Audit Report

Habitat Power Company Ltd.
Kathmandu, Nepal

Statutory Audit
As per NFRS
For the Year Ended Ashad 31, 2081 (July 15, 2024)

Submitted By:
G & G Associates

Mangsir, 2081

G. & G. Associates
Chartered Accountants

Head Office
Anamnagar, Kathmandu - 29, Nepal

Branch Office
Kalikanagar, Butwal-11, Rupandehi

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF HABITAT POWER COMPAMNY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Habitat Power Company Ltd., which comprise the Statement of Financial Position as at Ashadh 31, 2081, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Change in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the firm as at Ashadh 31, 2081 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (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 *ICAN's Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements; and these matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and the auditor does not provide a separate opinion on these matters. However, we have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with NFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the firm'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 firm or to cease operations, or have no realistic alternative but to do so.

Management is responsible for overseeing the firm's financial reporting process.



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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 misstatement, 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:

i. 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 evidence 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.

ii. 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.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence 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 evidence 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.

v. Evaluate the overall presentation, structure and content of 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.



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Report on Requirements of the Companies Act, 2063

We report, based on our audit, on the requirements of the Companies Act, 2063, that:

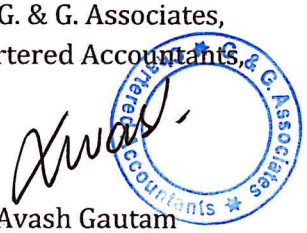
i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of such books of accounts;

iii) In our opinion, the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Change in Equity dealt with by this report are in agreement with the books of accounts;

iv) To the best of our information and according to the explanation given to us and from our examination of the books of account of the company necessary for the purpose of our audit, we have not come across cases where the board of directors or any representative or any employee of the company have acted contrary to the provisions of laws relating to accounts or committed any misappropriation or caused any loss or damage to the company.

For G. & G. Associates,
Chartered Accountants,



CA. Avash Gautam
Partner
Date : 2081/08/09
Place : Kathmandu

COP : 1000
UDIN : 241204CA01449J32n3

Habitat Power Company Ltd.
Statement of Financial Position
As at Asadh 31st, 2081 (15th July 2024)

Amount In NRs.

Particulars	Notes	As At Ashad 31st, 2081	Restated* As At Ashad 31st, 2080	Restated* As At Shrawan 1st, 2079
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	4A	960,112.71	816,111.82	29,311.03
Intangible Assets	4B	30,651.79	763,988.59	-
Intangible Assets Under Development (IAUD)	5	687,293,164.94	39,031,960.84	10,899,128.49
Financial Assets				
Investment in Associates and Subsidiary		-	-	-
Other Investment		-	-	-
Other non-current assets		-	-	-
Deferred Tax Assets		-	-	-
Total Non-Current Assets		**688,283,929.44**	**40,612,061.25**	**10,928,439.52**
Current Assets				
Inventories		-	-	-
Financial Assets				
Trade Receivables		-	-	-
Cash and Cash Equivalents	6	27,718,570.30	2,386,649.59	292,061.30
Bank Balance Other than Cash and Cash Equivalents	7	16,403,000.00	1,500,000.00	1,500,000.00
Investments in Equity Instruments		-	-	-
Other Financial Assets	8	3,363,492.22	6,276,381.00	516,000.00
Other Current Assets	9	211,079,040.28	60,011,186.59	19,983,659.00
Current Tax Assets		-	-	-
Total Current Assets		**258,564,102.80**	**70,174,217.18**	**22,291,720.30**
Total Assets		**946,848,032.24**	**110,786,278.43**	**33,220,159.82**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	10	300,215,100.00	84,337,100.00	24,997,100.00
Advance for Share Capital	11	26,800,000.00	17,465,000.00	4,575,000.00
Other Equity	12	43,900,117.52	31,540.26	(680,054.99)
Total Equity		**370,915,217.52**	**101,833,640.26**	**28,892,045.01**
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	13	534,000,000.00	-	-
Deferred Tax liabilities		-	-	-
Total Non-Current Liabilities		**534,000,000.00**	**-**	**-**
Current liabilities				
Financial Liabilities				
Borrowings	14	20,000,000.00	-	-
Other Financial Liabilities	15	21,417,938.76	8,508,759.70	4,254,112.28
Other Current Liabilities	16	514,875.65	443,878.00	74,002.53
Provision		-	-	-
Current Tax Liabilities		-	-	-
Total Current Liabilities		**41,932,814.41**	**8,952,637.70**	**4,328,114.81**
Total Liabilities		**575,932,814.41**	**8,952,637.70**	**4,328,114.81**
Total Equity and Liabilities		**946,848,032.24**	**110,786,278.43**	**33,220,159.82**

The accompanying notes are integral part of these financial statements.

As per our attached report of even date

Mandeep Khanal
General Manager

Madhu Sudhan Poudyal
Director

Batu Lamichhane
Chairman

CA. Avash Gautam
Partner
G. & G. Associates
Chartered Accountants

Santosh Belbase
Accounts Officer

Date: Mangsir 09, 2081
Place: Kathmandu, Nepal

Habitat Power Company Ltd.
Statement of profit or loss and Other Comprehensive Income for the year ended Ashad 31st, 2081

Amount In NRs.

Particulars	Notes	FY. 2080.81	Restated* FY. 2079.80
Revenue		-	-
Cost of Sales		-	-
Gross Profit/(Loss)		-	-
Construction Revenue as per IFRIC 12	17	648,261,204.10	28,132,832.35
Less: Construction Expenses as per IFRIC 12	17	600,241,855.65	26,048,918.84
Construction Income as per IFRIC 12		**48,019,348.45**	**2,083,913.51**
Other Income		-	-
Employee Benefits Expense	18	775,000.00	130,100.00
Depreciation and Amortization Expense	19	968,411.57	244,298.75
Administrative and Other General Expenses	20	2,362,806.33	974,538.80
Profit Before Interest and Tax		**43,913,130.55**	**734,975.96**
Finance Income		-	-
Finance Cost	21	44,553.29	23,380.71
Profit Before Bonus nd Tax		**43,868,577.26**	**711,595.25**
Provision For Staff Bonus		-	-
Profit(loss) Before Tax		**43,868,577.26**	**711,595.25**
Less: Tax Expense		-	-
Current Tax		-	-
Deferred Tax		-	-
Profit/(Loss) for the Period		**43,868,577.26**	**711,595.25**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss	-		
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
(i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
Other comprehensive gain/(loss) for the year, net of tax		-	-
Total comprehensive gain/(loss) for the year, net of tax		**43,868,577.26**	**711,595.25**
Earnings per Equity share of Rs. 100 Each			
Basic Earnings per Share	22	14.61	0.84
Diluted Earnings Per Share	22	14.61	0.84

The accompanying notes are integral part of these financial statements.

As per our attached report of even date

Mandeep Khanal
General Manager

Madhu Sudhan Poudyal
Director

Batu Lamichhane
Chairman

CA. Avash Gautam
Partner
G. & G. Associates
Chartered Accountants

Santosh Belbase
Accounts Officer

Date: Mangsir 09, 2081
Place: Kathmandu, Nepal

Habitat Power Company Ltd.
Statement of Cash Flow for the year ended Asadh 31st, 2081

Amount In NRs.

Particulars	FY. 2080.81	Restated* FY. 2079.80
Cash Flows From Operating Activities		
Profit For The Year	43,868,577.26	711,595.25
Adjustments For:		
Finance Costs	44,553.29	23,380.71
Gain/Loss On Investment Through FVTPL	-	-
Depreciation And Amortization Of Non-Current Assets	968,411.57	244,298.75
Cash Generated From Operations before working capital changes	**44,881,542.12**	**979,274.71**
(Increase)/Decrease In Other Financial Assets	2,912,888.78	(5,760,381.00)
(Increase)/Decrease In Other Assets	(165,970,853.69)	(40,027,527.59)
(Increase)/Decrease In Current Tax Assets	-	-
Increase/ (Decrease) In Other Financial Liabilities	12,909,179.06	4,254,647.42
Increase/(Decrease) In Other Liabilities	70,997.65	369,875.47
Increase/(Decrease) In Current Tax Liabilities	-	-
Cash Generated From Operations	**(105,196,246.08)**	**(40,184,110.99)**
Cash Flows From Investing Activities		
Addition on Intangible Assets	-	(945,486.00)
Addition on Intangible Assets Under developments (IAUD)	(648,261,204.10)	(28,132,832.35)
Adittion on Property, Plant And Equipment	(379,075.66)	(849,602.13)
Net Cash (Used In)/Generated By Investing Activities	**(648,640,279.76)**	**(29,927,920.48)**
Increase (Decrease) Of Borrowings	554,000,000.00	-
Increase or Decrease In Share Capital	215,878,000.00	59,340,000.00
Increase or Decrease In Advance for Share Capital	9,335,000.00	12,890,000.00
Finance Costs	(44,553.29)	(23,380.71)
Net Cash Used In Financing Activities	**779,168,446.71**	**72,206,619.29**
Net Increase In Cash And Cash Equivalents	**25,331,920.87**	**2,094,587.82**
Cash And Cash Equivalents At The Beginning Of The Year	2,386,649.59	292,061.30
Cash And Cash Equivalents At The End Of The Year	**27,718,570.30**	**2,386,649.59**

The accompanying notes are integral part of these financial statements.

As per our attached report of even date

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Santosh Belbase
Accounts Officer

Date: Mangsir 09, 2081
Place: Kathmandu, Nepal

Habitat Power Company Ltd.
Statement of Changes in Equity for the year ended 31st Asadh, 2081

Amount In NRs.

Particulars	Share Capital	Advance for Share Capital	Reserves and Surplus			Total
			Capital Reserve	General Reserve	Retained Earnings	
Balance As At Shrawan 1, 2079	24,997,100.00	4,575,000.00	-	-	(680,054.99)	28,892,045.01
Issue of Share Capital	-	-	-	-	-	-
Advance for Share Capital	59,340,000.00	12,890,000.00			-	72,230,000.00
Profit For The Year	-	-	-	-	711,595.25	711,595.25
Transfer To Retained Earnings	-	-	-	-	-	-
Balance As At Ashad 31st, 2080	**84,337,100.00**	**17,465,000.00**	-	-	**31,540.26**	**101,833,640.26**
Issue of Share Capital	215,878,000.00	-	-	-	-	215,878,000.00
Advance for Share Capital	-	9,335,000.00	-	-	-	9,335,000.00
Profit For The Year	-	-	-	-	43,868,577.26	43,868,577.26
Transfer To Retained Earnings	-	-	-	-	-	-
Balance As At Ashad 31st, 2081	**300,215,100.00**	**26,800,000.00**	-	-	**43,900,117.52**	**370,915,217.52**

The accompanying notes are integral part of these financial statements.

As per our attached report of even date

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General Manager

Madhu Sudhan Poudyal
Director

Babu Lamichhane
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Santosh Belbase
Accounts Officer

Date: Mangsir 09, 2081
Place: Kathmandu, Nepal

Habitat Power Company Ltd.
Notes to Financial Statements for the year ended on 31st Ashad 2081

4A. Property, Plant and Equipment **Amount In NRs.**

Particulars	Office Equipment	Furnitures and Fixtures	Vehicles	Computers and Printers	Plant and Machinery	Total
Gross Block						
Cost as at 1st Shrawan 2079	-	-	-	21,750.00	7,561.03	**29,311.03**
Addition During The Year						
Acquisition	146,448.00	448,654.13	-	254,500.00	-	**849,602.13**
Capitalization						
Disposal During the Year	-	-	-	-		-
Adjustment/Revaluation	-	-	-	-		-
Balance as at Ashad 31st 2080	**146,448.00**	**448,654.13**	-	**276,250.00**	**7,561.03**	**878,913.16**
Additions During the Year						
Acquisition	86,500.46	118,898.20	-	173,677.00	-	**379,075.66**
Capitalization	-	-	-		-	-
Disposal During the Year	-	-	-			-
Adjustment/Revaluation	-	-	-			-
Balance as at Ashad 31st 2081	**232,948.46**	**567,552.33**	-	**449,927.00**	**7,561.03**	**1,257,988.82**
Accumulated Depreciation and Impairment						
As on Shrawan 1, 2079	-	-	-	-		-
Depreciation charge for the year	601.84	40,958.66	-	20,106.68	1,134.15	**62,801.34**
Impairment for the year	-	-	-			-
Disposal	-	-	-			-
Adjustment		-	-			-
Balance as at Ashad 31st 2080	**601.84**	**40,958.66**	-	**20,106.68**	**1,134.15**	**62,801.34**
Depreciation charge for the year	42,755.15	109,880.60	-	81,474.99	964.03	**235,074.77**
Impairment for the year	-	-	-			-
Disposal	-	-	-			-
Adjustment	-	-	-			-
Balance as at Ashad 31st 2081	**43,356.99**	**150,839.27**	-	**101,581.67**	**2,098.19**	**297,876.11**
Net Book Value						
As on Shrawan 2079	-	-	-	**21,750.00**	**7,561.03**	**29,311.03**
As at Ashad 31st 2080	**145,846.16**	**407,695.47**	-	**256,143.32**	**6,426.88**	**816,111.82**
As at Ashad 31st 2081	**189,591.47**	**416,713.06**	-	**348,345.33**	**5,462.84**	**960,112.71**

a.) The company has availed the deemed cost exemption in relation to the Property Plant and Equipment on the date of the transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

b.) Refer table below for the gross block value and the accumulated depreciation on 1st Shrawan, 2079 under the previous GAAP.

Particulars	Office Equipment	Furnitures and Fixtures	Vehicles	Computers and Printers	Plant and Machinery	Total
Gross Block as on 1st Shrawan 2079	-	-	-	29,000.00	13,441.83	42,441.83
Accumulated Depreciation as 1st Shrawan 2079	-	-	-	(7,250.00)	(5,880.80)	(13,130.80)
Deemed Cost as at 1st Shrawan 2079	-	-	-	**21,750.00**	**7,561.03**	**29,311.03**

Habitat Power Company Ltd.
Notes to Financial Statements for the year ended on 31st Ashad 2081

4B. Intangible Assets **Amount In NRs.**

Particulars	Software	Right of Use Assets (ROU)	Total
Cost			
As on Shrawan 01, 2079	-	-	-
Addition during the year			
Acquisition	38,420.00	907,066.00	945,486.00
Capitalization	-	-	-
Disposal during the year	-	-	-
Adjustment/Revaluation	-	-	-
Balance as on 31st Ashad 2080	**38,420.00**	**907,066.00**	**945,486.00**
Addition during the Year			-
Acquisition	-		-
Capitalization	-		-
Disposal during the year			-
Adjustment/Revaluation			-
Balance as on 31st Ashad 2081	**38,420.00**	**907,066.00**	**945,486.00**
Amortization and Impairment			
As on Shrawan 01. 2079	-		-
Amortization charge for the year	84.21	181,413.20	181,497.41
Impairment for the year	-		-
Disposals	-		-
Adjustment	-		-
As on 31st Ashad 2080	**84.21**	**181,413.20**	**181,497.41**
Impairment for the year			-
Amortization charge for the year	7,684.00	725,652.80	733,336.80
Disposals			-
Adjustment			-
As on 31st Ashad 2081	**7,768.21**	**907,066.00**	**914,834.21**
Net Book Value			
As on Shrawan 2079	-		-
As on 31st Ashad 2080	**38,335.79**	**725,652.80**	**763,988.59**
As on 31st Ashad 2081	**30,651.79**	-	**30,651.79**

a.) The company has availed the deemed cost exemption in relation to the Intangible Assets on the date of the transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

b.) Refer table below for the gross block value and the accumulated depreciation on 1st Shrawan, 2079 under the previous GAAP.

Particulars	Software		Total
Gross Block as on 1st Shrawan 2079	-		-
Accumulated Amortization as 1st Shrawan 2079	-		-
Deemed Cost as ot 1st Shrawan 2079	-		-

The software appearing under Property Plant and Equipments as on transition date as per previous GAAPs has been transferred to Intangible.

5. Intangible Assets Under Development (IAUD)

Amount In NRs.

The Project 'Hewa Khola A Small Hydropower Project' is still in the process of construction and all the expenditure which are directly attributable to acquisition, construction or production of the assets are shown as Intangible assets Under Development (IAUD) details as given hereunder:

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Hewa Khola A Small Hydropower Project - 5 MW			
Opening Balance	36,140,704.48	10,091,785.64	10,091,785.64
Addition During The Year	600,241,855.65	26,048,918.84	-
Deletion	-	-	-
Sub Total	**636,382,560.13**	**36,140,704.48**	**10,091,785.64**
Add: IFRIC 12 Adjustment	50,910,604.81	2,891,256.36	807,342.85
Total	**687,293,164.94**	**39,031,960.84**	**10,899,128.49**

These expenditures which are now shown as Intangible Assets Under Development in Statement of Financial Position are subject to capitalization upon commencement of generation of electricity or the date on which the plant is ready for put to use, whichever is earlier. Some expenses which are of administrative nature are also included in IAUD as these are directly attributable to the project.

6. Cash and Cash Equivalents

Amount In NRs.

Details of cash and cash equivalents is as follows:

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Balances with Banks	**27,715,971.88**	**2,164,307.97**	**121,462.30**
Machhapuchchhre Bank Ltd. - H.O. Current Account (0390991616500010)	26,411,724.50	1,549,561.59	-
NMB Bank Ltd. - Current Account (0010044794800011)	4,445.90	4,445.90	105,074.90
Machhapuchchhre Bank - Site Office Current Account (0380991616500013)	1,272,414.08	593,913.08	-
Kumari Bank Ltd. - Current Account (2400294577500001)	1,000.00	-	-
Lumbini Bikas Bank Ltd. - Current Account (01100120326026000001)	10,000.00	-	-
Citizen Bank International Ltd. - Current Account	16,387.40	16,387.40	16,387.40
Cash in hand (As Certified by Management)	**2,598.42**	**222,341.62**	**170,599.00**
Cash and Cash Equivalents as Per Balance Sheet	**27,718,570.30**	**2,386,649.59**	**292,061.30**
Cash and Cash Equivalents as Per Statement of Cash Flows	**27,718,570.30**	**2,386,649.59**	**292,061.30**

7. Bank Balance other Cash and Cash Equivalents

Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Cash Margin - NEA Performance Bond Guarantee	1,500,000.00	1,500,000.00	1,500,000.00
Cash Margin - EM	14,573,000.00	-	-
Cash Margin (RCOD Extention)	300,000.00	-	-
Cash Margin for BG (EXIM Code)	30,000.00	-	-
Total	**16,403,000.00**	**1,500,000.00**	**1,500,000.00**

8. Other Financial Assets

Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Security Deposits - Generation License Renewal	-	516,000.00	516,000.00
DOED Deposit	-	5,700,000.00	-
Pre - Paid Insurance (Camp, Power House)	239,023.16	-	-
Pre - Paid Insurance (Civil Works)	3,124,469.06	60,381.00	-
Total	**3,363,492.22**	**6,276,381.00**	**516,000.00**

9. Other Assets - Current

Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Advance for Vehicle Purchase	2,331,060.00	2,730,060.00	2,209,000.00
Advance for Land Acquisition	12,674,591.00	6,174,200.00	2,025,000.00
Advance to Nishesh Shakya	-	2,891,000.00	2,891,000.00
Advance to Neeru Shakya	-	1,200,000.00	1,200,000.00
Advance to Alliance Consultants Pvt. Ltd.	-	250,000.00	250,000.00
Advance to Kumari Gurung	-	-	2,399.00
Advance to Mithun Poudel	-	25,000.00	5,000.00
Advance to Durba Thapa	-	8,150,000.00	8,150,000.00
Advance for Site Works	-	1,287,215.00	614,165.00
Advance to Consultant	-	2,550,000.00	2,550,000.00
Advance to Suresh Adhikari	-	67,095.00	67,095.00
Advance to Buddhi Karki	-	20,000.00	20,000.00
Advance to Mandeep Khanal	-	420,000.00	-
Advance to Rajesh pokharel	-	20,201.13	-
Advance to Agni	-	650,000.00	-
Other Advance	-	92,000.00	-
Advance to Contractor - Mobilization - Baibhav	72,361,964.73	33,484,415.46	-
Advance to Contractor - Mobilization - Cream Hydel	25,900,000.00	-	-
Advance to Contractor - Baibhav Construction Pvt. Ltd.	82,216,128.60	-	-
Staff Advance	192,722.65	-	-
Site Advance	3,183,431.30	-	-
Advance to Bailee International Pvt. Ltd.	7,150,000.00	-	-
Advance to Car Boutique Inn	100,000.00	-	-
Advance to Laxmi Trade and Enterprises	1,200,000.00	-	-
Advance to Times Business Pvt. Ltd.	1,458,000.00	-	-
Advance to Long Vision Tours & Travels Pvt. Ltd.	1,886,142.00	-	-
Advance to Nepal Environment and Development Consultant Pvt. Ltd.	425,000.00	-	-
Total	**211,079,040.28**	**60,011,186.59**	**19,983,659.00**

The miscellaneous advance are the amount which are provided in normal course of business and are expected to be settled within a period of one year.

10. Equity Share Capital

Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Equity Share Capital	300,215,100.00	84,337,100.00	24,997,100.00
Total	**300,215,100.00**	**84,337,100.00**	**24,997,100.00**
i.)			
Authorized Share Capital :			
(5,500,000 Equity Shares of Rs.100 each)	550,000,000.00	480,000,000.00	800,000,000.00
Issued Capital:			
(5,500,000 Equity Shares of Rs.100 each)	550,000,000.00	480,000,000.00	800,000,000.00
Paid- Up Capital :			
(3.002,151 Equity Shares of Rs.100 each)	300,215,100.00	84,337,100.00	24,997,100.00
Total	**300,215,100.00**	**84,337,100.00**	**24,997,100.00**

ii.)Terms/rights attached to equity shares

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.

iii.) The Unpaid Share Capital of the company is Rs. 249,784,900

iv.) The Details of shareholders holding more than 5% Shares

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Singati Hydro Energy Ltd.	53.3%	-	-
Batu lamichhane	8.2%	29.11%	10.00%
Ganesh Karki	8.2%	29.11%	10.00%
Madhu Sudhan Poudyal	0.0%	0.00%	6.14%
Gaurav Dewan	6.0%	10.66%	14.75%
Kumar Raj Tamang	0.0%	0.00%	6.00%
Tribendra Raj Panth	0.0%	0.00%	7.00%
Tunadevi Thapa	0.0%	0.00%	6.00%
Uddhav Raj Shivakotee	0.0%	5.04%	20.00%
Total	**75.64%**	**73.91%**	**79.90%**

v.) Reconciliation of number of share outstanding

Particular	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Balance at the beginning of the year - Share Capital	843,371.00	249,971.00	249,971.00
Addition During The Year	2,158,780.00	593,400.00	-
Balance at the end of the year	**3,002,151.00**	**843,371.00**	**249,971.00**

11. Advance for Share Capital

Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Advance for Share Capital	26,800,000.00	17,465,000.00	4,575,000.00
Total	**26,800,000.00**	**17,465,000.00**	**4,575,000.00**

12. Other Equity

Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Opening Balance	31,540.26	(680,054.99)	(236,553.99)
Income Recognized due to application of IFRIC 12	-	-	807,342.85
Adjustment of Admintrative Nature Expenses Due to NFRS	-	-	(1,250,843.85)
Add: Transfer from Statement of Profit or Loss Account	43,868,577.26	711,595.25	-
Total	**43,900,117.52**	**31,540.26**	**(680,054.99)**

13. Borrowings — Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Measured at Amortized Cost - Secured Loan			
Term Loan From Banks	534,000,000.00	-	-
Less: Payable within 12 months transferred	-	-	-
Total	**534,000,000.00**	**-**	**-**

14. Borrowings — Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Measured at Amortized Cost - Secured Loan			
Bridge Gap Loan (BGL) From Banks	20,000,000.00	-	-
Current Portion of Loan - Term Loan (Payable with in 12 months)	-	-	-
Total	**20,000,000.00**	**-**	**-**

15. Other Financial Liabilities - Current — Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Audit Fee Payable	155,903.00	66,702.65	22,300.00
Payable to Gaurav Dewan	292,302.50	292,302.50	405,702.50
Payable to Tribendra Raj Pant	-	500,000.00	500,000.00
Payable to Narayan Prasad Bhattarai	-	200,000.00	200,000.00
Payable to Hariram Koirala	-	100,000.00	100,000.00
Payable to Kul Prasad Sapkota	-	200,000.00	200,000.00
Payable to Bhagatman Sing Pradhan	-	200,000.00	200,000.00
Payable to Keshore Jha	-	200,000.00	200,000.00
Payable to Dhurba Raj Thapa	-	25,000.00	25,000.00
Payable to Hari Prasad Rijal	-	300,000.00	300,000.00
Payable to Engineers Saving & Credit Co-Operative Ltd.	-	594,000.00	594,000.00
Payable to Consultant	-	-	89,200.00
Salary Payable	-	1,602,763.28	335,873.74
Other Expenses Payable	-	302,250.00	302,250.00
Payable to Karma Raj Tamang	-	37,000.00	37,000.00
Payable to Ganesh Ban	-	233,474.88	58,274.88
Payable to Madhusudan Poudel	-	1,193,282.19	684,511.17
CIT Payable	-	209,500.00	-
Payable to City Automobiles	48,419.37	72,828.50	-
Payable to Dip-Auto Engineering Pvt. Ltd.	31,018.50	30,510.00	-
Payable to BG Group Pvt. Ltd.	-	221,001.00	-
Payable to Binayak Fumiture	-	35,482.00	-
Payable to Sonu Maintenance Centre	-	146,448.00	-
Payable to Yonian Prints & Solution	-	12,506.00	-
Payable to Bojini Company Pvt. Ltd.	391,355.00	391,355.00	-
Retention Money Payable - Civil	7,601,411.21	469,898.00	-
Retention Money Payable - Construction Power	269,352.29	137,009.00	-
Retention Money Payable - Access Road	1,918,058.81	-	-
Management Payable	1,622,486.64	-	-
Staff Payable	428,609.00	-	-
Payable to MK Incorporated Pvt. Ltd.	250,959.91	-	-
Payable to Samriddhi and Brothers Auto Pvt. Ltd.	160,625.00	-	-
Payable to Clean Energy Pvt. Ltd.	894,500.00	-	-
Payable to Oceanic Express - Transportation	6,891,937.54	-	-
Payable to Finman Service Pvt. Ltd.	119,000.00	-	-
Payable to Technoquarry Consults Pvt. Ltd	7,500.00	-	
Payable to Apricity Consultancy Pvt. Ltd.	334,500.00	-	-
Lease Liability	-	735,446.71	-
Total	**21,417,938.76**	**8,508,759.70**	**4,254,112.28**

16. Other Current Liabilities — Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
SST and Remuneration Tax Payable	505.00	200,764.00	74,002.53
Withholding Tax Payable (TDS Payable)	514,370.65	243,114.00	-
Total	**514,875.65**	**443,878.00**	**74,002.53**

17. Revenue during Construction Phase as per IFRIC 12

Amount In NRs.

Particulars	FY. 2080.81	FY. 2079.80
Revenue During Construction Phase as per IFRIC 12	648,261,204.10	28,132,832.35
Less: Cost During Construction Phase as per IFRIC 12	600,241,855.65	26,048,918.84
Construction Income	**48,019,348.45**	**2,083,913.51**

Note: The Project 'Hewa Khola A Small Hydropower Project' is still in the process of construction Phase. It is yet to start generation of hydroelectricity. Revenue and Margin during the construction phase has been recognized using the percentage of completion method. Management best estimates of 8% has been used as the basis for margin for determining the revenue and cost during the construction phase. Revenue and cost amount recognized even though no cash consideration has been realized or cost incurred.

18. Employee Benefits Expense

Amount In NRs.

Particulars	FY. 2080.81	FY. 2079.80
Salary and Allowances	775,000.00	130,100.00
Total	**775,000.00**	**130,100.00**

19. Depreciation And Amortization Expenses

Amount In NRs.

Particulars	FY. 2080.81	FY. 2079.80
Depreciation of Property, Plant and Equipment (General Assets)	235,074.77	62,801.34
Amortization of Intangible Assets (Software and ROU)	733,336.80	181,497.41
Total	**968,411.57**	**244,298.75**

20. Administrative and Other General Expenses

Amount In NRs.

Particulars	FY. 2080.81	FY. 2079.80
Bank Charges	11,716.00	55,008.00
Water and Electricity Expenses	86,196.00	10,500.00
Office Expenses	106,010.00	64,252.00
Audit Fee	113,000.00	45,000.00
Food and Accommodation	892,815.21	184,742.80
Fuel Expenses	333,301.00	72,142.00
Printing and Stationery Expenses	38,308.16	15,755.40
Repairs and Maintenance Expenses	306,077.96	120,385.60
Communication and Internet Expenses	-	38,711.00
House Rent (Short Term Lease)	-	351,111.00
Meeting Expenses	-	16,931.00
Advertisement Expenses	142,348.00	-
Parking Expenses	2,221.00	-
Written off Assets	169,500.00	-
Tax Expenses	161,313.00	-
Total	**2,362,806.33**	**974,538.80**

21. Finance Cost

Amount In NRs.

Particulars	FY. 2080.81	FY. 2079.80
Interest Expenses - Bank	-	-
Interest Expenses - Other (Lease)	44,553.29	23,380.71
Total	**44,553.29**	**23,380.71**

Note: The interest expenses is on account of unwinding of lease liability relating to office space taken on lease .

22. Earning Per Share (EPS)

Particulars	FY. 2080.81	FY. 2079.80
Profit / (Loss) for the year	43,868,577.26	711,595.25
Weighted average number of equity shares outstanding	3,002,151.00	843,371.00
Earning per share - Basic (Face value of Rs. 100 per share)	14.61	0.84
Add: weighted average number of potential equity shares		
Weighted average number of equity shares (including dilutive shares) outstanding	-	-
Earning per share - Diluted (Face value of Rs. 100 per share)	14.61	0.84

5.1. Intangible Assets Under Development (IAUD) - Summary

Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Pre-Operating Expenses (Pre Implementation Cost)	31,837,411.64	10,212,035.64	10,091,785.64
Civil Construction Works	171,791,893.21	10,619,699.32	-
Hydromechanical Works	259,935,186.41	-	-
Electro-mechanical (Plant & Machinery)	875,100.00	-	-
Transmission Line	6,853,691.75	3,096,394.00	-
Land Purchase and Development	25,964,849.00	-	-
Site office Building and Camping	1,620,432.47	-	-
Office Equipment and Furniture	1,651,110.80	-	-
Vehicle	19,886,260.73	-	-
Infrastructure Development/ Accees Road	41,727,696.73	-	-
Environmental Mitigation and Social Contribution	12,862,500.00	-	-
Project Management and Supervision	33,575,585.89	6,587,575.52	-
Miscellaneous /Contingency	2,075,007.52	-	-
Interest During Construction (IDC) and Loan Arrangement Fee	25,725,833.98	5,625,000.00	-
Sub Total	**636,382,560.13**	**36,140,704.48**	**10,091,785.64**
Add: IFRIC 12 Adjustment	50,910,604.81	2,891,256.36	807,342.85
Total	**687,293,164.94**	**39,031,960.84**	**10,899,128.49**

5.1.1 Details of Intangible Assets Under Development (IAUD)

Amount In NRs.

Particulars	As at Ashad 31st, 2081	As at Ashad 31st, 2080	As at Shrawan 1st, 2079
Hewa A Small Khola Hydropower Project - 5 MW			
Pre-Operating Expenses (Pre Implementation Cost)			
Staff Salary	1,328,232.32	1,328,232.32	1,328,232.32
Registration and Renewal	1,530,000.00	1,530,000.00	1,530,000.00
Interest Expenses	14,832.00	14,832.00	14,832.00
Legal Charge	90,000.00	90,000.00	90,000.00
CRO Expenses	42,000.00	42,000.00	42,000.00
Printing and Stationery	30,871.00	30,871.00	30,871.00
Meeting Expenses	327,015.20	282,542.20	282,542.20
Depreciation Expenses	75,213.98	75,213.98	75,213.98
Consultancy Fee	90,400.00	90,400.00	90,400.00
Travelling Allowances	199,370.00	199,370.00	199,370.00
Travelling Expenses	99,253.00	5,250.00	-
Site Visit Expenses	204,573.00	204,573.00	204,573.00
Site Expenses	1,479,246.00	1,479,246.00	1,479,246.00
Repair and Maintenance	274,720.14	274,720.14	274,720.14
Internet Expenses	14,205.00	6,205.00	6,205.00
Donation	256,250.00	25,250.00	25,250.00
Project Development Cost	4,418,330.00	4,418,330.00	4,418,330.00
DOED & NEA Fee and Charges	6,306,000.00	-	-
Food and Accomodaion	1,761,600.00	-	-
Fuel and Lubricants	800,000.00	-	-
Site Visit Expenses	2,352,500.00	-	-
Wages Expenses	10,027,800.00	-	-
Promotion Expenses	115,000.00	115,000.00	-
Sub Total	**31,837,411.64**	**10,212,035.64**	**10,091,785.64**
Civil Construction Works			
Civil Works	171,791,893.21	10,619,699.32	-
Sub Total	**171,791,893.21**	**10,619,699.32**	**-**

Hydromechanical Works			
Pipe and Plate	239,093,639.65	-	-
Transportation Charges	14,899,437.54	-	-
LC Charges & Commission	1,540,213.93	-	-
Custom Duty Charges	3,263,066.00	-	-
Land Lease	50,000.00	-	-
Parking Charges	139,715.00	-	-
Patake Charges	139,715.00	-	-
Remit Charges	22,018.75	-	-
Telex Charges	6,410.06	-	-
Transit Insurance	780,970.48	-	-
Sub Total	**259,935,186.41**	**-**	**-**
Electro-Mechanical (Plant & Machinery)			
LC Charges & Commission EM	875,100.00	-	-
Sub Total	**875,100.00**	**-**	**-**
Transmission Line			
Construction Power Works IPC #1	3,096,394.36	3,096,394.00	-
Construction Power Works IPC #2	2,990,958.39	-	-
Grid Connection Application Fee	102,000.00	-	-
TOD Meter Charge	664,339.00	-	-
Sub Total	**6,853,691.75**	**3,096,394.00**	**-**
Land Purchase and Development			
Land Acquisition Cost	23,336,238.00	-	-
Land Registration Charges	197,611.00	-	-
Compensation for Land (Household)	250,000.00	-	-
Compensation for Land (Alaichi Farming)	2,181,000.00	-	-
Sub Total	**25,964,849.00**	**-**	**-**
Site office Building and Camping			
Camp Facilities Works	1,620,432.47	-	-
Sub Total	**1,620,432.47**	**-**	**-**
Office Equipment and Furniture			
KOEL 125KVA DG Generator	1,598,950.00		
Office Equipment	52,160.80	-	-
Sub Total	**1,651,110.80**	**-**	**-**
Vehicle			
Toyata Rav4 - 7159	16,000,000.00	-	-
Mahindra Bolero 4WD - 7189	3,130,000.00	-	-
Motor Bike	598,800.00	-	-
Bolero Insurance	64,270.73	-	-
ISUZU Insurance	93,190.00	-	-
Sub Total	**19,886,260.73**	**-**	**-**
Infrastructure Development/ Accees Road			
Access Road Construction Works - IPC #1	18,562,696.73	-	-
Access Road Construction Works - IPC #2	23,165,000.00	-	-
Sub Total	**41,727,696.73**	**-**	**-**
Environmental Mitigation and Social Contribution			
CSR Expenses	2,600,000.00	-	-
Forest Development Fund (Tree Compensation)	5,534,000.00	-	-
Project Promotion Expenses	4,728,500.00	-	-
Sub Total	**12,862,500.00**	**-**	**-**

Project Management and Supervision			
IEE Expenses	150,000.00	100,000.00	-
Food & Accomodation	2,252,942.42	738,971.20	-
Fuel Expenses	288,568.00	288,568.00	-
Medical Expenses	24,880.00	9,625.00	-
Membership Fee	55,000.00	12,000.00	-
Company Expenses	88,000.00	88,000.00	-
Printing & Stationary Expenses	67,089.60	63,021.60	-
Repair & Maintenance	481,542.40	481,542.40	-
Salary Expenses	12,862,758.00	3,594,753.00	-
Insurance Expenses	62,549.00	2,168.00	-
Insurance Expenses-Site	3,294.00	3,294.00	-
Vehicle Rent	24,444.00	24,444.00	-
Site Rent	4,000.00	4,000.00	-
Site Expenses	1,853,794.20	1,177,188.00	-
Dashain Allowance	610,000.00	-	-
Dashain Festival Expenses	808,887.00	-	-
Fuel & Telecom Expenses	533,204.00	-	-
Furnising Expenses	218,382.00	-	-
Legal Expenses	20,000.00	-	-
Kitchen Expenses	102,604.00	-	-
Rating Charges	237,300.00	-	-
Security Guard	296,964.00	-	-
Snacks Office	193,085.60	-	-
Stationery & Printing Expenses	102,391.84	-	-
Transportation Expenses	18,300.00	-	-
Visa Expenses	17,100.00	-	-
Website Develipment & Hosting	56,500.00	-	-
400 VA Hybrid Invertor , 80 AH Battery, Solar Panel	31,000.00	-	-
Infrarated Cooker	13,500.00	-	-
Prining and Stationery -Site	46,772.80	-	-
Repair and Maintenance -Site	140,573.00	-	-
Repair and Maintenance - Vehicle	876,867.86	-	-
TP Link Router	8,210.00	-	-
Travelling Exp. - Site	54,894.00	-	-
Water Purifier/ Filter	45,800.00	-	-
Site Visit - TADA	188,500.00	-	-
BG Amend Charge NEA	72,000.00	-	-
Bill Verification Charge	627,150.00	-	-
Detaile Design Services	4,859,000.00	-	-
Discharge Measurement Expenses	28,000.00	-	-
EXIM Code BG Issuance Charges	12,750.00	-	-
Financial Consultancy Fee	1,313,060.00	-	-
Fuel & Telecommunication Site	754,973.17	-	-
Internet Site	14,500.00	-	-
Kitchen Site	1,009,955.00	-	-
Local Government Tax	102,500.00	-	-
LOI Charge	50,000.00	-	-
Malpot Dristibandaki	150,000.00	-	-
NEA BG Issuance Charge	9,000.00	-	-
Technical Consultancy Charges	1,695,000.00	-	-
Vehicle Renewal Charges	38,000.00	-	-
Sub Total	**33,575,585.89**	**6,587,575.52**	**-**
Miscellaneous /Contingency			
Camp, Power House and Construction Power - Insurance	55,361.98	-	-
Civil Works - Insurance	2,019,645.54	-	-
Sub Total	**2,075,007.52**	**-**	**-**
Interest During Construction (IDC) and Loan Arrangement Fee			
Interest on Loan	15,900,833.98	-	-
Loan Arrangement Fee	9,825,000.00	5,625,000.00	-
Sub Total	**25,725,833.98**	**5,625,000.00**	**-**
Total	**636,382,560.13**	**36,140,704.48**	**10,091,785.64**

Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 31st Asadh 2081 (15 July 2024)

Note 1
Corporate Information
1.1 General

Habitat Power Company Limited was originally incorporated as a private company on Ashoj 03, 2065, with registration number 56350/065/066. The company has been converted to a limited company on Shrawan 18, 2080, with a new registration number 316172/2080/081, in accordance with the Companies Act of Nepal. The company's registered office is located at Hadigaun, Kathmandu, Nepal.The company has been established with the objective of construction, generation and distribution of Hydroelectricity in Nepal.

The company is currently engaged in the construction of a hydroelectric project named "Hewa Khola A Small Hydropower Project," which has a capacity of 5 MW. The project is in the Panchthar district of Nepal.

The company entered into a Power Purchase Agreement (PPA) with the Nepal Electricity Authority (NEA) on 7th Magh 2075 for the sale of electricity generated from its project. Currently, the company has not commenced commercial operation, as the project is still in the construction phase.

The project holds a generation license (License No. 235/2075/76) obtained on 14th Shrawan 2075. The license is granted under a Build-Own-Operate-Transfer (BOOT) arrangement for a duration of 35 years, with the deadline set for 13th Shrawan 2110.

1.2 Financial Statements
The financial statements of the company comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, and Accounting Policies and Notes to Accounts. The company's financial year starts on 1st Shrawan each year and ends on Ashadh end of the following year.

1.3 Responsibility for the Financial Statement
The Board of Directors is responsible for the fair preparation and presentation of the company's financial statements in accordance with the provisions of the Companies Act and following the Nepal Financial Reporting Standards (NFRS).

1.4 Approval of Financial Statements by Directors
The financial statements presented here have been approved for publication by the Board of Directors (BOD) of the company, as per the resolution dated 09th Mangsir 2081. The BOD has recommended the statements for approval by the Annual General Meeting of the Shareholders. The BOD acknowledges its responsibility for the preparation of these financial statements.

Note 2
Significant Accounting Policies:
2.1 Basis of Preparation and Measurement
1. Statement of Compliance
The financial statements of the company have been prepared in accordance with the applicable Nepal Financial Reporting Standards (NFRS) issued by the Institute of Chartered Accountants of Nepal (ICAN). They have also been prepared in compliance with the relevant presentation requirements of the Companies Act, 2063 of Nepal.

Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 31st Asadh 2081 (15 July 2024)

The financial statements for the year ended 31st Ashadh 2081 are the company's first set of statements prepared under Nepal Financial Reporting Standards (NFRS). Previously, Nepal Accounting Standards (referred to as "Previous GAAP") were used for preparing the financial statements. The financial statements for the year ended 31st Ashadh 2080, as well as the opening Balance Sheet as of 1st Shrawan 2079, have been restated in accordance with NFRS to provide comparative information. Reconciliations and explanations of the effects of the transition from Previous GAAP to NFRS on the company's Statement of Financial Position, Statement of Profit or Loss, and Statement of Cash Flows are provided in Note 3.

II. Basis of Preparation

The financial statements have been prepared on an accrual basis and a going concern basis. The accounting policies have been applied consistently to all periods presented, including the preparation of the opening NFRS Balance Sheet as at 1st Shrawan 2079, which is the 'date of transition to NFRS'. All assets and liabilities have been classified as current or non-current according to the company's normal operating cycle. The company has determined its operating cycle to be 12 months for the purpose of classifying assets and liabilities as current or non-current, based on the nature of its products and the period between the acquisition of assets for processing and their realization in cash and cash equivalents.

The financial statements have been presented in the functional and presentation currency of the Company, which is the Nepalese Rupee (NPR). This is the currency of the primary economic environment in which the Company operates.

III. Reporting Period

The reporting period for the company spans from the first day of Shrawan of any year to the last day of Ashadh of the following year, as per the Nepali calendar. The relevant reporting periods are as follows:

Relevant Financial Statement	Nepalese Calendar Date / Period	English Calendar Date / Period
Reporting Date	31st Ashad 2081	15 July 2024
Comparative Reporting Date	31st Ashad 2080	16 July 2023
Reporting period	01st Shrawan 2080 – 31st Ashad 2081	17 July 2023 - 15 July 2024
Comparative Reporting Period	01st Shrawan 2079 – 31st Ashad 2080	17 July 2022 - 16 July 2023
Date of Transition to NFRS	01st Shrawan 2079	17 July 2022

IV. Basis of Measurement

These financial statements are prepared under the historical cost convention, except for certain material items that are measured at fair value as required by the relevant NFRS. These exceptions are explained in the accounting policies detailed below.

2.2 Critical accounting estimates and Judgements

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also necessitates management's judgment in applying the Company's accounting policies. The Company makes estimates and assumptions about future events, which are continually evaluated based on historical experience and other factors, including expectations of future events deemed reasonable under the circumstances. Management believes that the estimates used in preparing the financial statements are prudent and reasonable. However, future results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

Useful life and residual value of Property, Plant and Equipment

Management reviews the useful life and residual values of property, plant, and equipment at least annually. This review considers both the technical and economic life of the assets, evaluating various internal and external factors such as relative efficiency and operating costs. As a result, the depreciable lives of the assets are reassessed each year using the most accurate information available to management.

Impairment of property plant and equipment

At the end of each reporting period, the company reviews the carrying amounts of its property, plant, and equipment to assess whether there is any indication that these assets may have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use.

Value in use is typically determined based on discounted estimated future cash flows, which involves management estimates of anticipated commodity prices, market demand and supply, the economic and regulatory environment, discount rates, and other relevant factors. Any subsequent changes in these factors could affect the carrying value of the assets.

Contingencies

In the 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 materializing, or that are difficult to quantify reliably, are classified as contingent liabilities. These liabilities are disclosed in the notes to the financial statements but are not recognized in the financial statements.

Recognition of deferred tax assets

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the expected timing and level of future taxable profits, as well as future tax planning strategies. The Company bases its assumptions and estimates on the parameters available at the time the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market fluctuations or factors beyond the Company's control.

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below:

2.3 Current/ Non-Current Classification

All assets and liabilities are classified as current or non-current based on the company's normal operating cycle and the criteria set out in the relevant legislation. Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.4 Property Plant and Equipment

- On transition to NFRS, the Company has elected to retain the carrying value of all its property, plant, and equipment recognized as of 31st Ashadh 2079, measured according to the previous GAAP. This carrying value has been used as the deemed cost of the property, plant, and equipment as of 1st Shrawan 2079.

- Freehold land, if any, is carried at historical cost and is not depreciated. All other items of property, plant, and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

- Cost comprises the purchase price, freight, duties, taxes, and other expenses directly attributable to the acquisition of the asset, bringing it to its present location, and installing it, including site restoration, until the asset is ready for its intended use.

- Subsequent costs are included in the asset's carrying amount or recognized as a 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 it is replaced. All other repairs and maintenance are charged to profit and loss in the reporting period in which they are incurred.

- 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 necessary.

- The company identifies and determines the cost of each significant component or part of an asset separately, if the component's cost is substantial relative to the total cost of the asset and its useful life differs materially from that of the remaining asset. These components are depreciated over their individual useful lives, while the remaining asset is depreciated over the life of the principal asset.

- When a major inspection or repair occurs, its cost is recognized in the carrying amount of the property, plant, and equipment as a replacement if the recognition criteria are met. Any remaining carrying amount of the cost of the previous inspection or repair is derecognized. All other repairs and maintenance costs are recognized in the statement of profit or loss.

- Assets in the construction phase are capitalized under the capital work-in-progress account. Upon completion of construction, the cost is transferred to the appropriate category of assets, and depreciation begins. When there is an obligation to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost for dismantling, removing, or restoring the site is capitalized along with the cost of acquisition or construction upon completion. A corresponding liability is also recognized.

- Depreciation is calculated on a written-down value basis over the estimated useful life of the assets. The useful life of property, plant, and equipment (PPE) and the corresponding depreciation rates determined by management are presented in the table below:

S. No.	Classes of Assets	Estimated Useful Life	Depreciation Rate
1.	Office Equipment	10-11 years	25%
2.	Furnitures and Fixtures	10-11 years	25%
3.	Vehicles	13-14 years	20%
4.	Computers and Printers	10-11 years	25%
5.	Plant and Equipment (Other Assets)	18-19 years	15%
6.	Leasehold Assets	As per Lease Term	

Computer software is amortized over an estimated useful life of 5 years on straight line basis.

2.5 Intangible Assets

- Intangible assets are identifiable non-monetary assets without physical substance. They are recognized in the books when it is probable that the expected future economic benefits attributable to the assets will flow to the entity and the cost of the assets can be measured reliably. Internally generated goodwill is not recognized as an intangible asset, as it does not constitute an identifiable resource.

- Intangible assets with finite useful lives that are acquired separately are measured initially at cost of acquisition. This cost includes the purchase price and other directly attributable costs necessary to bring the assets to a working condition for their intended use. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

- Intangible assets with indefinite useful lives are carried at cost and are not amortized. Instead, they are tested for impairment annually or whenever there is an indication of potential impairment.

- Assets in the construction phase are capitalized under the Intangible Assets Under Development (IAUD) account. Upon completion of construction, the cost is transferred to the appropriate category of assets, and amortization begins. When there is an obligation to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost for dismantling, removing, or restoring the site is capitalized along with the cost of acquisition or construction upon completion. A corresponding liability is also recognized.
- Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. These gains or losses are recognized in the statement of profit or loss at the time the asset is derecognized.

2.6 Depreciation and Amortization

- Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.

- Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

- Depreciation is provided on the written down method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to property, plant & equipment is charged on a pro-rata basis in the first year (year when purchase is made).

- Intangible assets acquired under a Build-Own-Operate-Transfer (BOOT) arrangement are amortized over the term of the arrangement once the asset is ready for use. Amortization of other intangible assets, such as software, is calculated on a straight-line basis over their estimated useful life.

- The useful life of an asset is defined as either the period over which the asset is expected to be used or the number of production or similar units expected to be obtained from its use. The estimated useful life, residual values, and depreciation method are reviewed at the end of each reporting period, with any changes in estimates accounted for on a prospective basis.

- Property, plant, and equipment (PPE) and intangible assets costing less than NPR 5,000 are expensed directly to the profit and loss account in the year of purchase.

2.7 Impairment of Tangible and Intangible assets

The company, at the end of each reporting period examines the carrying amounts of its tangible and intangible assets to determine if there is any indication of an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated for determining the extent of the impairment loss. If such estimation is not possible, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation is traced, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest identified cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently gets reversed, the carrying amount of the asset (or a cash-generating unit) is upped to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

2.8 Revenue Recognition

Revenue from contract with customer is recognised upon transfer of control of promised products or services to customers on complete satisfaction of performance obligations for an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other incentives, if any, as per contracts with the customers. Revenue also excludes taxes or amounts collected from customers in its capacity as agent.

Sale of Electricity

Revenue from sale of products is recognized when the control of products being sold is transferred to customer and when there are no longer any unfulfilled obligations. The performance obligation in contracts are considered as fulfilled in accordance with the terms agreed with the respective customers. Revenue is measured at the fair value of the consideration received or receivable, net of returns, rebates and trade discounts.

Revenue is recognized to the extent that it is probable that economic benefit will flow to the company and that the revenue can be reliably measured. The revenue is recognized by allocating the transaction price to the performance obligations on the basis of satisfaction of each performance obligation.

For each performance obligation identified, the company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point of time.

Fee from other service is recognized on accrual basis when the right to receive is established.

Dividend Income

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other incomes are recognized on accrual basis in the financial statements, except when there is an uncertainty of collection.

Revenue recognition during construction phase of Intangible assets (BOOT arrangement)

The company recognizes the construction cost incurred during the reporting period for construction of the project as an expense and matches the contract revenue to the related contract cost, in a way that the profit is recognized in proportion to the cost of construction, as per the accounting requirements of service concession arrangements. Revenue and Margin during the construction phase has been recognized using the percentage of completion method. Management best estimates of 8% has been used as the basis for margin for determining the revenue and cost during the construction phase. Revenue and cost amount recognized even though no cash consideration has been realized or cost incurred.

2.9 Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use (qualifying assets) or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. Such capitalization is done when it is probable that future economic benefit will flow to the entity and the costs can be measured reliably. Other borrowing costs are expensed in the period in which they occur. Capitalization is suspended during the extended periods in which the active development of a qualifying assets is suspended. The company ceases capitalization when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are complete.

2.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cheques in hand, banks balances, demand deposits with an original maturity of three months or less and other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts facilities as they are considered an integral part of the Company's cash management.

2.11 Employment Benefits

Employee benefits cover benefits provided either to employees or their dependents or their beneficiaries. The payment may be in cash or cash equivalent form or by provision of goods or services. Benefits may be short term benefits, post-employment benefits, termination benefits and other long term employee benefits.

Short term employment benefits

Company recognizes a liability for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liability is recognised in respect of short-term employee and contractual employees, benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Post-employment benefits:

Depending upon the economic substance of the plan, post-employment benefit plans may be classified either **as defined contribution plans** or **defined benefit plans**.

Defined Contribution plan – Provident Fund.

Under defined contribution plans, provident fund, the company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Contributions to defined contribution schemes are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions. The company doesn't provide for any defined benefit scheme.

2.12 Foreign Currency Transactions

The functional currency of the company is determined on the basis of the primary economic environment in which it operates. The functional currency of the company is Nepalese Rupee (NPR). In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in functional currency by applying the exchange rate between the functional

currency and the foreign currency at the date of the transaction rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are converted using closing rate. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when such fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange difference arising on monetary items on settlement or restatement as at reporting date are recognised in Statement of Profit and Loss in the year in which they arise.

2.13 Taxation

Significant judgements are involved in estimating profits for the purpose of paying advance tax, determining the provision for income tax, including amount expected to be paid for uncertain tax positions.

Income tax expenses on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the profit or loss statement except to the extent that it relates to items recognized directly to equity.

CURRENT TAX

The commercial operation of the project managed by company is yet to start. The company expects to start commercial operation before Jestha end, 2082. Once the operation starts, the entity is entitled to full income tax exemption for ten years (full tax holiday) followed by partial exemption for next five years of 50% subject to compliance of tax laws of Nepal(Section 11(3d) of the Income Tax Act,2058). The current tax expense for a given year is determined by applying the applicable tax rate to the company's taxable profit for that year.

During the current year unrealized gains are recognized as per IFRIC 12 arrangements, hence provision for tax has not been made.

DEFERRED TAX

i. 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.

ii. The extent to which deferred tax assets/liabilities can be recognized is based on management's assessment of the probability of the future taxable income against which such deferred tax assets/liabilities can be utilized/adjusted. 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. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

iii. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

iv. Deferred tax assets or liabilities are not recognized whenever management anticipates that all temporary differences will be resolved within the full duration of the tax holiday period.

Deferred tax assets are not recognized for carried forward losses whenever management is confident that sufficient future profits will arise within the tax holiday period to fully utilize these losses.

2.14 Earnings per share

Basic earnings per share are calculated by dividing the profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for bonus issue, bonus element in a rights issue to existing shareholders, share split consolidation of shares.

For the purpose of calculating diluted earnings per share, the net profit for the year attributed to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all potentially dilutive equity shares.

While computing Basis and Diluted EPS, the amount received as advance for share capital has not be considered as a part of share capital.

2.15 Provisions Contingencies and Commitments

Provisions are recognised when the company has a present obligation (legal or constructive) arising because of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

At each balance sheet date, on the basis of management judgement, changes in facts and legal aspects, the company assesses requirement of provisions against the outstanding contingent liabilities. However, the actual outcome in future may differ from the original judgement made.

When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the realization is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. In case the time value of money is material, provisions are discounted using a current pre-tax rate. The unwinding of discount due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognises any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly with in 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 each reporting period.

2.16 Financial Instruments

I. Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

II. Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income/ expense arising on financial instruments after applying an effective interest rate is recognised in Statement of Profit and Loss and is included in the "Other finance income" or "Other finance cost" line item.

III Financial Assets

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss. For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

Impairment of financial assets

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

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under NFRS 9.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset. On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

IV Financial Liabilities and Equity Instruments
Classification as debt or equity
Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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

Financial Liabilities
Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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

De-recognition of financial liability
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

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

2.17 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability, or
ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques to determine the fair value of financial instruments. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The company engages third party valuers, where required, to perform the valuation. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.18 Leases
The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the company is the lessee
The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Subsequent measurement
The Company amortizes the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date discounted using the interest rate implicit in the lease, if readily available, or the company's incremental borrowing rate otherwise.

After the initial measurement, the liability will be reduced for payments made and increased for accrued interest. It is also re-measured to account for any reassessment or modification. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

Where the Company is the Lessor
Rental income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same

basis as rental income. Contingent rent are recognized as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables as company's net investment in the leases.

2.19 Government Grants
Government grants are recognised only when there is a reasonable assurance that the grant will be received and company will comply with the conditions attached to them. If the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. If the grant relates to an asset, it is first recognised as deferred income which is then recognized in the statement of profit or loss on a systematic basis over the expected useful life of the related asset. When the company receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

2.20 Non-Current Assets held for Sale
The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through their continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sale and sale shall be expected within one year from the date of classification.

The criteria for held for sale classification is held as met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets and its sale is highly probable.

Assets and liabilities classified as held for sale are presented separately in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised from the date of such classification. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell.

Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 31st Asadh 2081 (15 July 2024)

2.21 Service Concession Arrangements

Under IFRIC 12 – Service Concession Arrangements 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 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.

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

FINANCIAL ASSET MODEL:
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 guarantees 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.

INTANGIBLE ASSET MODEL:
The intangible asset model is used to the extent that the Group, 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 hydropower 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 as there is no unconditional guarantee of receiving payment and receipt varies upon the variation in generation of electricity (in units).

The company follows intangible assets (fair value) model for accounting of the service concession arrangement agreement related to its hydropower plant.

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 these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Any asset carried under concession arrangements is derecognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expires.

The generation license (License No. 235/2075/76) for the project was obtained on 14th Shrawan 2075 under a BOOT arrangement for 35 years, with the deadline set for 13th Shrawan 2110.

2.22 Related Party Disclosures

Following are the related parties and transaction entered with related parties for the relevant financial year.

a) During the reporting period, Singati Hydro Energy Ltd. acquired a majority stake by investing in shares of the Habitat Power Company Ltd. thereby becoming its parent company. The shareholding of the parent company stands 53.3% of the total number of shares issued by the company capital at the end of the reporting period.

b) The key managerial personnel are following person are charged with governance of the company includes following members of the BOD.

Name	Position in the Company
Batu Lamichhane	Chairman
Ganesh Karki	Managing Director
Madhu Sudan Poudyal	Director
Belove Raj Gautam	Director (Singati Hydro Energy Ltd. Representative)
Rajani Thapa	Director (Singati Hydro Energy Ltd. Representative)
Mandeep Khanal	General Manager

c) **Transactions with related parties**
The following transactions were carried out with related parties in the ordinary course of business:

Name of the Related Parties	Nature of Relationship	Nature of Transactions	Opening Balances	Transactions During the year	Closing Balances
Batu Lamichhane	Chairman	Salary & Allowances	255,00 Cr.	1,275,000	0.00
Ganesh Karki	Managing Director	Salary & Allowances	255,000 Cr.	1,275,000	0.00
Madhu Sudan Poudyal	Project Director	Salary & Allowances	560,990 Cr.	1,275,000	1,622,486.64 Cr.
Mandeep Khanal	General Manager	Salary & Allowances	0.00	845,000	0.00

Company hasn't entered any other related party transactions during the reporting period that requires disclosure.

2.23 Financial Risk Management Objectives

The company's main financial liabilities comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to support the operation of the company. Similarly, the main financial assets of the company comprise trade and other receivables, cash and cash equivalents, short

term deposits that are directly derived from its operation. The company is exposed to a variety of financial risk because of its activities i.e., credit risk, liquidity risk, market risk etc. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Credit Risk:
This risk arises when a counterparty defaults on its contractual obligation to pay resulting in financial loss to the company. Company has PPA agreement with NEA and receivables from its business mainly involves receivable from NEA. Hence, default risk is significantly low.

Interest Rate risk:
The company's exposure to short term and long-term debt obligation is affected by changes in the market interest rate. Risk being of external nature it is beyond the power of the company to minimize such risk.

Liquidity risk:

Liquidity risk is a risk that the company may face challenges in fulfilling the obligations associated with the financial liabilities. The company's approach of managing liquidity ensures that sufficient funds will always be there to meet its liabilities even in hard circumstances. However, major and prolonged shortfall in the cash flow of the company may trigger potential risk in continuity of the company.

Currency Risk:
The company is not subjected to currency risk at present, as it is not involved in any foreign currency transaction during the current year.

Note 3
First Time Adoption of NFRS
The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN) and pronounced by Accounting Standard Board (ASB). These financial statements for the year ended 31 Ashadh, 2081 are the first set of statements the company has prepared under NFRS. The adoption of NFRS has been carried out in accordance with NFRS 1, First-time Adoption of NFRS. NFRS 1 requires that all NFRS and interpretations that are issued and effective for the first NFRS financial statements be applied

retrospectively and consistently for all financial years presented. Accordingly, the company has prepared financial statements which comply with NFRS for year ended 31 Ashadh, 2081, together with the comparative information as at and for the year ended 31 Ashadh, 2080 and the opening NFRS Balance Sheet as at 1Shrawan, 2079, the date of transition to NFRS.

In preparing these NFRS financial statements, the company has availed certain exemptions and exceptions in accordance with NFRS 1, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under NFRS and Previous GAAP have been recognized directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its Previous GAAP financial statements, including the Statement of Financial Position as at 1 Shrawan, 2079 and the financial statements as at and for the year ended 31 Ashadh, 2080.

As part of the company's transition to NIFRS, we have reviewed our previous accounting policies and identified adjustments necessary to comply with NFRS requirements.

Reclassification of administrative related expenses:
Prior to the transition, administrative expenses that were of a nature to be shown under the profit and loss account were capitalized as part of the construction costs of the project. However, under NFRS, such costs are to be expensed rather than capitalized. Consequently, retrospective reclassification has been made for such expenses from project costs to the relevant expense account. This reclassification has resulted in a decrease in the carrying amount of capitalized project costs as well as other equity.

Expenses relating to Fuel, Repairs & Maintenance, Food and Accommodation, Printing and Stationery which have been incurred for project as well as general administrative purpose of the company, have been apportioned in the ratio of 80:20 between the project and general administration. The management considers the basis of apportion appropriate and the accounting has been done accordingly.

A). Exemptions from Retrospective Application

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

I). Deemed cost for property, plant and equipment and intangible assets

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

II). Estimates

On the assessment of estimates made on financial statements prepared under previous GAAP's, no need has been felt to revise the estimates under NFRS in the absence of any error in the original estimates made. Estimates not required as per previous GAAP's but now required as per NFRS have been made by the company for the relevant reporting dates reflection conditions prevailing on that date.

III). Transition to NFRS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to NFRS in accordance with NFRS 1:

- ✓ Reconciliation of Equity.
- ✓ Reconciliation of Statement of Profit or Loss and other Comprehensive income.
- ✓ Adjustments to Statement of Cash Flows.
- ✓ Reconciliation of statement of financial position.

Previous GAAP information has been reclassified/regrouped in accordance with NFRS, wherever necessary, based on the audited financial statements of the Company for the year ended 31st Ashadh, 2080 and 31st Ashadh, 2079.

Habitat Power Company Ltd.

Disclosure effect of transition from previous GAAP to NFRSs

3.1 Reconciliation of Equity

Particulars	Explanatory Notes	As at 31st Ashad 2080 (Last period presented under previous GAAP)	As at 1st Shrawan 2079 (Date of Transition)
Total Equity under previous GAAP		**101,565,563.01**	**29,335,563.51**
Adjustments under NFRSs:			
Proposed Dividend		-	-
Dividend and Tax Paid		-	-
Income Recognized due to application of IFRIC 12	1	2,891,256.36	807,342.85
Depreciation, Amortization and Finance Cost	2	(267,679.45)	-
Adjustment of Admintrative Nature Expenses Due to NFRS	3	(2,355,482.65)	(1,250,843.85)
Adjustment of Advance for Share Capital	4	(17.50)	(17.50)
Deferred Tax		-	-
Impairment on loan and advances		-	-
Revaluation of property & equipment		-	-
Recognition of investment property		-	-
Amortization of debt securities issued		-	-
Defined benefit obligation of employees		-	-
Total Adjustment to Equity		**268,076.75**	**(443,518.50)**
Total Equity under NFRSs		**101,833,640.26**	**28,892,045.01**

Explanatory Notes :

1. IFRIC 12 Fair Value Adjustment of Intangible Assets (BOOT Model)

The difference between cost based carrying amount of Intangible Assets under development (BOOT Model) as per previous GAAP and fair value of the avobe assets as per NFRS has been adjusted to equity and respective Intangible Assets Under Development (IAUD).

2. Changes in Depreciation/Amortization/Finance cost

a. As per previous GAAP, the depreciation was calculated as per Income tax act only. However, after the transition to NFRs, the depreciation/amortization has been calculated complying the provision of NFRS and Companies Act also. The adjustment in the value of Depreciation/Amortization has been adjusted with Equity.

b. As per previous GAAP, ROU and Lease liability were not recognized. Additionally there was no recognition of amortization of ROU and finance cost associated with lease liability. After transition to NFRS, ROU and lease liability with amortization of ROU and finance cost on lease has been recognized and adjustment has been made to equity.

3. Administrative and Other General Expenses

As per Previous GAAP Administrative expenses related to project were capitalized to Project Assets. However on transition to NFRS these expenses are recognized and transferred to Profit or Loss account and adjustment has been made to Equity.

4. Advance for Share Capital

Under Previous GAAP, other payable amount was classified as advance for share capital. However as per NFRS this amount is now classified as other financial liabilities and adjustment has been made to equity.

Habitat Power Company Ltd.

3.2 Reconciliation of Statement of profit or loss and other comprehensive income for the year ended Ashad 31st, 2080

Particulars	Explanatory Notes	Year ended Ashad 31st, 2080 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to NFRS	Amount as per NFRS
Revenue From Operations		-	-	-
Cost of Sales		-	-	-
Gross Profit		-	-	-
Construction Revenue				
Construction Revenue as per IFRIC 12	5	-	28,132,832.35	28,132,832.35
Less : Construction Cost as per IFRIC 12			(26,048,918.84)	(26,048,918.84)
Net Construction Revenue		-	**2,083,913.51**	**2,083,913.51**
Other Income		-	-	-
Employee Benefits Expense		-	130,100.00	130,100.00
Depreciation And Amortization Expenses	6	-	244,298.75	244,298.75
Administrative and Other General Expenses		-	974,538.80	974,538.80
Profit Before Interest and Tax		-	**734,975.96**	**734,975.96**
Finance Income		-	-	-
Finance Cost	7	-	23,380.71	23,380.71
Profit Before Interest and Tax		-	**711,595.25**	**711,595.25**
Provision For Staff Bonus		-	-	-
Less: Tax Expense		-	-	-
(1) Current Tax		-	-	-
(2) Deferred Tax		-	-	-
Profit/(Loss) for the Period		-	**711,595.25**	**711,595.25**

Explanatory Notes:

5. Revenue arising due to IFRIC 12 arrangement

As per previous GAAP no revenue was recognized on construction service provided under BOOT Model. On transition to NFRS revenue has been recognized on such arrangements during construction phase.

6.Changes in administrative expenses/ depreciation/amortization of Assets

As per previous GAAP, the administrative nature expenses and depreciation/amortization amount was added to the capital assets. However, on transition to NFRS these amounts are recognized and has been transferred to Profit or Loss account.

7. Finance cost on lease liability

Finance cost arising on unwinding of lease liability has been transferred to Profit or Loss account on transition to NFRS.

Habitat Power Company Ltd.

3.3 Effect of NFRSs adoption in Statement of Cash Flow for the year ended 31st, 2080

Particulars	Explanatory Note	Year Ended 31st Asadh 2080 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to NFRSs	Amount as per NFRSs
Net cash flows from operating activities		(41,898,832.91)	1,714,721.92	(40,184,110.99)
Net cash flows from investing activities	8	(28,236,579.29)	(1,691,341.19)	(29,927,920.48)
Net cash flows from financing activities		72,230,000.00	(23,380.71)	72,206,619.29
Net increase/(decrease) in cash and cash equivalent		**2,094,588.29**	**(0.00)**	**2,094,588.31**
Cash and cash equivalent at the beginning of the period		292,061.30	-	292,061.30
Cash and cash equivalent at the end of the period		**2,386,649.59**	**(0.00)**	**2,386,649.59**

Explanatory Notes :

8. Difference is due to regrouping of assets and profit or loss line items.

Habitat Power Company Ltd.

3.4 Reconciliation of Statement of Financial Position as at Ashad 31st, 2080 and Shrawan 1st, 2079

Amount In NRs.

Particulars	Explanatory Notes	As at Ashad 31st, 2080 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to NFRS	As per NFRS Balance Sheet
Non-Current Assets				
Property, Plant and Equipment	9/14	786,062.75	30,049.07	816,111.82
Intangible Assets - Software/ROU		-	763,988.59	763,988.59
Capital Work In Progress (CWIP)	10	38,822,457.24	(38,822,457.24)	-
Intangible Assets Under Development (IAUD)		-	39,031,960.84	39,031,960.84
Financial Assets				
Investments in Associates and Subsidiary		-	-	-
Other Investment		-	-	-
Other Non Current Assets		-	-	-
Deffered Tax Assets		-	-	-
Total Non-Current Assets		**39,608,519.99**	**1,003,541.26**	**40,612,061.25**
Current Assets				
Financial Assets				
Trade Receivables		-	-	-
Cash And Cash Equivalents		2,386,649.59	-	2,386,649.59
Investments in Equity Instruments		-	-	-
Advance, Receivable, Prepaid & Deposits		67,787,567.59	(67,787,567.59)	-
Bank Balance Other than Cash and Cash Equivalents	11		1,500,000.00	1,500,000.00
Other Financial Assets		-	6,276,381.00	6,276,381.00
Other Current Assets		-	60,011,186.59	60,011,186.59
Current Tax Assets		-	-	-
Total Current Assets		**70,174,217.18**	**-**	**70,174,217.18**
Total Assets		**109,782,737.17**	**1,003,541.26**	**110,786,278.43**
Equity and Liabilities				
Equity Share Capital		84,337,100.00	-	84,337,100.00
Advance for Share Capital		17,465,017.50	(17.50)	17,465,000.00
Reserve and Surplus	12	(236,553.99)	236,553.99	-
Other Equity		-	31,540.26	31,540.26
Total Equity		**101,565,563.51**	**268,076.75**	**101,833,640.26**
Non-Current Liabilities				
Financial Liabilities				
Borrowings		-	-	-
Deferred Tax Liabilities				
Total Non-Current Liabilities		**-**	**-**	**-**
Current Liabilities				
Financial Liabilities				
Borrowings		-	-	-
Trade and Other Payables		8,217,173.48	(8,217,173.48)	-
Other Financial Liabilities	13/14	-	8,508,759.70	8,508,759.70
Other Current Liabilities		-	443,878.00	443,878.00
Current Tax Liabilities		-	-	-
Total Current Liabilities		**8,217,173.48**	**735,464.22**	**8,952,637.70**
Total Liabilities		8,217,173.48	735,464.22	8,952,637.70
Total Equity And Liabilities		**109,782,737.17**	**1,003,541.26**	**110,786,278.43**

Explanatory Notes:

9. Property, Plant and Equipment/Intangible Assets

Earlier PPE includes general assets and Software which has been reclassified into PPE and Intangible Assets as per NFRS Presentation.

10. Capital Work In Progress (CWIP)/Project Assets

Capital Work In Progress (CWIP) includes project assets has been reclassified to Intangible Assets Under Development (IAUD) as per NFRS Presentation.

11. Advance and Deposit

a. Advances and Deposit includes Bank Margin has been reclassified to Bank Balances other cash and cash equivalents as per NFRS Presentation.

b. Advances and Deposit includes Pre- Paid Expenses and Deposits/Security has been reclassified to Other Financial Assets as per NFRS Presentation.

c. Advances and Deposit includes general advances has been reclassified to Other Current Assets as per NFRS Presentation.

12. Retained Earnings

Under the previous GAAP retained earings were recoded which has been clasified as other equity as per NFRS Presentation.

13. Trade and Other Payable

a. Trade and Other Payables includes payable to different parties has been reclassified to Other Financial Liabilities as per NFRS Presentation.

b. Trade and Other Payables includes TDS Payable has been reclassified to Other Current Liabilities as per NFRS Presentation.

14. Right of Use Assets (ROU)/Lease Liability

As per previous GAAP no Right of Use Assets was recognized on lease rent agreement however after transition to NFRS, ROU and Lease Liability has been recognized in respect of lease arrangement.

Habitat Power Company Ltd.

3.5 Reconciliation of Statement of Financial Position as at Shrawan 1st, 2079

Amount In NRs.

Particulars	Explanatory Notes	As at Shrawan 1,2079 (Date of transition)		
		Previous GAAP	Effect of transition to NFRS	As per NFRS Balance Sheet
Non-Current Assets				
Property, Plant And Equipment		29,311.03	-	29,311.03
Intangible Assets		-	-	-
Capital Work In Progress (CWIP)	15	6,924,299.49	(6,924,299.49)	-
Intangible Assets Under Development (IAUD)		-	10,899,128.49	10,899,128.49
Financial Assets				
Investments in Associates and Subsidiary		-	-	-
Other Investment		-	-	-
Other Non Current Assets		-	-	-
Deffered Tax Assets		-	-	-
Total Non-Current Assets		**6,953,610.52**	**3,974,829.00**	**10,928,439.52**
Current Assets				
Financial Assets				
Trade Receivables		-	-	-
Cash And Cash Equivalents		292,061.30	-	292,061.30
Investments in Equity Instruments		-	-	-
Advance, Receivable, Prepaid & Deposits		26,417,989.00	(26,417,989.00)	-
Bank Balance Other than Cash and Cash Equivalents	16	-	1,500,000.00	1,500,000.00
Other Financial Assets		-	516,000.00	516,000.00
Other Current Assets		-	19,983,659.00	19,983,659.00
Current Tax Assets		-	-	-
Total Current Assets		**26,710,050.30**	**(4,418,330.00)**	**22,291,720.30**
Total Assets		**33,663,660.82**	**(443,501.00)**	**33,220,159.82**
Equity				
Equity Share Capital		24,997,100.00	-	24,997,100.00
Advance for Share Capital		4,575,017.50	(17.50)	4,575,000.00
Reserve and Surplus	17	(236,553.99)	236,553.99	-
Other Equity		-	(680,054.99)	(680,054.99)
Total Equity		**29,335,563.51**	**(443,518.50)**	**28,892,045.01**
Non-Current Liabilities				
Financial Liabilities				
Borrowings		-	-	-
Total Non-Current Liabilities		-	-	-
Current Liabilities				-
Financial Liabilities				-
Borrowings		-	-	-
Trade and Other Payables	18	4,328,097.31	(4,328,097.31)	-
Other Financial Liabilities		-	4,254,112.28	4,254,112.28
Other Current Liabilities		-	74,002.53	74,002.53
Current Tax Liabilities		-	-	-
Total Current Liabilities		**4,328,097.31**	**17.50**	**4,328,114.81**
Total Liabilities		**4,328,097.31**	**17.50**	**4,328,114.81**
Total Equity And Liabilities		**33,663,660.82**	**(443,501.00)**	**33,220,159.82**

Explanatory Notes:

15. Capital Work In Progress (CWIP)/Project Assets

Capital Work In Progress (CWIP) includes project assets has been reclassified to Intangible Assets Under Development (IAUD) as per NFRS Presentation.

16. Advance and Deposit

a. Advances and Deposit includes Bank Margin has been reclassified to Bank Balances other cash and cash equivalents as per NFRS Presentation.

b. Advances and Deposit includes Pre- Paid Expenses and Deposits/Security has been reclassified to Other Financial Assets as per NFRS Presentation.

c. Advances and Deposit includes general advances has been reclassified to Other Current Assets as per NFRS Presentation.

17. Retained Earnings

Under the previous GAAP retained earings were recoded which has been clasified as other equity as per NFRS Presentation.

18. Trade and Other Payable

a. Trade and Other Payables includes payable to different parties has been reclassified to Other Financial Liabilities as per NFRS Presentation.

b. Trade and Other Payables includes TDS Payable has been reclassified to Other Current Liabilities as per NFRS Presentation.

Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 31st Asadh 2081 (15 July 2024)

The accompanying notes are integral part of these financial statements.

As per our attached report of even date

Mandeep Khanal
General Manager

Madhu Sudhan Poudyal
Director

Batu Lamichhane
Chairman

CA. Avash Gautam
Partner
G. & G. Associates
Chartered Accountants

Santosh Belbase
Accounts Officer

Date: Mangsir 09, 2081
Place: Kathmandu, Nepal