G. Paudyal & Associates
Chartered Accountants

Email: ca.ghanashyam@gmail.com
Baneshwor, Kathmandu
Tel: 00977-1-4486784
ICAN Regd. No.:307
PAN: 602785567

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF API POWER COMPANY LIMITED

We have audited the accompanying financial statements of **Api Power Company Ltd.**, which comprise the Balance Sheet as at Ashadh 31, 2072, (July 16, 2015) and the related Income Statement, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date.

Management's Responsibility for the financial Statements

Management of the company is responsible for the preparation and fair presentation of these financial Statements in accordance with Nepal Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal control relevant to Company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects the financial position of of **Api Power Company Ltd** as at Ashadh 31, 2072, (July 16, 2015), and of the results of its financial performance and its cash flows for the year then ended and in accordance with Nepal Accounting Standards and Companies Act 2063.

Report on Other Legal and Regulatory Requirements

On the basis of our examination and explanations given to us, we would like to report that:

i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
ii. Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.
iii. The Balance Sheet, Income Statement, Statement of Cash Flow, Statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained by the Company.
iv. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company, and
v. We have not come across any fraudulence in the accounts.

Place: Kathmandu

Date: 2072-8-15

For: G. Paudyal & Associates
Chartered Accountants

G. Paudyal & Associates Kathmandu Chartered Accountants

CA Ghanshyam Paudyal
Partner

Api Power Company Ltd.
Balance Sheet
As at 31 Ashadh, 2072 (July 16,2015)

Particulars	Schedule	Current Year	Previous Year
Assets			
Non-Current Assets			
Property, Plant & Equipments, Net	1	7,467,629.91	11,282,570.81
Project in Progress	2	1,295,971,869.83	337,072,479.61
Investment (At Cost)	3	10,100,000.00	90,100,000.00
Total Non-Current Assets		**1,313,539,499.74**	**438,455,050.42**
Current Assets			
Cash & Cash Equivalent	4	44,635,333.18	63,809,162.96
Project Advances	5	159,526,897.49	189,430,366.23
Other Advances, Deposits & Receivables	6	32,821,556.67	5,054,914.67
Total Current Assets		**236,983,787.34**	**258,294,443.86**
Total Assets		**1,550,523,287.08**	**696,749,494.28**
Equity & Liabilities			
Equity			
Share Capital	7	715,000,000.00	502,150,400.00
Share Application Money		-	15,272,050.00
Reserve & Surplus	8	(13,641,125.56)	(6,973,999.81)
Total Equity		**701,358,874.44**	**510,448,450.19**
Non Current Liabilities			
Long Term Borrowings	9	790,338,368.57	173,435,234.62
Total Non-Current Liabilities		**790,338,368.57**	**173,435,234.62**
Current Liabilities & Provisions			
Trade Payables	10	668,282.71	2,575,892.07
Other Liabilities & Provisions	11	58,157,761.36	10,289,917.40
Total Current Liabilities		**58,826,044.07**	**12,865,809.47**
Total Equity & Liabilities		**1,550,523,287.08**	**696,749,494.28**

Notes to the Accounts 14

As per our attached report of even date

Kathmandu
Date: 2072-8-15

For: G Paudyal & Associates
Chartered Accountants

CA Ghanshyam Paudyal
Partner

G Paudyal & Associates Chartered Accountants KATHMANDU

Guru Prasad Neupane
Chairman

Sanjeev Neupane
Managing Director

Satish Neupane
Director

Mahendra Neupane
Director

Shashwat Chalisey
CFO

Api Power Company Ltd.

Income Statement

For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Particulars	Schedule	Current Year	Previous Year
Income			
Revenue from Power Sales		-	-
Indirect Income	12	1,081,312.52	445,306.68
		1,081,312.52	**445,306.68**
Less: Administrative Expenses	13	5,893,497.37	1,773,830.48
Profit Before Depreciation & Interest		(4,812,184.85)	**(1,328,523.80)**
Financial Expenses		33,000.00	340,277.70
Depreciation		1,821,940.90	2,058,419.30
Profit/(Loss) Before Tax		**(6,667,125.75)**	**(3,727,220.80)**
Current Tax		-	-
Deferred Tax		-	-
Net Profit/ (Loss) after Tax		**(6,667,125.75)**	**(3,727,220.80)**

Notes to the Accounts 14

As per our attached report of even date

Kathmandu

Date: 2072.8.15

For: G Paudyal & Associates
Chartered Accountants

Guru Prasad Neupane
Chairman

Sanjeev Neupane
Managing Director

CA Ghanshyam Paudyal
Partner

Satish Neupane
Director

Mahendra Neupane
Director

Shashwat Chalisey
CFO

Api Power Company Ltd.
Cash Flow Statement
For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Particulars	Current Year	Previous Year
Cash Flows From Operating Activities		
Net Profit/(Loss) After Tax	(6,667,125.75)	(3,727,220.80)
Add: Depreciation	1,821,940.90	2,058,419.30
Add: Interest Expenses	33,000.00	340,277.70
Net Cash Flow Before Changes in Working Capital	**(4,812,184.85)**	**(1,328,523.80)**
Changes in Working Capital	48,097,061.34	(139,774,931.69)
Net Cash Flows From Operation Activities (A)	**43,284,876.49**	**(141,103,455.49)**
Cash Flows From Investing Activities		
(Increase)/Decrease in Investment	80,000,000.00	(90,100,000.00)
(Increase)/Decrease in Project in Progress	(958,899,390.22)	(307,177,390.35)
Sales of Fixed Assets	2,048,000.00	-
Purchase of Fixed Assets	(55,000.00)	(5,925,137.74)
Net Cash Flows From Investing Activities (B)	**(876,906,390.22)**	**(403,202,528.09)**
Cash Flows From Financing Activities		
Increase/ (Decrease) in Share Capital	212,849,600.00	419,402,100.00
Proceeds from Share Application Money	(15,272,050.00)	15,272,050.00
Increase/ Decrease in Long Term Borrowings	616,903,133.95	171,041,234.62
Less: Interest Expenses	(33,000.00)	(340,277.70)
Net Cash Flows From Financing Activities (C)	**814,447,683.95**	**605,375,106.92**
Net Cash Flow (A+B+C)	**(19,173,829.78)**	**61,069,123.34**
Add: Opening Cash & Cash Equivalent	63,809,162.96	2,740,039.62
Closing Cash & Cash Equivalent	**44,635,333.18**	**63,809,162.96**

Kathmandu
Date: 2072.8.15

As per our attached report of even date

For: G Paudyal & Associates
Chartered Accountants

CA Ghanshyam Paudyal
Partner

G Paudyal & Associates Chartered Accountants KATHMANDU

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Chairman

Sanjeev Neupane
Managing Director

Satish Neupane
Director

Mahendra Neupane
Director

Shashwat Chalisey
CFO

Api Power Company Ltd.

Statement showing Changes in Equity

For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Particulars	Share Capital	Share Premium	Revaluation Reserve	Reserve & Surplus	Total
Balances as on 01.04.2070	82,748,300.00	-	-	(3,246,779.00)	79,501,521.00
Issue of Share Capital	419,402,100.00	-	-	-	419,402,100.00
Share Application Money	15,272,050.00				15,272,050.00
Profit/(Loss) during the period	-	-	-	(3,727,220.80)	(3,727,220.80)
Balances as on 32.03.2071	**517,422,450.00**	-	-	**(6,973,999.80)**	**510,448,450.20**
Balance as on 01.04.2071	517,422,450.00	-	-	(6,973,999.80)	510,448,450.20
Issue of Share Capital	197,577,550.00				197,577,550.00
Share Application Money	-				-
Profit/(Loss) during the period	-			(6,667,125.75)	(6,667,125.75)
Balance as on 31.03.2072	**715,000,000.00**	-	-	**(13,641,125.55)**	**701,358,874.45**

Kathmandu
Date: 2072-8-15

As per our attached report of even date

For: G Paudyal & Associates
Chartered Accountants

CA Ghanshyam Paudyal
Partner

Guru Prasad Neupane
Chairman

Sanjeev Neupane
Managing Director

Satish Neupane
Director

Mahendra Neupane
Director

Shashwat Chalisey
CFO

Api Power Company Ltd.

Schedules Forming Part of the Accounts

For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Property, Plant & Equipments

Schedule-1

Particulars	Dep. Rate	Opening Balance (WDV)	Addational during this Year			Disposal	Total	Depreciation Base	Depreciation During the Year	Closing Balance (WDV)
			Upto Poush	Upto Chaitra	Upto Ashadh					
Block-B	**25%**									
Office Equipment		208,556.31	-	-	-	-	208,556.31	208,556.31	52,139.08	156,417.23
Office Structure & Settings		2,750,000.00	-	-	-	-	2,750,000.00	2,750,000.00	687,500.00	2,062,500.00
Computers & Printers		433,473.33	-	-	-	-	433,473.33	433,473.33	108,368.33	325,105.00
Furniture & Fixtures		323,935.76	-	-	-	-	323,935.76	323,935.76	80,983.94	242,951.82
Handheld Transreceivers		477,425.00	-	-	-	-	477,425.00	477,425.00	119,356.25	358,068.75
Sub-Total		**4,193,390.40**	-	-	-	-	**4,193,390.40**	**4,193,390.40**	**1,048,347.60**	**3,145,042.80**
Block-C	**20%**									
Vehicle		2,048,000.00	-	-	-	2,048,000.00	-	-	-	-
Motorcycle		128,000.00	-	-	-	-*	128,000.00	128,000.00	25,600.00	102,400.00
Sub-Total		**2,176,000.00**	-	-	-	**2,048,000.00**	**128,000.00**	**128,000.00**	**25,600.00**	**102,400.00**
Block-D	**15%**									
Construction Equipments & Tools		3,231,779.48	-	-	-	-	3,231,779.48	3,231,779.48	484,766.92	2,747,012.56
Brick Making Machines		68,000.00	-	-	-	-	68,000.00	68,000.00	10,200.00	57,800.00
Transformers		783,572.06	-	-	-	-	783,572.06	783,572.06	117,535.81	666,036.25
Welding Rectifier		105,166.47	-	-	-	-	105,166.47	105,166.47	15,774.97	89,391.50
Solar System		-	55,000.00	-	-	-	55,000.00	55,000.00	8,250.00	46,750.00
Generator		697,000.00	-	-	-	-	697,000.00	697,000.00	104,550.00	592,450.00
Sub-Total		**4,885,518.01**	**55,000.00**	-	-	-	**4,940,518.01**	**4,940,518.01**	**741,077.70**	**4,199,440.31**
Block-E										
Software (Tally ERP 9) [Remaining Life: 3 Yrs]	5 Yrs	27,662.40	-	-	-	-	27,662.40	27,662.40	6,915.60	20,746.80
Sub-Total		**27,662.40**	-	-	-	-	**27,662.40**	**27,662.40**	**6,915.60**	**20,746.80**
Grand Total		**11,282,570.81**	**55,000.00**	-		**2,048,000.00**	**9,289,570.81**	**9,289,570.81**	**1,821,940.90**	**7,467,629.91**

API POWER COMPANY LIMITED 2003

G.Paudyal & Associates Chartered Accountants KATHMANDU

Api Power Company Ltd.

Shedules forming part of the Accounts

For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Project in Progress **Schedule-2**

Particulars	Current Year	Previous Year
Opening Balance	**337,072,479.61**	**29,895,089.26**
Add: Addition During The Year		
Main Civil Works	379,220,242.22	117,792,443.31
Hydro-Mechanical Works	86,554,483.80	81,229,218.29
Electro-Mechanical Works	295,970,968.62	4,605,469.73
Fabrication & Erection	63,893,866.08	-
Environment Mitigation & Compensation Expenses	21,171,815.00	961,005.00
Land & Land Development	7,793,152.00	22,224,177.45
Project Engineering & Supervision	5,167,432.00	2,415,329.80
Project Management Cost	26,109,331.78	34,695,908.59
Project Acquisition	16,197,203.45	28,883,397.00
Project Insurance Expenses	56,344.97	18,699.19
Financial Expenses	56,764,550.30	14,351,741.99
Total	**1,295,971,869.83**	**337,072,479.61**

Investment (At Cost) **Schedule-3**

Particulars	Current Year	Previous Year
Peoples' Investment Company Ltd.	100,000.00	100,000.00
Arun Kabeli Power Ltd.	10,000,000.00	10,000,000.00
Other Investments	-	80,000,000.00
Total	**10,100,000.00**	**90,100,000.00**

Cash & Cash Equivalents **Schedule-4**

Particulars	Current Year	Previous Year
Cash in Hand (As Certified)	166,323.35	276,760.34
Bank Balances:		
Bank of Kathmandu Ltd.	396,628.47	2,005,060.04
Global IME Bank Ltd.	5,000.00	5,000.00
Janata Bank Nepal Ltd.	731,764.26	740,768.10
Nepal Bank Ltd.	25,319,229.80	60,730,478.88
Nepal SBI Bank Ltd	10,000.00	10,000.00
NIC Asia Bank Ltd.	782,616.51	-
Prime Commercial Bank Ltd	537,178.63	27,702.02
Rastriya Banijya Bank Ltd	10,227.00	10,227.00
Subha Laxmi Finance Ltd.	3,166.58	3,166.58
Cheque in Hand	16,673,198.58	-
Total	**44,635,333.18**	**63,809,162.96**

अपि पावर कम्पनी लिमिटेड APC 2003 API POWER COMPANY LIMITED

G.Pandyal & Associates KATHMANDU Chartered Accountants

Api Power Company Ltd.
Shedules forming part of the Accounts
For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Project Advances **Schedule-5**

Particulars	Current Year	Previous Year
Advance for Project Development	-	648,702.00
Advance for Project Management (Site Advance)	562,614.45	-
Advance for Land	720,000.00	671,000.00
Advance for Site Office	219,499.89	1,259,682.35
Advances for Electromechanical Works	3,019,524.00	-
Advance for Hydro Mechanical Works	74,132,739.50	25,048,317.06
LC Margin	7,583,016.37	20,393,115.38
Cash Margin Against Bank Guarantee	-	510,000.00
Security Deposit (Birgunj Customs)	3,261,313.00	-
Makalu Developers Ltd.	56,641,124.53	100,927,570.29
Security Deposit (Survey License Upper Naugadh)	4,000,000.00	2,000,000.00
Security Deposit (Survey License Upper Chameliya)	8,000,000.00	-
Security Deposit (Transmission Line)	700,000.00	-
Deposit to NEA	159,031.00	159,031.00
Other Deposits	503,000.00	503,000.00
Travel Advance	21,965.00	-
Advance Vehicle Rent	-	47,000.00
Andritz Hydro	-	24,548,375.00
Clean Energy Consultants	-	559,455.00
Hydro Consult	3,069.75	3,069.75
Mainawati Steel Industries Pvt. Ltd.	-	700,358.40
R.K Survey Company Pvt. Ltd.	-	147,750.00
Synergy Enviro Engineers Pvt. Ltd.	-	11,303,940.00
Total	**159,526,897.49**	**189,430,366.23**

Other Advances, Deposits & Receivables **Schedule-6**

Particulars	Current Year	Previous Year
Advance Office Rent	-	80,325.00
ICRA Nepal Ltd	-	229,021.00
Interest Receivables	-	436,402.58
Kanchanjunga Housing Ltd.	-	2,000,000.06
NIBL Capital Ltd.	500,000.00	255,780.00
Other Advances	-	334,856.27
Prepaid Insurance	-	56,344.97
Staff Advances	-	1,662,184.79
Advance to Trade Tower Business Centre Pvt. Ltd.	973,281.30	-
Api Hydro Mechanical Pvt. Ltd.	9,266,267.37	-
South Asia Engineering Pvt. Ltd.	52,885.00	-
Gandaki Gaighat Co. Ltd	29,123.00	-
Advance for Share Application Money	20,000,000.00	
Inguwa Hydropower Development Company Ltd.	2,000,000.00	
Total	**32,821,556.67**	**5,054,914.67**

Api Power Company Ltd.
Shedules forming part of the Accounts
For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Share Capital — **Schedule-7**

Particulars	Current Year	Previous Year
Authorised :		
85,00,000 Equity Shares of Rs.100 Each	-	850,000,000.00
120,00,000 Equity Shares of Rs. 100 Each	1,200,000,000.00	-
Issued:		
85,00,000 Equity Shares of Rs.100 Each	-	850,000,000.00
100,00,000 Equity Shares of Rs. 100 Each	1,000,000,000.00	-
Paid -Up:		
50,21,504 Equity Shares of Rs. 100 Each	-	502,150,400.00
71,50,000 Equity Shares of Rs. 100 Each	715,000,000.00	-
Total	**715,000,000.00**	**502,150,400.00**

Reserve and Surplus — **Schedule-8**

Particulars	Current Year	Previous Year
Profit/(Loss) Upto Previous Year	(6,973,999.81)	(3,246,779.00)
Add: Profit/(Loss) during this Year	(6,667,125.75)	(3,727,220.81)
Total	(13,641,125.56)	**(6,973,999.81)**

Long Term Borrowings — **Schedule-9**

Particulars	Current Year	Previous Year
Subha Laxmi Finance Ltd. (Hire Purchase Loan)	-	1,718,090.93
Bridge Gap Loans	99,999,478.72	100,000,000.00
Term Loan	690,338,889.85	71,717,143.69
Total	**790,338,368.57**	**173,435,234.62**

Trade Payables — **Schedule-10**

Particulars	Current Year	Previous Year
Synergy and Energy Investment Pvt. Ltd.	500,000.00	-
Global Trade Links	-	142,360.00
Machinery & Electric Complex	-	337.06
Nirwan Logistics	-	1,606,731.20
Star Law Firm	-	22,300.00
Trade Tower Business Centre Pvt. Ltd.	-	95,297.70
Binisha Interior	60,000.86	60,000.86
Sushil Kumar Agrawal	108,281.85	629,365.25
Designers Pavillion Pvt. Ltd.	-	19,500.00
Total	**668,282.71**	**2,575,892.07**

एपि पावर कम्पनी लिमिटेड 2003 API POWER COMPANY LIMITED

G.Paudyal & Associates KATHMANDU Chartered Accountants

Api Power Company Ltd.
Shedules forming part of the Accounts
For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Other Liabilities & Provisions — **Schedule-11**

Particulars	Current Year	Previous Year
Arun Kabeli Power Limited (Interest Payable)	2,250,602.00	-
Vehicle Rent Payabe (Hilux)	240,000.00	-
Vehicle Rent Payable (Scorpio)	396,000.00	-
Water and Electricity Charges Payable	93,960.36	-
Audit Fee Payable	128,225.00	128,225.00
CIT Payable	388,000.00	170,000.00
Construction Power Charges Payable	-	264,000.00
Office Rent Payable	172,125.00	-
EPF Payable	119,600.00	542,760.00
JN Upadhyaya & Co.	-	66,900.00
Cheque Payable	1,633,340.00	
Narayan Prasad Khanal	198,044.06	-
Sanima Hydro Consult	219,209.00	-
Inspection & Engineering Pvt.Ltd	684,070.80	-
Retention Money (Makalu Developers Ltd.)	21,762,498.27	5,645,276.00
Retention Money (Stucto Udeko JV)	1,064,634.44	-
Salary & Allowances Payable	895,864.00	159,000.46
TDS Payable	7,911,588.43	3,073,756.94
Vehicle Rent Payable	-	239,999.00
Loan from Arun Kabeli Power Ltd.	20,000,000.00	-
Total	**58,157,761.36**	**10,289,917.40**

Indirect Income — **Schedule-12**

Particulars	Current Year	Previous Year
Dividend Income	49,443.84	-
Profit on Vehicle Sale	358,000.00	-
Exchange Difference (LC Payments)	456,955.68	-
Construction Power	184,000.00	-
Other Income	32,913.00	445,306.68
Total	**1,081,312.52**	**445,306.68**

अपि पावर कम्पनी लिमिटेड APC 2003 API POWER COMPANY LIMITED

G.Paudyal & Associates KATHMANDU Chartered Accountants

Api Power Company Ltd.
Shedules forming part of the Accounts
For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Administrative Expenses **Schedule-13**

Particulars	Current Year	Previous Year
Advertisment & Promotion Expenses	427,065.04	70,641.00
Audit Fee	113,000.00	113,000.00
AGM Expenses	379,460.00	-
Board Meeting Allowance	152,000.00	-
Staff Salary	341,041.00	-
Meeting Allowance	130,488.00	-
Email & Internet Expenses	110,015.00	33,190.00
Fuel Expenses	250,247.00	-
Generator Maintenance Charges (Pool D)	28,000.00	-
Fines and Penalty	76,843.92	37,522.68
Government Fees and Taxes	-	177,168.00
IPO Related Expenses	1,275,000.00	-
Legal Fees	-	192,600.00
Miscellaneous Expenses	56,823.33	70,236.00
Newspapers & Periodicals	3,790.00	7,845.00
Office Expenses (HO)	62,128.75	11,755.00
Postage & Courier	1,100.00	1,950.00
Printing & Stationery Expenses	329,710.00	288,298.00
Promotional Expenses	-	32,000.00
Rent Expenses (HO)	1,586,250.00	630,790.00
Repair & Maintenance Expenses (Office)	57,269.60	47,952.65
Rates & Taxes	104,722.95	39,486.15
Telephone Expenses	14,000.00	19,186.00
Tiffin Expenses (HO)	88,791.00	210.00
SMS Service Charges	10,776.00	-
Water & Electricity	289,475.78	-
Website Charges	5,500.00	-
Total	**5,893,497.37**	**1,773,830.48**

अपि पावर कम्पनी लिमिटेड
API POWER COMPANY LIMITED
2003

G.Paudyal & Associates
KATHMANDU
Chartered Accountants

Api Power Company Ltd.
Schedules forming Parts of Accounts
For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Schedule-14

Significant Accounting Policies & Notes to the Accounts

A General Information

A.1 Api Power Company Limited is a Limited Liability Company domiciled in Nepal, with its registered office at Kathmandu, Nepal. The company has been established with the objective of generation of hydropower.

A.2 The company has obtained license from Department of Electricity Development for construction and generation of electricity from Naugargh Gad Small Hydropower Project of 8.5 Megawatt capacity in Darchula district. The license period is upto 2104/03/30 B.S

B Summary of Significant

The Significant accounting policies applied in the preparation and presentation of the financial statements of the company are stated herein below. The said policies have been consistently applied to all the years presented, unless otherwise stated.

B.1 Statement of Compliance

The Financial Sattements have been prepared in accordance with Nepal Accounting Standards (NAS) except otherwise stated; Generally Accepted Accounting Principles (GAAP) and the Company's Act 2063.

B.2 Basis of Preparation

The Financial Statement has been prepared under historical cost convention. The preparation of the financial statements in confirmity with Nepal Accounting Standards (NAS) and Generally Accepted Accounting Principles (GAAP) requires the use of certain critical accounting estimates as well as management judgement and discretion in the process of applying the comapny's accounting policy.

B.3 Basis of Revenue Recognition

The Principal Revenue generating activity of the company comprises of Sale of Electricity to the Nepal Electricity Authority. The company has no revenue from sale of electricity during the fiscal year ended 31 Ashadh 2072.

B.4 Basis of Expenses Recognition

The company has adopted the system of recognition of expenses on accrual basis.

B.5 Property, Plant & Equipments and

B.5.1 Property, Plant & Equipments are stated at historical cost less depreciation. Historical cost includes expenditure that is directly and indirectly attributable to the acquisition of the assets.

B.5.2 Property, Plant & Equipments are depreciated on Written Down Value (WDV) Method at the rates and manners prescribed by Income Tax Act 2058.

C Notes to the Accounts

C.1 Status of Company

The company has been converted to a Public Limited Company from a Private Limited Company as per the approval of the Office of the Company Registrar.

C.2 Project in Progress

All Direct and Indirect expenses related to the construction of hydropower project is accounted as Project in Progress. After Completion of construction of project, the total cost of the project shall be re-grouped under Property, Plants & Equipments in respective heads i.e. Civil, Hydromechanical, Electromechanical, Transmission etc.

C.3 Investment

The Details of the investment has been shown in the schedule of the financial statement.

C.4 Share Application Money &

Share Application Money shown as part of the Equity in the previous year has been converted to Share Capital. Advance for Share Application Money to buy shares of Rs. 2,00,00,000 is given to Api Hydro Mechanical Pvt. Ltd.

C.5 Corporate Tax

Company is on taxable loss, therefore no provision for Income Tax has been made.

C.6 Deferred Tax

Since the company will be exempted after completion of the project, provision for deferred tax has not been done.

C.7 Schedules

Schedule 1-14 form the integral part of the financial statement.

C.8 Related Party Disclosure

The following are the related parties with whom the company has transactions and receivables & payables too.

Name of Party	Remarks
1. Makalu Developers Ltd	Civil Contractor
2. Api Hydro Mechanical Pvt. Ltd.	Hydro Mechanical Contractor

C.9 Re-Grouping

The company has rearranged and regrouped the previous year figures to make them comparable with the current year's figure.

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API POWER COMPANY LIMITED
2003

G.Paudyal & Associates
KATHMANDU
Chartered Accountants

Api Power Company Ltd.
Shedules forming part of the Accounts
For The Year Ended 31 Ashadh, 2072 (July 16, 2015)

Project in Progress

Particulars	Total	Project Cost	Admin. Expenses
Block A : Main Civil Works			
A1 : Head Works	109,793,614.53	109,793,614.53	-
A2 : Water Conductance Pipe	101,845,847.35	101,845,847.35	-
A3 : Surge Tank	26,477,773.64	26,477,773.64	-
A4 : Power House	63,035,785.84	63,035,785.84	-
A7 : Access Road	10,534,692.26	10,534,692.26	-
A8 : River Protection Work	23,645,862.68	23,645,862.68	-
	335,333,576.30	**335,333,576.30**	-
A9 : Physical Contingency, VAT and Others			
Construction Materials	116,381.00	116,381.00	-
Consumable Tools	6,920.00	6,920.00	-
Contingency	43,593,364.92	43,593,364.92	-
Power House Roof Construction Work	170,000.00	170,000.00	-
	43,886,665.92	**43,886,665.92**	-
Block B : Hydro Electromechanical Works			
B1 : Hydromechanical Material Cost			
Steel Plates	86,554,483.80	86,554,483.80	-
	86,554,483.80	**86,554,483.80**	-
B2 : Fabrication & Erection Cost			
Fabrication and Erection Cost	21,292,688.77	21,292,688.77	-
Fabrication and Erection Works (Api HM)	15,034,460.31	15,034,460.31	-
Technical Inspection (Hydromechanical Works)	1,200,000.00	1,200,000.00	-
Transportation Expenses	26,236,717.00	26,236,717.00	-
Transportation Service Charge	130,000.00	130,000.00	-
	63,893,866.08	**63,893,866.08**	-
B3 : Electromechanical Works			
Crane Charges	155,802.00	155,802.00	-
CT/PT	1,777,665.00	1,777,665.00	-
Electromechanical Equipments (Andritz)	149,796,433.46	149,796,433.46	-
Electromechanical Equipments (Synergy)	98,319,540.00	98,319,540.00	-
EOT Crane	17,865,000.00	17,865,000.00	-
Line Meggering	244,009.00	244,009.00	-
Meter Calibration Charges	4,700.00	4,700.00	-
Miscellaneous Custom Charge	1,772,546.00	1,772,546.00	-
Transportation Charges (EM Equipments)	1,706,000.00	1,706,000.00	-
	271,641,695.46	**271,641,695.46**	-

API POWER COMPANY LIMITED 2003 APC

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B4 : Contingency, Custom Duty, VAt and Others			
Custom Clearance Charges (CT/PT)	1,989.00	1,989.00	-
Custom Clearance Charges (EM Eqipments Synergy)	117,659.00	117,659.00	-
Custom Clearance Charges (EM Equipments Andritz)	178,893.00	178,893.00	-
Custom Clearance Charges (Gate Driving System)	6,389.00	6,389.00	-
Custom Clearance Charges (Steel Plates)	182,180.00	182,180.00	-
Custom Clearance (Miscellaneous Import)	29,363.00	29,363.00	-
Freight and Carriage Charges (Steel Plates India)	6,677,961.60	6,677,961.60	-
Freight and Carriage Charges (Steel Plates Nepal)	2,012,678.00	2,012,678.00	-
Gate Driving System	8,485,962.50	8,485,962.50	-
Import Duty (CT/PT)	19,958.00	19,958.00	-
Import Duty (EM Equipments Andritz)	1,703,032.00	1,703,032.00	-
Import Duty (EM Equipments Synergy)	1,170,442.00	1,170,442.00	-
Import Duty(Gate Driving System)	228,850.00	228,850.00	-
Import Duty (Miscellaneous Imports)	63,137.00	63,137.00	-
Import Duty (Steel Plate)	997,755.00	997,755.00	-
Insurance Charges (Steel Plates)	51,855.46	51,855.46	-
Insurance (CT/PT)	1,331.00	1,331.00	-
Insurance (EM Equipments)	94,453.60	94,453.60	-
Insurance Expense (Gate Lifting System)	24,694.00	24,694.00	-
Transmission Line Works	1,780,490.00	1,780,490.00	-
Transportation (Gate Driving System)	480,000.00	480,000.00	-
Transportation (Miscellaneous Import)	20,200.00	20,200.00	-
	24,329,273.16	**24,329,273.16**	-
Block C : Environment Mitigation & Land Acquisition			
C1 : Environment Mitigation			
Compensation(Durga Mandir)	1,050,500.00	1,050,500.00	-
Compensation (House)	7,267,500.00	7,267,500.00	-
Compensation (Jal Devi School)	828,514.00	828,514.00	-
Compensation Mandir	18,600.00	18,600.00	-
Compensation(Naugarh Mandir)	491,750.00	491,750.00	-
Compensation (Plants and Vegetations)	7,544,990.00	7,544,990.00	-
Compensation (Satya Prakash School Cons)	454,102.00	454,102.00	-
Compensation (Water Mills)	321,450.00	321,450.00	-
Electrical Mill	1,081,250.00	1,081,250.00	-
Gabion Works	21,500.00	21,500.00	-
Irrigation Project	1,919,200.00	1,919,200.00	-
Masan Construction	26,000.00	26,000.00	-
Road Maintenance	21,000.00	21,000.00	-
	21,046,356.00	**21,046,356.00**	-
C2 : Land Purchase/Acquisition			
Compensation	114,900.00	114,900.00	-
Compensation (Poles)	916,500.00	916,500.00	-
Govenment Fees and Taxes (Land)	62,069.00	62,069.00	-
Land	3,610,702.00	3,610,702.00	-
Land Compensation	2,887,841.00	2,887,841.00	-
Misc Expenses (Land)	201,140.00	201,140.00	-
	7,793,152.00	**7,793,152.00**	-
Block D : Engg, Admin & Project Design			
D1 : Project Engineering & Supervision			
Consultancy Expense (Clean Energy)	2,715,300.00	2,715,300.00	-
Due Diligence (Financial)	316,400.00	316,400.00	-
Due Diligence (Technical)	1,108,982.00	1,108,982.00	-
IEE/SIEE Report Preparation	461,750.00	461,750.00	-
Survey Expenses	565,000.00	565,000.00	-
	5,167,432.00	**5,167,432.00**	-

API Power Company Limited 2003

G. Paudyal & Associates Chartered Accountants Kathmandu

D2 : Project Management Cost			
Audit Fee	113,000.00	-	113,000.00
Advertisement & Promotion	427,065.05	-	427,065.05
AGM Expenses	379,460.00	-	379,460.00
Board Meeting Allowance	152,000.00	-	152,000.00
Casual Staff Salary	341,041.00	-	341,041.00
Central Material Testing	8,000.00	8,000.00	-
Communication Allowance	257,500.00	257,500.00	-
Communication Expenses	13,745.00	13,745.00	-
Consultancy Fee (Power Excavation)	50,000.00	50,000.00	-
Consultancy Fees	310,000.00	310,000.00	-
Donation	68,130.00	68,130.00	-
Electricity Expenses (Site)	1,458,421.23	1,458,421.23	-
Email & Internet	110,015.00	-	110,015.00
Fuel Expenses	250,247.00	-	250,247.00
Fuel Expenses (Site)	117,021.00	117,021.00	-
Generator Maintainance Charges	28,000.00	-	28,000.00
Government Tax & Fees	206,860.00	206,860.00	-
Guest Entertainment	567,485.00	194,805.00	372,680.00
House Rent	225,000.00	225,000.00	-
IPO Expense	73,000.00	-	73,000.00
Labour Wages	96,414.00	96,414.00	-
Local Conveyance Charge A/c	2,175.00	2,175.00	-
Lodging and Fooding	24,913.00	24,913.00	
Medical Expenses	125,400.00	125,400.00	-
Meeting Allowance	130,488.00	-	130,488.00
Miscellaneous (Documentation Charges)	56,823.33	-	56,823.33
Miscellenous Expenses	754,922.00	754,922.00	-
Mobile Expenses	27,500.00	27,500.00	-
News Paper & Magazine	3,790.00	-	3,790.00
Office Expenses (HO)	62,128.75	-	62,128.75
Office Expenses (Site)	895.00	895.00	-
PF Contribution	755,900.00	755,900.00	-
Postage and Courier	1,100.00	-	1,100.00
Printing and Stationery (Site)	10,063.00	10,063.00	-
Printing & Stationary	329,710.00	-	329,710.00
Promotional Expenses	631,517.00	631,517.00	-
Rent Expenses (HO)	1,586,250.00	-	1,586,250.00
Rent Expenses (Site)	755,151.33	755,151.33	-
Repair & Maintenance (Site)	96,387.00	96,387.00	-
Repair & Maintenance (Vehicle)	183,603.00	183,603.00	-
Repairs and Maintenance (Office)	57,269.60	-	57,269.60
Rates & Taxes	104,722.95	-	104,722.95
Site Food Expense	287,581.00	287,581.00	-
Site Office Expenses	687,536.00	687,536.00	-
Site Office Kitchen Expense	511,216.51	511,216.51	-
Site Staff Allowance	1,179,629.10	1,179,629.10	-
Site Travel Allowance	106,970.00	106,970.00	-
SMS Service Charges	10,776.00	-	10,776.00
Staff Amenities	88,791.00	-	88,791.00
Staff Salary & Allowances Expenses	10,186,607.00	10,186,607.00	-
Telephone Expenses	14,000.00	-	14,000.00
Tractor Rent	100,000.00	100,000.00	-
Transportation	35,860.00	35,860.00	-
Transportation & Newspaper Allowance	200,000.00	200,000.00	-
Travel Allowance	79,247.00	79,247.00	-
Travelling Expenses	3,547,033.16	3,547,033.16	-

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Vehicle Maintenance	34,695.00	34,695.00	-
Vehicle Rent	2,741,188.45	2,741,188.45	-
Wages	6,600.00	6,600.00	-
Walkie Talkie Installation Charges	5,100.00	5,100.00	-
Water Analysis Charges	4,746.00	4,746.00	-
Credit Rating Fees	452,000.00	-	452,000.00
Underwriting Commission	750,000.00	-	750,000.00
Fine & Penalty	76,843.92	-	76,843.92
Water Discharge Measurement Charges	21,000.00	21,000.00	-
Water & Electricity	289,475.78	-	289,475.78
Website Charges	5,500.00	-	5,500.00
	32,375,509.16	**26,109,331.78**	**6,266,177.38**
Block E : Project Acquisition			
E1 : Project Acquisition			
NEA Performance Bond Payment	5,100,000.00	5,100,000.00	-
Project Acquisition Expense	7,160,651.00	7,160,651.00	-
Share Issue Expenses	2,040,000.00	2,040,000.00	-
	14,300,651.00	**14,300,651.00**	-
E3 : Project Insurance			
Insurance Expenses A/c	56,344.97	56,344.97	-
	56,344.97	**56,344.97**	-
E4 : Bank Fee and Charges			
AOC Charges (Electromechanical LC)	617,355.78	617,355.78	-
AOC Charges (Hydromechanical LC)	757,069.39	757,069.39	-
Bank Charge	23,009.83	23,009.83	-
Bank Charges (Electromechanical LC)	11,500.00	11,500.00	-
Bank Charges (Hydromechanical LC)	137,236.03	137,236.03	-
Exchange Difference (LC Payments)	-	-	-
IME Charge	800.00	800.00	-
LC Bank Charges	4,000.00	4,000.00	-
LC Commission (Hydromechanical LC)	127,312.00	127,312.00	-
	1,678,283.03	**1,678,283.03**	-
E5 : IDC			
Interest Expense	55,086,267.27	55,086,267.27	-
Interest (HP Loan)	33,000.00	-	33,000.00
	55,119,267.27	**55,086,267.27**	**33,000.00**
Other Projects			
Consultancy Expenses - Upper Naugadh	1,896,552.45	1,896,552.45	-
	1,896,552.45	**1,896,552.45**	-
Grand Total	**965,073,108.60**	**958,773,931.22**	**6,299,177.38**

API POWER COMPANY LIMITED 2003

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