

Barahi Hydropower Public Ltd.

Kathmandu, Nepal

Audited Financial Statements

F.Y.2078-79

(1 Shrawan, 2078 to 32 Ashad 2079)

Financial Statements

Statement of Financial Position

Statement of Profit or Loss and Other Comprehensive Income

Statement of Cash Flows

Statement of Changes in Equity

Barahi Hydropower Public Ltd.
Significant Accounting Policies and Notes to Accounts

2.5.4 Intangible Assets

Computer Software

Purchased computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the software. These costs are amortized over the estimated useful lives.

Other Intangible Assets - Service Concession Agreements

IFRIC 12- Service Concession Agreement applies to public private service concession agreements 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 prices; 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 is within the scope of this IFRIC, if the conditions above are met.

These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant laws.

Financial Asset Model

The financial asset model applies if the operator has a contractual right to receive cash from or at the direction of the grantor and the grantor has little, if any, discretion to avoid payment. This will be the case if the grantor contractually guarantees to pay the operator:

- specified or determinable amounts; or
- the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts.

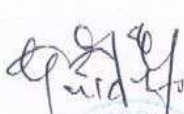
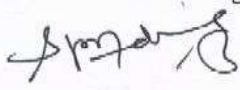


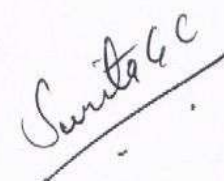



The operator measures the financial assets at fair value.

Intangible Asset Model

The intangible asset model applies if the operator receives a right (a licence) to charge users, or the grantor, based on usage of the public service. There is no unconditional right to receive cash as the amounts are contingent on the extent that the public uses the service.

The intangible asset generates a second stream of revenue when the operator receives cash from users or from the grantor based on usage. This is in contrast with the financial asset model in which monies received are treated as partial repayment of the financial asset. In the intangible asset model, the intangible asset is reduced by amortisation rather than repayment.

The company manages service concession arrangement of power supply from its hydro powerplant. The company maintains and services the infrastructures during the concession period. This concession arrangement sets 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 model is applied.

Barahi Hydropower Public Ltd.
Significant Accounting Policies and Notes to Accounts

Amortization

The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the company, starting from the date when the right to operate starts to be used. Based on this principle, the intangible asset is amortized in line with the actual usage of the specific public facility, with the maximum of the duration of the concession. The amortization on such intangible assets of the company have been charged based on the life of the project based on the Power Purchase Agreement.

Land under project assets (intangible assets under Service Concession Arrangement) has been amortized from the current fiscal year up to the remaining period.

2.5.5 Financial Assets and Financial Liabilities

Recognition

The company initially recognizes financial assets on trade date which is the date on which the company becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is measured initially at fair value plus, or an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue.

Classification and Measurement

Financial Assets

The classification and measurement of financial assets depend on how these are managed (the company's business model) and their contractual cashflows characteristics. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL').

Financial Liabilities

All financial liabilities are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, these financial liabilities are measured at amortized costs using effective interest rate method.

De-recognition

Financial Assets

The company derecognizes a financial assets when the contractual rights to the cash flow from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the company neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

Financial Liabilities

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.



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Barahi Hydropower Public Ltd.
Significant Accounting Policies and Notes to Accounts

Offsetting

The financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.5.6 Trade and other receivables

Trade and other receivables are stated at their transaction cost since they approximate their fair value.

2.5.7 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, call deposits and other short term highly liquid investments. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included within borrowings in current liabilities on the statement of financial position.

2.5.8 Equity

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's equity shares are classified as equity instruments.

The company has single class of equity shares having face value of Rs. 100 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid-up equity share capital.

2.5.9 Reserves

The company has not created any specific reserves besides retained earnings which represents the net profit earned net of any distributions to shareholders. The following describe the nature and purpose of each reserve within Equity.

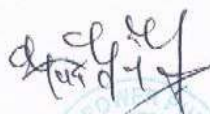
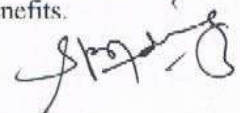

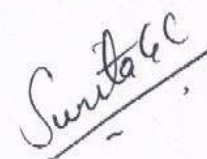



Reserve	Description and Purpose
Retained Earnings	Net profit for each year is added to this reserve. Company uses this to provide dividend to its shareholders.
Shares to be issued	Shares for which consideration has been received but which are not issued yet.

2.5.10 Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing cost are charged to statement of profit or loss as there are no qualifying assets in the current fiscal year.

2.5.11 Employee Benefits

Employee benefits of the company comprise of short term benefits such as salary and allowances. These benefits are provided as per the policy of the Company. The company does not have any policy for long term employee benefits or termination benefits.

Barahi Hydropower Public Ltd.
Significant Accounting Policies and Notes to Accounts

2.5.12 Taxation (including deferred taxes)

Although the company has started commercial operation, the company is entitled Tax holiday for certain years from commencement of commercial operation as provisiond in Income Tax Act 2058, hence there is no tax liability to the company in the current fiscal year.

Deferred tax assets have not been recognized as management estimates that it is not probable that future taxable profit will be available against which unused tax losses can be utilized due to tax holiday. Further since the company is currently enjoying tax holiday and will enjoy 50% rebate on income tax rate for certain years thereafter, the calculations of deferred taxes will be impracticable or highly complex. NAS 12 Income Taxes does not require or permit the discounting of deferred tax assets and liabilities. So, the management is of the view that such deferred taxes calculations may not be practical due to the current tax holiday.

2.5.13 Trade and other payables

Trade and other payables are stated at their transaction cost.

2.5.14 Provisions

The company applies NAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities. Provisions are recognized for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated costs when an obligation exists.

2.5.15 Revenue

Revenue is recognized only when it is probable that the future economic benefits will flow to the company and that revenue and associated costs incurred or to be incurred can be reliably measured.

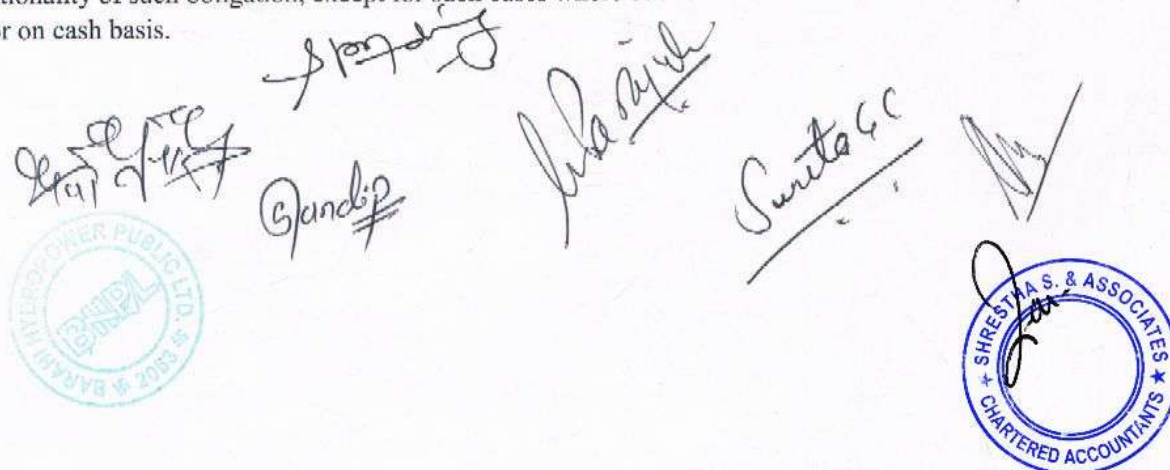
Revenue from sale of electricity is recognized at the time of issuing invoice to Nepal Electricity Authority (NEA) as per the Power Purchase Agreement (PPA) held in between Nepal Electricity Authority and the Company.

2.5.16 Other Income

Income other than sale of electricity is accounted on accrual basis to the extent practical. When the income cannot be accounted for accrual basis, such are accounted for on cash basis.

2.5.17 Expenses

Expenses are accounted on accrual basis where there are reasonable basis to estimate the obligation and rationality of such obligation, except for such cases where due to the nature of the transaction, has to be accounted for on cash basis.

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Barahi Hydropower Public Ltd.
Significant Accounting Policies and Notes to Accounts

Operating lease payments

A lease is classified at the inception date as a finance lease or an operating lease. The company has determined whether the arrangement contain lease on the basis of facts and circumstances on the date of transition.

The company has not entered into finance lease during the current fiscal year.

The company has entered into operating lease arrangement for its registered office. The lease rental based on the lease agreement is booked as operating lease expenses, which the company believes is more representative than the straight line method, in line with para 33 of NAS 17 Leases.

Royalty

The company has booked royalty expense of Rs. 776,470 payable to Government of Nepal as per the provisions of Electricity Act and Regulation which is as follows:

Royalty Based On	Rate	Fiscal year 2078/79
Installed Capacity	Rs 100 per KW	150,000
Revenue from Sale of Electricity	2%	626,470
Total Royalty		776,470

Staff Bonus

Staff Bonus has not been computed owing to the loss noted in the current year.

2.5.18 Current and non-current classification

Current Assets are expected to be realized within the normal operating cycle of the company or within twelve months after the reporting period or are intended for sale or consumption within the normal operating cycle of the company or are held primarily for the purpose of trading or are cash and cash equivalents. All other assets are classified as Non-current Assets.

Current Liabilities are expected to be settled in the company's normal operating cycle or are primarily held for trading or are due to be settled within a period of twelve months after the reporting period. All other liabilities are classified as non-current liabilities.



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Barahi Hydropower Public Ltd.
Significant Accounting Policies and Notes to Accounts

2.6 Earning Per Share

Basic earnings per share is calculated by dividing the total profit or loss attributable to equity shareholders. Diluted earnings per share is calculated by dividing the profit or loss attributable to equity shareholders by weighted average number of equity shares for the effects of all dilutive potential equity shares. If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively.

Particular	FY 2078/79	FY 2077/78
Basic Earning Per Share		
Profit for the year	(43,404,543)	3,251,493
Number of shares	1,800,000	1,300,000
Basic Earning Per Share (Rs.)	(24.11)	2.50
Diluted Earning Per Share		
Profit for the year	(43,404,543)	3,251,493
Number of shares	1,800,000	1,300,000
Diluted Earning Per Share (Rs.)	(24.11)	2.50

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Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

3.1 Property, Plant & Equipment

Particular	Furniture and Fixtures	Office Equipment	Computer and Accessories	Other Assets	Total
Cost					
Balance at 01.04.2077	496,461	187,543	327,471	58,203	1,069,678
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31.03.2078	496,461	187,543	327,471	58,203	1,069,678
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 32.03.2079	496,461	187,543	327,471	58,203	1,069,678
Depreciation and impairment losses					
Balance at 01.04.2077	386,289	160,138	240,446	22,657	809,530
Charge for the year	27,543	6,851	21,756	5,332	61,483
Disposals	-	-	-	-	-
Balance at 31.03.2078	413,832	166,989	262,202	27,989	871,012
Charge for the year	20,657	5,138	16,317	4,532	46,645
Disposals	-	-	-	-	-
Balance at 32.03.2079	434,489	172,128	278,519	32,521	917,657
Carrying amount					
At 32.03.2077	110,172	27,405	87,025	35,546	260,148
At 31.03.2078	82,629	20,554	65,269	30,214	198,666
At 32.03.2079	61,972	15,415	48,952	25,682	152,021

Refer Note 3.8 for the details in respect of vehicles hypothecated/mortgaged as security for borrowings.



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S. S. & Associates

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Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

3.2 Intangible Assets

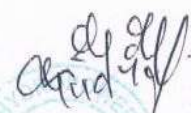
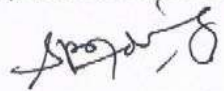



Particular	Service Concession Arrangement	Tally Software	Total
Cost			
Balance at 01.04.2077	366,818,581	35,030	366,853,611
Additions	-	-	-
Adjustments	18,518,220	-	18,518,220
Disposals	-	-	-
Balance at 31.03.2078	385,336,801	35,030	385,371,831
Additions	-	-	-
Adjustments	-	-	-
Disposals	-	-	-
Balance at 32.03.2079	385,336,801	35,030	385,371,831
Amortization and impairment losses			
Balance at 01.04.2077	26,982,926	35,030	27,017,956
Charge for the year	12,498,845	-	12,498,845
Charge for the year on the revalued amount	685,860	-	685,860
Disposals	-	-	-
Balance at 31.03.2078	40,167,630	35,030	40,202,660
Charge for the year	12,498,845	-	12,498,845
Charge for the year on the revalued amount	685,860	-	685,860
Disposals	-	-	-
Balance at 32.03.2079	53,352,335	35,030	53,387,365
Carrying amount			
At 32.03.2077	339,835,655	-	339,835,655
At 31.03.2078	345,169,171	-	345,169,171
At 32.03.2079	331,984,466	-	331,984,466



Refer Note 3.8 for the details in respect of intangible assets hypothecated/mortgaged as security for borrowings.

Under NFRS, PPE related to hydro power plant has been considered as service concession arrangements in line with IFRIC 12 and shown as intangible assets in the statement of financial position in line with intangible assets model of IFRIC 12. Such intangible assets are amortized on SLM basis for the period as per the PPA. Breakdown of the respective PPE is given below:

Particular	32 Ashad, 2079	31 Ashad, 2078
Transmission Line Costs	8,061,901	8,374,851
Civil Construction Costs	182,942,760	190,045,334
Hydro Mechanical Costs	56,655,015	59,111,431
Electro Mechanical Costs	51,340,140	53,333,520
Land & Development Costs	32,984,649	34,304,035
Total	331,984,466	345,169,171

Amortization has been carried out on land under the project assets in line with IFRIC 12 based on the remaining period as per the PPA. Also, the land under the project assets was revalued with corresponding effect on the revaluation reserve in the previous fiscal year. Amortization on such revalued portion have been charged directly to the revaluation reserve,

Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

3.3 Investments

Particular	32 Ashad, 2079	31 Ashad, 2078
Investment in Simkosh Hydropower Pvt. Ltd.	4,800,250	1,374,665
Total	4,800,250	1,374,665


3.4 Inventory

Particular	32 Ashad, 2079	31 Ashad, 2078
Inventory	8,687,615	8,687,615
Total	8,687,615	8,687,615

3.5 Trade and Other Receivables

Particular	32 Ashad, 2079	31 Ashad, 2078
Trade Receivables	22,748,540	15,800,445
Other Receivables	14,997,752	17,487,752
Less: allowance for impairment	-	-
Net Trade Receivables	37,746,292	33,288,197
Receivables from Related Parties	-	-
Total Other Receivables	-	-
Total	37,746,292	33,288,197

The fair values of trade and other receivables are not materially different to their carrying values. Trade receivable is non-interest bearing and refer to the receivable balance from Nepal Electricity Authority (NEA). Receivable from Nepal Electricity Authority includes penalty amount deducted by NEA for Short supply of energy. The management has considered such deductions from NEA to be against PPA and license conditions By-laws 2076 issued by Electricity Regulatory Commission. Clause 6 of the By laws mentions that if any clause of the PPA contradicts this By law, this By law shall prevail. As per Anusuchi 5 (related to By law clause 8 (2)) states that for projects below 10 MW, the purchaser of electricity cannot charge penalty to the seller of the electricity based on availability declaration. The By laws also mention that this clause will be applicable to the projects under operations as well. Hence, the penalty charge has been disclosed under receivable from NEA. Other receivable includes insurance claim amount where Rs. 2,490,000 has been received in the current fiscal year and the management is in constant follow up with the insurance company for the claim amount. The management has created a provision for the receivable insurance claim as disclosed in para 3.11.

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Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

3.8 Share Capital

Particular	32 Ashad, 2079	31 Ashad, 2078
Authorized Share Capital (3,000,000 Shares @ 100/- each)	300,000,000	300,000,000
Issued Share Capital (2,500,000 Shares @ 100/- each)	250,000,000	200,000,000
Paid up Capital (1,800,000 Shares @ 100/- each)	180,000,000	130,000,000
Total	180,000,000	130,000,000

The company has single class of equity shares having face value of Rs. 100 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital. The paid up capital has been updated with the Office of Company Registrar.

Reconciliation of no. of shares outstanding

Particular	32 Ashad, 2079	31 Ashad, 2078
Balance at the beginning of the year	1,300,000	1,300,000
Add: Issue of paid up shares	500,000	-
Add: Bonus shares	-	-
Balance at the end of the year	1,800,000	1,300,000

3.9 Reserves

Particular	32 Ashad, 2079	31 Ashad, 2078
Retained Earnings	(102,322,562)	(58,918,020)
Shares to be issued	-	38,206,000
Revaluation Reserve	17,146,500	17,832,360
Capital Reserve	14,645	14,645
Total	(85,161,417)	(2,865,015)

Shares for which consideration were received but were not issued as on the reporting date were parked under the reserve "Shares to be issued" in line with Nepal Financial Reporting Standards (NFRSS) based Model Financial Statements issued by Accounting Standards Board of Nepal.

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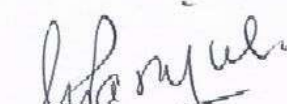
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Barahi Hydropower Public Ltd.
Statement of Financial Position
As at 32 Ashad 2079 (16 July 2022)

Particular	Note	Figures in NPR	
		32 Ashad, 2079	31 Ashad, 2078
Assets			
Non Current Assets			
Property, Plant and Equipment	3.1	152,021	198,666
Intangible Assets	3.2	331,984,466	345,169,171
Investment	3.3	4,800,250	1,374,665
Deferred Tax Assets		-	-
Total Non-Current Assets		336,936,737	346,742,501
Current Assets			
Inventories	3.4	8,687,615	8,687,615
Trade and other receivables	3.5	37,746,292	33,288,197
Advance, Prepaid and Deposits	3.6	12,503,370	5,250,499
Cash and cash equivalents	3.7	1,842,132	4,145,020
Total Current Assets		60,779,409	51,371,330
Total Assets		397,716,146	398,113,832
Equity			
Share Capital	3.8	180,000,000	130,000,000
Reserves	3.9	(85,161,417)	(2,865,015)
Total Equity		94,838,583	127,134,985
Liabilities			
Non Current Liabilities			
Loans and Borrowings	3.10	232,304,577	207,637,595
Deferred Tax Liabilities		-	-
Total Non-Current Liabilities		232,304,577	207,637,595
Current Liabilities			
Loans and borrowings	3.10	12,073,243	13,094,175
Trade and other payables	3.11	43,745,891	34,373,866
Income Tax Liability	3.12	-	-
Employee Benefits Payable	3.13	2,450,590	3,263,971
Provisions	3.14	12,303,261	12,609,240
Total Current Liabilities		70,572,986	63,341,252
Total Liabilities		302,877,563	270,978,847
Total Equity and Liabilities		397,716,146	398,113,832

The accompanying notes are integral parts of these financial statements.


Laxmi Narayan Parajuli
Chairperson

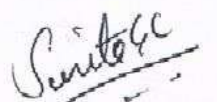


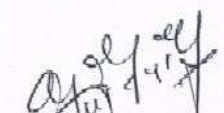

Surya Prasad Adhikari
Director


Anmol Krakash Singh
Director

As per our report of date 
Sarmendra Shrestha, FCA
Shrestha S & Associates
Chartered Accountants

Rajesh Kumar Rauniyar
Director


Sunita G. C.
Independent Director


Deepak Tiwari
Director


Sandip Kumar Sharma Paudel
Operations Manager

Date:
Place: Kathmandu

Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

3.6 Advance, Prepaid and Deposits

Particular	32 Ashad, 2079	31 Ashad, 2078
Advance to Employees	319,698	329,898
Advance to Others	10,993,464	3,977,220
Prepaid Expenses	1,135,207	721,131
Deposits	55,000	222,250
Total	12,503,370	5,250,499

The fair values of advances are not materially different to their carrying values. Advances are non-interest bearing and refer to the advances for office expenses, site expenses and advances to suppliers and contractors. Confirmations from suppliers and contractors are in process of being obtained.

3.7 Cash and Cash Equivalent

Particular	32 Ashad, 2079	31 Ashad, 2078
Cash in Hand	46	653
Balances with Bank	1,842,086	4,144,367
Total	1,842,132	4,145,020



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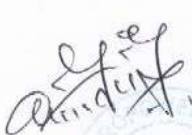
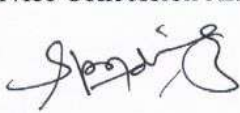







Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

3.10 Loans and Borrowings

Particular	32 Ashad, 2079	31 Ashad, 2078
Non Current		
Term loans	232,304,577	182,637,595
Bridge Gap loans	-	25,000,000
Total	232,304,577	207,637,595
Current		
Current portion of term loans	4,100,000	3,200,000
Short Term & other Loans	7,973,243	9,894,175
Total	12,073,243	13,094,175

The company has entered into arrangement for term loans with commercial banks which is secured by charge by way of hypothecation of land, building, plant and machinery of the project. All these assets are classified as Intangible Assets under Service Concession Arrangement. Short and other loans include unsecured loans.

Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

3.11 Trade and Other Payables

Particular	32 Ashad, 2079	31 Ashad, 2078
Sundry Creditors	-	-
Other Payables	37,482,246	22,198,298
Advance received from shareholders	6,041,306	12,042,384
TDS Payables	222,339	133,184
Total	43,745,891	34,373,866

Trade and other payable are non-interest bearing in nature. These include balances payable to suppliers and contractors and related parties. Confirmations from such parties are in process of being obtained.

3.12 Current Tax Assets/Income Tax Liability

Particular	32 Ashad, 2079	31 Ashad, 2078
Advance Income Tax	-	-
Income Tax Liability	-	-
Total	-	-

Currently the company enjoys tax holiday under section 11 of Income Tax Act 2058 and accordingly there is no income tax liability to the company nor has it deposited any advance income tax.

3.13 Employee Benefits Payable

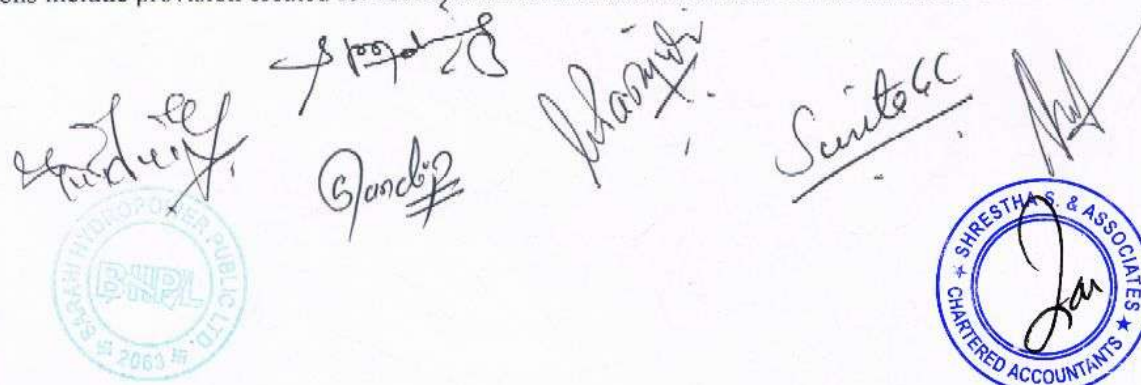
Particular	32 Ashad, 2079	31 Ashad, 2078
Salary Payable	905,218	1,661,016
Provident Fund Payable	1,125,231	1,248,951
Other employee benefits payables	420,141	354,004
Total	2,450,590	3,263,971

There is no policy of providing long term benefits or termination benefits to its employees, and accordingly actuary valuations have not been carried out.

3.14 Provisions

Particular	32 Ashad, 2079	31 Ashad, 2078
Provision for Receivable of Premier Insurance Co.	12,034,252	12,034,252
Provision for Revenue Royalty	269,009	574,988
Total	12,303,261	12,609,240

Provisions include provision created for receivable from Premier Insurance Co. for insurance claim.



Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

3.15 Revenue from operations

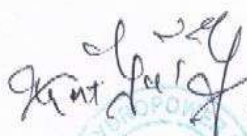


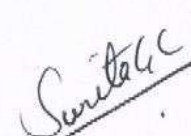

Particular	FY 2078-79	FY 2077-78
Electricity Sale to NEA	31,597,068	21,249,400
Income from Forced Outage	1,713,249	2,207,663
Total	33,310,317	23,457,063



3.16 Other Income

Particular	FY 2078-79	FY 2077-78
Interest on cash and cash equivalent	16,379	15,549
Others	5,442,300	11,899,836
Total	5,458,679	11,915,385

3.17 Operating Expenses

Particular	FY 2078-79	FY 2077-78
Internal Consumption at Project Site	12,204	16,200
Rebate	81,384	30,706
Insurance	743,328	634,838
Repair and Maintenance	1,135,690	453,175
Royalty	776,470	685,320
Salaries and other Employee Costs	3,254,657	3,634,346
Total	6,003,732	5,454,585

Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

3.18 Administrative Expenses

Particular	FY 2078-79	FY 2077-78
Administrative Salary and Allowances	1,877,500	1,854,875
Advertisement	42,059	6,130
Annual General Meeting Expenses	51,864	-
Audit Fee	56,500	50,000
Bank Charge	12,345	3,230
Consultant Expenses	50,000	113,000
Communication (Telephone and Internet)	17,380	22,127
Donations	-	9,000
Electricity and water	2,695	13,263
IPO Expenses	232,700	-
Lubricant Expenses	73,088	60,534
Meeting Allowances	82,500	90,000
Meeting Expenses	-	27,301
Miscellaneous Expenses	-	6,175
Office Expenses	79,935	79,727
Office Lunch Expenses	34,039	32,522
Office Rent Expenses	306,000	224,890
Parking Expenses	150	210
Fines and penalties	5,400	-
Printing & Stationery	21,019	34,431
Refreshment Expenses	8,342	9,690
Registration Expenses	-	24,800
Repair and maintenance Expenses	3,800	31,447
TADA Expenses	68,300	27,670
Testing Expenses	-	96,050
Transportation Expenses	50,960	32,120
Travelling Expenses	22,814	-
Wages	-	200
Valuation Expenses	-	50,000
Total	3,099,390	2,899,392










Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

3.19 Finance Costs

Particular	FY 2078-79	FY 2077-78
Interest on loans	60,510,631	11,139,777
Penal Interests	14,297	66,875
Total	60,524,928	11,206,651

3.20 Segment Reporting

The management evaluates the company's performance and allocates resources based on the analysis of various performance indicators, however the company is primarily engaged in only one segment, i.e., "Generation and sale of electricity" and that all its operations are in Nepal. Hence the company does not have any reportable segments as per NFRS 8 "Operating Segments".

3.21 Contingencies

There is no contingent liability as at the reporting date.

3.22 Related Parties




The company has a payable balance of Rs. 6,336,007 to Mr. Surya Prasad Adhikari, who is a director of the company.

Key Management Compensation

The company's key management personnel are the director, Mr. Surya Prasad Adhikari who has drawn remuneration from the company.

3.23 Events after the reporting period

There are no events after the reporting period requiring adjustment in the financial statements except as already disclosed in preceeding paragraphs.

Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

4. Additional Information

4.1 Financial Instruments Classification and Fair Value Measurement

Financial instruments of the company are classified as either measured at amortized cost or at fair value.

The Company has used fair value model for measurement of its financial assets and financial liabilities. Fair value hierarchy levels presented represent the available inputs considered to arriving at the fair value of category of financial assets/liabilities.

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. The fair values are determined according to the following hierarchy:

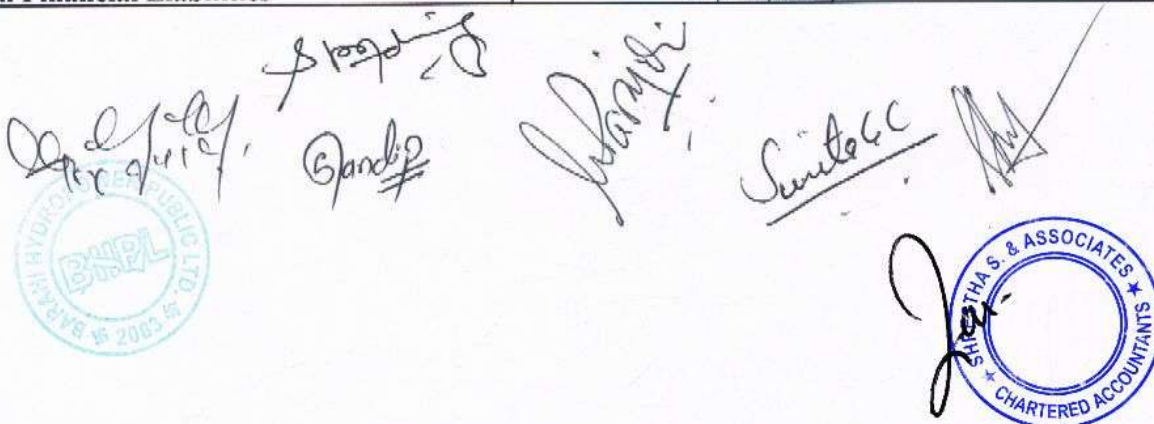
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.


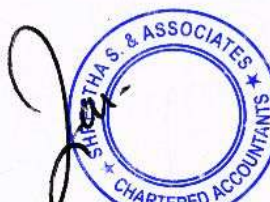
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. The Company has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities.

The fair value of financial instruments of the company are as follows:

As at 32 Ashad 2079	Carrying Amount	Fair Value Hierarchy
Financial Assets		
Trade and other receivables	37,746,292	Level 3
Advance, Prepaid and Deposits	12,503,370	Level 3
Cash and cash equivalents	1,842,132	Level 3
Total Financial Assets	52,091,794	
Financial Liabilities		
Loans and borrowings	12,073,243	Level 3
Trade and other payables	43,745,891	Level 3
Total Financial Liabilities	55,819,134	



Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

As at 31 Ashad 2078	Carrying Amount	Fair Value Hierarchy
Financial Assets		
Trade and other receivables	33,288,197	Level 3
Advance, Prepaid and Deposits	5,250,499	Level 3
Cash and cash equivalents	4,145,020	Level 3
Total Financial Assets	42,683,715	
Financial Liabilities		
Loans and borrowings	13,094,175	Level 3
Trade and other payables	34,373,866	Level 3
Income Tax Liability	12,609,240	
Total Financial Liabilities	60,077,281	

4.2 Risk Management

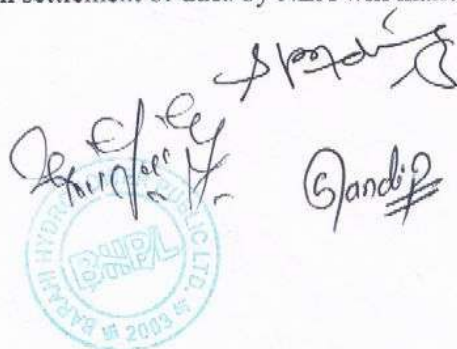
The company's business activities expose to a variety of risks, namely primarily to liquidity risk and fluctuations in interest rates, which may adversely impact the operation of company. The company's Board and senior management have overall responsibility for the establishment and oversight of the company's risk management. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Liquidity Risk

Liquidity risk is the risk that the company will face in meeting its obligations associated with 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. A material and sustained shortfall in cash flow could create potential business continuity risk.

Company is fully dependent on Nepal Electricity Authority for its revenue based on the PPA. Any delay in settlement of dues by NEA will make it difficult for company to operate smoothly.

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Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

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. The company's exposure to the risk of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long term debt obligations. Since the interest rate is influenced by market forces, the company has little role for minimizing the risk. The company manages the interest rate risks by negotiating with reputed commercial banks.

4.3 Capital Management

Capital includes issued capital and all other 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 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 is 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's 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.

4.4 Regrouping

Figures have been regrouped and rearranged where necessary.












Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

Particular	32 Ashad, 2079	31 Ashad, 2078
NEA Receivables	22,748,539.91	15,800,445
Less: Provision for receivable of NEA	-	-
Total	22,748,540	15,800,445
Advance to Employees		
Basudev Poudel- Advance	14,252	14,252
Prakash Bohara	105,446	105,446
Santosh Chokal	200,000	200,000
Santaram Phuyal	-	10,200
Total	319,698	329,898
Advance to Others		
Greenleaf Associates Pvt.Ltd.	-	785,100
Kumari Bank Ltd. (Penal Interest)	3,342,022	-
Landmark Construction	5,907,317	-
Lohare Khola Hydropower Project	1,650,000	1,650,000
Khageshower Acharya	128,200	128,200
Kumar Bagdas	-	1,413,920
U.R.P. & Associates	20,000	-
Lilanath Paudel	(54,075)	-
Total	10,993,464	3,977,220
Deposits		
Telephone	5,000	5,000
ICRA Nepal	-	167,250
Khusi Aluminium	50,000	50,000
Total	55,000	222,250

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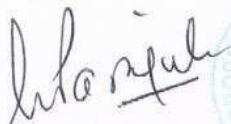
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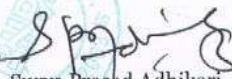


Barahi Hydropower Public Ltd.
Statement of Profit or Loss and Other Comprehensive Income
(On the basis of Nature of Expense)
For the year ended 32 Ashad 2079 (16 July 2022)

		Figures in NPR	
Particular	Note	FY 2078-79	FY 2077-78
Revenue from Operations	3.15	33,310,317	23,457,063
Other Income	3.16	5,458,679	11,913,383
Operating Expenses	3.17	6,003,732	5,454,585
Administrative Expenses	3.18	3,099,390	2,899,392
Depreciation Expenses	3.1	46,645	61,483
Amortization Expenses	3.2	12,498,845	12,498,845
Profit From Operations		17,120,385	14,458,144
Finance Costs	3.19	60,524,928	11,208,851
Profit Before Tax		(43,404,543)	3,251,493
Income Tax Expense		-	-
Net Profit for the year		(43,404,543)	3,251,493
Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Profit/Loss on Revaluation		-	18,518,220
Amortization portion on revalued land		(685,860)	(685,860)
Cash flow hedges		-	-
Tax relating to components of other comprehensive income		-	-
Other Comprehensive Gain/(loss) for the year, net of tax		-	-
Total Comprehensive Gain/(loss) for the year, net of tax		(44,090,403)	21,083,853

The accompanying notes are integral parts of these financial statements.


Laxmi Narayan Parajuli
Chairperson


Surya Prasad Adhikari
Director


Anmol Prakash Singh
Director

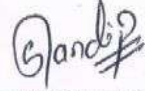
As per our report of even date


Dendra Shrestha, FCA
Shrestha & Associates
Chartered Accountants

Rajesh Kumar Rauniyar
Director


Sunita G. C.
Independent Director



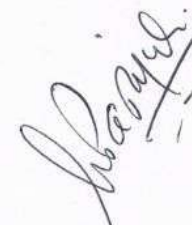
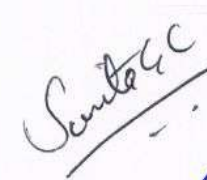


Deepak Tiwari
Director



Sandip Kumar Sharma Paudel
Operations Manager

Date:
Place: Kathmandu

Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

Prepaid Insurance	1,135,207	721,131
Bank Accounts		
Retention By Bank	1,360,779	2,516,167
Deva Bikash Bank Ltd./Kumari Bank Ltd.	19,682	1,145,076
Machhapuchchhre Bank Ltd.-LC	25,867	25,867
Gandaki Bikash Bank Ltd.	13,757	13,757
Himalayan Bank Ltd.	5,150	5,150
Global IME Bank	5,295	5,295
Deva-LC Margin	365,927	365,927
Mukthinath Bikash Bank	16,191	37,689
Himalayan Bank -ECAS	5,411	5,411
Mukthinath Bank- ECAS	5,000	5,000
Nepal SBI Bank- ECAS	18,027	18,027
Reliance Finance CA	1,000	1,000
Total	1,842,086	4,144,367



Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

Particular	78 79	77 78
Other Payables		
Asia Pacific Power-EM	11,491,210	11,491,210
Eastern Electrical Enterprises	-	133,803
G4 Security Services Nepal	116,051	116,051
Interest Payable in Calls in Advance	-	2,255,200
Interest Payable Global IME Bank	18,458,013	-
Interest Payable Kumari Bank	3,470,315	1,487,759
Interest Payable NMB Bank	1,737,961	-
Interest Payable Reliance Finance	1,890,748	6,276,179
Interest Payable Aama Milan Cooperative	-	9,877
Meeting Fee Payable	174,180	234,600
Other Payable	-	269,008
Retention Landmark	-	(612,987)
Runhdyro Engineers Pvt. Ltd.	72,378	-
Sandip Kumar Sharma Paudel	9,365	1,190
Satya Engineering Pvt. Ltd.	-	447,159
School of Shelter and Environment	-	20,852
Share CIA Payable	6,277	7,343
Shrestha S. Associates	55,750	54,336
Xerox Digital Press Pvt.Ltd,	-	6,718
Total	37,482,246	22,198,298

Advance received from shareholders

Ram Chandra Adhikari	(294,701)	(299,801)
Surya Prasad Adhikari	6,336,007	12,342,185
Total	6,041,306	12,042,384

TDS Payables		
Income Tax	109,190	42,251
Social Security Tax Payable	45,432	44,733
TDS on Audit Fee	750	664
TDS on Meeting Fee	12,375	13,500
TDS on Office Rent	30,600	12,890
TDS Others	23,992	19,146
Total	222,339	133,184

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Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

Particular	78 79	77 78
Salary Payable		
Aayush Bhandari	-	25,128
Aelish Thapa	100,222	100,222
Anil Thapa	26,052	86,793
Ashok Thapa	68,343	88,059
Balaram Poudel	-	19,553
Bhimsen Bhanjara	-	112,338
Binod Poudel	104,662	126,796
Deepak Thapa	63,201	82,662
Dibas Thapa	71,776	91,231
Gopal Padhya	75,325	95,197
Lilanath Paudel	19,825	33,697
Memam Singh	-	118,251
Netra Prasad Pandey	72,469	91,929
Pratap Adhikari	19,800	-
Purusottam Thapa	12,042	72,526
Rajan KC	-	52,190
Rajendra Poudel	81,725	104,658
Sandip Kumar Sharma Paudel	40,235	59,400
Santaram Phuyal	-	29,700
Sharada Subedi	-	32,670
Shiris Adhikari	14,700	14,700
Shova Timalina	9,889	-
Solin Thapa	-	15,112
Suresh Thapa	59,734	79,184
Surya P. Adhikari	65,217	129,018
Total	905,218	1,661,016
	-	
Provident Fund Payable		
Aayush Bhandari	-	34,920
Aelish Thapa	-	46,100
Anil Thapa	74,140	105,100
Ashok Thapa	94,471	69,638
Binod Poudel	145,100	116,300
Deepak Thapa	93,458	69,458
Dibash Thapa	93,374	69,374
Gopal Padhya	99,400	75,400
Lilanath Paudel	31,200	6,000
Memam Singh	43,800	78,000
Netra Prasad Pandey	103,200	79,200
Purusottam Thapa	63,770	93,100
Rajan KC	-	72,423
Rajendra Poudel	180,100	146,000
Ramesh Ayer	-	6,213
Saugat Subedi	-	51,800
Sharada Subedee	12,000	-
Suresh Thapa	91,218	67,218
Surya Pouel	-	62,707
Total	1,125,231	1,248,951

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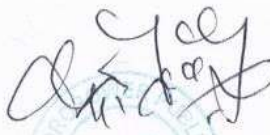
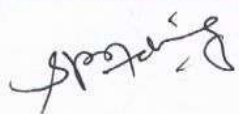


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Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

Particular	78 79	77 78
Other Retirement Funds Payable		
Aclish Thapa	-	15,244
Anil Thapa	30,267	24,000
Ashok Thapa	37,430	28,267
Binod Poudel	48,205	36,205
Deepak Thapa	38,263	28,267
Dibash Thapa	38,153	28,157
Gopal Padhya	29,986	19,990
Lilanath Paudel	12,999	2,499
Memam Singh	-	35,400
Netra Prasad Pandey	39,983	29,987
Purusottam Thapa	36,776	31,497
Rajendra Poudel	65,649	47,057
Sharada Subedee	5,000	-
Suresh Thapa	37,430	27,434
Total	420,141	354,004



Barahi Hydropower Public Ltd.
Notes to Financial Statements
For the year ended 32 Ashad 2079 (16 July 2022)

Particular	78 79	77 78
Secured Loans	7,500,000	7,392,033
Working Capital Loan	7,500,000	7,392,033
Unsecured Loans	473,243	2,502,142
Aama Milan Cooperative	473,243	2,502,142
Bridge Gap Loan	-	25,000,000
Kumari Bank Ltd- BG Loan-002	-	13,000,000
NMB Bank-BG Loan-0081	-	4,500,000
Reliance Finance BG	-	7,500,000
Term Loan	236,404,577	185,837,595
Global IME TL-0001	29,932,979	29,932,979
Global IME TL-0171	27,866,905	27,866,905
Global IME TL-0192	4,225,588	4,225,588
Kumari Bank Ltd- TL-001	55,705,352	55,713,579
Kumari Bank Ltd- TL-003	13,581,123	13,583,128
Kumari Bank Ltd- TL-004	50,577,214	-
NMB Bank-TL-0032	24,325,000	24,325,000
NMB Bank-TL-0092	2,682,881	2,682,881
Reliance Finance TL 2114	23,095,770	23,095,770
Reliance Finance TL 2614	4,411,765	4,411,765

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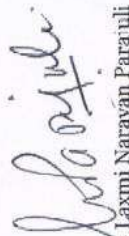
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Barahi Hydropower Public Ltd.
Statement of Changes in Equity
For the year ended 32 Ashad 2079 (16 July 2022)

Figures in NPR

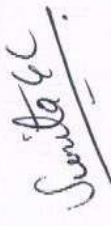
Particular	Share Capital	Retained Earning	Shares to be issued	Revaluation Reserve	Capital Reserve	Total
Balance at 1 Shrawan 2077	130,000,000	(62,169,513)	25,227,000	-	14,645	93,072,132
NFRS Adjustments	-	-	-	-	-	-
Restated Balance at 1 Shrawan 2077 (Restated)	130,000,000	(62,169,513)	25,227,000	-	14,645	93,072,132
Profit for the year	-	3,251,493	-	-	-	3,251,493
Other Comprehensive Income	-	-	-	-	-	-
Surplus on revaluation of properties	-	-	-	18,518,220	-	18,518,220
Amortization portion on revalued land	-	-	-	(685,860)	-	(685,860)
Issue of Share Capital	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-
Advance for share capital received	-	-	12,979,000	-	-	12,979,000
Balance at 31 Ashad 2078	130,000,000	(58,918,020)	38,206,000	17,832,360	14,645	127,134,985
Profit for the year	-	(43,404,543)	-	-	-	(43,404,543)
Other Comprehensive Income	-	-	-	-	-	-
Surplus on revaluation of properties	-	-	-	-	-	-
Amortization portion on revalued land	-	-	-	(685,860)	-	(685,860)
Issue of Share Capital	50,000,000	-	-	-	-	50,000,000
Dividends to shareholders	-	-	-	-	-	-
Advance for share capital received	-	-	(38,206,000)	-	-	(38,206,000)
Balance at 32 Ashad 2079	180,000,000	(102,322,563)	-	17,146,500	14,645	94,838,582


Laxmi Narayan Parajuli
Chairperson

Rajesh Kumar Rauniyar
Director

Date:
Place: Kathmandu


Surya Prasad Adhikari
Director

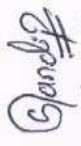

Sunita G. C.
Independent Director


Anmol Prakash Singh
Director


Deepak Tiwari
Director

As per our report of 16 July 2022

Shrestha S & Associates
Chartered Accountants

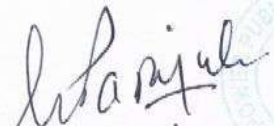

Sandip Kumar Sharma Paudel
Operations Manager

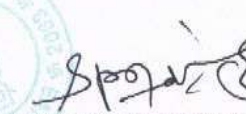
Barahi Hydropower Public Ltd.
Statement of Cash Flows
(Indirect Method)
For the year ended 32 Ashad 2079 (16 July 2022)

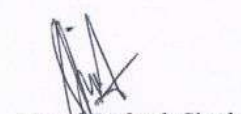
Figures in NPR

Particular	FY 2078-79	FY 2077-78
Cash Flows from Operating Activities		
Profit for the Year	(43,404,543)	3,251,493
Adjustment for:		
Depreciation and Amortization	12,545,490	12,560,327
Finance Expense	60,524,928	11,206,651
Cash flow before changes in working capital	29,665,875	27,018,471
Increase / Decrease in Inventories	-	1,850,430
Increase / Decrease in Trade and other receivables	(4,458,095)	(21,205,170)
Increase / Decrease in Advance, prepaid and deposits	(7,252,871)	(2,422,136)
Increase / Decrease in Trade and other payables	9,372,026	(16,147,647)
Increase / Decrease in employee benefit liabilities	(813,380)	(1,088,778)
Increase / Decrease in provisions	(305,979)	11,890,789
Cash generated from Operations	26,207,576	(104,041)
Income Tax Paid	-	-
Net Cash Flows from Operating Activities	26,207,576	(104,041)
Cash Flow from Investing Activities		
Additions/sale of investments	(3,425,585)	(51,025)
Net Cash flows from Investing Activities	(3,425,585)	(51,025)
Cash Flow from Financing Activities		
Proceeds from share capital	50,000,000	-
Proceeds from advance for share capital	(38,206,000)	12,979,000
Proceeds from other non- current borrowings /Repayment of Borrowings	23,646,050	(472,898)
Interest paid on loans	(60,524,928)	(11,206,651)
Net Cash Flows from Financing Activities	(25,084,878)	1,299,450
Net Increase in Cash and Cash Equivalents	(2,302,887)	1,144,384
Cash and Cash Equivalents at the beginning of the fiscal year	4,145,019	3,000,635
Cash and Cash Equivalents at the end of the fiscal year	1,842,132	4,145,019

As per our report of even date



Laxmi Narayan Parajuli
Chairperson

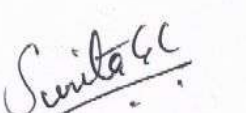

Surya Prasad Adhikari
Director


Anmol Prakash Singh
Director

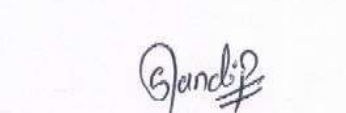


Anand Shrestha, FCA
Shrestha S & Associates
Chartered Accountants


Rajesh Kumar Rauniyar
Director


Sunita G. C.
Independent Director


Deepak Tiwari
Director


Sandip Kumar Sharma Paudel
Operations Manager

Date:
Place: Kathmandu

Barahi Hydropower Public Ltd.
Significant Accounting Policies and Notes to Accounts

1 Reporting Entity

Barahi Hydropower Public Ltd. (from hereon referred to as "BHPL" or "Company") was established and registered as a public company under Company Act 2063 on 31 October 2017. The registered office of the company is located at Kathmandu. The hydroelectricity project undertaken by the company is "Theule Khola Small Hydropower Project" in Baglung district of Nepal with the capacity of 1500 KW. The company entered into a power purchase agreement (PPA) with Nepal Electricity Authority (NEA) on 16.12.2066.

The financial statements apply to the financial year ended on 16 July 2022 (32.03.2079).

2 Significant Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared on accrual basis of accounting 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).

The financial statements comprise Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and Notes to the Accounts.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS Statement of Financial Position as at 1 Shrawan 2076 being the date of transition to NFRS.

2.2 Statement of Compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal. The Financial Statements were authorized for issue by the Board of Directors on

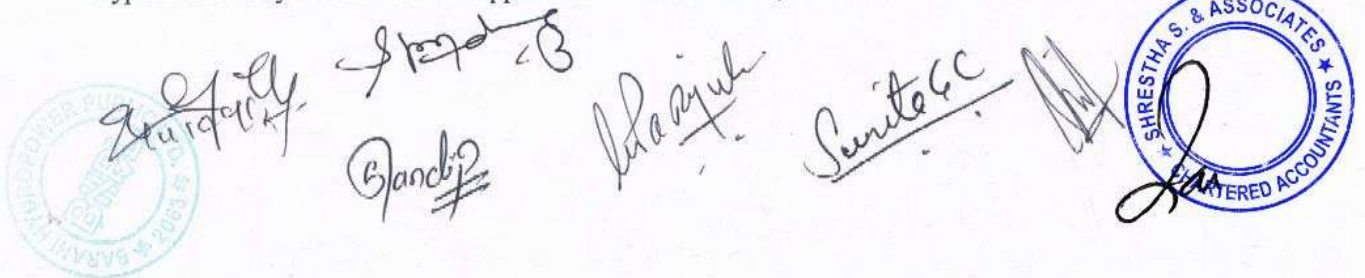
Reporting Periods

Relevant Financial Statements	Nepalese Calendar	English Calendar
Current SFP Date	32 Ashad 2079	16-Jul-22
Comparative SFP Date	31 Ashad 2078	15-Jul-21
Current reporting period	1 Shrawan 2078 - 32 Ashad 2079	16-Jul-2021 to 16-Jul-2022
Comparative reporting period	1 Shrawan 2077 - 31 Ashad 2078	16-Jul-2020 to 15-Jul-2021

New Standards in issue but not yet effective

The company has not opted for early adoption of the following new standards pronounced by ICAN, which may relate to it, but whose application was not mandatory for the fiscal year 2078/79. These standards include:

NFRS 9 "Financial Instruments", NFRS 14 "Regulatory Deferral Accounts", NFRS 15 "Revenue from Contracts with Customers", NFRS 16 "Leases", NFRS 17 "Insurance Contracts" & NAS 29 "Financial Reporting in Hyperinflationary Economies" are applicable from Shrawan 1, 2078.

The bottom of the page features several handwritten signatures and official stamps. On the left, there is a circular blue stamp of the Barahi Hydropower Public Ltd. with the text "BARAHY HYDROPOWER PUBLIC LTD." and "KATHMANDU". Next to it are several handwritten signatures in black ink. On the right, there is a circular blue stamp of "SHRESTHA & ASSOCIATES" with the text "SHRESTHA & ASSOCIATES" and "CHARTERED ACCOUNTANTS".

Barahi Hydropower Public Ltd.

Significant Accounting Policies and Notes to Accounts

The company is currently assessing the impact and plans to adopt the new standards on the required effective date.

NFRS 15 "Revenue from Contracts with Customers" is the new NFRS Standard governing the accounting principles for revenue. It replaces the standards NAS 11 "Construction Contracts" and NAS 18 "Revenue", as well as the different existing interpretations SIC 31 "Revenue - Barter Transactions involving Advertising Services", IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the construction of Real Estate" and IFRIC 18 "Transfers of Assets from Customers".

NFRS 9 "Financial Instruments" is the new NFRS standard introducing new provisions regarding impairment of financial assets and hedging. It replaces standards NAS 39 "Financial Instruments: Recognition and Measurement" and NFRS 9 (2013) "Financial Instruments".

NFRS 16 "Leases" changes the recognition of leases by lessees. It replaces NAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 "Operating Lease-Incentives" and SIC 27 "Evaluating the substance of transactions in the legal form of a lease".

2.3 Basis for measurement

Financial statements are prepared and/or presented based on the following considerations:

- Financial statements are prepared on going concern basis.
- Financial statements are presented in Nepalese rupees (NPR) which is the functional and presentation currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.
- Financial statements are prepared applying accrual basis of accounting (except as otherwise stated therein).
- Statement of Financial Position has been prepared with bifurcation of assets and liabilities into current and non-current nature, Statement of Profit and loss and Other Comprehensive Income has been prepared using classification 'by nature' method, as permitted by NAS 1.

2.4 Use of Estimates, Assumptions and Judgments

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are explained in the following notes.



Handwritten signatures and initials:
Shrestha, Gandhi, Barahi, Senthase, and a small sketch of a mountain peak.



Barahi Hydropower Public Ltd.
Significant Accounting Policies and Notes to Accounts

2.4.1 Useful life of property, plant and equipment

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

2.4.2 Impairment of property, plant and equipment

At end of each reporting period, the company reviews carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

2.4.3 Recognition of deferred tax

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

2.4.4 Contingencies

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

2.5 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements requires the use of certain accounting estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are to be disclosed.

2.5.1 Going Concern

The financial statements are prepared on 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.



Signature
Gandhi

Signature

Signature

Signature



Barahi Hydropower Public Ltd.
Significant Accounting Policies and Notes to Accounts

2.5.2 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Subsequent costs are included in the assets' carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to profit and loss during the reporting period in which they are incurred.

On transition to NFRS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at Ashad 31, 2076 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on Shrawan 1, 2076.

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2.5.3 Depreciation

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write-off their carrying value over the expected useful economic lives.

Depreciation has been computed on Written Down Method. Estimated useful life and Rates of depreciation used are as follows:

Category of asset	Estimated useful life	Depreciation Rate
Fixtures and Fittings	4 years	25%
Computer Equipment	4 years	25%
Vehicles	5 years	20%
Plant and Machinery & Other Assets	6.67 years	15%

Depreciation on additions of property, plant and equipment is charged on pro-rata basis in the year of purchase.

