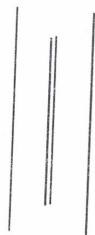




**Him River Power Limited**  
Singamangal, Kathmandu



**Audited**  
**Financial Statements**

**F.Y. 2079-80**

**Auditor:**  
**S.Rai & Associates**  
Chartered Accountants



**INDEPENDENT AUDITOR'S REPORT**  
**The Shareholders of Him River Power Limited**

**Report on the Audit of Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Him River Power Limited (hereinafter referred to as "Company"), Kathmandu, Nepal, which comprises the Statement of Financial position as at Ashad 31, 2080 [July 16, 2023] and Statement of profit or loss, Statement of Other Comprehensive Income, Statement of Changes in Equity & Statement of Cash Flow for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

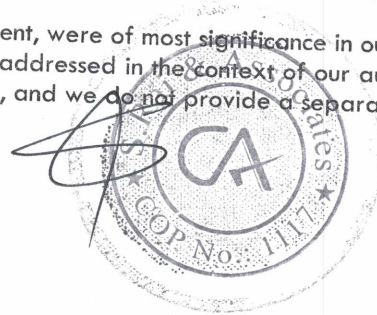
In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the company as at Ashad 31, 2080 (July 16, 2023) and its financial performance and its cash flows for the year then ended on that date in accordance with Nepal Accounting Standards.

**Basis of Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Institute of Chartered Accountant of Nepal's code of ethics for professional accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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



Key Audit Matters	Our Audit Approach and Responses
<p data-bbox="261 243 462 276"><b>Revenue Income</b></p> <p data-bbox="238 309 785 619">The revenue of company is based upon service concession arrangement , recognized based on the principles laid down in IFRIC 12. The company has recognized the contract cost incurred during the reporting period as expenses and has matched the contract revenue to the total contract cost incurred in reaching the stage of completion, so as that the profit is recognized to the extent of IRR of the project (i.e. 11.22%).</p> <p data-bbox="238 652 777 752">In view of significance of amount and being the primary source of expenses, we have considered it as key audit matters in our audit.</p>	<p data-bbox="808 320 1401 553">The audit approach for IFRIC 12 (International Financial Reporting Interpretations Committee 12) for hydropower companies involves ensuring compliance with the accounting standards related to the recognition, measurement, and disclosure of the rights and obligations arising from operating licenses, specifically in the context of hydropower operations.</p> <p data-bbox="808 575 1401 630">Our procedures included, among others things, the following:</p> <ul style="list-style-type: none"> <li data-bbox="847 641 1401 696">a) We understood the IFRIC 12 and its implications on hydropower operations.</li> <li data-bbox="847 696 1401 962">b) We identified the key risks associated with IFRIC 12 and evaluated the significance of operating license to the FS and potential impact of any non-compliance, where we recognized all the capital expenditures associated with the project under their respective heads and recognized the intangibles to the extent of IRR (assuming 11.22%).</li> <li data-bbox="847 973 1401 1094">c) Further as per IFRIC 12, Income was recognized deducting the intangibles recognized as said above from total expenditures incurred.</li> </ul>

### Emphasis of Matter

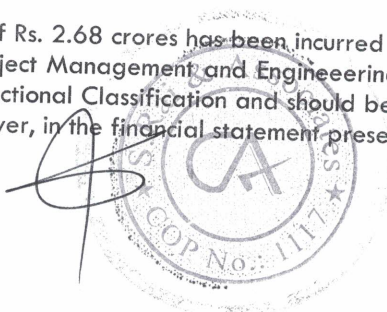
Emphasis of Matter are those matters presented or disclosed in the financial statements that is of such importance that it is fundamental to users' understanding of the financial statements. Our opinion is not modified in respect of this matter. We would like to draw your attention to the following matters observed during our audit of the financial statement for the financial year 2079-80.

#### i. Power Purchase Agreement (PPA)

It has been observed that 4th Amendment in Power Purchase Agreement (PPA) clearly states that "required commercial operation date " has been scheduled for 2080 Jesh 13 (2023 May 27) which , as at our audit date (31<sup>st</sup> Ashad, 2080) has expired. Also, 5th amendment has not been made in PPA and as informed to us, amendment is still in process till the date of audit report.

#### ii. Personnel Expenses

It has been observed that total Personnel Expenses of Rs. 2.68 crores has been incurred during the FY 2079.80 , which is grouped in Note 4.3 under heading " Project Management and Engineering Cost". As per GAAP, such expenses needs to be segregated based on Functional Classification and should be charged to Statement of Profit or Loss if it's nature is administrative. However, in the financial statement presented, all such expenses has been capitalized.



## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 misstatements, whether due to fraud or error.

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

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

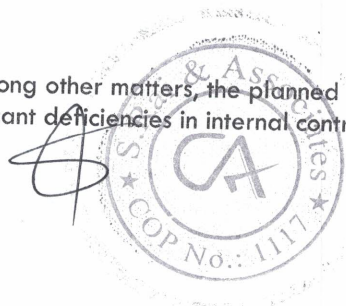
## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidences that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

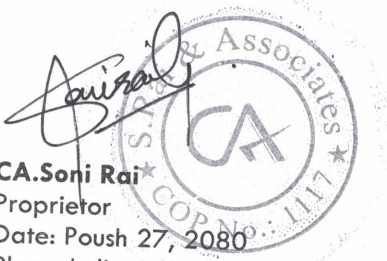


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

We have obtained information and explanations asked for, which, to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper books of account as required by law have been kept by the company in so far as it appears from our examination of those books of account of the company. In our opinion balance sheet, profit or loss account, statement of changes in equity & cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes have been prepared in accordance with the requirements of Companies Act, 2063 and are in agreement with the books of account maintained by the company. In our opinion and to the best of information and according to the explanation given to us and from the examination of the books of account of the company, we have not come across any case where the board of directors or any employee of the company have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused any loss or damage to the company.

**For S. Rai & Associates  
Chartered Accountants**



**CA. Soni Rai**  
Proprietor  
Date: Poush 27, 2080  
Place: Lalitpur, Nepal  
**UDIN: 240114CA013896Urm3**

**Him River Power Limited**  
(Formally known as Him River Private Limited)

Sinamangal, Kathmandu

**Statement of Financial Position**

As at 31 Ashad 2080 (16 July 2023)


PARTICULARS	Notes	Amount in NPR		
		As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant & Equipment	4.1	12,877,646	4,537,397	5,449,235
Right Of Use (ROU) Asset	4.2	4,190,033	-	-
Intangible Assets Under Development	4.3	1,510,838,714	660,619,363	499,972,756
Financial Assets	4.4	-	-	-
<b>CURRENT ASSETS</b>				
Financial Assets	4.4	52,555,946	72,877,245	36,598,784
Other Current Assets	4.5	622,626,857	192,216,007	105,125,939
Inventories	4.6	-	-	-
Cash and Cash Equivalents	4.7	10,712,623	1,256,023	48,434
Current Tax Assets	4.8	-	-	-
<b>TOTAL ASSETS</b>		<b>2,213,801,819</b>	<b>931,506,034</b>	<b>647,195,147</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital	4.90	885,230,000	734,926,500	598,881,500
Retained Earnings	4.10	104,183,153	22,952,159	15,452,212
Reserves	4.11	-	-	-
<b>NON CURRENT LIABILITIES</b>				
Financial Liabilities	4.12	1,031,551,713	4,230,005	1,071,061
Provisions	4.14	-	-	-
<b>CURRENT LIABILITIES</b>				
Financial Liabilities	4.12	165,464,301	155,310,000	19,845,400
Other Current Liabilities	4.13	27,372,651	14,087,369	11,944,974
Current Tax Liabilities	4.8	-	-	-
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,213,801,819</b>	<b>931,506,034</b>	<b>647,195,147</b>

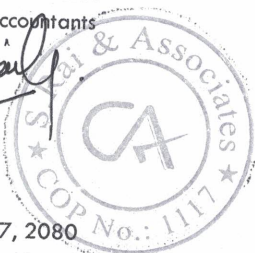
The accompanying notes form an integral part of the financial statements.

As per our attached report of even date

For S. Rai & Associates

Chartered Accountants


  
CA. Soni Rai  
Proprietor


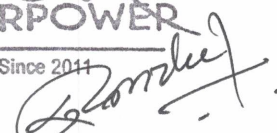


Date: Poush 27, 2080

Place: Lalitpur, Nepal

For & On Behalf of the Board

  
Saral Sahayatri Paudel  
Chairperson

  
RIVERPOWER  
Since 2011  
  
Sudip Kumar Chaudhary  
Executive Director

  
Sujit Kumar Yadav  
Accounts Officer

**Him River Power Limited**  
(Formally known as Him River Private Limited)

Sinamangal, Kathmandu

**Statement of Profit or Loss**


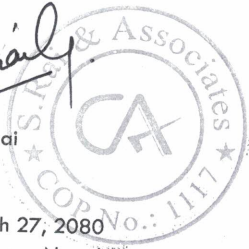
For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

PARTICULARS	Notes	Amount in NPR	
		F.Y 2079-80	Restated F.Y 2078-79
Revenue From Sale of Electricity	4.15	-	-
Less: Cost of Goods sold		-	-
<b>Gross Profit</b>		-	-
Construction revenue as per IFRIC 12	4.16	850,219,351	160,646,607
Less: Construction expenses as per IFRIC 12	4.16	764,448,257	144,440,394
<b>Income as per IFRIC 12</b>		<b>85,771,094</b>	<b>16,206,212</b>
Add: Other Income	4.17	21,618	24,750
<b>Total Revenue</b>		<b>85,792,713</b>	<b>16,230,962</b>
Personnel Expenses	4.18	-	(4,315,753)
Administrative Expenses	4.19	(1,050,977)	(2,590,592)
Depreciation and Amortization	4.20	(3,158,783)	(1,824,670)
<b>Profit before Finance Cost</b>		<b>81,582,952</b>	<b>7,499,948</b>
Financial Costs	4.21	(351,958)	-
<b>Profit/(loss) before Tax &amp; Bonus</b>		<b>81,230,994</b>	<b>7,499,948</b>
Provision for Staff Bonus		-	-
<b>Profit/loss before tax</b>		<b>81,230,994</b>	<b>7,499,948</b>
Income Tax Expense	4.22	-	-
<b>Net profit/(loss) for the year</b>		<b>81,230,994</b>	<b>7,499,948</b>
<b>Earning per share</b>			
Basic		116.04	10.71
Diluted		116.04	10.71

The accompanying notes form an integral part of the financial statements.


As per our attached report of even date


For S. Rai & Associates  
Chartered Accountants

  
CA. Soni Rai  
Proprietor  


Date: Poush 27, 2080  
Place: Lalitpur, Nepal

For & On Behalf of the Board

  
Saral Sahayatri Paudel  
Chairperson

  
Since 2010  
  
Sudip Kumar Chaudhary  
Executive Director

  
Sujit Kumar Yadav  
Accounts Officer

**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Statement of Cash Flow**

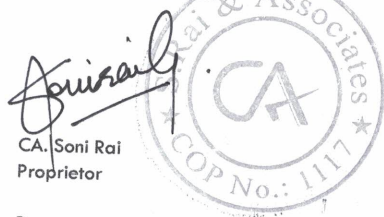
For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

Particulars	Amount in NPR	
	As on Ashad 31, 2080	Restated as on Ashad 32, 2079
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the year		
Adjustments	81,230,994	7,499,948
Depreciation on Property, Plant & Equipment		
Finance Cost	3,158,783	1,824,670
Interest Income	351,958	-
<b>Working Capital Adjustments:</b>		
(Increase)/Decrease in Financial Assets		
(Increase)/Decrease in Other Current Assets	20,321,299	(36,278,461)
(Increase)/Decrease in Inventories	(430,410,849)	(87,090,068)
Increase/(Decrease) in Financial Liabilities	-	-
(Increase) /Decrease in ROU Asset	1,037,476,009	138,623,544
Increase/(Decrease) in Other Current Liabilities	(4,190,033)	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>13,285,282</b>	<b>2,142,395</b>
	<b>721,223,443</b>	<b>26,722,027</b>
<b>CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES</b>		
(Increase) /Decrease in Work in Progress		
Capitalization/Purchase of Fixed assets	-	-
Capitalization/Purchase of Intangible Assets	(10,661,026)	(912,832)
(Increase) /Decrease in Intangible assets under development	-	-
Available for Sale Financial Assets	(850,219,351)	(160,646,607)
Realization of Financial Assets	-	-
Advance towards Investment in Equity	-	-
Interest Income	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(860,880,377)</b>	<b>(161,559,439)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in share capital		
Borrowing (repaid)/ taken (net)	150,303,500	136,045,000
Dividend Paid	-	-
Interest Paid	-	-
Rou Lease liability	-	-
Rou Lease interest	(838,007)	-
Transaction cost incurred in respect of issuance of equity share	(351,958)	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>149,113,535</b>	<b>136,045,000</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>9,456,601</b>	<b>1,207,589</b>
Cash and Cash Equivalents at Beginning of the Year	1,256,023	48,434
Cash and Cash Equivalents, end of period	<b>10,712,623</b>	<b>1,256,023</b>

The accompanying notes form an integral part of the financial statements.

As per our attached report of even c

For S. Rai & Associates  
Chartered Accountants



CA. Soni Rai  
Proprietor

Date: Poush 27, 2080  
Place: Lalitpur, Nepal

For & On Behalf of the Board

Saral Sahayatri Paudel  
Chairperson

Sujit Kumar Yadav  
Accounts Officer

**HIM RIVER POWER**  
Since 2011

Sudip Kumar Chaudhary  
Executive Director

**Him River Power Limited**  
(Formally known as Him River Private Limited)  
Sinamangal, Kathmandu

**Statement of Other Comprehensive Income**

For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

Particulars	F.Y 2079-80	Restated F.Y. 2078-79	Amount in NPR
<b>Profit for the Year</b>	81,230,994		7,499,948
<b>a) Items that will not be reclassified to Profit or loss</b>			
Gain/(Losses) On re-measuring available for sale Financial Assets	-		
Gain/(Losses) On Actuarial Valuation of defined benefit liability	-		
Income Tax Relating to above items	-		
<b>b) Items that May be reclassified to Profit or Loss</b>			
Gain/(Losses) on Cash flow hedge	-		
Exchange Gain/(Losses) (Arising from translating financial assets of foreign Operation)	-		
Income Tax relating to above Items	-		
<b>Other Comprehensive Income For the Year, Net of Tax</b>	-		
<b>Total Comprehensive Income For the Year, Net of Tax</b>	<b>81,230,994</b>		<b>7,499,948</b>

The accompanying notes form an integral part of the financial statements.

As per our attached report of even date


For S. Rai & Associates  
Chartered Accountants



CA. Spni Rai  
Proprietor

Date: Poush 27, 2080  
Place: Lalitpur, Nepal

For & On Behalf of the Board

  
Saral Sapayatri Paudel  
Chairperson

  
Sudip Kumar Chaudhary  
Executive Director

  
Sujit Kumar Yadav  
Accounts Officer



Since 2011

**Him River Power Limited**  
(Formally known as Him River Private Limited)  
Sinamangal, Kathmandu

**Statement of Changes in Equity**


For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

Particulars	Amount in NPR				
	Equity Share Capital	Advance Against Share Capital	Reserves	Retained Earning	Total
<b>Balance as at 31 Ashad, 2078 (15 July, 2021)</b>	598,881,500	-	-	-	598,881,500
Changes in accounting policies/restatement	-	-	-	-	-
<b>Restated balance as at 1 Shrawan, 2078 (16 July, 2021)</b>	598,881,500	-	-	15,452,212	15,452,212
Profit/ (loss) for the year	-	-	-	7,499,948	7,499,948
Other Comprehensive income/ (expenses) for the year	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	7,499,948	7,499,948
Issue Share Capital	147,346,000	-	-	-	147,346,000
Calls in Advance	(11,301,000)	-	-	-	(11,301,000)
<b>Balance as at 1 Shrawan, 2079 (17 July, 2022)</b>	734,926,500	-	-	22,952,159	757,878,659
Profit/ (loss) for the year	-	-	-	81,230,994	81,230,994
Other Comprehensive income/ (Expenses) for the year	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	81,230,994	81,230,994
Issue Share Capital	150,303,500	-	-	-	150,303,500
Calls in Advance	-	-	-	-	-
Transaction cost incurred in respect of issuance of equity share	-	-	-	-	-
<b>Balance as at 31 Ashad, 2080 (16 July, 2023)</b>	885,230,000	-	-	104,183,153	989,413,153

The accompanying notes form an integral part of the financial statements.


As per our attached report of even date

For S. Rai & Associates  
Chartered Accountants

  
CA. S. Rai  
Proprietor

Date: Poush 27, 2080  
Place: Lalitpur, Nepal

For & On Behalf of the Board

  
Saral Sahayatri Paudel  
Chairperson

  
Sudip Kumar Chaudhary  
Executive Director

  
Sujit Kumar Yadav  
Accounts Officer



Since 2011

**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**  
**For the year ended on Ashadh 31, 2080**

**1 Reporting Entity: General Information**

Him River Power Limited (hereinafter referred to as "Company") was incorporated as a Private Limited Company on Mangsir 29, 2067 in the Office of Company Registrar with registration number 78506/067/068. Later on, converted into Public Limited company on Ashad 31, 2079 with registration number 293716/78/079. The objective of the Company is to develop and operate Hydropower Project and contribute for generating electricity in Nepal. Presently, the Company is engaged in construction of Liping Khola Hydropower Project with a capacity of 16.26 MW situated at Sindhupalchowk District of Nepal. The company has entered into Power Purchase Agreement with Nepal Electricity Authority on B.S. 2073/02/28 along with the 1st, 2nd, 3rd & 4th amendment to the Power Purchase Agreement on B.S. 2074/03/27, B.S. 2077/06/21, B.S 2078/11/09 & B.S 2079/08/25 respectively. The Power Purchase Agreement has been entered with Nepal Electricity Authority for the purchase of power of 16,260 KW to be generated from the project located at Tatopani Village Development Committee, Sindhupalchowk District, Bagmati Zone of Central Nepal.

**2 Basis of Preparation**

The financial statements of the company have been prepared on accrual basis of accounting except the cash flow, which is prepared on a cash basis, using the direct method. The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to Financial Statement of the company.

**2.1 Statement of Compliance**

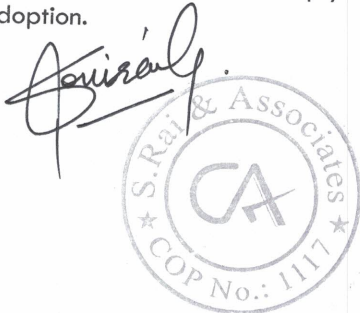
The financial statements have been prepared on accrual basis and in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

These policies have been consistently applied to all the years presented except otherwise stated.

**2.2 Reporting period and approval of financial statements**

**2.2.1 Reporting Period**

The Company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB with effect from fiscal year 2079-80. To comply the NFRS provisions following dates have been considered, in terms of first-time adoption.



A handwritten signature in black ink, consisting of a stylized name.



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**  
**For the year ended on Ashadh 31, 2080**

Relevant Financial Statement	Nepalese Calendar	English Calendar
Opening NFRS SFP* date	Shrawan 1, 2078	July 16, 2021
Comparative SFP* Date	Ashad 32, 2079	July 16, 2022
Comparative reporting period	1 Shrawan 2078 - 32 Ashad 2079	July 16, 2021 July 16, 2022
First NFRS SFP* Date	Ashad 31, 2080	July 16, 2023
First NFRS reporting period	1 Shrawan 2079 - 31 Ashad 2080	July 17, 2022- July 16, 2023

\*SFP- Statement of Financial Position

**2.2.2 Responsibility of Preparation of Financial Statements**

The Board of Directors acknowledges the responsibility for the preparation and fair presentation of the financial statements of "Him River Power Company Ltd" in accordance with NFRS and in conformity with applicable laws.

**2.2.3 Presentation of Financial Statements**

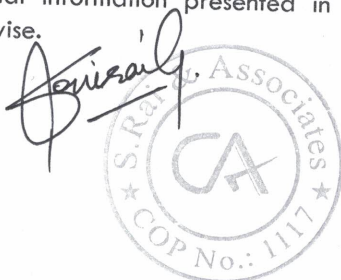
The assets and liabilities of entity presented in the statement of Financial Position are grouped in an order of liquidity.

The statement of profit or loss has been prepared using classification 'by nature' method. The cash flows from operation within the statement of cash flows have been derived using the indirect method.

The accounting financial policies have been consistently applied by entity with those of the year in accordance with NAS 01 Presentation of Financial statements, except those which had to be changed as a result of application of the new NFRS. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

**2.3 Functional and Presentation Currency**

The financial statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**  
**For the year ended on Ashadh 31, 2080**

**2.4 Materiality and Aggregation**

In compliance with Nepal Accounting Standard presentation' - NAS 01 Presentation of Financial Statements, each material class of similar items is presented separately in the Financial statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial'.

Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial position only when there is a legally enforceable recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of Profit or Loss unless required or permitted by an accounting Standard.

**2.5 Use of Estimates, Assumptions and Judgements**

The Company, under NFRS, has applied accounting policies that are most appropriate and suit its circumstances and operating environment. Further, the Company has made judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate.

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

The Company has made estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The Company applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates are recognized in the period in which the estimates are revised and are applied prospectively.

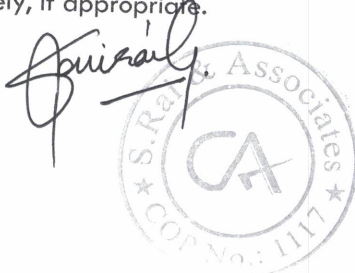
Disclosures of the accounting estimates have been included in the relevant sections of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

**2.6 Going Concern**

The financial statements are prepared on a going concern basis, as the Board of the Company is satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

**2.7 Useful life of Property, Plant and Equipment**

Depreciation and amortization is calculated over the estimated useful lives of the assets. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



Since 2011

**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**  
**For the year ended on Ashadh 31, 2080**

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**2.8 Changes in Accounting Policies**

The company has applied several amendments to standards for the first time during the year ended 31 Ashad 2080. The company has prepared the opening statement of financial position as per Nepal Financial Reporting Standard (NFRS) as at Shrawan 1, 2078 (16 July 2021) (the transition date) by recognizing all assets and liabilities whose recognition is required by NFRS, not recognizing the items of assets or liabilities which are not permitted by NFRS, by reclassifying items from previous GAAP to NFRS as required by NFRS and applying NFRS in measurement of recognized assets and liabilities.

**2.12 Reporting Pronouncements**

The company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on September 13, 2013. The NFRS confirm, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) except for the measurement of the provision for gratuity for which the company has not done the valuation from the recognized value in view of the technical difficulties and cost to the companies.

**2.13 New Reporting Standards in issue but not yet effective**

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. NFRS 9 has been complied for the classification of Financial Instruments.

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 become applicable when ASB Nepal incorporates them within NFRS.

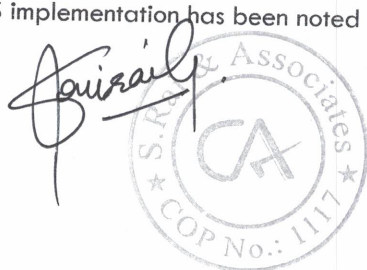
A significant impact on classification and measurement including impairment of financial instruments, will arise as a result of application of NFRS 9.

**2.14 Discounting**

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material. The discounting rate taken is 10%, being the average of incremental borrowing rate of the previous 3 quarters.

**2.15 Limitation of NFRS Implementation**

Wherever the information is not adequately available, and/or it is impracticable to develop the, such exception to NFRS implementation has been noted and disclosed in respective sections.



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

**3.1 Property, Plant and Equipment**

Property, plant and equipment are tangible items that are held for use in the production or purposes and supply of goods or services or for administrative purposes and are expected to be used during more than one period.

**Recognition and Measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property or equipment (calculated as difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

**Subsequent Costs**

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Entity. Repairs and maintenance are expensed as and when incurred.

**Depreciation**

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Entity will obtain ownership by the end of the lease term.

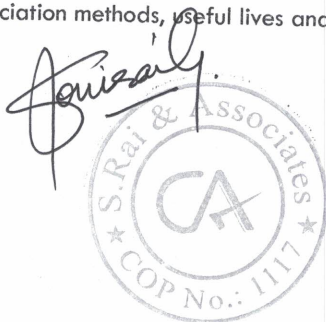
Management has estimated useful lives of significant items of property and equipment lives for the current and comparative periods which are as follows :

Class of Assets	Estimated Useful Life (in Years)
Computer and Printers	5 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Plant & Machinery	20 Years
Building	30 Years
Vehicles	
-Two wheelers	10 years
-Four Wheelers	8 years

**Derecognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

**3.2 Intangible Assets**

Software acquired by the Company is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as and when incurred.

Software is amortized on straight line basis in statement of profit or loss over its estimated useful life, from the date on which it is available for use. Management has estimated the useful life of intangible for the current and comparative periods which are as follows:

Class of Assets	Estimated Useful Life (in Years)
Software	5

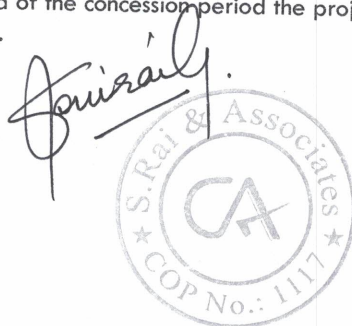
Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**3.3 Intangible Assets under Development**

**(i) Service concession arrangement revenue**

Revenue from service concession arrangement is recognized based on the principles laid down in IFRIC 12. Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed, consistent with the Company's accounting policy on recognizing revenue on construction contracts (see (ii) below). Operations or service revenue is recognized in the period in which the services are provided by the company, When the company provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered. On Jestha 28, 2073 the Company entered into a power purchase agreement (PPA) with the Nepal Electricity Authority (the grantor) to construct and operate an 16.26 MW hydropower plant at Tatopani, Sindupalchowk, Nepal. Under the terms of the agreement, the Company will operate and sell the energy generated from the plant to grantor for a period of 35 years from the Commercial Operation Date or the expiry of generation license whichever is earlier. The company has obtained a generation license on 12th Shrawan, 2073 which is valid till 11th Shrawan, 2108. The sale price of energy will be as per the PPA. The company doesn't expect major repairs to be necessary during the concession period. The construction of the plant is currently under progress.

The grantor shall purchase the minimum contracted energy as specified in the PPA subject to the company making available such minimum contracted energy to the Grantor. In the case of inability of the Grantor to purchase the specified quantum of energy, the Grantor shall pay the compensation to the Company in accordance with provisions of the PPA. At the end of the concession period the project shall be transferred to the Government of Nepal in operational condition free of cost.



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

The service concession agreement does not contain a renewal option. The standard rights of the grantor to terminate the agreement include non-delivery of energy, delay in construction of the plant by the company and in the event of a material breach in the terms of the agreement. The company has recognized an intangible asset with respect to the consideration arising out of the management. The company has recorded revenue of NPR 85,743,750.72 representing revenue from the construction activities carried out by the company during the year with respect to the aforesaid project. The revenue recognized in relation to construction during the year represents the fair value of the construction services provided in constructing the project. The company has recognized an intangible asset received as consideration for providing construction services concession arrangement of NPR 1,510,567,665.29 representing the right to charge users a fee for the use of the infrastructure of the arrangement.

**(ii) Construction contracts**

Revenue from construction contracts is recognized in accordance with NFRS 15 : Revenue from contract with Customer . Contract revenue represents the fair value of consideration to be received for the contract. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity. Every company must follow the five steps model in order to comply with NFRS 15:

Step 1: Identify the contract(s) with customer.

Step 2: Identify the separate performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the Contract.

Step 5: Recognize the revenue when (or as) the entity satisfies the performance obligation.

The company has recognized the contract cost incurred during the reporting period as expenses and has matched the contract revenue to the total contract cost incurred in reaching the stage of completion, so as that the profit is recognized to the extent of IRR of the project (i.e. 11.22%).

IFRIC 12 on Service Concession arrangements provides that the Operator's right over the infrastructure assets cannot be recognized as property, plant and equipment (PPE) of the operator.

This Interpretation applies to public-to-private service concession arrangements if:

- (a) The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- (b) The grantor controls through ownership, beneficial entitlement or otherwise-any significant residual interest in the infrastructure at the end of the term of the arrangement.

Infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole of life assets) is within the scope of this Interpretation, if the following conditions satisfies. This Interpretation applies to both:

- (a) Infrastructure that the operator constructs or acquires from a third party for the purpose of the service arrangement; and
- (b) The grantor controls-through ownership, beneficial entitlement or otherwise-any significant residual interest in the infrastructure at the end of the term of the arrangement.

The consideration received by the operator is recognized at fair value. Consideration may result in the recognition of a financial asset or an intangible asset.



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

**3.3.1 Recognition as a financial asset**

The Financial asset model is used when the Company, being an operator, has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. Unconditional contractual right is established when the grantor contractually guarantee to pay the operator:

- (a) specific or determinable amount;
- (b) the shortfall, if any, between amounts received from the users of the public services and specified or determinable amounts.

**3.3.2 Recognition as an intangible asset**

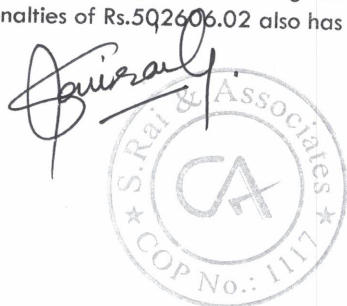
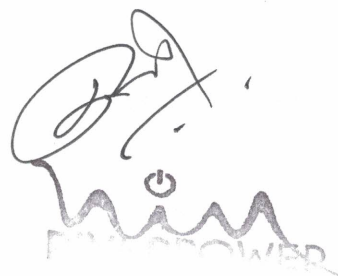
The intangible asset model's used to the extent that the company, being an operator, receives a right (a license) to charge users of the public service. A right to charge users of a public services is not an unconditional right to receive cash because the amounts are contingent on to the extent that public uses the services. Both type of arrangements may exist within a single contract to the extent that the grantor has given an unconditional guarantee of payment for the construction and the operation i.e. considered as a financial asset and to the extent that the operator has to rely on the public using the service in order to obtain payment, the operation has an intangible asset.

The Company manages concession arrangements which include power supply from its hydro power plant. The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the services to be provided. The right to consideration gives rise to an intangible asset and accordingly, the intangible asset models shall be applied.

Company has applied service concession arrangements as per IFRIC 12 and will capitalise relevant expenses to Intangible Assets Under Development till its construction gets completed. After completion, Capital WIP will be recognised as Intangible assets.

Particulars	3/31/2080	32/03/2079
Civil Construction Works	387,416,892	45,371,958
Transmission Line and Switchyard	304,430,463	259,982,055
Land Purchase and Development	28,688,106	16,020,000
Infrastructure Development Cost	182,085,784	112,620,982
Social Mitigation Cost	11,249,670	5,316,765
Processing Fee Construction/ IDC	124,083,665	51,519,000
Project Management and Engineering Cost	191,869,550	95,519,105
Hydromechanical Works	74,427,180	7,625,466
Electro Mechanical Works	54,172,278	-
Add: Intangible Assets recognised as per IFRIC 12	152,415,127	66,644,032
	<b>1,510,838,714</b>	<b>660,619,363</b>

Under Project management and Engineering Cost, Director salary of Rs. 7,800,000.00 has been capitalised. Further , Fine and penalties of Rs.502606.02 also has been capitalized under this head.

**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

**3.4 Financial Instruments - Initial Recognition, Classification and Subsequent Measurement**  
**Initial Recognition**

All financial assets and liabilities are initially recognized on Entity becomes a party to the contractual provisions of the instrument. This includes 'regular way trades which means purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

**Recognition and Initial Measurement of Financial Instruments**

The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instruments except in the case of such financial assets and liabilities at fair value through profit or loss, as per the Nepal Accounting Standard (Financial Instruments: Recognition and Measurement). Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with the Statement of Profit or Loss.

**Classification and Subsequent Measurement of Financial Assets**

At the inception, a financial asset is classified into one of the following:

- a. Financial assets at fair value through profit or loss
  - i. Financial Assets Held for Trading
  - ii. Financial Assets designated at fair value through profit or loss
- b. Held to Maturity Financial Assets
- c. Loans and Receivables
- d. Financial Assets Available for Sale

The subsequent measurement of financial assets depends on their classification.

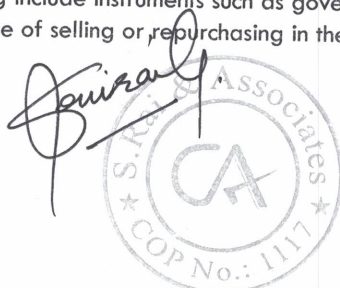
**a Financial Assets at Fair Value through Profit or Loss**

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss.

**i. Financial Assets Held for Trading**

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category also includes derivative financial instruments entered into by Entity that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standard NAS 39 (Financial Instruments: Recognition and Measurement).

Financial assets held for trading are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognized in 'Net trading income'. Dividend income is recorded in 'Net trading income' when the right to receive the payment has been established. Interest income earned from financial assets classified as held for trading is recorded under 'Interest income: Financial assets held for trading' using the effective interest rate. Entity evaluates its held for trading asset portfolio, other than derivatives, to determine whether the intention to sell them in the near future is still appropriate. When Entity is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, entity may elect to reclassify these financial assets. Financial assets held for trading include instruments such as government securities and equity instruments that have been acquired principally for the purpose of selling or repurchasing in the near term.



Handwritten signature.



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

**ii. Financial Assets designated at fair value through profit or loss**

Entity designates financial assets at fair value through profit or loss in the following circumstances:

>>such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the assets.

>>The assets are part of a group of Financial are managed and their with a documented the assets or recognition assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with documented risk management or investment strategy.

>>The assets contains one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.

Financials assets designated at fair value through profit or loss are recorded in the statement of Financial position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial instruments designated at fair value through profit or losses' in the statement of profit or loss. Interest earned is accrued under 'Interest income', using the effective interest rate method, while dividend income is recorded under 'other operating income' when the right to receive the payment has been established.

The Entity has not designated any financial assets upon initial recognition as designated at fair value through profit or loss.

**b. Held to Maturity Financial Assets**

Held to Maturity Financial Assets are non-derivative determinable payments and fixed maturities which the Entity has the intention and ability to hold to maturity. After the initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the effective interest rate, less impairment. The amortization is included in 'Interest income' in the statement of profit or loss. The loss arising from the impairment of such investments are recognized in the statement of profit or loss.

**c. Loans and Receivables**

Loans and Receivables include non-derivate financial assets with fixed or determinable payments that are not quoted in an active market.

>>Those that the Entity intends to sell immediately or in the near term and those that the Entity, upon initial recognition, designates as fair value through profit or loss.

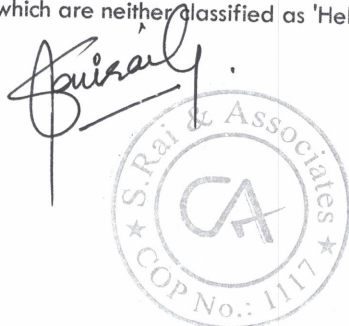
>>Those that the Entity, upon recognition, designates as available for sale.

>>Those for which the Entity may not recover substantially all of its initial investment through contractual cash flows, other than because of credit deterioration.

After initial measurement, loans and receivables financial assets are subsequently measured at amortized cost using the effective interest rate, less allowance for impairment. The amortization is included in 'Interest Income' in the statement of Profit or Loss.

**d Financial Assets Available for Sale**

Available for sale financial assets include equity and debt securities. Equity Investments classified as 'Available for Sale' are those which are neither classified as 'Held for Trading' nor 'Designated at fair value through profit or loss.



A handwritten signature in black ink, appearing to be "S. Rai".



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

After initial measurement, available for sale financial investments are subsequently measured at fair value. Unrealized gains and losses are recognized directly in equity through other comprehensive income/expense' in the 'Available for sale reserve". When the investment is disposed of the cumulative gain or loss previously recognized in equity is recognized in the Statement of Profit or Loss under 'Other operating income'. Where Entity holds more than one investment in the same security, they are deemed to be disposed of on a first-in-first-out basis. Interest earned whilst holding 'Available for sale financial investments' is reported as 'Interest income' using the effective interest rate.

**Classification and Subsequent Measurement of Financial Liabilities**

At the inception, a financial liabilities is classified into one of the following:

- a. Financial liabilities at fair value through profit or loss
  - i. Financial Liabilities Held for Trading
  - ii. Financial Liabilities designated at fair value through profit or loss
- b. Financial Liabilities at amortized cost

**a Financial Liabilities at Fair Value through Profit or Loss**

Financial Liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

**i. Financial Liabilities Held for Trading**

Financial liabilities are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking. This category also includes derivative financial instruments entered into by Entity that are not designated as hedging instruments in hedge relationships as defined by Nepal Accounting Standard NAS 39 (Financial Instruments: Recognition and Measurement).

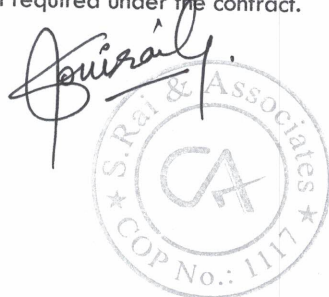
**ii. Financial Liabilities designated at fair value through profit or loss**

Entity designates financial liabilities at fair value through profit or loss in the following circumstances:

>>such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring the liabilities.

>>The liabilities are part of a group of Financial are managed and their with a documented the assets or recognition assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with documented risk management or investment strategy.

>>The liabilities contains one or more embedded derivatives that significantly modify the cash flows that would otherwise have been required under the contract.



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

**b Financial Liabilities at Amortized Cost**

Financial instruments issued by entity that are not classified as fair value through profit or loss are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in Entity having an obligation either to deliver cash or another financial asset to another Entity, or to exchange financial assets or financial liabilities with another Entity under conditions that are potentially unfavourable to the Entity or settling the obligation by delivering variable number of Entity's own equity instruments.

After initial recognition, such financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortization is included in 'Interest Expenses' in the Statement of Profit or Loss. Gains and losses are recognized in the Statement of Profit or Loss when the liabilities are derecognized.

**De-recognition of Financial Assets and Liabilities**

**a De-recognition of Financial Assets**

Entity derecognizes a financial asset (or where applicable a part of financial asset or part of a group of similar financial assets) when :

- >>The rights to receive cash flows from the asset have expired; or
- >>Entity has transferred its rights to receive cash flows from the asset or
- >>Entity has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement and either Entity has transferred substantially all the risks and rewards of the asset or nor retained the control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in other comprehensive income recognized in profit or loss.

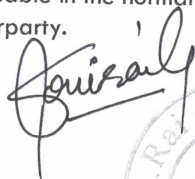

When Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Entity's continuing involvement in the asset. In that case, Entity also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Entity has retained.

**b De-recognition of Financial Liability**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired, Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability, The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

**Offsetting of Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.


**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

Income and expenses are presented on a net basis only when permitted under NFRS's/NAS's, or for gains and losses arising from a group of similar transactions such as in the Entity's trading activity.

**Fair Value Measurement**

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Entity has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Entity measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information ongoing basis.

If there is no quoted price in an active market, then the Entity uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

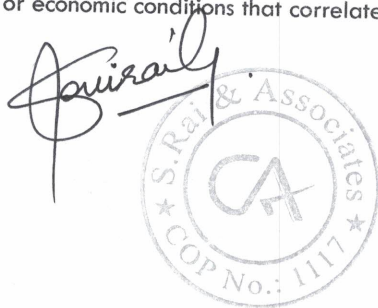
The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Entity determines that the fair value at initial recognition differs from the transaction price and fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

**Identification and Measurement of Impairment**

At each reporting date, the Entity assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes :

- >>significant financial difficulty of the borrower or issuer;
- >>default or delinquency of the borrower or issuer;
- >>the restructuring of a loan or advance by the entity on terms that entity would not consider otherwise;
- >>indications that a borrower or issuer will enter bankruptcy;
- >>the disappearance of an active market for a security; or
- >>observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Entity considers evidence of impairment for loans and advances and held to - maturity investment securities at both specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment.

Impairment losses on assets measured at amortized costs are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the assets original effective interest rate.

If the terms of financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial assets shall be derecognized. If the cash flow of the renegotiated assets are substantially different, then contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and the new financial asset is recognized at fair value. The impairment loss before an expected restructuring is measured as follows:

*>>If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.*

*>>If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.*

Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

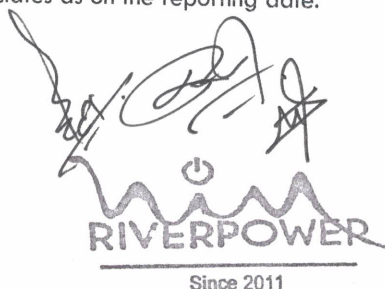
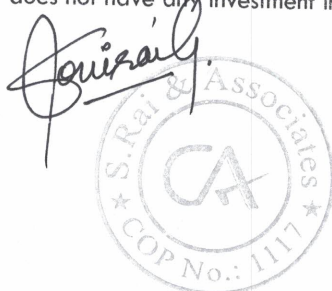
Impairment losses on available-for-sale investment securities are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognized through OCI. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognized in OCI.

### 3.5 Investment in Associates

An associates is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If an entity holds directly or indirectly 20 percent or more of the voting power of the investee, it is presumed to be having significant influence.

The company does not have any Investment in Associates as on the reporting date.



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

**3.6 Leases**

The new standard NFRS 16 has been adopted by the company. Presentation and disclosure has been done as per the provision of financing lessee as per modified approach : Alternative-2, where comparative information will not be adjusted. The incremental borrowing rate of 10% is taken .

**3.7 Receivables and Payables**

Receivables and payables are accounted on accrual basis. Balance amounts on year end are shown in Statement of Financial Position under 'Other Financial Assets' and 'Other Financial Liabilities heading.

**3.8 Inventory**

Inventory includes bearing/transformer oil, Spare parts of Electro mechanical equipment and Gabion box stock expected to be used in normal course. Cost of inventories comprise of cost of purchase, costs of conversion and other costs in bringing the asset to the location and condition intended to be used by management. Inventories are stated at lower of cost or Net realizable value as per NAS 02. Net Realizable value represents the estimated selling price of the inventory less any estimated costs to sell.

**3.9 Cash and Cash Equivalent**

Cash and short-term deposits in the statement of financial position comprise cash in hand, cash at bank and short-term deposits with a maturity of three months or less.

**3.10 Revenue Recognition**

**3.10.1 Sale of Electricity**

NAS 18 on 'Revenue' requires revenue to be recognized when it is probable that economic benefits associated with the transactions will flow to the entity and the amount can be measured reliably. It requires that the entity has transferred the risks and rewards of ownership of the goods to the buyer.

Sale of electricity is the regular course of business of Him River Company Limited, therefore revenue will be recognized at the rate/s given in Power purchase agreement based on the approved meter reading from 132 KV Lamosanghu sub-station of Nepal Electricity Authority. As on the reporting date, substation in Lamosanghu is ready .Revenue will be recognized after netting off any charges levied by Nepal Electricity Authority for short supply.

**3.10.2 Dividend Income, Interest Income and Other Income**

**Dividend Income**

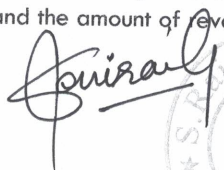
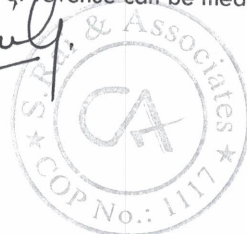
Dividend income is recognized in the statement of profit or loss when right to receive is established. Management determines the right to receive is established when shareholders approve the resolution of dividend distribution by the entity at general meeting of shareholders.

**Interest Income and Expenses**

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the entity and the amount can be measured reliably.

**Other Income**

Other incomes are recognized when it is probable that consideration associated with the transaction will flow to the company and the amount of revenue can be measured reliably.


**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

**3.10.3 Royalty for Generation of Electricity**

As per provisions of Electricity Act and Regulations, the company has to pay royalty to the Government of Nepal.

As per section 11 (1) of Nepal Electricity Act Company has to pay royalty for installed capacity @ Rs.100/- per each installed kilowatt and 2% of sales amount as royalty for sales of energy from the date of commercial operation till fifteen years of date of commercial operation.

As per section 11 (2) of Nepal Electricity Act, after fifteen years of commercial production, company has to pay royalty for installed capacity @ Rs.1000/- per installed kilowatt and 10 % of sales amount as royalty for sales of energy.

**3.10.4 Income Tax**

As per Nepal Accounting Standard- NAS 12 (Income Taxes) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income Tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income. Income Tax expenses comprises of current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in Equity or Other Comprehensive Income (OCI).

Income Tax Act 2058 has specified a tax rate of 25% flat for Hydropower Companies.

As per Section 11 (3 Gha)(Ka) of Income Tax Act 2058, Hydropower companies are exempted from tax for the first 10 years of its operation and 50% concession on tax is provided for the next 5 years thereon.

**3.10.4.1 Current Tax**

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

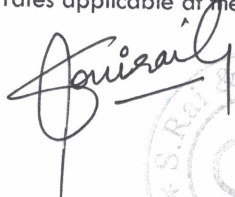

According to Section 11(3Gha)(Ka) of Income Tax Act, 2058 corporate tax is 100% exempt for 10 years and 50% exempt for further 5 years as eligible under the current hydropower policy of Government.

**3.10.4.2 Deferred Tax**

Deferred Tax is computed for temporary differences between the carrying amounts of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates applicable at the reporting date.

  
  
  
**HIM RIVERPOWER**  
Since 2011

**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

The principal temporary difference arise from depreciation of fixed assets, provision for retirement benefit, provision for leave encashment, allowance for inventory obsolescence and other provisions.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3.11 Employee Benefits**

Employee Benefits, except regular salary and benefits are accounted on Accrual basis. Employee benefit liabilities like accumulated leave, gratuity are not provided/accounted. Related provision of Labour Act on this matter shall be considered for future application.

**3.11.1 Defined Contribution Plan**

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the profit or loss as and when due.

**Social Security Fund**

Company is not registered in Social Security Fund under the Social Security Act 2074 wherein company shall deposit 31 % of basic salary to the fund as a contribution of employer and the employee.

**3.12 Provisions and Contingencies**

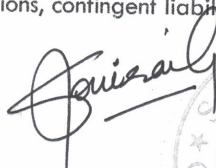

In accordance with Nepal Accounting Standards (NAS) 37- Provisions, Contingent Liabilities and Contingent Assets, a provision is required to be recognized where there is a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which are uncertain.

The company has made provisions for all those obligations meeting the definition of NAS 37.

A contingent liability is a possible obligation that arises from past events whose existence will be combined by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a 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.

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


**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

**3.13 Government Grants**

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants can be Grants related to assets or Grants related to income. Under Grants related to assets, there is a condition that the entity shall purchase, construct or otherwise acquire long-term assets. Grants related to income are grants other than grants related to assets.

Government grants are recognized when there is reasonable assurance they will be received and the corporation will comply with the conditions associated with the grant. Government grants that compensate the corporation for expenses incurred are recognized in profit or loss in the same period in which the expenses are recognized. Grants that compensate the corporation for the cost of an asset are recorded as deferred revenue and recognized in other revenue over the service life of the related asset.

Government grants shall be recognized as income over the Periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Once a government grant is recognized, any related contingent liability or contingent asset is treated in accordance with NAS 37: Provisions, Contingent Liabilities and Contingent Assets.

**3.14 Borrowing cost**

As per NAS 23, Borrowing costs are the costs incurred by the company in borrowing loans for construction of assets or any capital goods. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowings can be general or specific. Borrowing costs are capitalized till the construction of asset is complete and is ready for use.

The costs have been charged to Intangible Assets under Development since the asset is yet to come into operation.

**3.15 Corporate Social Responsibility (CSR)**

As per Industrial Enterprises Act 2076, 1% of net profit shall be allocated to Corporate Social Responsibility Fund and such amount shall be utilized as prescribed.

**3.16 Earnings per share**

Earnings per share is the portion of company's profit allocated to each outstanding share of common stock. Basic earnings per share is computed by dividing the net profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year.

Basic earnings per share is calculated by dividing the net profit for the year' attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year as per the NAS.

*Signature*



*Signature*

*Signature*



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Significant Accounting Policies and Notes to Financial Statements**

For the year ended on Ashadh 31, 2080

**3.17 Statement of Cash Flows**

The Statement of Cash Flow has been prepared using the "**Indirect Method**" of preparing Cash Flows in accordance with the Nepal Accounting Standard-(NAS 7) "statement of Cash Flows".

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible for known amounts of cash and are subject to an insignificant risk of changes in value.

**3.18 Subsequent Events**

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date the Financial Statements are authorized for issue.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures if any are made in Note to the Financial Statements.

**3.19 Segment Reporting**

NFRS 08 Segment Reporting is applicable to:

- a) the separate or individual financial statement of an entity:
  - i) whose debt or equity instruments are traded in public market or
  - ii) that files, or is in the process of filing its financial statement with security commission or other regulatory organization for the purpose of issuing any class of instruments in public market.

Therefore, this NFRS is not applicable to Him River Company Limited.

**3.20 Comparative Information**

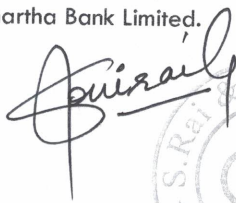

The comparative information are re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation. The details of such re-classifications have been provided in Notes to the financial statements wherever required.

**3.21 Term Loan**

The company has been borrowing consortium loans from banks for the purpose of funding the project being developed. The banks provide term loan with respect to the expenses being made for the project. The term loan has been classified as non-current liability as it is not expected to be settled within the next financial year.

Particulars	31-03-2080	32-03-2079
Term Loan-SBL	1,006,042,764	-
Hire Purchase Loan	707,094	1,106,918
<b>Total</b>	<b>1,006,749,858</b>	<b>1,106,918</b>

Secured Loan has been obtained from Siddhartha Bank Limited. The loan is secured against mortgage of the land (Plot no. 510, 513, 516, 501) situated at tatopani, Sindhupalchowk with total area of 1822.32 (Square meter) in the name of Siddhartha Bank Limited.


**Him River Power Limited**  
**(Formerly known as Him River Private Limited)**

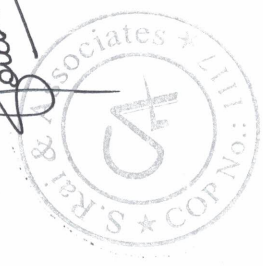
Sinamangal, Kathmandu

**Statement of Financial Position**  
As at 31 Ashad, 2080 (July 16, 2023)

Particulars	Amount in NPR							
	Building	Land	Furniture & Fixtures	Office Equipments	Vehicles	Plant & Machinery	Lease Hold Assets	Total
As on Shrawan 1, 2078	-	-	670,554	1,392,045	10,185,000	-	2,446,546	14,694,146
Addition during the Year	-	-	267,900	635,932	-	-	9,000	912,832
Disposal during the year	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-
<b>Balance as on Ashad End 2079</b>	-	-	<b>938,454</b>	<b>2,027,977</b>	<b>10,185,000</b>	-	<b>2,455,546</b>	<b>15,606,978</b>
Addition during the Year	-	-	4,105,905	1,605,121	4,950,000	-	-	10,661,026
Disposal during the year	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-
<b>Balance as on Ashad End, 2080</b>	-	-	<b>5,044,359</b>	<b>3,633,098</b>	<b>15,135,000</b>	-	<b>2,455,546</b>	<b>26,268,004</b>
<b>Depreciation and Impairment</b>	-	-	-	-	-	-	-	-
As on Shrawan 1, 2078	-	-	375,797	1,301,647	5,501,877	-	2,065,590	9,244,911
Depreciation charge for the Year	-	-	67,768	102,822	1,273,125	-	380,955	1,824,670
Impairment for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-
<b>As on Ashad End 2079</b>	-	-	<b>443,565</b>	<b>1,404,469</b>	<b>6,775,002</b>	-	<b>2,446,546</b>	<b>11,069,581</b>
Depreciation charge for the Year	-	-	282,479	327,286	1,702,012	-	9,001	2,320,777
Impairment for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-
<b>As on Ashad End, 2080</b>	-	-	<b>726,044</b>	<b>1,731,754</b>	<b>8,477,014</b>	-	<b>2,455,546</b>	<b>13,390,358</b>
<b>Net Book Value</b>	-	-	-	-	-	-	-	-
As on Shrawan 1, 2078	-	-	294,757	90,398	4,683,123	-	380,956	5,449,235
As on Ashad End 2079	-	-	494,889	623,508	3,409,998	-	9,001	4,537,397
As on Ashad End, 2080	-	-	4,318,316	1,901,344	6,657,986	-	-	12,877,646

*Signature*

  
  
**RIVERPOWER**  
 Since 2011



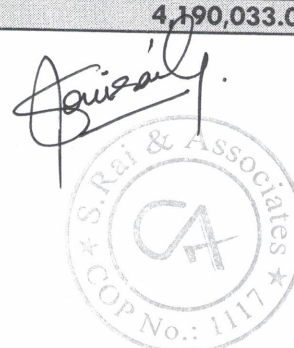
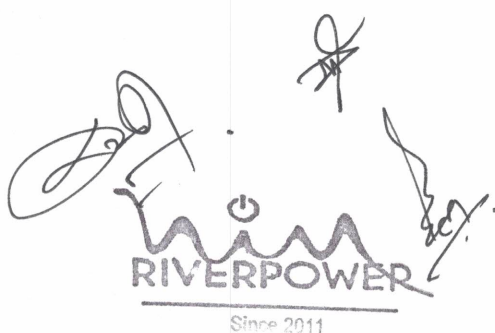
**Him River Power Limited**  
**(Formally known as Him River Private Limited)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For The Year Ended On Ashad 31, 2080 (July 16, 2023)

**4.2 Right of Use Asset**

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- (a) the amount of the initial measurement of the lease liability, as described in paragraph 26;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

<b>Particulars</b>	<i>Figures in NPR</i>
	<b>Total ROU</b>
<b>Cost</b>	
<b>As on Ashwin 1, 2079</b>	<b>5,028,039.64</b>
Increases	
Asset retirement obligation	
Transfer and reclassification	
Decreases	
<b>Balance as on Ashad End, 2080</b>	<b>5,028,039.64</b>
<b>Accumulated Depreciation</b>	
<b>As on Shrawan 1, 2079</b>	
Charge	838,006.61
Charge from asset retirement obligation	
Transfers and Reclassification	
Decreases	
<b>As on Ashad End, 2080</b>	<b>838,006.61</b>
<b>Net Book Value</b>	
<b>As on Ashad End, 2080</b>	<b>4,190,033.03</b>



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Statement of Financial Position**

As at 31 Ashad 2080 (16 July 2023)

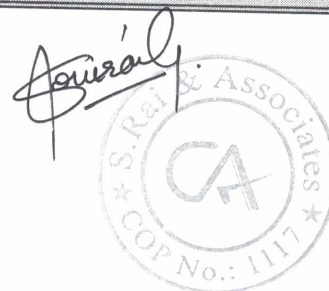
Amount in NPR

**Note 4.3**

**Intangible Assets**

Particulars	Goodwill	Softwares	Total
As on Shrawan 1, 2078	-	-	-
Addition during the Year			
Acquisition	-	-	-
Capitalization			-
Disposal during the year			-
Adjustment/Revaluation			-
<b>Balance as on Ashad End 2079</b>	-	-	-
Addition during the Year			
Acquisition			
Capitalization		-	-
Disposal during the year			-
Adjustment/Revaluation			-
<b>Balance as on Ashad End, 2080</b>	-	-	-
<b>Amortization and Impairment</b>			
As on Shrawan 1, 2078			
Amortization charge for the Year		-	-
Impairment for the year			-
Disposals			-
Adjustment			-
<b>As on Ashad End 2079</b>	-	-	-
Amortization charge for the Year		-	-
Impairment for the year			-
Disposals			-
Adjustment			-
<b>As on Ashad End, 2080</b>	-	-	-
<b>Net Book Value</b>			
As on Shrawan 1, 2078	-	-	-
As on Ashad End 2079	-	-	-
As on Ashad End, 2080	-	-	-

Since 2011



**HIM RIVER POWER LIMITED**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Notes to Financial Statements**

For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

**5.1 Financial Risk Management, Objective and Policies**

The Company's financial risk management is an integral part of how to plan and execute its business strategies.

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.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:-

**A. CURRENCY RISK**

The Company is subject to the risk that changes in foreign currency values impact the Company's imports of raw material and property, plant and equipment. The Company is not exposed to foreign exchange risk arising from various currency exposures in the current financial year

**B. CREDIT RISK**

Credit risk refers to the risk that a counterparty including its subsidiaries and associates will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. No amount has been recognized in the financial position as financial liabilities.

**C. INTEREST RATE RISK**

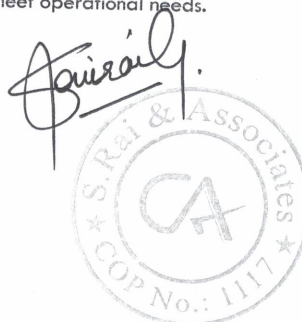
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to balance the Company's position with regards to interest income and interest expense and to manage the interest rate risk, it performs a comprehensive interest rate risk management. The Company is not exposed to significant interest rate risk as at the respective reporting dates.

**D. LIQUIDITY RISK**

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could create potential business continuity risk.

In order to control liquidity risk and for better working capital management, the company has made arrangement adequate level of OD facility for short term financing and maintained a reserve account for any future contingencies. The Company's Finance department regularly monitors the cash position to ensure it has sufficient cash on-going basis to meet operational needs.

  
**RIVERPOWER**  
Since 2011



**HIM RIVER POWER LIMITED**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Notes to Financial Statements**

For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

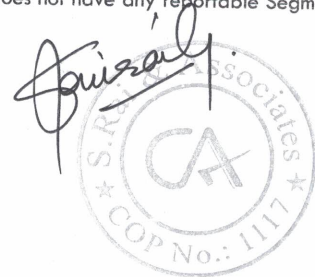
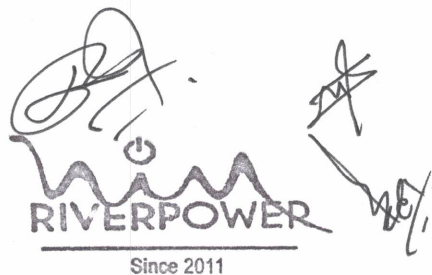
**5.2 CAPITAL MANAGEMENT**

For the purpose of the Company's capital management, capital includes 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 a 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. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim to translate profitable growth to superior 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, and 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 a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

**5.3 SEGMENT REPORTING**

The Chief Executive Officer and functional managers of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by NFRS 8, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators, however the Company is primarily engaged in only one segment viz., "Generation and Sale of electricity" and that most of the operations are in Nepal. Hence the Company does not have any reportable Segments as per NFRS 8 "Operating Segments"



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Notes to Financial Statements**

For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

**5.4 Related Party Transactions**

The company identifies following as the related parties under the requirements of NAS 24.

- i) Holding/Subsidiary of the company
- ii) The key management personnel and directors of the entity.

**i) Transaction with holding/Subsidiary**

The company does not have any subsidiary company neither is the holding of any company.

**v) Transactions with and Payments to directors/KMPs/ Shareholders of the company**

Following payments has been made to the directors/KMPs of the company during the year:

Related Party Details	Nature of Transactions	For the period ended 16-Jul-23	For the period ended 16-Jul-22
Ashok Kumar Khadka	Advance to Shareholder	-	23,496,000.00
Bhairab Kunda	Advance to Director	-	4,630,000.00
Binod K. Shrestha	Advance to Shareholder	2,700,000.00	2,700,000.00
Buddhi Bahadur Thapa	Advance to Director	-	5,000,000.00
Dakshya Paudel	Advance to Shareholder	-	500,000.00
Jankot Investment	Advance to Shareholder	3,602,500.00	3,602,500.00
Multiple(Ramkaji Paudel)	Advance to Shareholder	3,900,000.00	3,900,000.00
Prem Kumar Shrestha	Advance to Shareholder	-	500,000.00
Ramesh Subedi	Advance to Shareholder	-	500,000.00
Ramsharan Bhandari	Advance to Shareholder	11,500,000.00	11,500,000.00
Renuka Sharma	Advance to Shareholder	-	1,000,000.00
Devi Khatri	Advance to Shareholder	-	464,000.00
Suman Bikram Kuwar	Advance to Shareholder	-	500,000.00
Saral Sahayatri Poudel	Salary to Director	1,300,000.00	600,000.00
Navaraj Raut	Salary to Director	975,000.00	450,000.00
Buddhi Bahadur Thapa	Salary to Director	1,625,000.00	750,000.00
Sudip Kumar Chaudhary	Salary to Director	1,625,000.00	750,000.00
Bam Bahadur Thapa	Salary to Director	1,300,000.00	600,000.00

**5.6.1 Current Tax**

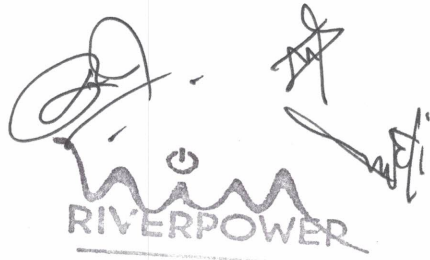
Current Tax which comprises expected tax payable or receivables is based on taxable profit or loss for the year based on Nepalese Tax Laws and any adjustments to the tax payable or receivable in respect of previous years. Company's liability for current tax is calculated using the tax rates that has been enacted or substantively enacted by the end of the reporting period.

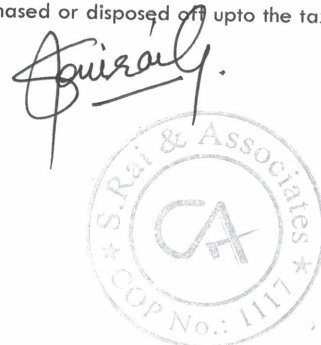
Current Tax assets and liabilities are offset if certain criteria are met.

Company has not recognized any current tax expenses with respect to income from sale of electricity.

**5.6.2 Deferred Tax Assets/Liabilities**

Deferred tax has been created based on assumptions that no assets shall be purchased or disposed off upto the tax holiday period (100% exemption period).

  
**RIVERPOWER**

  
S. Rai & Associates  
CA  
COP No.: 1117

**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Notes to Financial Statements**

For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

Deferred Tax Assets/Liabilities on the timing differences that will arise in the tax holiday period (100 % tax exemption) including the current financial year and will reverse in the tax holiday period itself based on management assumptions and calculations has not been created. Based on management's best estimate, the timing difference as on the reporting date will reverse within the tax holiday period and hence no deferred tax liability has been created as on the reporting date.

As per Section 20(8) of Income Tax Act 2058, any losses incurred during the tax holiday period (full tax exemption period) shall not be allowed to be carried forward. Therefore such difference shall be treated as permanent difference and no deferred tax assets/liabilities shall be created on such permanent differences as per NAS 12 "Income Taxes"

The company's operations are subject to tax holiday as per section 11(3gha) of Income Tax Act 2058. The company enjoys full tax exemption for the first 10 years of operation and 50% of the applicable tax rates in next five years.

**5.7 Contingent Liabilities, and Commitments**

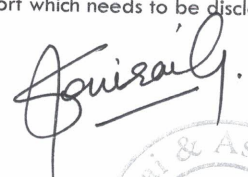

(i) Provisions are recognized when the Company has a present obligation (legal or constructive as a result of as past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of time value of money and the risks specific to the liability (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

**5.8 Events Occuring after Reporting Date**

No any such events were reported after the reporting date till the date of audit report which needs to be disclosed separately.

  
**HIM RIVERPOWER**  
Since 2011

**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Notes to Financial Statements**

For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

**6 First Time Adoption of Nepal Financial Reporting Standard (NFRS)**

The Company has adopted Nepal Reporting Financial Standards (NFRS) in the current year F.Y 2079-80 for the first time. Accordingly, comparative financial statement of F.Y 2078-79 and opening of F.Y 2078-79 (i.e. 01.04.2078) has been restated whenever required.

Disclosure of effect of transition from previous GAAP to NFRSs:

**6.1. Reconciliation of Equity**

PARTICULARS	Explanatory Notes	As at 32.03.2079 (Comparative Period)	As at 01.04.2078 (Date of Transition)
Total Equity under GAAP		734,926,500	598,881,500
<b>Adjustments:</b>			
Opening balance of retained earning	1	15,452,212	-
Restatement of PPE	2	-	928,520
Revaluation of Intangible Assets under Development	3	16,206,212	50,437,820
Reversal of preoperating expense of FY 2077-78	4	-	(35,914,128)
Net Expenses under NFRS	5	(8,706,265)	-
<b>Total Equity under NFRS</b>		<b>757,878,659</b>	<b>614,333,712</b>

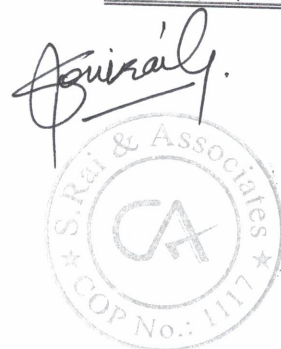
**Explanatory Notes**

- 1 Opening balance of retained earning from FY 2078-79 has been restated under IFRIC 12 and NFRS guidelines.
- 2 Restatement of PPE has been done as per NFRS and difference of same with GAAP has been stated.
- 3 Revaluation of Intangible assets under development has been done as per IFRIC 12.  
The company had charged all capital and revenue nature expenses to preoperating expense during the FY 2077-78, which is now
- 4 transferred to retained earning at 2078 shrawan 1 to the extent of administrative expenses which is not be capitalized under intangibles under development head .
- 5 All revenue nature expenses incurred during the year FY 2078-79 has been categorized into few heads which has been charged to SOPL under NFRS guidelines.

**6.2. Reconciliation of Profit or Loss**

PARTICULARS	Explanatory Notes	As at 31.03.2078 (Comparative Period)
Profit or Loss after Tax (as per Previous GAAP)		-
<b>Adjustments:</b>		
Revenue and expense recognition		7,499,948
<b>Profit or Loss under NFRSs</b>		<b>7,499,948</b>
Other Comprehensive Income		-
<b>Total Comprehensive income under NFRS</b>		<b>7,499,948</b>

  
**HIM RIVER POWER**



**Him River Power Limited**  
(Formally known as Him River Private Limited)

Sinamangal, Kathmandu

**Notes to Financial Statements**

For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

**6.3 Reconciliation of Statement of Financial Position**

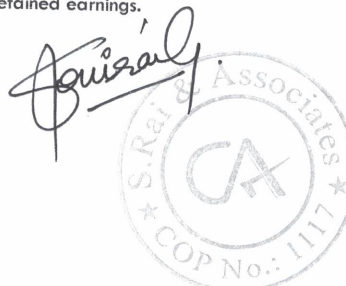
**6.3.a Reconciliation of Statement of Financial Position as on Ashad 32, 2079**

PARTICULARS	Explanatory Notes	AS per GAAP	Remeasurement	NFRS
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant & Equipment	1	4,116,895	420,501.13	4,537,397
Intangible Assets		-	-	-
Intangible Assets Under Development	2	-	660,619,363	660,619,363
Capital WIP		593,975,331	(593,975,331)	-
<b>Financial Assets</b>		-	-	-
<b>CURRENT ASSETS</b>				
Inventories		72,877,245	-	72,877,245
<b>Financial Assets</b>		-	-	-
Trade receivables		-	-	-
Loans and Advances		-	-	-
Cash and Cash Equivalents		-	-	-
Other Financial Assets		1,256,023	-	1,256,023
<b>Other Current Assets</b>		206,940,239	14,724,231	192,216,007
<b>Current Tax Assets</b>		-	-	-
<b>Pre-Operating Expense</b>	3	44,112,374	(44,112,374)	-
<b>TOTAL ASSETS</b>		<b>923,278,106</b>	<b>37,676,391</b>	<b>931,506,034</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital		734,926,500	-	734,926,500
Retained Earning	4	-	22,952,159	22,952,159
Reserves		-	-	-
<b>NON CURRENT LIABILITIES</b>				
Financial Liabilities		-	-	-
Provisions		4,230,005	-	4,230,005
<b>CURRENT LIABILITIES</b>				
Short Term Borrowings		-	-	-
Financial Liabilities		155,310,000	-	155,310,000
Other Current Liabilities		28,811,601	14,724,232	14,087,369
Current Tax Liabilities		-	-	-
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>923,278,106</b>	<b>37,676,391</b>	<b>931,506,034</b>

**Explanatory Notes**

- 1 Restatement of PPE has been done as per NFRS and difference of same with GAAP has been stated.
- 2 Revaluation of Intangible assets under development has been done as per IFRIC 12.
- 3 Pre-operating expense has been transferred to profit & loss A/C.
- 4 Retained Earning has been created since expenses are routed through P&L A/c which were put to pre operating expenses earlier.  
Further adjustments as a conversion from GAAP to NFRS has been made through retained earnings.

  
**RIVERPOWER**  
2011



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Notes to Financial Statements**

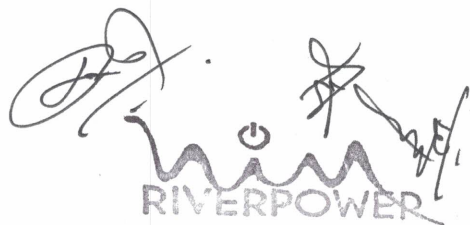
For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

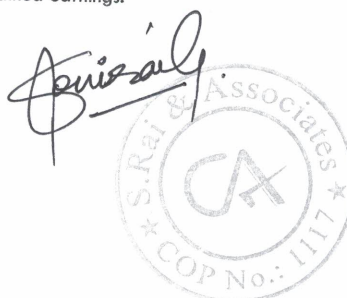
**6.3.b Reconciliation of Statement of Financial Position as on Shrawan 1, 2078**

PARTICULARS		AS per GAAP	Remeasurement	NFRS
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant & Equipment	1	4,520,715	928,519	5,449,235
Rou Asset		-	-	-
Intangible Assets		-	-	-
Intangible Assets Under Development	2	-	499,972,756	499,972,756
Capital WIP		377,722,931	(377,722,931)	-
Financial Assets		-	-	-
<b>CURRENT ASSETS</b>				
Inventories		-	-	-
Financial Assets		-	-	-
Cash and Cash Equivalents		36,598,784	-	36,598,784
Other Current Assets		48,433	(0)	48,434
Current Tax Assets		105,125,939	-	105,125,939
Pre-Operating Expense	3	107,726,132	(107,726,132)	-
<b>TOTAL ASSETS</b>		<b>631,742,936</b>	<b>15,452,212</b>	<b>647,195,147</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital		598,881,500	-	598,881,500
Retained Earning	4	-	15,452,212	15,452,212
Reserves		-	-	-
<b>NON CURRENT LIABILITIES</b>				
Financial Liabilities		1,071,061	-	1,071,061
Provisions		-	-	-
<b>CURRENT LIABILITIES</b>				
Short Term Borrowings		-	-	-
Financial Liabilities		19,845,400	-	19,845,400
Other Current Liabilities		11,944,974	-	11,944,974
Current Tax Liabilities		-	-	-
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>631,742,936</b>	<b>15,452,212</b>	<b>647,195,147</b>

**Explanatory Notes**

- 1 Restatement of PPE has been done as per NFRS and difference of same with GAAP has been stated.
- 2 Revaluation of Intangible assets under development has been done as per IFRIC 12.
- 3 Pre-operating expense has been transferred to profit & loss A/C.
- 4 Retained Earning has been created since expenses are routed through P&L A/c which were put to pre operating expenses earlier. Further adjustments as a conversion from GAAP to NFRS has been made through retained earnings.

  
**RIVERPOWER**



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Notes to Financial Statements**

For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

**6.4 Reconciliation of Statement of Profit or Loss for the period ended Asahd 32, 2079**

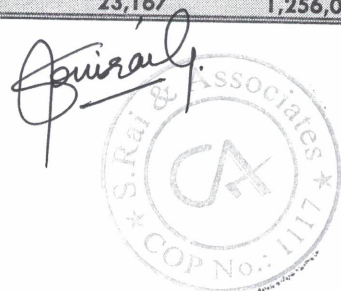
PARTICULARS	Explanatory Notes	AS per GAAP	Remeasurement	NFRS
Revenue From Sale of Electricity		-	-	-
Add: Other Income		-	-	-
<b>Gross Profit</b>		-	-	-
Construction revenue as per IFRIC 12		-	(160,646,607)	160,646,607
Less: Construction expenses as per IFRIC 12		-	(144,440,394)	144,440,394
<b>Income as per IFRIC 12</b>		-	(16,206,212)	16,206,212
Add: Other Income			(24,750)	24,750
<b>Total Revenue</b>			(16,230,962)	16,230,962
Personnel Expenses		-	4,315,753	(4,315,753)
Administrative Expenses		-	2,590,592	(2,590,592)
Depreciation and Amortization		-	1,824,670	(1,824,670)
<b>Profit before Finance Cost</b>		-	(7,499,948)	7,499,948
Financial Costs		-	-	-
<b>Profit/(loss) before Tax &amp; Bonus</b>		-	(7,499,948)	7,499,948
Provision for Staff Bonus		-	-	-
<b>Profit/loss before tax</b>		-	(7,499,948)	7,499,948
Income Tax Expense		-	-	-
<b>Net profit/(loss) for the year</b>		-	(7,499,948)	7,499,948

**Explanatory Notes**

Statement of P&L has been prepared which was shown as Nil in Financials as per GAAP. All the expenses were charged to pre operating expenses which was shown at assets side of balance sheet. As per NFRS such presentation of pre operating expenses is not proper and should be charged to Statement of Profit & Loss. Further, Revenue has been recognised as per application of IFRIC-12.

**6.5 Effect of NFRS Adoption in Cash Flow Statement for the period ended on Ashad 32, 2079**

PARTICULARS	Explanatory Notes	Previous GAAP	Effect of Transition to NFRS	Amount as per NFRS
Cash Flows From Operating Activities		82,291,965	(55,569,937)	26,722,027
Cash Flows From Investing Activities		(217,152,543)	55,593,104	(161,559,439)
Cash Flows From Financing Activities		136,045,000	-	136,045,000
<b>Net Cash Flow</b>		1,184,422	23,167.22	1,207,589
Opening Cash and Cash Equivalents		48,433		48,434
<b>Closing Cash and Cash Equivalents</b>		1,232,855	23,167	1,256,023



**Him River Power Limited**  
(Formally known as Him River Private Limited)

Sinamangal, Kathmandu

**Notes to Financial Statements**  
For the year ended on Ashadh 31, 2080

**Intangible Assets under Development**

Amount in NPR  
Note 4.3

Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
Civil Construction Works	387,416,892	45,371,958	-
Transmission Line and Switchyard	304,430,463	259,982,055	256,116,751
Land Purchase and Development	28,688,106	16,020,000	16,020,000
Infrastructure Development Cost	182,085,784	112,620,982	69,334,565
Social Mitigation Cost	11,249,670	5,316,765	2,982,615
Processing Fee Construction/ IDC	124,083,665	51,519,000	33,269,000
Project Management and Engineering Cost	191,869,550	95,519,105	71,812,005
Hydromechanical Works	74,427,180	7,625,466	-
Electro Mechanical Works	54,172,278	-	-
Add: Intangible Assets recognised as per IFRIC 12	152,415,127	66,644,032	50,437,820
<b>Total</b>	<b>1,510,838,714</b>	<b>660,619,363</b>	<b>499,972,756</b>

**Financial Assets**

Note 4.4

Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
<b>Non Current:</b>			
Sundry Receivables	-	-	-
<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current:</b>			
Pre operating Advances	4,692,940	10,681,345	5,339,484
Other Advances	21,702,498	58,293,100	28,332,500
<b>Other Financial Assets</b>			
LC Deposit /Margin	22,227,708	-	-
Bank Guarantee Margin	3,932,800	3,902,800	2,926,800
<b>Sub-Total</b>	<b>52,555,946</b>	<b>72,877,245</b>	<b>36,598,784</b>
<b>Total</b>	<b>52,555,946</b>	<b>72,877,245</b>	<b>36,598,784</b>

**Other Current Assets**

Note 4.5

Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
Advances- Party	27,080,422	-	-
Sundry Receivables	1,037,828	314,031	305,831
Prepaid Insurance	20,454	20,454	-
Civil Construction-Advance	328,286,031	95,140,444	-
Transmission Line & Switchyard-Advance	5,521,894	100,000	100,000
Infrastructure Development-Advance	63,633,706	79,691,816	84,392,778
Social Mitigation-Advance	2,436,526	3,361,520	2,285,500
Management and Engineering-Advance	194,609,997	13,587,744	18,041,830
<b>Total</b>	<b>622,626,857</b>	<b>192,216,007</b>	<b>105,125,939</b>

Since 2011

**Him River Power Limited**  
(Formally known as Him River Private Limited)  
Sinamangal, Kathmandu

**Notes to Financial Statements**  
For the year ended on Ashadh 31, 2080

**Inventory in Hand**

Amount in NPR  
Note 4.6

Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
Inventory (As Certified by Management)	-	-	-
<b>Total</b>	-	-	-

**Cash and Cash Equivalents**

Note 4.7

Cash and Short term deposits includes cash and bank balance and other short term deposits of financial assets having maturity of 3 months or less.

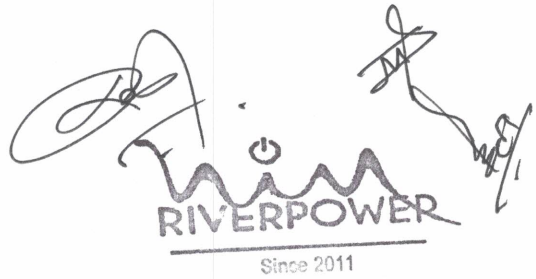
Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
<b>Cash Balance</b>			
Cash -In - Hand	2,088,732	1,096,359	2,275
<b>Balance at Bank</b>			
Citizen Bank International Ltd.	22,780	22,780	22,780
Machhapuchhre Bank	9,626	7,500	10,822
NMB Bank	14,072	14,072	12,556
Siddhartha Bank	2,239,650	115,311	-
Siddhartha Bank-Operating Account	6,337,764	-	-
<b>Total</b>	<b>10,712,623</b>	<b>1,256,023</b>	<b>48,434</b>

**Current Tax Assets/Liabilities**

Note 4.8

Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
Advance Tax	-	-	-
Income Tax Liabilities	-	-	-
<b>Total</b>	-	-	-

The company is in still tax holiday period. Hence, no provision for income tax liability has been made.



**Him River Power Limited**  
(Formally known as Him River Private Limited)  
Sinamangal, Kathmandu

**Notes to Financial Statements**  
For the year ended on Ashadh 31, 2080

Particulars	Amount in NPR		
	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
<b>Share Capital</b>			Note 4.9
<b>Authorised Capital</b>			
1,00,00,000 Shares of Rs.100 each	1,000,000,000	1,000,000,000	1,000,000,000
<b>Issued Capital</b>			
700,000 Equity Shares of Rs. 100/- each	70,000,000	70,000,000	70,000,000
<b>Paid Up Capital</b>			
7,00,000 Equity Shares of Rs. 100/- each	700,000,000	700,000,000	552,654,000
Calls in Advance			
	185,230,000	34,926,500	46,227,500
<b>Total</b>	<b>885,230,000</b>	<b>734,926,500</b>	<b>598,881,500</b>

**Reconciliation of No. of Shares**

Note 4.9.1

Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
Ordinary Share as at Shrawan 1st	700,000,000	700,000,000	552,654,000
Add: Bonus Share Issue	-	-	-
Add: Right Share Issue	-	-	-
Add: Calls in advance	185,230,000	34,926,500	46,227,500
<b>Ordinary Share as at Ashad End</b>	<b>885230000</b>	<b>734926500</b>	<b>598881500</b>

**Retained Earnings**

Note 4.10

Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
Balance at the beginning of the year	22,952,159	15,452,212	-
Add: Profit during the year	81,230,994	7,499,948	-
Add: Adjustment as per NFRS	-	-	-
<b>Balance as at Ashad End</b>	<b>104,183,153</b>	<b>22,952,159</b>	<b>15,452,212</b>

**Reserves**

Note 4.11

Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
General Reserves	-	-	-
CSR Reserves	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

New Industrial Enterprises Act 2076 (the "Act") has been introduced with effect from Mangshir 28, 2076 repealing the Industrial Enterprises Act 2073 (the "Previous Act"). Section 54 of Industrial Enterprises Act 2076 makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement"). The fund created for CSR is to be utilized on the basis of annual plans and programs but in the sectors, that are prescribed under the Act. Since the entity has not yet operate it's commercial operation thus no profit has been realized due to which no CSR allocations has been provisioned till date.



Since 2011

*S. Rai*



**Him River Power Limited**  
(Formerly known as Him River Private Limited)

Sinamangal, Kathmandu

**Notes to Financial Statements**  
For the year ended on Ashadh 31, 2080

Amount in NPR

**Long and Mid Term Borrowings**

Note 4.12

This Includes the amount borrowed by the company from Bank as a loan and is treated as financial liabilities at amortized cost as per NAS 39. The Book Costs have been taken as deemed amortized cost for NFRS purpose. AIR on loan, if any, is shown as borrowings.

**Financial Liabilities**

Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
<b>Non Current:</b>			
<b>Long and Mid Term Borrowings</b>			
Term Loan- SBL	1,006,042,764	-	-
Hire Purchase Loan- MBL	707,094	1,106,918	1,071,061
<b>Sub-Total</b>	<b>1,006,749,858</b>	<b>1,106,918</b>	<b>1,071,061</b>
Less: Transferred to Current Liabilities, Long term liabilities which will be paid within Next 12 months			
<b>Sub Total</b>	<b>454,473</b>	<b>336,837</b>	<b>-</b>
<b>Staff Deposit</b>	<b>1,006,295,385</b>	<b>770,081</b>	<b>1,071,061</b>
Lease Liability	-	-	-
<b>Payable to Contractors (Retention money)</b>	<b>3,605,697</b>	<b>-</b>	<b>-</b>
Retention 5% on Build 360	700,098	-	-
Retention 5%-Others	20,950,534	3,459,924	-
<b>Subtotal</b>	<b>25,256,329</b>	<b>3,459,924</b>	<b>-</b>
<b>Total</b>	<b>1,031,551,713</b>	<b>4,230,005</b>	<b>1,071,061</b>
<b>Current:</b>			
<b>Short Term Borrowings</b>			
Siddhartha Bank_ Bridge Gap Loan	149,000,000	140,000,000	-
Short Term Borrowing from Individual	15,680,000	15,310,000	19,845,400
<b>Sub Total</b>	<b>164,680,000</b>	<b>155,310,000</b>	<b>19,845,400</b>
<b>Financial Liabilities</b>			
Lease Liability	784,301	-	-
Payable to Contractors (Retention money)	-	-	-
<b>Subtotal</b>	<b>784,301</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>165,464,301</b>	<b>155,310,000</b>	<b>19,845,400</b>

**Provision**

Note 4.14

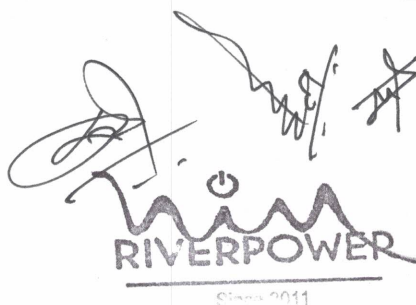
Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
Provision for Expenses	-	-	-
Staff Bonus Payable*	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

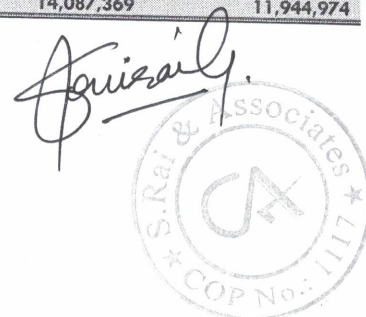
\*No Provision for staff bonus (2% of net profit before tax and bonus) as per Section 15 of Electricity Act 2049 and Rule no. 86 of Electricity Regulations 2050 has been allocated.

**Other Liabilities**

Note 4.13

Particulars	As on Ashad 31, 2080	Restated as on Ashad 32, 2079	Restated as on Shrawan 1, 2078
TDS on Salary Payable	2,588,104	3,138,426	2,380,782
TDS - Others	8,017,261	1,935,738	366,665
Salary Payable	10,816,039	6,930,071	2,790,816
Party Payable	5,204,871	1,175,519	5,534,581
Other Payable	291,903	570,777	489,002
Current maturity of Hire Purchase loan	454,473	336,837	383,128
<b>Total</b>	<b>27,372,651</b>	<b>14,087,369</b>	<b>11,944,974</b>


  
**HIM RIVER POWER**  
 SINAMANGAL, KATHMANDU


  
**S. Raj & Associates**  
 Chartered Accountants  
 COP No: 1117

**Him River Power Limited**  
(Formally known as Him River Private Limited)

Sinamangal, Kathmandu

**Notes to Financial Statements**

For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

Amount in NPR  
Note 4.15

Particulars	F.Y 2079-80	Restated F.Y 2078-79
Sales of Energy	-	-
Penalty For Short Supply of Energy	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Note 4.16

Particulars	F.Y 2079-80	Restated F.Y 2078-79
Income as per IFRIC-12	850,219,351	160,646,607
Less: Construction expenses as per IFRIC 12	764,448,257	144,440,394
<b>Total</b>	<b>85,771,094</b>	<b>16,206,212</b>

Note 4.17

Particulars	F.Y 2079-80	Restated F.Y 2078-79
Other indirect income	1,223	-
Discount Income	-	24,750
Interest Income A/c	20,395	-
Rent Income	-	-
<b>Total</b>	<b>21,618</b>	<b>24,750</b>

Note 4.18

Particulars	F.Y 2079-80	Restated F.Y 2078-79
Salary & Wages	-	4,315,753
<b>Total</b>	<b>-</b>	<b>4,315,753</b>

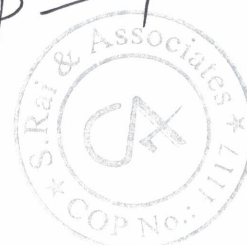
Note 4.19

Particulars	F.Y 2079-80	Restated F.Y 2078-79
Advertisement Expenses	8,136	43,030
Fees and Charges	-	271,900
Audit Fee	113,000	113,000
Guest Entertainment	45,182	12,625
Legal Charges	37,600	30,000
Meeting Allowance	354,000	436,000
Newspapers and Magazines	-	8,300
Printing and Stationery	54,380	63,006
Office Expenses	431,759	190,036
Office Rent	-	1,132,085
Other Expenses	-	62,421
Parking Expenses	120	1,215
Repair and Maintenance-Office Equipments	6,800	112,414
Software installation Expenses	-	36,160
TADA	-	78,400
<b>Total</b>	<b>1,050,977</b>	<b>2,590,592</b>



*[Handwritten signature]*

*[Handwritten signature]*



**Him River Power Limited**  
**(Formally known as Him River Private Limited)**

Sinamangal, Kathmandu

**Notes to Financial Statements**

For the Period commencing on Shrawan 1, 2079 and ending on Ashad 31, 2080

Amount in NPR

**Depreciation and Amortization Charges** Note 4.20

Particulars	F.Y 2079-80	Restated F.Y 2078-79
Depreciation expenses	2,320,777	1,824,670
Depreciation on Rou Assets	838,007	-
<b>Total</b>	<b>3,158,783</b>	<b>1,824,670</b>

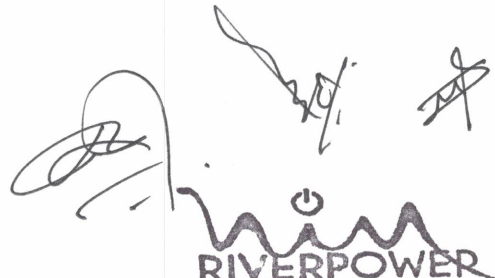
**Financial Costs** Note 4.21

Particulars	F.Y 2079-80	Restated F.Y 2078-79
Interest on Retention	-	-
Interest on lease liability	351,958	-
<b>Total</b>	<b>351,958</b>	<b>-</b>

**Income Tax Expense** Note 4.22

Particulars	F.Y 2079-80	Restated F.Y 2078-79
Income Tax	-	-
Deferred Tax Income/(Expense)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Company is still in construction phase, hence commercial production of electricity has not been started which doesn't make the company liable to deposit taxes for generating revenue.

  
**RIVERPOWER**  
 Since 2011



**Him River Power Limited**  
**(Formerly known as Him River Private Limited)**  
**Schedules forming part of the Financial Statement**  
**F.Y. 2079-80**

Particulars	Rate	Opening as on Shrawan 1, 2079	Addition			Closing as on Ashad 31, 2080	Depreciation for 2079-80	Depreciation Base	Net Block As on Ashad 31, 2080	Schedule 6 As on Ashad 2079
			Shrawan to Poush	Magh to Chaitra	Baisakh to Ashad					
<b>Property, Plant &amp; Equipment</b>										
Furniture & Fixtures	0.25	349,561	105,905	4,000,000	-	4,105,905	-	3,122,132.67	3,674,933	349,561
Computer & Office Equipment	0.25	800,301	1,288,303	152,718	164,100	1,605,121	-	2,245,116.00	1,844,143	800,301
Vehicle	0.20	2,958,033	4,950,000	-	-	4,950,000	-	7,908,033.00	6,326,426	2,958,033
Leasehold Assets (3 years)	-	9,001	-	-	-	9,001	-	9,001.00	-	9,001
<b>Total</b>		<b>4,116,896</b>	<b>6,344,208</b>	<b>4,152,718</b>	<b>164,100</b>	<b>10,661,026</b>	<b>-</b>	<b>13,284,283</b>	<b>11,845,503</b>	<b>4,116,896</b>
<b>Capital WIP</b>										
Civil Construction Cost		45,371,958	-	-	-	342,044,934	-	387,416,892	387,416,892	45,371,958
Transmission Line and Switchyard		259,982,055	-	-	-	44,448,408	-	304,430,463	304,430,463	259,982,055
Land Purchase and Development		16,020,000	-	-	-	12,668,106	-	28,688,106	28,688,106	16,020,000
Infrastructure Development Cost		112,620,982	-	-	-	69,464,802	-	182,085,784	182,085,785	112,620,982
Social Mitigation Cost		5,316,765	-	-	-	5,932,905	-	11,249,670	11,249,670	5,316,765
Processing Fee Construction/ IDC		51,519,000	-	-	-	72,546,960	-	124,065,961	124,065,961	51,519,000
Project Management and Engineering Cost		95,519,106	-	-	-	96,124,446	-	191,643,552	191,643,552	95,519,106
Electro Mechanical Works		7,625,466	-	-	-	54,172,278	-	54,172,279	54,172,279	7,625,466
Hydromechanical Works		593,975,332	-	-	-	66,801,714	-	74,427,180	74,427,180	593,975,332
<b>Total</b>		<b>593,975,332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>764,204,552</b>	<b>-</b>	<b>1,358,179,884</b>	<b>1,358,179,888</b>	<b>593,975,332</b>

*[Handwritten Signature]*

*[Handwritten Signature]*

