

Independent Auditor's Report

To

Ankhu Khola Jalvidhyut Company Ltd.

Kathmandu, Nepal

We have audited the accompanying financial statements of **M/S Ankhu Khola Jalvidhyut Company Limited** which comprise the statement of financial position as at 31 Ashad 2076 (16 July, 2019) and Income statement and statement of Cash flows for the period 1 Shrawan 2075 to 31 Ashad 2076 and a summary of significant accounting policies and notes to accounts.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting 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 Responsibility

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 statements, 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 give a true and fair view, in all material respects, of the financial position of **M/S Ankhu Khola Jalvidhyut Company Limited** as at 31 Ashad 2076 (16 July, 2019), Income statement and Cash flows for the period 1 Shrawan 2075 to 31 Ashad 2076, in accordance with Nepal Accounting Standards, Companies Act 2063 & other relevant practices.

Date: 25/08/2076
Place: Kathmandu

CA Rajan Dahar
R D Associates
Chartered Accountants

Ankhu Khola Jalvidhyut Company Limited
Statement of Financial Position
As at Ashadh 2076 (16 July 2019)

Particulars	Note	As at Ashadh 2076	Restated* As at Ashadh 2075	Restated* As at Ashadh 2074
Assets				
Non-Current Assets				
Property, Plant & Equipment	4	1,952,265,328.19	2,033,100,662.92	2,113,870,371.27
Capital Work in Progress		-	1,215,000.00	1,215,000.00
Financial Assets				
Investment in Associates	5	-	-	-
Other Equity Investments	6	6,600,000.00	6,600,000.00	6,600,000.00
Other Non-Current Assets	7	-	-	-
Deffered Tax		-	-	-
Total Non-Current Assets		1,958,865,328.19	2,040,915,662.92	2,121,685,371.27
Current Assets				
Inventories	8	-	-	-
Financial Assets				
Trade Receivables	9	172,716,941.19	141,993,822.94	136,454,115.26
Cash & Cash Equivalents	10	1,507,320.78	86,591.85	603,934.16
Term Deposit	11	-	-	-
Other Current Assets	7	9,659,266.33	14,369,252.58	9,008,676.33
Current Tax Assets	12	-	-	-
Total Current Assets		183,883,528.30	156,449,667.37	146,066,725.75
Total Assets		2,142,748,856.49	2,197,365,330.29	2,267,752,097.02
Equity & Liabilities				
Equity				
Equity Share Capital	13	800,000,000.00	600,000,000.00	600,000,000.00
Other Equity	14	(229,892,692.89)	(179,038,994.52)	(246,640,113.28)
Total Equity		570,107,307.11	420,961,005.48	353,359,886.72
Non-Current Liabilities				
Financial Liabilities				
Borrowing	15	1,212,369,389.06	1,228,050,832.98	1,361,828,332.01
Trade Payables	19	-	-	-
Other Financial Liabilities	16	-	-	-
Provisions	17	-	-	-
Deffered Tax	12	-	-	-
Other Liabilities	18	-	-	-
Total Non-Current Liabilities		1,212,369,389.06	1,228,050,832.98	1,361,828,332.01
Financial Liabilities				
Borrowings	15	211,200,000.00	329,187,584.74	204,999,921.62
Trade Payables	19	6,415,344.26	7,813,730.83	136,225,987.29
Other Financial Liabilities	16	142,566,426.75	211,215,613.20	210,336,804.82
Current tax Liabilities (Net)	12	-	-	-
Provisions	17	-	-	-
Other Liabilities	18	90,389.32	136,563.06	1,001,164.56
Total Current Liabilities		360,272,160.33	548,353,491.83	552,563,878.29
Total Liabilities		1,572,641,549.39	1,776,404,324.81	1,914,392,210.30
Total Equity & Liabilities		2,142,748,856.49	2,197,365,330.29	2,267,752,097.02

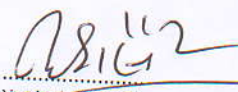
The accompanying notes are integral part of these financial statements

As per our report of Even Date


Yuvaraj Upadhyaya
Finance Manager


Ram Shrestha
Chairman


Narayan Prasad Aryal
Director


Narahari Pudasaini
Director


Pratiksha Sharma
Account Officer


Ram Prasad sapkota
Director


Dinesh Prasad Shrestha
Director


CA Rajan Dahal
RD Associates
Chartered Accountants

Date: 2076.08.28
Place: Kathmandu, Nepal

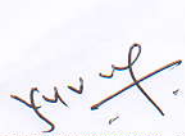


Ankhu Khola Jalvidhyut Company Limited
Statement of Profit or Loss & Other Comprehensive Income
For The Financial Year Ended 31 Ashadh 2076 (16 July 2019)

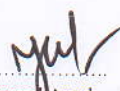
		<i>Figures in NPR</i>	
Particulars	Note	As at Ashadh 2076	Restated* As at Ashadh 2075
Revenue	20	204,470,704.79	202,385,302.53
Cost of Sales			
Generation & Distribution Expenses	21	34,708,008.88	36,938,572.76
Gross Profit		169,762,695.91	165,446,729.8
Depreciation	4	80,835,334.73	80,996,635.79
Other Income	22	21,000,174.46	108,956,334.76
Administrative & General Expenses	23	12,104,694.50	8,724,162.87
Gain/(loss) on sale of Non-Current Assets Held for Sale			
Profit from Operation		97,822,841.14	184,682,265.87
Finance Income	24	171.55	161.15
Finance Costs	25	139,104,536.17	158,357,258.89
Profit before taxes		(41,281,523.48)	26,325,168.13
Income Tax Expenses			
Current Tax	12		
Deferred Tax Credit/Charge	12		
Profit for the Year		(41,281,523.48)	26,325,168.13
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
i. Re-Measurement (losses)/Gains on Post Employment Defined Benefit Plans			
ii. Equity Instruments through Other Compr	26	-	-
iii. Tax Relating items that will not to be cla	12		
Other Comprehensive Gain/(Loss) for the Year (Net		-	-
Total Comprehensive Gain/(Loss) for the Year (Net c		(41,281,523.48)	26,325,168.13
Earning Per Share of Rs. 100 Each			
Basic Earning Per Share- Rs.	27	(5.73)	4.39
Diluted Earning Per Share- Rs.	27	(5.73)	4.39

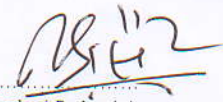
The accompanying notes are integral part of these financial statements

As per our report of Even Date


 Yuvaraj Upadhyaya
 Finance Manager


 Ram Shrestha
 Chairman


 Narayan Prasad Aryal
 Director


 Narahari Pudasaini
 Director


 Pratikshya Sharma
 Account Officer


 Ram Prasad Sapkota
 Director


 Dinesh Prasad Shrestha
 Director


 CA Rajan Daba
 RD Associates
 Chartered Accountants

Date: 2076.08.25
 Place: Kathmandu, Nepal



Ankhu Khola Jalvidhyut Company Limited
Statement of Cash Flows
For the year ended 31 Ashadh 2076 (16 July 2019)

	2,075.76	2,074.75
Particulars		
Cash Flow from Operating Activities		
Profit for the Year	(41,281,523.48)	26,325,168.13
Adjustments		
Loss/(Gain) on Sale of Assets Held for Sale		
Depreciation on Property, Plant & Equipment	80,835,334.73	80,996,635.79
Impairment of CWIP	1,215,000.00	
Assets Writeoff Expenses	-	144,954.35
Finance Income	(171.55)	(161.15)
Finance Cost	139,104,536.17	158,357,258.89
Loss/(Gain) on Sale of Non-Current Assets Held for Sale	-	
Profit on sale on Property, Plant & Equipment		(1,913.38)
Gain/Loss on Equity Method of Investment		
Working Capital Adjustments:		
(Increase)/Decrease in Other Assets	4,709,986.25	(5,360,576.25)
(Increase)/Decrease in Term Deposit	-	-
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Trade Receivables	(30,723,118.25)	(5,539,707.68)
Increase/(Decrease) in Trade Payables	(1,398,386.57)	(128,412,256.46)
Increase/(Decrease) in Financial Liabilities	(68,649,186.45)	878,808.38
Increase/(Decrease) in Other Liabilities	(46,173.74)	(864,601.50)
(Increase)/Decrease in Current Tax Assets		
Increase/(Decrease) in Current Tax Liabilities		
Increase/(Decrease) in Provisions		
Cash Generated from Operations	83,766,297.10	126,523,609.12
Income Taxes Paid	-	-
Prior Year Adjustment	1,148,002.27	(41,275,950.63)
Net Cash flow from Operating Activities (A)	82,618,294.83	167,799,559.75
Cash Flow from/(Used in) Investing Activities		
Proceeds from Sale of Asset	-	10,000.00
Proceeds from Sale of Assets held for Sale	-	-
Finance Income	171.55	161.15
(Increase)/Decrease in other Equity Investment		
(Increase)/Decrease in Investment in Associates		
Acquisition of Property, Plant and Equipment		(379,968.35)
Purchase of Intangibles		
Increase in CWIP		
Bank Balance other than Cash & cash Equivalents		
Net Cash Flow from Investing Activities (B)	171.55	(369,807.20)
Cash Flow from Financing Activities		
Issue of Share	200,000,000.00	-
Issue of Bonus Share		
Share issue Cost	(8,424,172.71)	-
Borrowing (Repaid)/Taken (Net)	(133,669,028.67)	(9,589,835.91)
Dividend Paid		
Finance Cost	(139,104,536.17)	(158,357,258.89)
Net Cash Flow from Financing Activities (C)	(81,197,737.54)	(167,947,094.80)
Increase/(Decrease) in cash & Cash Equivalents (A+B+C)	1,420,728.93	(517,342.25)
Net Foreign Exchange Difference on Cash & Cash Equivalents	-	-
Cash & Cash Equivalents at Beginning of the Year	86,591.85	603,934.16
Cash & Cash Equivalents at End of the Year	1,507,320.78	86,591.85

The accompanying notes are integral part of these financial statements

As per our report of Even Date

Yuvaraj Upadhyaya
Finance Manager

Ram Shrestha
Chairman

Narayan Prasad Aryal
Director

Narahari Pudasaini
Director

Pratikshya Sharma
Account Officer

Ram Prasad sapkota
Director

Dinesh Prasad Shrestha
Director

CA Rajan Dahal
RD Associates
Chartered Accountants

Date: 2076.08.25
Place: Kathmandu, Nepal



Ankhu Khola Jalvidhyut Company Limited
Statement of Cash Flows
For the year ended 31 Ashadh 2076 (16 July 2019)

Figures in NPR

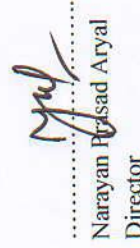
Particulars	Equity Share Capital	Share Premium	Retained Earning & Reserves	Retained Earnings	Total
Balance as at 1 Shrawan 2074	600,000,000.00			(246,640,113.28)	353,359,886.72
Profit for the Year				26,325,168.13	26,325,168.13
Other Comprehensive Income				-	-
Total Comprehensive Income				(220,314,945.15)	379,685,054.85
Dividends to Shareholders					-
Issue of Share					-
Share Issue Cost					-
Prior Year Adjustments					-
Balance as at 31 Ashadh 2075	600,000,000.00			41,275,950.63	41,275,950.63
Balance as at 1 Shrawan 2075	600,000,000.00			(179,038,994.52)	420,961,005.48
Profit for the Year				(179,038,994.52)	420,961,005.48
Other Comprehensive Income				(41,281,523.48)	(41,281,523.48)
Total Comprehensive Income				(220,320,518.00)	379,679,482.00
Dividends to Shareholders					-
Issue of Share					-
Share Issue Cost	200,000,000.00			8,424,172.62	200,000,000.00
Prior Year Adjustments				(1,148,002.27)	8,424,172.62
Balance as at 31 Ashadh 2076	800,000,000.00			(229,892,692.89)	570,107,307.11

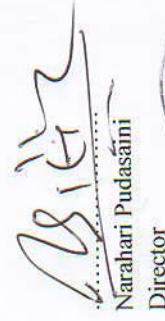
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As per our report of Even Date

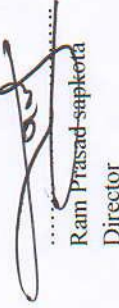

Yuvaraj Upadhyaya
Finance Manager

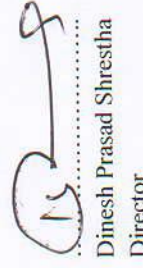

Ram Shrestha
Chairman


Narayan Prasad Aryal
Director


Narahari Pudasaini
Director


Pratiksha Sharma
Account Officer


Ram Prasad Sapkota
Director


Dinesh Prasad Shrestha
Director


RD Associates
Kathmandu
Nepal
Chartered Accountants



Date: 2076.08.25

Place: Kathmandu, Nepal

Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Note 4	Property, Plant & Equipment	Computer	Furniture & Fixtures	Vehicles	Plant & Equipment	Other Assets	Civil Works	Electro-Mechanical	Land & Land Development	Transmission Line/Substation	Hydro Mechanical	CWIP	Total
Cost													
Balance as at 1 Shrawan 2074	779,849.00	1,617,295.95	149,900.00	11,492,326.60	625,950.00	1,314,861,249.22	379,875,644.08	217,846,446.86	47,610,366.35	451,246,316.28	1,215,000.00	2,427,320,344.35	
Additions					182,568.45							379,968.45	
Transfer from CWIP													
Disposals	14,100.00	345,156.15			469,400.00							828,656.15	
Balance as at31 Ashadh 2075	765,749.00	1,272,139.80	347,300.00	11,674,895.05	156,550.00	1,314,861,249.22	379,875,644.08	217,846,446.86	47,610,366.35	451,246,316.28	1,215,000.00	2,426,871,656.65	
Additions													
Transfer from CWIP													
Disposals													
Balance as at 31 Ashadh 2076	765,749.00	1,272,139.80	347,300.00	11,674,895.05	156,550.00	1,314,861,249.22	379,875,644.08	217,846,446.86	47,610,366.35	451,246,316.28	1,215,000.00	2,426,871,656.65	
Accumulated Depreciation													
Balance as at 1 Shrawan 2074	542,552.45	1,063,468.32	124,750.95	7,754,242.09	378,606.80	164,685,635.53	47,724,334.93	27,289,284.49	5,981,360.23	56,690,737.27		312,234,973.08	
Charge for the Year	35,594.48	136,030.92	44,509.81	572,174.55	15,600.92	43,732,913.07	12,629,327.34	7,245,519.48	1,582,851.94	15,002,113.27		80,996,635.79	
Disposals	14,100.00	343,538.89			326,062.93							683,701.82	
Balance as at31 Ashadh 2075	564,046.94	864,047.04	169,260.76	8,326,416.64	68,144.79	208,418,548.60	60,353,662.28	34,534,803.98	7,564,212.17	71,692,850.54		392,555,993.73	
Charge for the Year	30,255.31	61,213.91	35,607.85	502,271.77	13,260.78	43,732,913.07	12,629,327.34	7,245,519.48	1,582,851.94	15,002,113.27		80,835,334.73	
Impairment of CWIP												1,215,000.00	
Disposals													
Balance as at 31 Ashadh 2076	594,302.25	925,260.95	204,868.61	8,828,688.41	81,405.57	252,151,461.67	72,982,989.62	41,780,323.46	9,147,064.12	86,694,963.81	1,215,000.00	474,606,328.46	
Net Book Value													
As at Shrawan 2074	237,296.55	553,827.63	25,149.05	3,738,084.51	247,343.20	1,150,175,613.69	332,151,309.15	190,557,162.37	41,629,006.12	394,555,579.01	1,215,000.00	2,115,085,371.27	
As at Ashadh 2075	201,702.06	408,092.76	178,039.24	3,348,478.41	88,405.21	1,106,442,700.62	319,521,981.81	183,311,642.89	40,046,154.18	379,553,465.74	1,215,000.00	2,034,315,662.92	
As at Ashadh 2076	171,446.75	346,878.85	142,431.39	2,846,206.64	75,144.43	1,062,709,787.56	306,892,654.46	176,066,123.40	38,463,302.23	364,551,352.47		1,952,265,328.19	
a) The company has availed the deemed cost exemption in relation to the Property, Plant and Equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer table below for the gross block value and the accumulated depreciation on 1 shrawan 2074 under the previous GAAP.													
	Computer	Furniture & Fixtures	Vehicles	Plant & Equipment	Other Assets	Civil Works	Electro-Mechanical	Land & Land Development	Transmission Line/Substation	Hydro Mechanical	CWIP	Total	
Gross Block As at 1 Shrawan 2074	779,849.00	1,617,295.95	149,900.00	11,492,326.60	625,950.00	1,314,861,249.22	379,875,644.08	217,846,446.86	47,610,366.35	451,246,316.28	1,215,000.00	2,427,320,344.35	
Accumulated Depreciation as at 1 Shrawan 2074	542,552.45	1,063,468.32	124,750.95	7,754,242.09	378,606.80	164,685,635.53	47,724,334.93	27,289,284.49	5,981,360.23	56,690,737.27		312,234,973.08	
Deemed Cost as at 1 Shrawan 2074	237,296.55	553,827.63	25,149.05	3,738,084.51	247,343.20	1,150,175,613.69	332,151,309.15	190,557,162.37	41,629,006.12	394,555,579.01	1,215,000.00	2,115,085,371.27	

a) The company has availed the deemed cost exemption in relation to the Property, Plant and Equipment on the date of transition and hence the net block carrying amount on that date. Refer table below for the gross block value and the accumulated depreciation on 1 shrawan 2074 under the previous GAAP.

Gross Block As at 1 Shrawan 2074	Accumulated Depreciation as at 1 Shrawan 2074	Deemed Cost as at 1 Shrawan 2074
779,849.00	542,552.45	237,296.55



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Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Note 5

Investment in Associates:

Particulars

Unquoted Investment at Fair Value (FV)
Investment in Associate Companies

	As at 31 Ashadh 2076	As at 32 Ashadh 2075	As at 1 Shrawan 2074
	No of Shares Amount	No of Shares Amount	No of Shares Amount

Gross Investment (A)

Adjustment for Equity Method

Total Adjustment (B)

Net investment at Cost (A+B)

Note 6

Other Equity Investment:

Particulars

Through Other Comprehensive Income

Singati Hydro Energy Ltd

(Equity Share of NPR 100 each fully Paid up)

Shahid Sanchar Sahakari Ltd

(Equity Share of NPR 100 each fully Paid up)

Total

	As at 31 Ashadh 2076	As at 32 Ashadh 2075	As at 1 Shrawan 2074
	No of Shares Amount	No of Shares Amount	No of Shares Amount
	65000 6,500,000.00	65000 6,500,000.00	65000 6,500,000.00
	1000 100,000.00	1000 100,000.00	1000 100,000.00
	66000 6,600,000.00	66000 6,600,000.00	66000 6,600,000.00

The company has classified Other Equity Investment as Fair Value Through Other Comprehensive Income. The Fair value of the investment has been taken at cost of the investment.



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Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Note 7

Other Assets (Current & Non-Current):

Particulars	As at 31 Ashadh 2076	As at 32 Ashadh 2075	As at 1 Shrawan 2074
Current			
Prepaid Expenses (7.1)	1,055,351.62	1,043,155.60	961,535.82
Advance to Suppliers (7.2)	2,990,032.47	7,794,009.47	3,881,625.85
Advance to Landlord (7.3)	5,185,645.00	5,185,645.00	3,625,000.00
Loan & Advances to Staff (7.4)	122,489.00	46,000.00	111,499.83
Other Receivables (7.5)	305,748.24	300,442.51	429,014.83
Total	9,659,266.33	14,369,252.58	9,008,676.33
Non-Current			
Prepaid Expenses			
Advance to Suppliers			
Advance to Landlord			
Loan & Advances to Staff			
Other Receivables			
Total	-	-	-
G. Total	9,659,266.33	14,369,252.58	9,008,676.33

Details of Other Expenses

Prepaid Expenses (7.1)			
Pre-Paid Insurance	1,055,351.62	1,043,155.60	961,535.82
Sub-Total	1,055,351.62	1,043,155.60	961,535.82
Advance to Suppliers (7.2)			
KEY PU Enterprises	250,000.00	-	-
KTM Vehicles Service Pvt Ltd.	6,000.00	-	-
Shova Legal Service & Research Center Pvt. Ltd.	375,000.00	375,000.00	-
Harit Tara Construction Pvt. Ltd.	1,000,000.00	-	-
Qiankang Allonward Hydro Equipment Pvt. Ltd.	730,455.50	65,455.50	1,478,055.00
Sk Electric Engineering Technology	2,153.97	2,153.97	-
ABB S.P.Zoo	-	-	509,270.85
Sunshine Law Firm and Research Center Pvt Ltd	55,400.00	-	-
Civil Capital Market Limited	7,500.00	-	-
Other Advance	480,523.00	-	-
Deffered Share Issue Expenses	-	7,351,400.00	1,894,300.00
Ram Bd. Thapa Chhetri	53,000.00	-	-
Tek Tamang	30,000.00	-	-
Sub-Total	2,990,032.47	7,794,009.47	3,881,625.85
Advance to landlord (7.3)			
Advance to landlord	5,185,645.00	5,185,645.00	3,625,000.00
Sub-Total	5,185,645.00	5,185,645.00	3,625,000.00
Advance to Staff (7.4)			
Nandu Lal Poudel	-	40,000.00	90,000.00
Bhoj Raj Puri Advance	88,040.00	6,000.00	18,633.52
Shambhu Timilsina(Advance)	2,965.00	-	-
Salary Advance	-	-	2,866.31
Durga Datta Chhatkuli (Advance)	24,109.00	-	-
Mitra Bd. Panta	7,375.00	-	-
Sub-Total	122,489.00	46,000.00	111,499.83
Deposit (7.5)			
Bhajuratna Engineering (Deposit)	45,000.00	45,000.00	45,000.00
Nepal Telecom	-	-	20,000.00
Security Deposit (For Rent)	159,429.00	159,429.00	-
Shanker Oxygen Gas (Deposit)	23,974.50	23,974.50	36,000.00

[Signature]
P.D. Associates * Chartered Accountants
Kathmandu
Nepal

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[Signature]
Ankhu Khola Jalvidhyut Company Ltd.
Kathmandu
Nepal

Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Legal Deposit	5,280.00	-	-
Advance Tax (TDS Deducted)	42,064.74	42,039.01	42,014.83
Receivable from Ramesh Nath Pandey (Excavator)	-	-	235,000.00
Bank Margin	30,000.00	30,000.00	51,000.00
Sub-Total	305,748.24	300,442.51	429,014.83
Total	9,659,266.33	14,369,252.58	9,008,676.33

Note 8

Inventories

Particulars	As at 31 Ashadh 2076	As at 32 Ashadh 2075	As at 1 Shrawan 2074
General Stock/ Office Supplies/Consumables	-	-	-
Stock of Electrical Goods	-	-	-
Engineering Spare Parts	-	-	-
Total	-	-	-

Note 9

Trade Receivables

Particulars	As at 31 Ashadh 2076	As at 32 Ashadh 2075	As at 1 Shrawan 2074
Receivable From NEA (Forced Majeure Event)	12,729,977.36	12,729,977.36	25,203,755.56
Receivable from NEA (20% Posted Rate)	137,536,496.37	108,404,572.84	90,316,261.82
Receivable from NEA (Normal)	22,450,467.46	20,859,272.74	20,934,097.88
Total	172,716,941.19	141,993,822.94	136,454,115.26

Note 10

Cash & Cash Equivalents

Particulars	As at 31 Ashadh 2076	As at 32 Ashadh 2075	As at 1 Shrawan 2074
Bank Balances			
In Current Accounts			
Prabhu Bank Limited (Current Account)	10,000.00	10,000.00	10,000.00
Prime Commercial Bank Limited (00101367 CA)	1,463,843.80	47,086.69	577,590.97
Prime Commercial Bank Limited (00103772 CA)	5,000.00	5,030.00	5,000.00
In Call Accounts			
Prabhu Bank Limited (Call Account)	11,567.98	11,422.16	10,285.19
Cash			
Cash on Hand	16,909.00	13,053.00	1,058.00
Cheque on Hand	-	-	-
Total	1,507,320.78	86,591.85	603,934.16

For the purpose of the statement of cash flows, Cash & Cash Equivalents comprise the following:

Particulars	As at 31 Ashadh 2076	As at 32 Ashadh 2075	As at 1 Shrawan 2074
Bank Balances			
In Current Accounts			
Prabhu Bank Limited (Current Account)	10,000.00	10,000.00	10,000.00
Prime Commercial Bank Limited (00101367 CA)	1,463,843.80	47,086.69	577,590.97
Prime Commercial Bank Limited (00103772 CA)	5,000.00	5,030.00	5,000.00
In Call Accounts			
Prabhu Bank Limited (Call Account)	11,567.98	11,422.16	10,285.19
Cash			
Cash on Hand	16,909.00	13,053.00	1,058.00
Cheque on Hand	-	-	-
Total	1,507,320.78	86,591.85	603,934.16

Note 11

Term Deposit

Particulars	As at 31 Ashadh 2076	As at 32 Ashadh 2075	As at 1 Shrawan 2074
Term Deposit	-	-	-
Total	-	-	-

Note 12

Particulars

Particulars	As at 31 Ashadh 2076	As at 32 Ashadh 2075	As at 1 Shrawan 2074
Income Taxes	-	-	-
Total	-	-	-

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- A circular stamp for "D. Associates Chartered Accountants" with "Bhakti" written inside.
- A circular stamp for "Ankhu Khola Jalvidhyut Company Ltd." with "Nepal" written inside.

Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Note 13

Equity Share capital

Particulars	As at 31 Ashadh 2076		As at 32 Ashadh 2075		As at 1 Shrawan 2074	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
A. Equity Shares						
Authorised	11500000	1,150,000,000.00	11500000	1,150,000,000.00	11500000	1,150,000,000.00
Equity Shares of NPR 100 each with voting rights						
Issued	8000000	800,000,000.00	8000000	800,000,000.00	8000000	800,000,000.00
Equity Shares of NPR 100 each with voting rights						
Subscribed & Fully Paid	8000000	800,000,000.00	6000000	600,000,000.00	6000000	600,000,000.00
Equity Shares of NPR 100 each with voting rights						

B. Reconciliation of number of shares outstanding at the beginning and end of the year

Particulars	As at 31 Ashadh 2076		As at 32 Ashadh 2075		As at 1 Shrawan 2074	
	No of Shares		No of Shares		No of Shares	
Balances at the Beginning of the Year	6000000		6000000		6000000	
Add: Issue of Shares: IPO Local	623980		0		0	
Add: Issue of Shares: IPO Public	1376020		0		0	
Balances at the End of the Year	8000000		6000000		6000000	

C. Details of the Shareholding more than 1%

Particulars	As at 31 Ashadh 2076		As at 32 Ashadh 2075		As at 1 Shrawan 2074	
	No of Shares	Share %	No of Shares	Share %	No of Shares	Share %
Pramod Prasad Chaudhary	83000	1.04%	83000	1.38%	83000	1.38%
Mahesh Prasad Rijal	100000	1.25%	100000	1.67%	100000	1.67%
Sharmila Tamang	155000	1.94%	155000	2.58%	155000	2.58%
Chandra bahadur Tamang	150000	1.88%	150000	2.50%	150000	2.50%
Shekhar Basnet	100000	1.25%	100000	1.67%	100000	1.67%
Janak Prasad Bhatta	200000	2.50%	200000	3.33%	200000	3.33%
Nabaraj Adhikari	81500	1.02%	81500	1.36%	81500	1.36%
Shambhu Dhamala			60000	1.00%	60000	1.00%
Tankeshwor Khanal			70000	1.17%	70000	1.17%
Civic Investment P Ltd			64000	1.07%	64000	1.07%
Umed Kumar Pun			75000	1.25%	75000	1.25%
Shristi Limbu			75000	1.25%	75000	1.25%
Srijana Shrestha			64500	1.08%	64500	1.08%
Total	869500	10.87%	1278000	21.30%	1278000	21.30%

D. Terms/Rights attached to equity shares

The company has only one class of equity shares having par value of NPR 100 per share. Every Member holding equity shares therein shall have voting rights in proportion to the members share of the paid up equity share capital. The company declares and pays dividend in nepalese rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number equity shares held by the equity shareholders.

E. Dividend Paid and Proposed:

Declared Dividend & Proposed Dividend
 Declared and approved for during the year
 Dividends on Ordinary Shares

As at 31 Ashadh 2076

As at 32 Ashadh 2075

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Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Note 14

	Retained Earning & Reserves			Figures in NPR
	Share Premium	General Reserves	Retained Earnings	Total
Other Equity				
Balance as at 1 Shrawan 2074			(246,640,113.28)	(246,640,113.28)
Profit for the Year			26,325,168.13	26,325,168.13
Other Comprehensive Income			-	-
Total Comprehensive Income			(220,314,945.15)	(220,314,945.15)
Dividends to Shareholders			-	-
Issue of Right/Bonus Share			-	-
Share Issue Cost			-	-
Prior Year Adjustments			41,275,950.63	41,275,950.63
Balance as at 32 Ashadh 2075	-	-	(179,038,994.52)	(179,038,994.52)
Balance as at 1 Shrawan 2075	-	-	(179,038,994.52)	(179,038,994.52)
Profit for the Year			(41,281,523.48)	(41,281,523.48)
Other Comprehensive Income			-	-
Total Comprehensive Income			(220,320,518.00)	(220,320,518.00)
Dividends to Shareholders			-	-
Issue of Right Share			-	-
Issue of Bonus Share			-	-
Share Issue Cost			8,424,172.62	8,424,172.62
Prior Year Adjustments			1,148,002.27	1,148,002.27
Balance as at 31 Ashadh 2076	-	-	(229,892,692.89)	(229,892,692.89)

Note 15

Borrowing

Particulars

As at 31 Ashadh 2076 As at 32 Ashadh 2075 As at 1 Shrawan 2074

Measured at Amortised Cost

Non-Current

Term Loan 1,212,369,389.06 1,228,050,832.98 1,361,828,332.01

Short Term Loan

Overdraft

Sub-Total 1,212,369,389.06 1,228,050,832.98 1,361,828,332.01

Current

Term Loan 184,200,000.00 302,187,584.74 178,000,000.00

Short Term Loan

Overdraft 27,000,000.00 27,000,000.00 26,999,921.62

Sub-Total 211,200,000.00 329,187,584.74 204,999,921.62

G. Total 1,423,569,389.06 1,557,238,417.72 1,566,828,253.63

Consortium Loan

Within 12 Months 16,200,000.00 134,187,584.74 10,000,000.00

After 12 Months 1,212,369,389.06 1,228,050,832.98 1,361,828,332.01

Total 1,228,569,389.06 1,362,238,417.72 1,371,828,332.01

Rastriya Baniya Bank

Within 12 Months 168,000,000.00 168,000,000.00 168,000,000.00

After 12 Months - - -

Total 168,000,000.00 168,000,000.00 168,000,000.00

Overdraft Loan

Within 12 Months 27,000,000.00 27,000,000.00 26,999,921.62

Note 16

Other Financial Liabilities

Particulars

As at 31 Ashadh 2076 As at 32 Ashadh 2075 As at 1 Shrawan 2074

Non-Current

Employees Account Payable

Interest Payable

Royalty Payable

Other Payable

Sub-Total

Current

Employees Account Payable (16.1) 290,771.16 547,941.40 209,762.00

Interest Payable (16.2) 120,715,279.98 134,626,348.03 93,349,266.24

Royalty Payable (16.3) 4,220,246.53 14,440,088.23 15,218,492.94

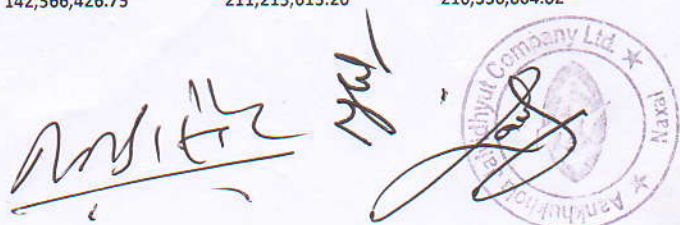
Other Payable (16.4) 17,340,129.08 61,601,235.54 101,559,283.64

Sub-Total 142,566,426.75 211,215,613.20 210,336,804.82

G. Total 142,566,426.75 211,215,613.20 210,336,804.82



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Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Employees Account Payable (16.1)

Abbas Ansari	205,374.16	254,440.00	209,412.00
Kamal Prasad Paneru	-	253,701.40	-
Yuvaraj Upadhyaya	-	19,800.00	-
Nabaraj Sapkota	7,362.00	-	350.00
Staff Salary Payable	78,035.00	20,000.00	-
Total	290,771.16	547,941.40	209,762.00

Interest Payable (16.2)

Interest Payable on Term Loan	120,715,279.98	134,626,348.03	93,349,266.24
Total	120,715,279.98	134,626,348.03	93,349,266.24

Royalty Payable (16.3)

Royalty Payable	4,220,246.53	14,440,088.23	15,218,492.94
Total	4,220,246.53	14,440,088.23	15,218,492.94

Other Payable (16.4)

Other Short Term Personal Loan (16.4.1)	16,153,548.20	60,990,681.35	99,477,977.38
Other Payable	-	76,995.04	-
Sibakoti & Associates	121,500.00	121,500.00	121,500.00
Wages Payable	-	40,000.00	-
NTC VSAT Payable	-	-	628,685.88
Rent Payable	-	-	959,998.60
Subash Bir Singh Tuladhar	35,330.88	15,059.15	14,121.78
Meeting Allowance Payable	29,750.00	357,000.00	357,000.00
Lekhnath Bhushal	1,000,000.00	-	-
Total	17,340,129.08	61,601,235.54	101,559,283.64

Other Short Term Personal Loan (16.4.1)

payable to Ananda Kumar Jha	50,000.00	500,000.00	500,000.00
payable to Ang Tenzi Sherpa	-	3,800,000.00	3,800,000.00
Payable to Babu Sherpa	1,700,000.00	3,700,000.00	3,700,000.00
Payable to Chandra Mani Adhikari	-	400,000.00	400,000.00
Payable to Civil Capital Market	-	3,607,274.47	3,607,274.47
Payable to Dipak Maskey	-	500,000.00	500,000.00
Payable to Keshav Tuladhar	-	111,975.00	111,975.00
Payable to Parmananda Thapa	1,500,000.00	3,400,000.00	3,400,000.00
Payable to Pralhad Limbu	-	2,200,000.00	4,148,000.00
Payable to Pramodh Chaudhary	1,053,548.20	6,553,548.20	6,553,548.20
Payable to Punya Pd. /Indra Shekher	3,900,000.00	18,900,000.00	18,900,000.00
Payable to Ram Shrestha	200,000.00	1,200,000.00	1,100,000.00
Payable to Ram Pd Sapkota	-	600,000.00	600,000.00
Payable to Shekher Basnet	-	1,080,000.00	1,080,000.00
Payable to Siddhi Charan Shrestha	-	4,000,000.00	4,000,000.00
Payable to Sri Ram KC	-	2,227,424.66	11,966,666.00
Payable to Chungwa Sherpa	2,750,000.00	2,750,000.00	2,750,000.00
Payable to Sunil Pokhrel	-	460,459.02	460,459.02
Payable to Tendi Sherpa	5,000,000.00	5,000,000.00	5,000,000.00
Payable to Ashish K Shrestha	-	-	700,000.00
Payable to Singati Hydro	-	-	10,000,000.00
Payable to Bishwo Nath Kandel	-	-	6,047,054.69
Payable to Dhurba Dharel	-	-	250,000.00
Payable to Kaji Lama	-	-	9,903,000.00
Total	16,153,548.20	60,990,681.35	99,477,977.38

Interest Payable on Personal Loan

Interest on PL(Ananda Kumar Jha)	387,671.24	374,931.51	429,262.31
Interest on PL(Ang Tenzi Sherpa)	-	2,046,041.10	3,656,106.89
Interest on PL(Babu Sherpa)	2,783,808.22	2,689,534.25	2,319,534.25
Interest on PL(Chandra Mani Adhikari)	-	162,866.30	169,847.20
Interest on PL(Civil Capital Market)	-	4,344,899.18	3,189,269.46
Interest on PL(Dipak Maskey)	262,576.72	249,836.99	258,053.00
Interest on PL(Keshav Tuladhar)	27,408.19	24,840.43	14,762.68
Interest on PL(Parmananda Thapa)	2,610,849.32	2,524,219.18	3,919,959.03
Interest on PL(Praladh Limbu)	2,787,394.50	2,731,339.71	1,244,400.00
Interest on PL(Pramod Chaudhary)	-	6,180,656.62	5,525,301.79
Interest on PL(Punya Prasad/Indra Shekhar)	7,238,027.39	6,756,465.75	8,616,536.89
Interest on PL(Ram Prasad Sapkota)	-	113,621.90	59,621.91
Interest on PL(Ram Shrestha)	233,531.52	208,306.87	109,306.86



Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Interest on PL(Shekher Basnet)	666,641.10	639,123.29	752,016.40
Interest on PL(Siddhi Charan Shrestha)	1,701,917.83	1,600,000.02	1,200,000.01
Interest on PL(Sri Ram KC)	1,665,382.29	1,608,628.73	7,531,742.61
Interest on PL(Sunil pokhrel)	101,675.42	89,943.18	118,137.69
Interest on PL(Tendi Sherpa)	2,501,610.37	2,374,213.11	1,874,213.11
Interest on PL(Ashish K Shrestha)			69,558.89
Interest on PL(Kaji Lama)			38,821.63
Sub-Total	22,968,494.11	34,719,468.10	41,096,452.61

Note 17

Provisions

Particulars

As at 31 Ashadh 2076 As at 32 Ashadh 2075 As at 1 Shrawan 2074

Non-Current

Provisions for Gratuity (Net)

Provisions for Leave Encashment

Sub-Total

Current

Provisions for Gratuity (Net)

Provisions for Leave Encashment

Sub-Total

G. Total

Note 18

Other Liabilities

Particulars

As at 31 Ashadh 2076 As at 32 Ashadh 2075 As at 1 Shrawan 2074

Non-Current

Bonus to Employees

Dividend Payable

Sub-Total

Current

Bonus to Employees

Dividend Payable

TDS Payable

Sub-Total

G. Total

TDS Payable Details

TDS on Individual/Proprietorship Firm (11111)	45,045.00	17,250.00	4,500.00
TDS on Salary (11112)	23,417.80	0.80	526,489.65
TDS on Public Limited Company. (11122)	-	2,250.00	-
TDS on Private Limited Company (11123)	12,583.33	86,853.36	-
TDS on Rent (11131)	-	18,555.90	-
Social Security Tax (1%) (11211)	9,343.19	11,653.00	-
Other TDS	-	-	470,174.91
Total	90,389.32	136,563.06	1,001,164.56

Note 19

Trade Payables

Particulars

As at 31 Ashadh 2076 As at 32 Ashadh 2075 As at 1 Shrawan 2074

Non-Current

Sundry Creditors

Sub-Total

Current

Sundry Creditors

Sub-Total

G. Total

Creditors Details

AMBAY Oils	100,351.00	172,466.00	157,265.00
A Plus Enterprises	72,029.00	-	-
Once Fashion	22,750.00	-	-
Bageshwori Auto Parts	251,261.00	251,261.00	251,261.00
Eastern Electrical Works	180,993.33	195,737.90	685,407.90
Himalayan Counsellor and Attornies-At -Law Pvt. Ltd	107,500.00	111,500.00	55,750.00
Lalit Hardware Concern	109,630.97	322,365.83	290,555.63
Miscellaneous Supplier	1,661,109.03	1,724,009.03	2,935,650.78
Mitra Auto Parts	-	19,500.00	19,500.00
New Bageshwori Trading	-	321,671.50	186,434.75
Payable to Land owner	1,040,956.00	1,040,956.00	1,040,956.00



Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Payable to Umesh Kumar Thapa	200,000.00	1,200,000.00	1,200,000.00
Pragati Nirman Sewa	45,356.66	45,356.66	207,806.66
R.J Construction Civil Works	1,506,330.90	1,506,330.90	7,071,490.92
RD Associates	334,500.00	334,500.00	334,500.00
Remoon Construction(Sub-station)	558,380.01	558,380.01	1,160,315.62
Rastriya Sampada Sandesh	-	4,596.00	-
Sajha Shramik Awaj	-	5,100.00	-
Reliance Law Firm	61,500.00	-	-
Bajra Mechanical Work Shop	60,000.00	-	-
Ocas Pvt. Ltd.	13,487.04	-	-
Reliable Bearing Nepal P. Ltd.	89,209.32	-	-
3 MW (P.) LTD- Hydromechanical work	-	-	65,975,617.23
Adwell Interenational PVT Ltd	-	-	59,095.00
Anjan Suppliers	-	-	9,798.00
Bihani Traders	-	-	218,277.00
Dhading-Kathmandu samparka munch	-	-	8,500.00
Dipesh Traders	-	-	141,472.00
Ghatal Trading and suppliers	-	-	589.00
Keren International	-	-	12,337.50
Media Eye	-	-	10,175.00
Nataraj Cargo P Ltd	-	-	363,302.40
Ram Kaji Ale	-	-	7,470.00
Ramechhap Sherpa Construction P. Ltd.	-	-	53,783,357.89
RP Khanal & Company	-	-	6,900.00
Screen & Arts	-	-	9,450.00
Sk Electric Engineering Technology	-	-	452.01
Tridev Vehicles Service Pvt. Ltd.	-	-	22,300.00
Total	6,415,344.26	7,813,730.83	136,225,987.29
Interest Payable on Term Loan			
Interest Payable to Kumari Bank Limited	1,118,470.21	1,822,682.15	139,827.75
Interest Payable to Machhapuchhre Bank Limited	5,187,689.38	8,425,446.59	660,610.85
Interest Payable to Prime Commercial Bank Limited	7,335,005.67	12,077,024.14	2,361,838.16
Interest Payable to Prabhu Bank Limited	2,011,050.09	3,294,626.68	1,032,886.59
Interest Payable to Rastriya Banijya Bank Limited	75,618,412.38	70,429,302.45	47,947,650.28
Interest Payable to Sunrise Bank Limited	1,549,230.33	2,585,292.52	110,000.00
Sub-Total	92,819,858.06	98,634,374.53	52,252,813.63
Grand Total	115,788,352.17	133,353,842.63	93,349,266.24
Interest Payable Shown in SOFP	120,715,279.98	134,626,348.03	93,349,266.24








Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Note 20

Revenue

Particulars	2075.2076	2074.2075
Revenue From Sale of Electricity	204,470,704.79	202,385,302.53
Total	204,470,704.79	202,385,302.53

Note 21

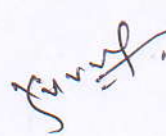
Generation & Distribution Expenses

Particulars	2075.2076	2074.2075
Dashian Allowance (Site)	689,125.00	665,375.00
PF Contribution (Site)	723,800.00	732,500.00
Salary Expenses (Site)	9,484,640.00	8,996,900.00
Over Time Expenses (Site)	1,892,902.00	2,115,150.00
Communication Allowance (Site)	48,150.00	53,400.00
Site Security Expenses	260,000.00	260,000.00
Royalty Expenses	4,929,414.09	4,887,706.05
Electricity Charge (General)	7,992.00	15,876.00
Equipment Hire Expenses	-	25,555.55
Festival Celebration	31,240.00	42,350.00
Fuel (General Expenses)	938,652.06	1,049,713.52
Insurance Premium Expenses	4,616,077.53	4,488,666.42
Medical Expenses (General)	1,650.00	4,225.00
Short Supply Expenses	7,411,982.88	1,656,635.90
Printing & Stationery (General)	2,110.00	3,390.00
Repair & Maintenance Expenses (Sub Note 21.1)	1,309,671.17	10,184,211.55
Site Expenses (General)	548,507.15	334,996.50
Transportation Expenses	51,795.00	196,667.23
Worker Union Expenses	-	180,000.00
Staff Uniform Expenses	105,300.00	
Wages Expenses	-	1,045,254.04
Compensation Expenses	1,655,000.00	-
Total	34,708,008.88	36,938,572.76

Sub-Note 21.1

Repair & Maintenance Expenses

Particulars	2075.2076	2074.2075
Repair & Maintenance of Powerhouse Equipment	750,119.72	4,933,559.49
Repair & Maintenance of Site (General)	64,340.00	49,385.76
Repair & Maintenance of Civil Works	-	2,686,995.00
Repair & Maintenance of Hydromechanical Equipment	119,009.45	495,336.92
Repair & Maintenance of Substation	-	1,800,077.88
Repair & Maintenance of Transmission Line	311,202.00	218,856.50
Repair & Maintenance of Headworks	65,000.00	-
Total	1,309,671.17	10,184,211.55











Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Note 22

Other Income

Particulars	2075.2076	2074.2075
Payable Write Off	21,000,174.46	108,954,421.38
Profit on Sales of Assets	-	1,913.38
Total	21,000,174.46	108,956,334.76

Note 23

Administrative & General Expenses

Particulars	2075.2076	2074.2075
Salary Expenses (Head Office)	2,155,500.00	2,243,187.50
Dashain Allowance (Head Office)	165,249.88	164,624.94
PF Contribution (Head Office)	187,050.00	178,112.50
Consultancy Fee	3,058,822.12	1,882,352.06
Repair & Maintenance Head Office	2,750.00	3,750.00
Advertisement Expenses	40,840.08	22,540.00
AGM Expenses	-	413,306.45
Air Ticketing Expenses	-	105,000.00
Arbitration Expenses	-	1,070,000.00
Assets Write Off Expenses (Impairment)	1,215,000.00	144,954.35
Conveyance and Fare Expenses	16,980.00	82,648.00
CC Meeting Expenses	-	15,000.00
Donation Expenses	12,500.00	500.00
Newspaper & Periodicals Expenses	-	5,934.00
Office Expenses	172,393.00	126,651.75
Printing & Stationary Expenses	62,596.00	37,700.00
Registration & Renewals Expenses	-	17,800.00
Rent Expenses	876,078.22	829,618.17
Rates & Taxes	8,545.00	235,000.00
Telephone & Communication Expenses	33,830.00	25,815.00
Fuel Expenses	101,075.00	94,180.15
Audit fee	339,000.00	339,000.00
Board Meeting Expenses	270,000.00	70,000.00
Membership Fee	30,000.00	30,000.00
Travelling expenses	95,153.70	108,995.89
Legal Fees	1,666,929.00	-
Bank Charges	5,140.00	10,475.64
Interest on TDS Payable	-	255,478.00
Utilities & Securities Expenses	230,983.00	197,398.47
Website Expenses	4,520.00	9,040.00
RTS Fee	174,860.00	-
Share Listing Expenses	1,173,724.50	-
Legal Documentation Expenses	5,175.00	5,100.00
Total	12,104,694.50	8,724,162.87



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Ankhu Khola Jalvidhyut Company Limited
Notes to Financial Statements for the year Ended 31 Ashadh 2076 (16 July 2019)

Note 24

Finance Income:

Particulars	2075.2076	2074.2075
Interest Income	171.55	161.15
Total	171.55	161.15

Note 25

Finance Cost: Charged to SOPL

Particulars	2075.2076	2074.2075
Interest on Term Loan	119,067,025.87	125,624,878.09
Interest on OD ,Personal Loan	3,237,510.30	10,250,728.63
Interest on RBB Loan	16,800,000.00	22,481,652.17
Total	139,104,536.17	158,357,258.89

Note 26

Equity instruments through other comprehensive income:

Particulars	2075.2076	2074.2075
Gain/(loss) on investment on Associates	-	-
Gain/(loss) on other equity investment through OCI	-	-
Total	-	-

Note 27

Earning PerShare:

Particulars	2075.2076	2074.2075
Profit for the year	(41,281,523.48)	26,325,168.13
Weighted Average number of Equity Shares Outstanding	7,207,993.33	6,000,000.00
Earning Per Share (Rs.) Basic	(5.73)	4.39
(Face Value of Rs. 100 Per Share)		
Add: Weighted Average number of Potential Equity Shares	0	0
Weighted Average number of Equity Shares Outstanding (including dilutive shares)	7,207,993.33	6,000,000.00
Earning Per Share (Rs.) Diluted	(5.73)	4.39
(Face Value of Rs. 100 Per Share)		






Ankhu Khola Jalvidhyut Company Limited

1. Reconciliation of Equity as at Shrawan 2074

Figures in NPR

Particulars	Note	Previously Reported Balance	Reconcilliation	NFRS Balance
Assets				
Non-Current Assets				
Property, Plant & Equipment		2,115,085,371.27	(1,215,000.00)	2,113,870,371.27
Capital Work in Progress		-	1,215,000.00	1,215,000.00
Financial Assets				
Investment in Associates		-		-
Other Equity Investments		6,600,000.00		6,600,000.00
Other Non-Current Assets		-		-
Deffered Tax		-		-
Total Non-Current Assets		2,121,685,371.27	-	2,121,685,371.27
Current Assets				
Inventories		-	-	-
Financial Assets				
Trade Receivables		136,454,115.26	-	136,454,115.26
Cash & Cash Equivalents		603,934.16	-	603,934.16
Term Deposit		-		-
Other Current Assets		7,114,376.33	1,894,300.00	9,008,676.33
Current Tax Assets		-		-
Total Current Assets		144,172,425.75	1,894,300.00	146,066,725.75
Assets Held for Sale		-	-	-
Total Assets		2,265,857,797.02	1,894,300.00	2,267,752,097.02
Equity & Liabilities				
Equity				
Equity Share Capital		600,000,000.00		600,000,000.00
Other Equity		(248,534,413.28)	1,894,300.00	(246,640,113.28)
Total Equity		351,465,586.72	1,894,300.00	353,359,886.72
Non-Current Liabilities				
Financial Liabilities				
Borrowing		1,539,828,332.01	(178,000,000.00)	1,361,828,332.01
Other Financial Liabilities		-		-
Provisions		-		-
Deffered Tax		-		-
Other Liabilities		-		-
Total Non-Current Liabilities		1,539,828,332.01	(178,000,000.00)	1,361,828,332.01
Current Liabilities				
Financial Liabilities				
Borrowings		26,999,921.62	178,000,000.00	204,999,921.62
Trade Payables		231,746,178.69	(95,520,191.40)	136,225,987.29
Other Financial Liabilities		-	210,336,804.82	210,336,804.82
Current tax Liabilities (Net)		-	-	-
Provisions		-	-	-
Other Liabilities		115,817,777.98	(114,816,613.42)	1,001,164.56
Total Current Liabilities		374,563,878.29	178,000,000.00	552,563,878.29
Total Liabilities		1,914,392,210.30	(0.00)	1,914,392,210.30
Total Equity & Liabilities		2,265,857,797.02	1,894,300.00	2,267,752,097.02



Ankhu Khola Jalvidhyut Company Limited

1. Reconciliation of Equity as at Ashadh 2075

Figures in NPR

Particulars	Note	Previously Reported Balance	Reconcilliation	NFRS Balance
Assets				
Non-Current Assets				
Property, Plant & Equipment		2,034,291,933.30	(1,191,270.44)	2,033,100,662.86
Capital Work in Progress		-	1,215,000.00	1,215,000.00
Financial Assets				
Investment in Associates		-	-	-
Other Equity Investments		6,600,000.00	-	6,600,000.00
Other Non-Current Assets		-	-	-
Deffered Tax		-	-	-
Total Non-Current Assets		2,040,891,933.30	23,729.56	2,040,915,662.86
Current Assets				
Inventories		-	-	-
Financial Assets				
Trade Receivables		141,993,822.85	0.15	141,993,823.00
Cash & Cash Equivalents		86,591.85	-	86,591.85
Term Deposit		-	-	-
Other Current Assets		7,017,852.58	7,351,400.00	14,369,252.58
Current Tax Assets		-	-	-
Total Current Assets		149,098,267.28	7,351,400.15	156,449,667.43
Assets Held for Sale		-	-	-
Total Assets		2,189,990,200.58	7,375,129.71	2,197,365,330.29
Equity & Liabilities				
Equity				
Equity Share Capital		600,000,000.00	-	600,000,000.00
Other Equity		(186,586,733.12)	7,547,738.60	(179,038,994.52)
Total Equity		413,413,266.88	7,547,738.60	420,961,005.48
Non-Current Liabilities				
Financial Liabilities				
Borrowing		1,531,683,532.01	(303,632,699.03)	1,228,050,832.98
Other Financial Liabilities		-	-	-
Provisions		-	-	-
Deffered Tax		-	-	-
Other Liabilities		-	-	-
Total Non-Current Liabilities		1,531,683,532.01	(303,632,699.03)	1,228,050,832.98
Financial Liabilities				
Borrowings		27,000,000.00	302,187,584.74	329,187,584.74
Trade Payables		7,813,730.83	-	7,813,730.83
Other Financial Liabilities		-	211,215,613.20	211,215,613.20
Current tax Liabilities (Net)		-	-	-
Provisions		-	-	-
Other Liabilities		210,079,670.86	(209,943,107.80)	136,563.06
Total Current Liabilities		244,893,401.69	303,460,090.14	548,353,491.83
Total Liabilities		1,776,576,933.70	(172,608.89)	1,776,404,324.81
Total Equity & Liabilities		2,189,990,200.58	7,375,129.71	2,197,365,330.29



Ankhu Khola Jalvidhyut Company Limited

III. Reconciliation of Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 32 Ashadh 2075

				Figures in NPR
Particulars	Note	Previously Reported	Reconciliation	NFRS Balance
Revenue		202,385,302.53		202,385,302.53
Cost of Sales				
Generation & Distribution Expenses		36,938,572.76		36,938,572.76
Gross Profit		165,446,729.77	-	165,446,729.77
Depreciation		81,020,365.44		81,020,365.44
Other Income		108,956,334.76		108,956,334.76
Administrative & General Expenses		14,181,262.87	(5,457,100.00)	8,724,162.87
Gain/(loss) on sale of Non-Current Assets Held for Sale		-		-
Profit from Operation		179,201,436.22	5,457,100.00	184,658,536.22
Finance Income		171.55		171.55
Finance Costs		158,529,867.84	(172,608.95)	158,357,258.89
Profit before taxes		20,671,739.93	5,629,708.95	26,301,448.88
Income Tax Expenses				
Current Tax		-		-
Deffered Tax Credit/Charge		-		-
Profit for the Year		20,671,739.93	5,629,708.95	26,301,448.88
Other Comprehensive Income				
Other Comprehensive Income not to be reclassified to profit or loss in subsequents periods				
i. Re-Measurement (losses)/Gains on Post Employment Defined Benefit Plans				
ii. Equity Instruments through Other Comprehensive Income				
iii. Tax Relating items that will not to be classified to Profit or Loss				
Other Comprehensive Gain/(Loss) for the Year (Net of Tax)		-		-
Total Comprehensive Gain/(Loss) for the Year (Net of Tax)		20,671,739.93	5,629,708.95	26,301,448.88

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Ankhu Khola Jalavidyut Company Ltd.
Notes to financial statements for the year ended
31 Ashadh 2076 (16 July 2019)

1 General Information of the Company

Ankhu Khola Jalavidhyut Company Ltd is a public company having limited liability incorporated under Companies Act, 2063 and registered with the Office of Company Registrar on 13th Bhadra 2067 with registration number 1254/067/068. Its corporate office is located at Naxal, Kathmandu and Hydro-project is situated at Salyangkot, Dhading. The Required Commercial Operation Date (RCOD) was 13th February 2012 (corresponding to 2068/11/01 BS). It has started generation and distribution of electricity from 24th August 2013 (corresponding to 2070/05/08 BS).

2 Basis of Preparation and Measurement

2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) to the extent applicable and as published by the Accounting Standards Board (ASB) – Nepal and is approved by the Board of Directors on its meeting held on authorization date of financial statements and have been recommended for approval by shareholders in the 12th Annual General Meeting. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Company Act 2063 of Nepal.

The financial statements for the year ended 31 Ashadh 2076 are the first-year financial statements prepared under the NFRS. For all periods upto and the year ended 32 Ashadh 2075, the company prepared its financial statements in accordance with earlier issued Nepal Accounting Standards (hereinafter referred as previous GAAP) used for its statutory reporting requirements in Nepal immediately before adopting NFRS. The financial statements for the year ended Ashadh 2075 and the opening balance sheet as at 1 Shrawan 2074 have been restated in accordance with NFRS for the comparative information. Reconciliations and explanations of the effect of the transition from periods GAAP to NFRS on the company's Statement of Financial Position, Statement of Profit and Loss and the Statements of Cash Flows are provided in Notes.

2.2 Basis of Preparation and Reporting Pronouncements

The Company has, for the preparation and presentation of Financial Statements, opted to adopt Nepal Financial Reporting Standards (NFRSs) from the erstwhile Nepal Accounting Standards (NASs) both pronounced by Accounting Standards Board (ASB) Nepal. NFRS was pronounced by ASB Nepal as effective on September 13, 2013.

This is company's first-time adoption of NFRS with transition date of 2074-04-01. The first NFRS adopted financial statement is prepared in accordance with NFRS - 1, First Time Adoption of NFRS.

The relevant financial and disclosure impacts have been detailed and disclosed in relevant sections of the Financial Statements. Specific reconciliation with the previously published Financial Statements and the impact of changes in application of new standards have been disclosed under the First Time Adoption section, Corresponding figures are restated and reclassified wherever it is required by NFRS.

NFRS 9 – *Financial Instruments* has been issued but is not effective until further notice. For the reporting of financial instruments, NAS 32 Financial Instruments, Presentation, NAS 39 Financial Instruments recognition and Measurements and NFRS 7 Financial Instruments – Disclosures have been applied. A significant impact on classification and measurement including impairment of financial instruments, may arise as a result of application of NFRS 9.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those only become applicable when ASB Nepal incorporates them within NFRS.

2.3 Accounting Convention

The Financial Statements have been prepared on a historical cost convention except for certain financial elements that have been measured at fair value, wherever NFRS requires or allowed such measurement. The fair values, wherever used, are discussed in relevant Notes.

The Financial Statements are prepared on accrual basis.

The Financial Statements have been prepared on a going concern basis. The company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future.



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The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS Balance sheet as at Shrawan 1 2074 being the 'date of transition to NFRS'. All the assets and liabilities have been classified as current and non-current as per the companies normal operating cycle. Based on the nature of the products and the time between acquisition of assets for the processing and realization in the cash and cash equivalents, the company has ascertained the operating cycle as 12 months for the purpose of current or non-current classification of the assets and liabilities.

2.4 Presentations

2.4.1 Presentation Currency

The Company operate within the jurisdiction of Nepal. Nepalese Rupees (NRs) is the presentation and functional currency of the Company. Accordingly, the Financial Statements are prepared and presented in Nepalese Rupees which is the currency of the primary economic environment in which the company operates.

2.4.2 Rearrangement and Reclassification

The figures for previous years are rearranged, reclassified and/or restated wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made wherever necessary.

2.4.3 Statement of Financial Position

The elements of Statement of Financial Position other than equity is presented in order of their liquidity by considering current and non-current nature which are further detailed in relevant sections.

2.4.4 Statement of Profit or Loss and Other Comprehensive Income

The elements of Statement of Profit or Loss and Other Comprehensive Income has been prepared using classification 'by function' method. The details of revenue, expenses, income, gains and/ or losses have been disclosed in the relevant section of this notes.

Earnings per share has been disclosed in the face of 'Statement of Profit or Loss and Other Comprehensive Income' in accordance with the NAS 33.

2.4.5 Statement of Cash Flows

The statement of Cash Flows has been prepared using indirect method and the activities has been grouped under three major categories (Cash flows from operating activities, Cash flows from investing activities and Cash Flows from financing activities) in accordance with NAS 07.

2.4.6 Statements of Changes in Equity

The Statements of Changes in Equity has been prepared disclosing changes in each elements of equity. The effect of changes in equity due to effect of first-time adoption of NFRS has been adjusted and disclosed as NFRS Reserve in the opening NFRS SFP.

2.4.7 IFRIC 12 Considerations:

IFRIC (International Financial Reporting Interpretation Committee) 12 gives Guidance on the accounting by operators for public-to private service concessions arrangements. This interpretation sets out general principles on recognizing and measuring obligations and related rights in service concessions arrangements. The company has not considered IFRIC 12 while preparing these financial sstatements on the following grounds.

The company sells electricity to Nepal Electricity Authority at the price independent of the price charged by NEA to general public. NEA, for ultimate sale of electricity is bound by the rates determined by electricity tariff commission set up by the government, whereas NEA purchases electricity on the basis of different commercial agreement (PPA) with the power producers. Electricity Tariff Commission does not determine the rate at which NEA purchases or has to purchase electricity from the power producers. There have been instances where the rates charged by NEA to general public is lower than it paid to some of the power producers.

The company does not receive any specific concession for the use of the natural resource. The company has to pay to government for the use of the natural resources in the form of royalty.

The company under power purchase agreement (PPA) sells energy to NEA and not directly to the general public. Though the project is to be transferred to the government at the end of the licence period the legal title of the project is with the company, including control of access to the project site. In addition, the company has right to pledge the assets as lien for availing finances from financial institutions.



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3 Accounting Estimates & Judgements

3.1 Accounting Estimates

The preparation of Financial Statements in line with NFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of Financial Statements and the reported amounts of revenue and expenses during the reporting period.

Management has applied estimation in preparing and presenting the Financial Statements. The estimates and the underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimates are revised, if the revisions affect only that period; they are recognised in the period of revision and the future periods if the revisions affect both current and future periods.

Specific accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

3.1.1 Useful life and residual Value of Property, Plant & Equipment

Management reviews the useful life and residual values of property, plant and equipment at least once a year. Such life is dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on the various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the management.

3.1.2 Impairment of Property, Plant & Equipment

At the end of each reporting period, the company reviews the carrying amount of its property, plant and equipment 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 assets is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of the fair value less cost to sales and value in use. Value in use is usually determined on the basis of discounted estimated future cashflows. This involves management estimates on the anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to the cash flow due to changes in the above-mentioned factors could impact carrying value of the property, plant and equipment.

Impairment test for the property, plant and equipment has not done except the capital work in progress (expenses incurred for the project whose ownership does not exist with the company)

3.1.3 Contingencies

In the normal course of business, contingencies may arise from litigation and other claims against the company. Potential liabilities that are possible but not probable of crystalizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

3.1.4 Fair Value Measurements

Some of the company's assets and liabilities are measured at fair value for the purpose of financial reporting. The management determines the appropriate valuation techniques and market observable data to the extent available. Where the level 1 data are not available, the company engages third party qualified valuers to perform the valuation. The management works closely with the professionals to establish the appropriate valuation techniques and inputs to the model.

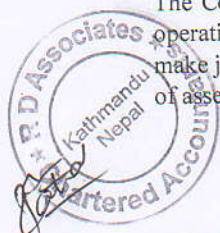
3.1.5 Recognition of Deferred Tax Assets

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The company based its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about the future developments, however may change due to market changes or circumstances arising beyond the control of the company.

6 Significant Accounting Policies

6.1 Accounting Policies

The Company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. The preparation of Financial Statements in conformity with the Policy requires management to make judgments, estimates and assumptions in respect of the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.



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Specific accounting policies have been included in the relevant notes for each item of the Financial Statements. The effect and nature of the changes, if any, have been disclosed.

6.1.1 Property, Plant and Equipment

Property, Plant and Equipment (PPE) are those tangible assets used for generation and supply of energy, for administrative purpose or for rentals to others. These are recognised as PPE, if and only if it is probable that future (i.e. for more than one accounting period) economic benefits associated with the items will flow to the Company; and the cost of the item can be measured reliably.

PPE are stated in the SFP at their cost less accumulated depreciation and accumulated impairment losses, if applicable.

Cost

The initial cost of PPEs includes purchase price and directly attributable cost to bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by management. Subsequent costs that do not qualify the recognition criteria under NAS 16 are expensed as and when incurred.

NAS 16 and IFRIC 1 require cost of PPE to include the estimated cost for dismantling and removal of the assets and restoring the site on which they are located. Management perceives that such costs are difficult to estimate and considering the past practice the amount of such costs will not be material to affect the economic decision of the user as a result of such non-inclusion. Therefore, asset retirement obligation has not been recognised.

Depreciation and Amortisation

The management has estimated that the cost equals depreciable amount of the asset and thus the cost is systematically allocated based on the expected useful life of an asset. Items of property, plant and equipment are depreciated in full in the year of acquisition.

If an item of PPE consists of several significant components with different estimated useful lives and if the cost of each component can be measured reliably, those components are depreciated separately over their individual useful lives.

The residual values, useful lives and the depreciation methods of assets are reviewed at least annually, and if expectations differ from previous estimates, changes are made in the estimates and are accounted for as a change in accounting estimates in accordance with NAS 8.

If the management considers the assets have an indefinite useful life, no amortisation / depreciation is charged.

6.1.2 Change in Classification, Useful Lives and Depreciation Method

6.1.2.1 Re-classification

Assets have been reclassified wherever required for compliance with NFRS. Capital work in progress, are assets that are in the process of construction or installation have been reported under PPE without charging depreciation. These were previously being shown separately from property plant and equipment.

The Company used to carry the costs of access road as a separate component of PPE even though direct control and ownership of such road is not with the Company. However, under the provisions of NFRS, costs that are directly attributable to bringing asset to the location and condition necessary for it to be capable of operating in manner intended are to be included in the cost of PPE. Therefore, the cost of access road has been included to the assets at the generation site.

6.1.2.2 Estimation of Useful Lives and Depreciation Method used

The useful life of assets has been reassessed and adjusted as at the date of opening NFRS SFP. Depreciation method has been selected considering the pattern of inflow of economic benefits to the organization and thereby depreciated using Diminishing Balance Method (DBM).

SN	Category of Assets	Rate	Useful Life (Year)
1	Office Equipments	15%	6.67
2	Furnitures & Fixtures	15%	6.67
3	Vehicles	20%	5
4	Machinary & Equipments	15%	6.67
	Other Assets	15%	6.67



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Only those assets having value of more than NPR 5,000 per item are capitalized.

6.1.3 De-recognition

Assets that have been decommissioned or identified as damaged beyond economic repair or rendered useless due to obsolescence, are derecognised whenever identified. On disposal of an item of PPE or when no economic benefits are expected from its use or disposal, the carrying amount of an item is derecognised. The gain or loss arising from the disposal of an item of PPE is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognised in the Statement of Profit or Loss.

6.1.4 Other notes on PPE

6.1.4.1 Land

Land properties with ownership documents (i.e. in occupation and with valid documentation) have been recognised meeting the asset recognition criteria.

6.1.4.2 Land under BOOT Arrangement

AKJCL has obtained the license for operation from the then Ministry of Water Resource (Current: Ministry of Energy) for a period of 30 years (i.e. from 2070-05-08 to 2100-05-08), therefore the useful life of assets of the project cannot exceed 30 years even if the economic life of the asset is more as the entire generation unit needs to be transferred to the Government of Nepal at the end of this license term. Therefore, the Company depreciates its land assets at the generation unit using a depreciation rate of 3.2%.

6.1.4.3 Building and Civil Structure

All civil infrastructures of Project site have been classified on the basis of their built type.

6.1.5 Restriction on PPE

AKJCL has obtained the license for operation from the then Ministry of Water Resource (Current: Ministry of Energy) for a period of 30 years (i.e. from 2070-05-08 to 2100-05-08), the useful life of assets of the project cannot exceed 50 years even if the economic life of the asset is more. After the end of 30 years of operation, AKJCL will have to transfer the entire generation unit to Government of Nepal under BOOT provision.

6.1.6 Capital Work in Progress (CWIP)

Assets in the course of acquisition and installation of new plant and equipment till the date of commissioning, or civil works under construction till the date of completion are recognized as Capital Work in Progress (CWIP) and are carried at cost, less accumulated impairment losses, if any.

Depreciation on these assets commence when these assets are ready for their intended use. These items are shown at cost and disclosed as CWIP under PPE.

All the costs directly related to the development of the projects are charged to the CWIP and carried until the assets are ready to be used to be recognised under property plant and equipment. Any charges are subsequently transferred to CWIP as they directly and indirectly contribute toward creation of those assets. Expenses that are of administrative nature are also included in the cost of CWIP as these expenses are considered directly attributable to the project cost by the management.

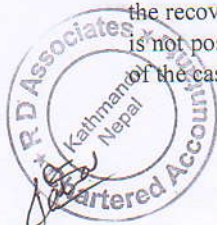
6.1.7 Other Intangible Assets

Intangible assets with finite useful lives that are acquired re carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses. Certain computer software costs are capitalised and recognised as intangible assets based on materiality, accounting prudence and significant benefits expected to flow there from for a period longer than one year.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss when the assets is derecognised.

6.1.8 Impairment of Tangible and Intangible Assets

At the end of each reporting period, the company reviews the carrying amount of its property, plant and equipment 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 assets 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 assets, the company estimates the recoverable amount of the cash generating unit (CGU) to which the assets belong. When a reasonable and consistent basis of allocation can be



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identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest unit of CGU for which a reasonable and consistent allocation 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 impairment loss (if any) is recognised wherever there is any indication that the assets may be impaired.

Recoverable amount is higher of fair value less cost of disposal and value in use whichever is higher. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre tax discount rate that reflect current market assessment of the time value of money and the risk specific to the asset for which the estimates of the future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss. When the impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of impairment loss is recognised immediately in statement of profit and loss.

Non-Current Assets Held for Sale

The company classifies non-current assets held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for the sale of such assets, it is highly probable, and it will genuinely be sold and not abandoned. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Assets classified as held for sale are presented separately in the consolidated balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

6.2 Borrowing Cost

Borrowing cost consist of interest and other cost that an entity incurs in connection with the borrowing of the funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to borrowing costs. Borrowing cost directly attributable to the acquisition, construction, or production of an asset that necessarily takes substantial period of time to get ready for intended use or sale are capitalised as part of the cost of the asset until such time as the asset are substantially ready for the intended use or sale. All other borrowing cost are expensed in the period in which they occur.

6.3 Cash & Cash Equivalents

Cash and cash equivalents in the statement of financial position comprises cash at banks and on hand, demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

6.4 Inventory

Inventories are carried at the lower of cost or net realisable value (NRV). Cost comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

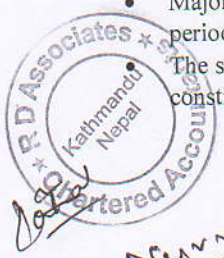
Cost is measured using First In First Out (FIFO) method.

6.4.1 Store, Spare Parts and Loose Tools

NAS 16, paragraph 8 and 9 specifically says that,

- Spare parts and servicing equipment are usually carried as inventory and recognised in Statement of Profit or Loss when consumed.
- Major spare parts and stand-by equipment qualify as PPE when an entity expects to use them during more than one period.

The standard does not prescribe the unit measure for recognition and judgement is to be applied in determining what constitutes an item of PPE



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Management determines that these stores and spare parts are of consumable nature and are held for consumption in the production (generation) of electrical energy. These are either expected to be used within one year or the economic values will be obtained when consumed. Therefore, these store, spare parts and loose tools have been considered as inventory and presented accordingly.

6.5 Prepayments

These are expenses paid for the period beyond the financial period covered by the financial statement. These will be charged off as expenses in the respective period for which such expenses pertain to. AKJCL's prepayments pertain to insurance premium.

6.6 Revenue Recognition

6.6.1 Sale of Electricity

Revenue is recognized to the extent that it is probable that economic benefit will flow to the company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue is recognized when substantial risk and rewards of the ownership is transferred to the buyer under the terms of the contract.

6.6.1.1 Other Income

Following are the details of the other income recognized by the company during the fiscal year 2075.76.

Particulars	Amount	Remarks
Interest Payable RBB	1,16,10,890.07	Interest Payable adjusted.
Interest Payable on Personal Loan	86,94,231.34	Interest payable adjusted.
Scrap Sales	6,95,054.00	Income from sale of scrap.
Total	2,10,00,175.41	

6.6.2 Dividend and Finance Income

Dividend income (net of withholding taxes) from investments is recognised when the shareholders right to receive payments has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably) In case of Stock dividend only the number of the shares is increased. Interest income from the financial assets is recognized when it is probable that the economic benefits will flow to the company and the amount of the income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Finance Income comprise of the interest income received or receivable from bank(s) on temporary deposits.

6.6.3 Foreign Currency Transactions:

The functional currency of the company is determined on the basis of primary economic environment in which it operates. The functional currency of the company is Nepalese Rupee (NPR). In preparing the financial statements of the company, transactions in currencies other than the entity's functional currencies (Foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. The effect from fluctuation of exchange rates raise foreign exchange gain/loss which has been charged to statement of profit and loss.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at 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 shall be translated using the exchange rate at the date of transactions.

6.6.4 Employee Benefits

The company provides employee benefits in accordance to its by-laws in compliance with the local laws and regulations. The employee benefits are classified as current benefits and post-employment benefits.



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The company has schemes of employment benefits namely provident fund. The company has not accounted for gratuity and accumulated leave payable as per employee service manual as well as Labour Act 2074.

6.6.4.1 Defined Contribution Plan:

Under defined contribution plan for the provident fund, the company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Contributions to defined contributions plans are charged to profit and loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions. Contributions to defined contribution scheme are deposited with employee's provident fund and citizen investment trust.

6.6.4.2 Short Term Employment Benefits

A liability is recognized for the benefits accruing to employees in respect of wages and salaries.

Liabilities recognized in respect of short-term employee and contractual employees' benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Staff Loan facilities: The Company does not provide loans to its staffs.

6.6.5 Income Tax

The company has adopted the policy of accounting and reporting tax related elements of Financial Statements in accordance with NAS 12 and it represents current tax and deferred tax for the year. Income Tax is recognized in the profit and loss statement except to the extent that it relates to the items recognized directly to equity.

6.6.5.1 Current Tax

Current tax payable (or recoverable) is based on the taxable profit for the year. Taxable profit differs from the profit reported in the Statement of Profit or Loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible.

Current tax is expected tax payable on the taxable income for the year using tax rates at the balance date and any adjustment to the tax payable in respect of previous years.

The Company has been granted a 10-year 100% tax holiday and 5 year after that 50% tax holiday starting from the date of generating electricity for commercial purpose i.e. 2070-05-08 BS (2013-08-24 AD) by the tax authorities under Income Tax Act, 2058. However, the company has provided for income tax liability pertaining to other incomes except electricity income in accordance with the Income Tax Act, 2058 enacted and as applicable in Nepal.

Income Tax rates applicable to the Company:

Income from sale of electricity @ 0% (FY 2075/76, @0% (FY 2074/75, @ 0% (FY 2073/74)

Income from Other Services if any: 25% There are no such Income from other services for the reported periods.

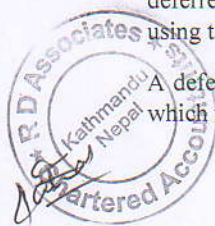
6.6.5.2 Deferred Tax

Deferred Tax is the tax expected to be payable or recoverable in future arising from:

- Temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in computation of taxable profit,
- Unused tax losses and/or
- Unused tax credits.

Deferred tax is provided using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for the financial purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and the liabilities using tax rates at balance sheet date.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the assets can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period



and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and the 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 the tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Currently, The Company has not recognized deferred tax due to Tax holiday period and company has no other sources of revenue.

6.6.6 Earnings Per Share (EPS)

Earnings per share has been disclosed on the face of 'Statement of Profit or Loss and Other Comprehensive Income' in accordance with the NAS 33.

I. Basic earnings per share is computed by dividing the profit/loss for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element I the right issue to existing shareholders, share split and reverse split (Consolidation of shares).

II. Diluted earnings per share is computed by dividing the profit/(loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Diluted EPS has not been calculated as no potential equity exists on the reporting periods.

6.6.7 Provisions Contingent Liabilities and Commitments

Provisions are recognised when the company has 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 a reliable estimate can be made of the amount of the obligation. When the company expects some or all of the provision to be reimbursed, the reimbursement is recognised as an separate asset, but only when the reimbursement is virtually certain. The expenses related to provision is presented in statement of profit and loss net of any reimbursement. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as finance cost. A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provisions is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognises any impairment loss on the asset associated with the contract.

A contingent liability is identified as follows:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) A present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of asset.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

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[Circular stamp: Kathmandu Nepal Chartered Accountants]

[Circular stamp: Ashukhola Jaidhyut Company Ltd. Naxal]

- a. Regarding payment dispute of NPR 19,28,00000.00 between Ankhu Khola Jalvidhyut Company and Ramechhap Sherpa Construction Pvt. Ltd. (Civil Contractor of the Ankhu Khola Hydropower Project) the proceedings has been carried out at Honourable High Court. The honourable high court has decided to send back the dispute for the process of Arbitration.

6.6.8 Financial Instrument

6.6.8.1 Financial Instruments

The company classifies financial assets and financial liabilities in accordance with the categories specified in NAS 32 and NAS 39.

6.6.8.2 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of the financial instrument and of allocating interest income or expenses over the relevant period. The effective interest is the rate that exactly discounts future cash receipts or payments through expected life or where appropriate, a shorter period. Income/expenses arising on financial instruments after applying an effective interest rate is recognised in the statement of profit or loss. Where interest component is present in the financial instruments, the implicit rate approximates the effective interest rate.

6.6.8.3 Financial Instruments: Financial Assets

Financial asset is any asset that is:

- (a) Cash
- (b) An equity instrument of another entity;
- (c) A contractual right:
 - i) To receive cash or another financial asset from another entity; or
 - ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) A non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments;or
 - (ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial assets are classified under four categories as required by NAS 39, namely,

- Fair Value through Profit or Loss (FVTPL),
- Held to Maturity,
- Loans and Receivables and
- Available for Sale

Financial Assets of the Company comprises of Advances, Deposits, Other Receivables, Trade Receivables and Cash/Bank Balances.

These instruments are interest bearing and non-interest bearing. Where interest component is present, the implicit interest rate approximates effective interest rate. It is assumed that the carrying amount represents the amortised cost of the assets.

6.6.8.4 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and it is expected that substantially all of the initial resource will be recovered, other than because of credit deterioration.

6.6.8.5 Held to Maturity

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[Circular stamp: Kathmandu, Nepal, Chartered Accountants]

[Circular stamp: Ankhu Khola Jalvidhyut Company Ltd.]

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through Profit or Loss or as Available for Sale. Held-to-maturity investments are measured at amortised cost.

6.6.8.6 Share Issue Expenses

Share issue related expenses incurred during the previous year has been deferred to next year. Share capital was not recognised during the year and such deferred expenditure has been charged off to share capital or other suitable head once the share capital is recognised.

6.6.8.7 Impairment of Advances, deposits and other receivables

Impairment of advances deposits and other receivables are tested if any indication is known. The Company has a system of tracking the recoverability of these assets.

6.6.8.8 Cash and Cash Equivalent

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.

Banks and financial institution in Nepal are closely regulated by the Nepal Rastra Bank. The Company closely assesses the risks of these instruments and there is no apparent indication of impairment of these balances.

6.6.9 Risk Associated with Financial Assets

The Company closely monitors the risks associated with the financial assets. The Company has an enterprise risk management system commensurate with the nature and the size of the business, which the management considers sufficient to identify, manage and monitor risks.

6.6.10 Financial Assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principle amount outstanding.

6.6.10.1 Financial assets measured at fair value

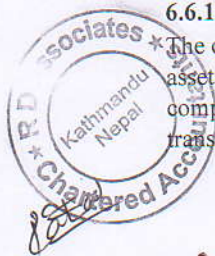
Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or sell these financial assets and the contractual terms of the financial assets give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding. Financial asset not measured at amortised cost or fair value through other comprehensive income is carried at fair value through the statement of profit and loss. For the financial assets maturing within one year from the reporting date, the carrying amounts approximate fair value due to shorter maturity of these instruments.

6.6.10.2 Impairment of Financial Assets

Loss allowance for expected credit losses are recognised for financial assets measured at amortised cost and fair value through the statement of profit or loss. The company recognises impairment loss on trade receivables using expected credit loss model. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses are recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

6.6.10.3 De-recognition of financial assets

The company derecognises the financial assets only when the contractual rights to the cash flows from the financial assets expire. Or it transfers the financial asset and the transfer qualifies for the derecognition under NFRS 9. If the company neither transfers nor retains substantially all the risks and rewards of the ownership and continue to control the transferred asset, the company recognises its retained interest in the assets and as associated liability for the amounts it



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may have to pay. If the company retains substantially all the risks and rewards of ownership of the transferred assets, the company continues to recognise the financial assets and also recognises a collateralised borrowing for the proceeds received.

On the de-recognition of financial assets in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit and loss.

6.6.11 Financial Liabilities & Equity Instruments

6.6.11.1 Classification of Debt or Equity

Financial liabilities and equity instrument issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liabilities and an equity instrument.

6.6.11.2 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue cost.

6.6.12 Financial Liabilities

A financial liability is any liability that is:

a) Contractual obligation:

- (i) To deliver cash or another financial asset to another entity; or
- (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

b) A contract that will or may be settled in the entity's own equity instruments and is:

- (i) A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments;
- or
- (ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial Liabilities are measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using effective interest rate method where the time value of money is significant.

6.6.12.1 Trade and Other Payables

Trade and other payables mainly consist of amounts the Company owes to suppliers and government authority that have been invoiced or are accrued. These also include taxes due in relation to the Company's role as an employer. These amounts have been initially recognized at cost and it is continued at cost as it fairly represents the value to be paid since it does not include interest on payment. The carrying amount approximate fair value due to short maturity of these instruments.

6.6.12.2 Financial Guarantee Contract

Financial guarantee contract issued by the company are those contract that require a payment to be made to reimburse the holder for the loss it incurs because the specified debtors fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contract are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantees.

6.6.12.3 De-recognition of financial liabilities

A financial liability are de-recognised when the obligation under the liabilities is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of the existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of the new liability. The differences in the respective carrying amount is recognised in statement of profit and loss.

6.6.12.4 Off-Setting of Financial Instruments



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Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on net basis, to realise the assets and settle the liabilities simultaneously.

6.6.13 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substances of the arrangement at the inception of the lease. the arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific assets or assets and the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. For arrangements entered into prior to 01 Shrawan, 2074, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of the transition.

6.6.13.1 The Company as a Lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease. A leased asset is depreciated over the useful life of the assets. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the assets is depreciated over the shorter of the estimated useful life of the assets and the lease term.

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

Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight-line basis over the lease term unless either:

Another systematic basis is more representative of the time pattern of the user's benefit even it the payments to the lessors are not on that basis; or the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

6.6.13.2 The Company as Lessor

Rental Income from operating leases are generally recognized on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Initial direct costs incurred in negotiating and arranging an operating lease⁴ are added to the carrying amounts of the leased assets and recognised on a straight-line basis over the lease term.

6.6.14 Segment Reporting

6.6.14.1 Operating Segment

NFRS 8 Operating Segments requires particular classes of entities (essentially those with publicly traded securities) to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers.

The Company has only one reportable operating segment (both in terms of geography and products) and therefore, identification, classification and disclosure of separate reportable operating segments in accordance with NFRS 8 is not disclosed separately.

6.6.15 Share Capital

The company's registered share capital structure is as follows:

Promoters 75%

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Public 25%

It is the Company's policy to net off share issue expenses with the capital collected under NFRS. However, the Company's share capital has not been adjusted for such expenses as they pertain to previous periods and will be net off from share capital in subsequent year where share capital is recognised. Therefore, share issue expenses incurred for the year has been deferred and settled when the share capital is recognised.

6.6.16 Staff Bonus

Provision for staff bonus has been made in line with Electricity Act, 2049. The company is still in loss so provision for staff bonus is nil for the reported periods.

6.6.17 Long Term Loan

AKJCL has obtained long term loan consortium financing for project construction from Prime commercial Bank Limited as Lead bank including Machhapuchhre Bank Limited, Sunrise Bank Limited, Kumari Bank limited and Prubhu Bank Limited. The company has also availed Long term loan from Rastriya Banijya Bank Limited against the posted rate amount as per the PPA between the company and NEA and recommendation from Ministry of Water Resources and Energy.

7 Other Explanatory Notes:

7.1 Interim Reports

Interim reports have been publicly reported in accordance with the requirement of Securities Board of Nepal (SEBON) and Nepal Stock Exchange Ltd. (NEPSE). These requirements are materially aligned with the requirements of NAS 34.

7.2 Related Parties Disclosures

The Company identifies the following as its related parties:

- a. Those Charged with Governance

Directors and their Relatives

The Company has a 5-member Board of Directors (BoD) appointed under the provisions of Companies Act 2073. Except for the following transactions, the Company has not conducted any other transaction with directors or their relatives during the financial year 2075/076 (2018/019).

S. N.	Name	Position	Date of Appointment	Tenure
1.	Ram Shrestha	Chairman	2071/12/13	Till date
2.	Dinesh Prasad Shrestha	Director	2075/02/13	Till date
5.	Narayan Prasad Aryal	Director	2075/02/13	Till Date
6.	Narahari Pudasaini	Director	2075/02/13	Till Date
7.	Ram Prasad Sapkota	Director	2072-02-05	Till Date

The following provides expenses incurred for those charged with governance of AKJCL (Amount in NPR)

Particulars	Current year	Previous Year
Meeting Allowance	2,45,000	70,000

b) Key Management Personnel and Their Relatives

- .1. Kamal Prasad Paneru Management Consultant

Key Management Personnel compensation

Compensation to key management Personnel of the Company amounts to NPR 18,82,352.06 and NPR 30,58,822.12 during fiscal year 2074,75 and 2075/76 respectively.

c) Transaction with BoD of the Company (Amount in NPR)



Particulars	Nature	Previous Year		Current Year	
		Transaction	Balance	Transaction	Balance
Ram Shrestha	Loan	200000	200000	100000	1200000
Ram Prasad Sapkota		(600000)	-	-	600000

d) Other Matters

The Company has not entered into any related party transaction except those mentioned above.

7.3 Disclosure on Financial Instruments and Risk Management

NFRS 7 Disclosure on Financial Instruments is applicable on the financial instruments. The definition of Financial Instruments is inclusive and cover both financial assets and liabilities. The company's business activities expose it to a variety of financial risks, namely primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity risks and credit risks which may adversely affect the fair value of its financial instruments. The company's board and senior management has overall responsibility for the establishment and oversight of the company's risk management. The company's risk management policies are established to identify and analyses the risk faced by the company to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and company's activities. The risk management is done by the company's management that provides assurance that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives.

7.3.1 Credit Risk

Credit risk is the risk that the counter party will not meet its obligations under a financial instrument or customer contract, leading to financial loss to the company. The company is exposed to credit risk from its operating activities primarily trade receivables and advances and from its financing activities including loans. The company practices of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as means of mitigating the risk of financial loss from defaults. The company's exposure and creditworthiness of the counterparties are continuously monitored and analyzed.

7.3.2 Liquidity Risk

Liquidity risk is the risk that the company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. In order to control and mitigate the liquidity risk and for better working capital management considers both normal and stressed conditions. A material and sustained shortfall in cashflow could create potential business continuity risk. To mitigate the risk the company has made arrangement of adequate level of OD facility for short term financing from Prime Commercial Bank Limited. The company's finance department regularly monitors the cash position to ensure it has sufficient cash ongoing basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements are retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposit or call deposit to optimize its cash returns on investments.

7.3.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises mainly following types of risk.

7.3.4 Currency Risk

The company is subject to the risk that changes in foreign currency values impact the company's import of inventories of spare parts and property, plant and equipment. There is no unhedged exposure to the company on holding financial assets (Bank balances and trade receivables) and liabilities (trade payables) other than in their functional currency. The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United State Dollar. The aim of the approach to management of currency risk is to leave the company with no material residual risk. Since there is no significant currency risk, the company has not entered into any forward contract.

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[Circular stamp: Bank of Nepal, Kathmandu]

7.3.5 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cashflows of the financial instrument will fluctuate because of changes of interest rates in market. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long term and short-term debt obligations. Since the interest rate is influenced by market forces, which is beyond the company's control, the company has little role to play for minimizing this risk. However, the company mitigates the risk through negotiations with respective authorities on reasonable periods.

7.3.5 Capital Management

For the purpose of Company's capital Management, capital included issued capital and all other equity reserves attributable to the equity holders of the company. The company manages its capital so as to safeguard its ability to continue as going concern and to optimize returns to the shareholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The company consider the amount of capital in proportion to risk and manage the capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The aim of the company is to translate profitable growth to sufficient cash generation through efficient capital management. The company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor to build market confidence and to sustain future development and growth of its business. The company's focus is on keeping strong total equity base to ensure independence, security, as well as high financial flexibility for potential future borrowings if requires without impacting the risk profile of the company. The company will take appropriate steps in order to maintain, or if adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders.

7.3.6 Disaster Management

A disaster is sudden, calamitous natural event that seriously disrupts the functioning of the community or society and causes human, material, economic or environmental losses that exceed the community's or society's ability to cope using its resources. Disaster occurs when a hazard impact on vulnerable people. Disasters are older than mankind. We cannot control the hazard like flood, earthquake, fire, landslide and so on but we can minimize the damage which may cause by such hazards. Preparedness is the key point for minimizing the loss or damage which may occurs due to disasters. As we know hazards are older than the mankind so there is some trend in occurrence of such events like flood, earthquake so we have to predict and prepare for these kinds of hazards. Disaster is the product of process and exposure through the process or hazards are natural so we cannot exactly identify it but by listing possible hazards like flood, landslide and fire and so on which may occur. The company can only reduce the damage by reducing such things on exposure of disasters. AKJCL has tried to reduce the chances of damage by installing gabion and protection wall for protection from flood and installing firefighting equipment for protection from fire.

7.4 Subsequent Event:

There has not been any significant reportable event after the reporting date which requires to be either adjusted or disclosed while preparing financial statements.

7.5 Limitations of NFRS:

During NFRS implementation, wherever the information is not adequately available and the cost to develop the same would exceed the benefit derived from it, if any has been noted and disclosed in the respective sections of this financial statements.

8 First Time Adoption of NFRSs

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) issued by Accounting Standard Board of Nepal. The company has adopted it with effect from 1 Shrawan 2075, with a transition date of Shrawan 1, 2074. These financial statements for the year ended Ashadh 2076 are the first the company has prepared its under IFRS. For all the periods upto and including the year ended 32 Ashadh 2075, the company had prepared its financial statements in accordance with earlier issued Nepal Accounting Standards (Hereinafter referred as Previous GAAP). The adoption of NFRS has been carried out in accordance with NFRS 1, First time adoption of NFRS. NFRS 1 requires that all NFRS and interpretations that are issued and effective for the first NFRS Financial Statements be applied retrospectively and consistently for all financial years presented. Accordingly, the company has prepared financial statements which comply with NFRS for the year ended Ashadh 2076 together with the comparative information as at



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and for the year ended Ashadh 2075 and the opening NFRS Balance Sheet as at Shrawan 1, 2074 which is the date of transition to NFRS. Significant changes from the accounting policies adopted under previous GAAP (erstwhile Nepal Accounting Standards) and the adoption of NFRS has been disclosed in the respective segments, including the impact.

In preparing these NFRS financial Statements, the company has availed certain exemptions and exceptions in accordance with NFRS 1, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under the NFRS and previous GAAP have been recognized directly in the equity (retained earning or another appropriate category of equity.) This note explains the adjustments made by the company in restating its previous GAAP financial statements, including the statement of Financial Position as at Shrawan 1 2074 and the financial statements as at and for the year ended 31 Ashadh 2074.

A. Exemptions from Restrospective Application

NFRS 1 allows first time adopters certain exemptions from retrospective application of certain requirements under NFRS. The company has elected to apply the following optional exemptions from retrospective application:

Deemed cost for Property, Plant and Equipment and Intangible Assets

The company has elected to measure all its property, plant and equipment and intangible assets under progress in the Previous GAAP carrying amount as its deemed cost on the date of transition to NFRS.

B. Exceptions to Retrospective Application

The company has applied following exceptions to the retrospective application of NFRS as mandatorily required under NFRS 1.

i. Estimates:

On the assessment of the estimates made under the Previous GAAP financial statements, the company has concluded that there is no necessity to revise the estimates under NFRS, as there is no objective evidence that those estimates were in error. However, estimates that were required under NFRS but not required under Previous GAAP are made by the company for the relevant reporting dates reflecting conditions existing at that date.

ii. Classification and Measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to NFRS.

iii. Derecognition of financial assets and liabilities

The company has applied the de-recognition requirements of financial assets and financial liabilities.

C. Transition to NFRS-Reconcilliations

The following reconcilliations provides the explanations and quantification of the differences arising from the transition from Previous GAAP to NFRS in accordance with NFRS 1.

- i. Reconciliation of Equity as ta Shrawan 1 2074.
- ii. Reconciliation of Equity as at 32 Ashadh 2075.
- iii. Reconciliation of Statement of Profit or Loss and Other Comprehensive Income for the year ended 32 Ashadh 2075.
- iv. Adjustments to statements of Cash Flows.

Previous GAAP information has been reclassified/regrouped in accordance with NFRS, wherever necessary, based on the audited financial statements of the company for the year ended Ashadh 32 2075 and Ashadh 31 2074.

A. Property, Plant & Equipment

Under the previous GAAP, depreciation charged for PPE was based on depreciation rate prescribed by Income Tax Act 2058, Now the depreciation rate charged for the PPE has been charged estimating life of the assets.

B. Other Equity Investments

- a. Investment in shares are reclassified separately as Investment in Other equity investments.



C. Other Non-current Assets

Advance to Supplier which is outstanding for more than 12 month from reporting date and other deposit has been reclassified as other non-current which was previously reported under current assets.

D. Other Current Assets

a. Advance to suppliers and prepaid expenses have been grouped as other current assets which were earlier grouped under advance & deposit.

E. Other Equity

Net Effect of change in assets and liabilities due to different measurement changes on account of NFRS adjustment.

F. Non-Current Financial Liabilities

Borrowing which is payable after period of 12 months have been classified under Non-Current Financial Liabilities

G. Borrowing

Current portion of long term loan has been classified as short term borrowing which was previously reported as Current Liabilities.

H. Trade Payables

Current portion of payable of suppliers has been reclassified as Trade Payable which was previously reported under Current Liabilities.

I. Other Financial Liabilities

Royalty payable and other payables have been grouped under other current financial liabilities.

J. Other Current Liabilities

Bonus Payable, VAT payable, TDS payable, employee accounts payable, have been grouped under other current liabilities which were earlier grouped under current liabilities.

K. Other Income

Financial income from bank has been classified and shown separately as finance income on the face of SoPL which was previously reported under other income.

L. Administrative & Other Operating Expenses

a. IPO Expenses has been shown directly on SoCiE which was earlier classified as Administrative and other Operating expenses.

M. Finance Income

Interest effect of measuring the non-current financial assets/liabilities on amortized cost has been classified as other finance income/(cost).

N. Finance Costs

a. Interest effect of measuring the non-current financial assets/liabilities on amortized cost has been classified as other finance income/(cost).

9 Approval of Financial Statements:

The accompanied financial statements have been approved and authorized for issue by the Board of Directors in its meeting held on 2076.08.25 and have been recommended for approval by shareholders in the Annual General meeting.

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