					
Opening Balance as at 16th July 2022	517,006	977,567	95,914	242,904	1,833,391
<b>Closing Balance as at 16th July 2023</b>	<b>539,251</b>	<b>828,876</b>	<b>62,494</b>	<b>194,323</b>	<b>1,624,944</b>

**Note 15.2**  
**Intangible Assets**

Particulars	Project Development	Accounting Software	Total
Time Period	5 Years	5 Years	
Gross Assets Value as at 16th July 2022	22,025,844	92,660	<b>22,118,504</b>
Addition	-	534,535	<b>534,535</b>
<b>Gross Assets Value as at 16th July 2023</b>	<b>22,025,844</b>	<b>627,195</b>	<b>22,653,039</b>
Opening Accumulated Amortization	4,405,169	18,532	<b>4,423,701</b>
Amortization	4,405,169	87,867	<b>4,493,035</b>
<b>Total Accumulated Amortization</b>	<b>8,810,337</b>	<b>106,399</b>	<b>8,916,736</b>
Net Balance Reporting			
Opening Balance as at 16th July 2022	17,620,675	74,128	<b>17,694,803</b>
<b>Closing Balance as at 16th July 2023</b>	<b>13,215,506</b>	<b>520,796</b>	<b>13,736,303</b>



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	Total
Time Period (Years)	12	12	15	15	12	12	-
Gross Assets Value as at 16th July 2022	-	-	-	-	-	-	-
Addition	30,319,871	31,177,393	18,957,239	18,247,904	33,017,366	27,112,123	158,831,896
<b>Gross Assets Value as at 16th July 2023</b>	<b>30,319,871</b>	<b>31,177,393</b>	<b>18,957,239</b>	<b>18,247,904</b>	<b>33,017,366</b>	<b>27,112,123</b>	<b>158,831,896</b>
Opening Accumulated Amortization	-	-	-	-	-	-	-
Amortization	631,664	2,598,116	737,226	608,263	687,862	564,836	5,827,967
<b>Total Accumulated Amortization</b>	<b>631,664</b>	<b>2,598,116</b>	<b>737,226</b>	<b>608,263</b>	<b>687,862</b>	<b>564,836</b>	<b>5,827,967</b>
<b>Net Balance Reporting</b>							
Opening Balance as at 16th July 2022	-	-	-	-	-	-	-
Closing Balance as at 16th July 2023	29,688,207	28,579,277	18,220,013	17,639,641	32,329,504	26,547,287	153,003,929

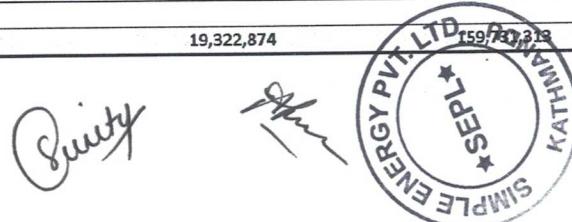



**Simple Energy Private Limited**

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

Fiscal Year 2079-80

POOL	Particulars	Depreciation Rate	Opening Depn Basis	Addition during the year date	Allowable portion	Addition as per IT Act	Disposal	Depn Basis for the year	Depn for the year	Depn basis for next year
A	Buildings and Structures			Shrawan-Poush Magh-Chaitra Baisakh-Asadh	1.00 0.67 0.33	-	-	-	-	-
	<b>SubTotal Pool A</b>	<b>5%</b>								
B	Computers, Equipments and Furnitures		1,408,071	Shrawan-Poush Magh-Chaitra Baisakh-Asadh	245,281 103,600 16,001	1.00 0.67 0.33	245,281 69,067 5,334	-	-	-
	<b>SubTotal Pool B</b>	<b>25%</b>	<b>1,408,071</b>		<b>364,881</b>		<b>319,681</b>	<b>74,514</b>	<b>1,653,238</b>	<b>413,309</b>
C	Vehicles		220,000	Shrawan-Poush Magh-Chaitra Baisakh-Asadh	- - -	1.00 0.67 0.33	-	220,000	44,000	176,000
	<b>Sub Total Pool C</b>	<b>20%</b>	<b>220,000</b>							
D	Machinery and earth moving equipments			Shrawan-Poush Magh-Chaitra Baisakh-Asadh	- - -	1.00 0.67 0.33	-	-	-	-
	<b>Sub Total Pool D</b>	<b>15%</b>								
E	<b>Intangible &amp; Other Assets</b>									
	Project Development	20%	17,620,675				22,025,844	4,405,169	13,215,506	
	Accounting Software	20%	74,128				92,660	18,532	55,596	
	Digital Application	20%		Shrawan-Poush	339,271	1.00	339,271	339,271	67,854	271,417
	Software	20%		Magh-Chaitra	195,264	0.67	130,827	130,827	26,165	169,099
	<b>Project Assets</b>									
	Bhudeo Khadya Udyog	8.33%		Baisakh-Asadh	30,319,871	0.33	10,005,557	10,005,557	833,796	29,486,074
	Jagadamba Spinning Mill	8.33%		Shrawan-Poush	31,177,393	1.00	31,177,393	31,177,393	2,598,116	28,579,277
	MM Plastic	6.67%		Shrawan-Poush	18,957,239	1.00	18,957,239	18,957,239	1,263,816	17,693,423
	MM Polymers	6.67%		Magh-Chaitra	18,247,904	0.67	12,226,096	12,226,096	815,073	17,432,831
	Raj Brewery	8.33%		Baisakh-Asadh	33,017,366	0.33	10,895,731	10,895,731	907,978	32,109,388
	Yak Brewery	8.33%		Baisakh-Asadh	27,112,123	0.33	8,947,000	8,947,000	745,583	26,366,539
	<b>Sub Total Pool E</b>		<b>17,694,803</b>		<b>159,366,431</b>		<b>92,679,115</b>	<b>-</b>	<b>114,797,619</b>	<b>11,682,083</b>
	<b>This Year Total</b>		<b>19,322,874</b>				<b>92,998,796</b>	<b>74,514</b>	<b>116,670,857</b>	<b>12,139,392</b>
										<b>166,840,280</b>



**Note 1:**  
**Significant Accounting Policies and Notes on Accounts**

**1 General Information**

Simple Energy Pvt. Ltd. is a private limited company domiciled in Nepal. It is a joint venture company of InfraCo Nepal Solar Pte. Ltd. and Saral Urja Nepal Pvt. Ltd. Capital ratio of the company is 74% of InfraCo Nepal and 26% of Saral Urja Nepal.

It is registered in Office of Company Registrar on 25<sup>th</sup> June, 2021 and in Inland Revenue Office on 9<sup>th</sup> 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.

**2 Basis of preparation**

**Statement of compliance**

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) adopted by the Nepal Accounting Standards Board (NASB), and presentational requirement of the Companies Act, 2063.

**Basis of measurement**

The financial statements are presented in Nepali Rupee, rounded to the nearest rupee. They are prepared on the historical cost basis. It is prepared on accrual basis. It is prepared on the going concern basis as company has reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future.

**Financial Period**

Company prepares its financial statement as per the financial year followed in Nepal. Current financial year 2079-80 is from 1st of Shrawan, 2079 to 31<sup>st</sup> of Asadh, 2080 (2022.07.17 to 2023.07.16). Comparative presented are of financial year 2078-79 which was from 1st of Shrawan, 2078 to 32<sup>nd</sup> of Asadh, 2079 (2021.07.16 to 2022.07.16).

**3 Presentation**

**Functional and presentation currency**

The financial statements are prepared in Nepalese Rupees, which is the JV'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 sections.



*Beauty*



### 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.

### 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 from Operation

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue has been measured at the fair value of the consideration received or receivable as per NAS 18.

### 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 deposits.

### Administrative Expenses

Administrative expenses include general expenses incurred for office operation like employee cost, rent, printing, travels, etc.

### 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. These amounts have been recognized at cost.



g

Quinty



### Provisions

Company has made provision for as per NAS 37 'Provisions, Contingent Liabilities and Assets'. There is no any provision for fiscal year 2079-80.

### 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, general advances 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 generation and supply of solar electricity 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 provided on all other items of property, plant and equipment in the following rates;

#### Property, Plant and Equipment

Furniture and Fixtures	25% (WDV Method)
Computers and Laptops	25% (WDV Method)
Vehicles	20% (WDV Method)
Office Printers and Electronics	15% (WDV Method)
Project Assets	SLM method for Life

### 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

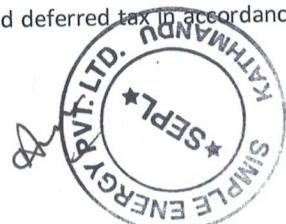
Management has charged all the solar electricity project development cost to the capital work in progress stating each project head separately. Capital WIP are not depreciated. Capital WIP shall be transferred to the Property, Plant and Equipment for depreciation over the period after the completion 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 09.



*[Signature]*



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 2079-80, company has no any taxable profit. So, there is no any provision for income tax liability.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected 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. Management has no any recognized deferred tax bases.

#### Contingent Liabilities

Contingent liabilities are the possible obligations of the entity arising from the past events and existence of which will be confirmed by the occurrence or non-occurrence of future events not in control of the entity or such obligations whose outflow could not be established or estimated reliably and thus not recognized in the financial statement. The company has no any contingent liabilities for fiscal year 2079-80 to report in the notes to accounts.



Q

Quality

