G. Paudyal & Associates
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
Api Power Company limited

Reports on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Api Power Company limited** (hereinafter referred to as "the Company") ,which comprises the statement of financial position as at Ashadh 32, 2079 (corresponding to July 16, 2022), the statement of profit or loss and other comprehensive income, the statement of change in equity, the statement of cash flows for the year then ended, and note to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as at Ashadh 32, 2079 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 financial statements section of our report. We are independent of the Company in accordance with the code of ethics for the professional accountant issued by The Institute of Chartered Accountants of Nepal together with the ethical requirement that is relevant to our audit of the financial statements under the provisions of the Company Act, 2063, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN code of ethics for professional accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended on Ashad 32, 2079 (corresponding to July 16, 2022). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, , and we do not provide a separate opinion on these matters. We have determined that there are no key audit matter to communicate in our report.

Information Other Than the Financial Statements and Auditor's Report Thereon

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not included the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we concluded that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

G. Paudyal & Associates
KATHMANDU
Chartered Accountants

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit 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 disclosure in the financial statement or, if such disclosure 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 as a going concern.
- Evaluate the overall presentation of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation,

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

Report on Other Legal and Regulatory Requirements

On the basis of our examination, we would like to report that:

a. We have obtained all the information and explanations, which were necessary for the purpose for our audit.
b. The enclosed statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flow have been prepared as per the Company Act, 2063 are in agreement with the books of account maintained by the Company except the provision of the Bonus Act, 2030 has not been complied.
c. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
d. In our opinion and to the best of our information and according to the explanations given to us and from 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 employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company relating to the accounts of the Company.

G. Paudyal & Associates Chartered Accountants KATHMANDU

CA Anoj Kumar Neupane
Partner
G. Paudyal & Associates
Chartered Accountant.

Place: Kathmandu, Nepal
Date: 2079/09/21

UDIN Number:230105CA016184wej3

Api Power Company Ltd.
Statement of Financial Position at Ashad 32, 2079
All amounts are in Rs unless otherwise stated

	Notes	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
ASSETS				
Non-current Assets				
(a) Property , Plant & Equipment				
i) General Assets (Gross)	5	41,626,959	35,829,780	16,429,277
Less: Accumulated Depreciation		(20,086,278)	(14,927,038)	(10,960,549)
General Assets (Net)		21,540,681	20,902,742	5,468,728
ii) Project Assets (Gross)	6	3,729,972,104	3,279,194,602	3,276,133,502
Less: Accumulated Depreciation		(251,376,661)	(124,005,947)	(77,398,460)
Project Assets (Net)		3,478,595,443	3,155,188,654	3,198,735,041
iii) Project Assets Under Development	6	3,405,501,069	1,089,996,631	42,180,071
(b) Intangible Assets	7	23,695,237	24,688,791	25,678,411
(c) Investments	8	220,550,000	70,000,000	70,000,000
Total Non-current Assets		**7,149,882,430**	**4,360,776,818**	**3,342,062,252**
Current Assets				
(a) Financial Assets				
(i)Trade Receivables	9	56,737,874	45,037,269	38,002,385
(ii) Cash and Cash Equivalents	10	423,833,625	206,008,333	2,798,666
(iii) Investments in Equity Instruments	11	29,997,371	26,999,155	70,750,985
(iv) Other Financial Assets	12	95,055,734	35,211,283	9,094,571
(b) Current Tax Assets	19	132,617		783,932
(c) Other Current Assets	13	1,234,809,350	1,264,505,362	99,969,918
Total Current Assets		**1,840,566,572**	**1,577,761,402**	**221,400,456**
Total Assets		**8,990,449,002**	**5,938,538,220**	**3,563,462,708**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	14	3,844,915,546	2,475,196,250	1,190,700,000
(b) Other Equity	15	308,895,682	333,887,334	253,050,736
Total Equity		**4,153,811,228**	**2,809,083,584**	**1,443,750,736**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
Borrowings	16	4,218,920,622	2,663,757,663	1,551,025,547
Total Non-current Liabilities		**4,218,920,622**	**2,663,757,663**	**1,551,025,547**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	547,502,649	387,288,125	361,666,413
(ii) Other Financial Liabilities	18	29,853,592	49,322,398	172,858,055
(b) Current Tax Liabilities (Net)	19		6,713,209	-
(c) Other Current Liabilities	20	40,360,911	22,373,241	34,161,957
Total Current Liabilities		**617,717,152**	**465,696,973**	**568,686,425**
Total Liabilities		**4,836,637,774**	**3,129,454,636**	**2,119,711,972**
Total Equity and Liabilities		**8,990,449,002**	**5,938,538,220**	**3,563,462,708**

The accompanying notes are integral parts of the financial statements

Date: 2079|09|21

Kathmandu, Nepal

As per Our Report of Even Date

For: G. Paudyal & Associates

Chartered Accountants

G. Paudyal & Associates KATHMANDU Chartered Accountants

Chef Finance Manager

Director

Director

CA Anoj Kumar Neupane

Partner

Managing Director

Chairman

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Api Power Company Ltd.
Statement of profit and loss and Other Comprehensive Income for the year ended Ashad 32,2079
All amounts are in Rs unless otherwise stated

	Notes	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Revenue from Operations	21	518,521,323	367,288,448
Cost of Sales	22	87,486,129	44,823,715
Gross Profit		**431,035,194**	**322,464,733**
Other Income	23	10,778,726	56,611,333
		441,813,920	**379,076,066**
Expenses			
Administrative Expenses	24	7,839,019	11,071,912
Employee Benefits Expense	25	-	-
Finance Costs	26	188,799,534	182,282,094
Depreciation and Amortisation Expense	27	133,523,508	51,610,491
Gain (Loss) on Investment through FVTPL	28	556,841	1,753,006
Impairment on Financial Assets	29	-	-
Total Expenses		**329,605,219**	**243,211,491**
Profit Before Bonus & Tax		**112,208,701**	**135,864,575**
Provision For Staff Bonus		2,980,430	7,313,806
Profit Before Tax		**109,228,271**	**128,550,769**
Tax Expense			
(1) Current Tax	30	2,013,893	13,909,553
(2) Deferred Tax		-	-
Profit/(Loss) Before CSR		**107,214,378**	**114,641,216**
Provision For CSR		1,072,144	1,413,982
Profit/(Loss) For the Period		**106,142,234**	**113,227,234**
Other Comprehensive Income			
Items That Will Not be Reclassified to Profit or Loss:			
Equity Instruments Through Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income For The Period		**106,142,234**	**113,227,234**
Earnings Per Equity Share (For Continuing Operation):	31		
(1) Basic (in Rs.)		3.06	3.35
(2) Diluted (in Rs.)		3.06	3.35

The accompanying notes are integral parts of the financial statements

Date: 2079/09/21

Kathmandu, Nepal

As per Our Report of Even Date
For: G. Paudyal & Associates
Chartered Accountants

Chef Finance Manager

Director

Director

CA Anoj Kumar Neupane
Partner

Managing Director

Chairman

KATHMANDU

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API POWER COMPANY LIMITED

Api Power Company Ltd.
Statement of cash flows for the year ended Ashad 32,2079
All amounts are in Rs unless otherwise stated

	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Cash Flows From Operating Activities		
Profit For the Year	106,142,234	113,227,234
Adjustments For:		
Finance Costs	188,799,534	182,282,094
Gain/(loss) on sale of Share	43,876	(56,274,067)
Gain (Loss) on Investment Through FVTPL	(556,841)	(1,753,006)
Depreciation and Amortization of Non-Current Assets	133,523,508	51,610,491
	427,952,310	**289,092,746**
Movements in Operating Assets:		
(Increase)/Decrease in Trade and Other Receivables	(11,700,605)	(7,034,884)
(Increase)/Decrease in Other Financial Assets	(59,844,451)	(26,116,712)
(Increase)/Decrease in Other Assets	29,696,012	(1,164,535,445)
Increase/ (Decrease) in Other Financial Liabilities	(19,468,806)	(123,535,657)
Increase/(Decrease) in Current Tax Assets /Liabilities	(6,845,826)	7,497,141
Increase/(Decrease) in Other Liabilities	17,987,670	(11,788,716)
	(50,176,006)	**(1,325,514,274)**
Cash Generated From Operations	**377,776,304**	**(1,036,421,528)**
Net Cash Generated By Operating Activities	**377,776,304**	**(1,036,421,528)**
Cash Flows From Investing Activities		
Sale of Investments	1,385,324	122,702,888
Purchase of Investments	(154,420,575)	(20,923,985)
Increase or Decrease in Project Assets	-	(3,061,100)
Increase or Decrease in Project Assets Under Development	(2,766,281,941)	(1,047,816,559)
Purchase of Property, Plant And Equipment	(5,797,179)	(19,400,503)
Purchase of Intangible Assets	-	(46,895)
Net Cash (Used in)/Generated by Investing Activities	**(2,925,114,371)**	**(968,546,154)**
Cash Flows From Financing Activities		
Increase or Decrease Of Borrowings	1,715,377,483	1,138,353,829
Increase or Decrease In Share Capital	1,369,719,296	1,284,496,250
Share issue Expenses	(6,842,507)	(3,368,722)
Share Premium	151,665,880	152,089,823
Dividends Paid On Equity Shares	(275,957,259)	(181,111,737)
Finance Expenses	(188,799,534)	(182,282,094)
Net Cash Used in Financing Activities	**2,765,163,359**	**2,208,177,349**
Net Increase in Cash and Cash Equivalents	**217,825,292**	**203,209,667**
Cash and Cash Equivalents at the Beginning of the Year	206,008,333	2,798,666
Effects of Exchange Rate Changes on the Balance of Cash and Cash Equivalents Held in Foreign Currencies	-	-
Cash and Cash Equivalents at the End of the Year	**423,833,625**	**206,008,333**

Date: 2079/09/21
Kathmandu, Nepal

As per Our Report of Even Date
For: G. Paudyal & Associates
Chartered Accountants

CA Anoj Kumar Neupane
Partner

Chef Finance Manager

Director

Director

Managing Director

Chairman

G. Paudyal & Associates KATHMANDU Chartered Accountants

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Api Power Company Ltd.
Statement of changes in equity for the year ended Ashad 32, 2079
All amounts are in Rs.' unless otherwise stated

Particulars	Share Capital	Reserves and Surplus					Total
		Capital Reserve	Securities Premium Reserve	Equity Instrument Through Other Comprehensive Income	General Reserve	Retained Earnings	
Balance As At Shrawan 1, 2077 (Restated)	1,190,700,000	-	-	-	-	253,050,736	1,443,750,736
Issue of Share Capital	1,284,496,250	-	152,089,823	-	-		1,436,586,073
Profit For The Year	-	-	-	-	-	113,227,234	113,227,234
Other Comprehensive Income For The Year, Net of Income Tax	-	-	-	-	-	-	-
Share Issue Expenses							
Issue of Bonus & Cash Divided	-	-	-	-	-	(3,368,722)	(3,368,722)
Transfer To Retained Earnings	-	-	-	-	-	(181,111,737)	(181,111,737)
Balance As At Ashad 31, 2078	2,475,196,250	-	152,089,823	-	-	181,797,511	2,809,083,584
Issue of Share Capital	1,369,719,296	-	151,665,880	-	-	-	1,521,385,176
Profit For The Year	-	-	-	-	-	106,142,234	106,142,234
Other Comprehensive Income For The Year, Net Of Income Tax	-	-	-	-	-	-	-
Share Issue Expenses							
Payment of Dividends	-	-		-	-	(6,842,507)	(6,842,507)
Transfer To Retained Earnings	-	-	(152,089,823)	-	-	(123,867,436)	(275,957,259)
Balance As At Ashad 32, 2079	3,844,915,546	-	151,665,880	-	-	157,229,802	4,153,811,228

Date: 2079/09/21
Kathmandu, Nepal

Chef Finance Manager

Director

Director

Managing Director

Chairman

As per Our Report of Even Date
For: G. Paudyal & Associates
Chartered Accountants

CA Anoj Kumar Neupane
Partner

Api Power Company Limited
Notes to the Financial Statements

1 COMPANY BACKGROUND

Api Power Compnay Limited (from herein referred as API or the Company) is a limited liability company registered under the Company Act 2063 and under Income Tax Act 2058. The hydropower projects of the Company are developed on Build, Own, Operate and Transfer (BOOT) model, which shall be transferred to concern authority of Government of Nepal after expiry of generation licensee. The Company has developed Solar power project also.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the applicable Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standard Board (ASB), Nepal. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063 of Nepal.

These financial statements for the year ended Ashah 32,2079 are the first report prepared by complying NFRS for all periods upto and including the year ended Ashah 31, 2078, the company prepared its financial statements in accordance with the Nepal Accounting Standards (hereinafter referred to as 'Previous GAAP') for its statutory reporting requirement in Nepal. The financial statements for the year ended 31 Ashah, 2078 and the opening Balance Sheet as at Shrawan 1,2077 have been restated in accordance with NFRS for comparative information. These financial statements were authorized for issue by the Board of Directors on २०७९-०९-२१ The Board of Directors acknowledges the responsibility of preparation of financial statements.

Reconciliations and explanations of the effect of the transition from Previous GAAP to NFRS on the Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are provided in Note 4. The transition date of NFRS is Shrawan 1, 2077.

2.2 Basis of Preparation of Financial Statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below:

i) Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii) 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(iii) Financial assets and financial liabilities measured at fair value (refer accounting policy of financial Instruments).

(iv) Financial statements prepared under Going concern and accrual basis.

(v) The financial statements are presented in Nepalese Rupee (Rs.), which is the functional and presentation currency of the Company and amount is rounded in nearest rupees.

API 2003

G. Paudyal & Associates Chartered Accountants KATHMANDU

Api Power Company Limited
Notes to the Financial Statements

2.3 Investments in Subsidiaries

Company has option to account for investments in subsidiaries, joint ventures and associates either: (a) at cost; (b) in accordance with NFRS 9; or (c) using the equity method as described in NAS 28. The company measured the investment in subsidiaries at cost.

2.4 Property, Plant and Equipment

i) Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

ii) 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.

iii) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

iv) An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal, any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

2.5 Depreciation & Amortization

i) Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the diminishing balance method.

ii) The estimated useful life and depreciation 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.

iii) The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows: -

Category of Assets	Estimated Useful life	Depreciation Rate
Plant & Machinery	20-25 years	15%
Office Equipment	13-15 years	25%
Furniture & Fixtures	13-15 years	25%
Computer & Accessories	18-20 years	20%

The Company has depreciated project assets on SLM basis on remaining generation licensee period. The depreciation period of the project are as follows:

Project Name	Remaining Life
Chandranigahapur (4MW)	23 Year 6 Month
Dhalkebar(1MW)	24 Year 4 Month
Naugad (8.5MW)	26 Year
Upper Naugad (8MW)	30 Year 6 Month

For transition to NFRS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognized as of Shrawan 1, 2077 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.6 Intangible Assets

i) Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The amortizable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

ii) An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

iii) For transition to NFRS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as of Shrawan 1, 2077 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.7 Impairment of Tangible and Intangible Assets:

An asset is considered as impaired in accordance with NAS 36 on Impairment of Assets when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased 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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.8 Classification of Current and Non current of Assets and Liabilities.

All assets and liabilities have been classified as current & non current assets as per the company's normal operating cycle. Based on the nature of products and time between acquisition of assets for processing and their realization cash and cash equivalents, the company has ascertained its operating cycle as twelve months for the purpose of classification currents & non current classification.

2.9 Revenue from Contracts with Customers

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates, penalties and other similar items.

Revenue from operations comprises of sale of power. It is recognized at an amount that reflects the consideration for which the Company expects to be entitled in exchange for transfer of power to the customer.

Revenue from sale of power is accounted in accordance with tariff provided in Power Purchase Agreement (PPA) with the Nepal Electricity Authority (NEA) and no significant uncertainty as to the measurability or collectability exist.

2.10 Employee Benefits

Compensation to employees for services rendered is measured and accounted for in accordance with NAS 19 on Employee Benefits.

API POWER COMPANY LIMITED 2003 APC

G. Paudyal & Associates Chartered Accountants KATHMANDU

Api Power Company Limited
Notes to the Financial Statements

Short Term-Employee Benefits

Employee Benefits such as salaries, allowances, and non-monetary benefits which fall due for payment within a period of twelve months after rendering service, are charged as expense to profit or loss in the period in which the service is rendered.

2.11 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 qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.12 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company is currently enjoying tax holiday for the income from sales of power.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences 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.

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for The Year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Api Power Company Limited
Notes to the Financial Statements

2.13 Earnings Per Share

The Company reports basic and diluted Earnings per Share (EPS) in accordance with NAS 33 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

2.14 Leases

The Company, as a lessee, recognizes a right of use asset and a lease liability for its leasing arrangements, as the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, as it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right of use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

2.15 Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in NAS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

2.16 Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A contingent liability is a possible obligation that arises from past event whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the company or present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or a reliable estimate of the amount of obligation cannot be made.

A contingent asset is neither recognized nor disclosed in the financial statements.

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2.17 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured 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 or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

• the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial instruments that do not meet the amortized cost criteria or Fair Value Through Other Comprehensive Income (FVTOCI) criteria are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognized when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of Financial Assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables and other contractual rights to receive cash or other financial asset.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial Liabilities at FVTPL

Financial liabilities at FVTPL represented by contingent consideration that are measured at fair value with all changes recognized in the profit or loss.

Derecognition of Financial Instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

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2.18 First-Time Adoption – Mandatory Exceptions and Optional Exemptions

Overall Principle

The Company has prepared the opening balance sheet as per NFRS as of Shrawan 1, 2077 (the transition date) by recognizing all assets and liabilities whose recognition is required by NFRS, not recognizing items of assets or liabilities which are not permitted by NFRS , by reclassifying items from previous GAAP to NFRS as required under NFRS, and applying NFRS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below:

Derecognition of Financial Assets and Financial Liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after Shrawan 1, 2077 (the transition date).

Impairment of Financial Assets

The Company has applied the impairment requirements of NAS 36 retrospectively; however, as permitted by NFRS 1 , it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to NFRSs, whether there have been significant increases in credit risk since initial recognition, as permitted by NFRS 1.

Deemed cost for Property, Plant and Equipment, and Intangible Assets

The Company has elected to continue with the carrying value of all of its plant and equipment, and intangible assets recognized as of Shrawan 1,2077 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Determining Whether an Arrangement Contains a Lease

The Company has applied Appendix C of NFRS 16 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying Accounting Policies

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The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Income Taxes

The Company's tax jurisdiction is in Nepal. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful Lives of Property, Plant and Equipment

As described above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. There was no change in the useful life of property, plant and equipment as compared to previous year.

Impairment of Trade Receivables

The Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer status, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

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Note 4

Particulars	Notes	As at Ashad 31,2078 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to NFRS	As per NFRS Balance Sheet
Non-Current Assets				
(a) Property, Plant & Equipments				
(i) General Assets (Net)		3,200,780,188	(3,179,877,446)	20,902,742
(ii) Project in Progress		1,090,894,312	(1,090,894,312)	
(ii) Project Assets (Net)			3,155,188,654	3,155,188,654
(iv) Project Assets Under Development		-	1,089,996,631	1,089,996,631
(b) Intangible Assets		-	24,688,791	24,688,791
(c) Investments		107,372,149	(37,372,149)	70,000,000
Total Non-Current Assets		**4,399,046,649**	**(38,269,831)**	**4,360,776,818**
Current Assets				
(a) Financial Assets				
(i) Trade Receivables			45,037,269	45,037,269
(ii) Cash And Cash Equivalents		206,008,333	-	206,008,333
(ii) Investments in Equity Instruments			26,999,155	26,999,155
(iv) Other Financial Assets			35,211,283	35,211,283
(b) Project Advances		686,883,388	(686,883,388)	-
(c) Other Advance, Deposit & Receivables		645,744,526	(645,744,526)	-
(d) Other Current Assets			1,264,505,362	1,264,505,362
Total Current Assets		**1,538,636,247**	**39,125,155**	**1,577,761,402**
Total Assets		**5,937,682,896**	**855,324**	**5,938,538,220**
Equity				
Equity Share Capital		2,475,196,250	-	2,475,196,250
Other Equity		279,943,285	53,944,049	333,887,334
Total Equity		**2,755,139,535**	**53,944,049**	**2,809,083,584**
Non-Current Liabilities				
Financial Liabilities				
Borrowings		3,010,369,763	(346,612,100)	2,663,757,663
Total Non-Current Liabilities		**3,010,369,763**	**(346,612,100)**	**2,663,757,663**
Current Liabilities				
Financial Liabilities				
(i) Borrowings		93,764,750	293,523,375	387,288,125
(ii) Trade And Other Payables		40,341,110	(40,341,110)	-
(iii) Other Financial Liabilities			49,322,398	49,322,398
Current Tax Liabilities (Net)			6,713,209	6,713,209
Other Current Liabilities		38,067,738	(15,694,497)	22,373,241
Total Current Liabilities		**172,173,598**	**293,523,375**	**465,696,973**
Total Liabilities		**3,182,543,361**	**(53,088,725)**	**3,129,454,636**
Total Equity And Liabilities		**5,937,682,896**	**855,324**	**5,938,538,220**

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Particulars	Notes	As at Ashad 31,2077 (End of last period presented under previous GAAP)		
		Previous GAAP	Effect of transition to NFRS	As per NFRS Balance Sheet
Non-Current Assets				
(a) Property, Plant & Equipments				
(i) General Assets (Net)		3,229,882,181	(3,224,413,453)	5,468,728
(ii) Project in Progress		42,180,071	(42,180,071)	-
(ii) Project Assets (Net)			3,198,735,041	3,198,735,041
(iv) Project Assets Under Development		-	42,180,071	42,180,071
(b) Intangible Assets		-	25,678,411	25,678,411
(c) Investments		134,037,868	(64,037,868)	70,000,000
Total Non-Current Assets		**3,406,100,120**	**(64,037,868)**	**3,342,062,252**
Current Assets				
(a) Financial Assets				
(i) Trade Receivables			38,002,385	38,002,385
(ii) Cash And Cash Equivalents		2,798,666	(0)	2,798,666
(ii) Investments in Equity Instruments			70,750,985	70,750,985
(iv) Other Financial Assets			9,094,571	9,094,571
(b) Project Advances		76,545,778	(76,545,778)	-
(c) Current Tax Assets			783,932	783,932
(d) Other Advance, Deposit & Receivables		71,305,027	(71,305,027)	-
(e) Other Current Assets (Net)			99,969,918	99,969,918
Total Current Assets		**150,649,471**	**70,750,985**	**221,400,456**
Total Assets		**3,556,749,591**	**6,713,117**	**3,563,462,708**
Equity				
Equity Share Capital		1,190,700,000	-	1,190,700,000
Other Equity		182,890,532	70,160,204	253,050,736
Total Equity		**1,373,590,532**	**70,160,204**	**1,443,750,736**
Non-Current Liabilities				
Financial Liabilities				
Borrowings		1,733,106,615	(182,081,068)	1,551,025,547
Total Non-Current Liabilities		**1,733,106,615**	**(182,081,068)**	**1,551,025,547**
Current Liabilities				
Financial Liabilities				
(i) Borrowings		243,032,432	118,633,981	361,666,413
(ii) Trade And Other Payables		145,140,758	(145,140,758)	
(iii) Other Financial Liabilities			172,858,055	172,858,055
Current Tax Liabilities (Net)			-	-
Other Current Liabilities		61,879,254	(27,717,297)	34,161,957
Total Current Liabilities		**450,052,444**	**118,633,981**	**568,686,425**
Total Liabilities		**2,183,159,059**	**(63,447,087)**	**2,119,711,972**
Total Equity And Liabilities		**3,556,749,591**	**6,713,117**	**3,563,462,708**

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Effect of NFRS adoption on the statement of profit and loss for the year ended Ashad 31,2078
All amounts are in Rs unless otherwise stated

Particulars	Notes	Year ended Ashad 31,2078 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to NFRS	NFRS
Revenue From Operations		367,288,448	-	367,288,448
Cost Of Sales		44,823,715	-	44,823,715
Gross Profit		**322,464,733**	-	**322,464,733**
Other Income		63,324,450	(6,713,117)	56,611,333
		385,789,183	**(6,713,117)**	**379,076,066**
Expenses				
Administrative Expenses		14,440,634	(3,368,722)	11,071,912
Employee Benefits Expense			-	-
Finance Costs		171,026,049	11,256,045	182,282,094
Depreciation And Amortisation Expense		51,610,491	-	51,610,491
Gain (Loss) on Investment through FVTPL			1,753,006	1,753,006
Impairment Loss On Financial Assets				
Total Expenses		**237,077,174**	**6,134,317**	**243,211,491**
Profit Before Tax & Bonus		**148,712,009**	**(12,847,434)**	**135,864,575**
Provision For Staff Bonus		7,313,806	-	7,313,806
Less: Tax Expense				
(1) Current Tax		13,909,553	-	13,909,553
(2) Deferred Tax				
Profit/(Loss) Before CSR		**127,488,650**	(12,847,434)	**114,641,216**
CSR Expenses		1,413,982	-	1,413,982
Profit/(Loss) For the Year		**126,074,668**	**(12,847,434)**	**113,227,234**
Other Comprehensive Income				
Items That Will Not be Reclassified to Profit or Loss				
Equity Instruments Through OCI			-	-
Total Other Comprehensive Income			-	-
Total Comprehensive Income For The Period		**126,074,668**	**(12,847,434)**	**113,227,234**

A. Property, plant and equipment's

(a) Under NFRS, project related assets is classified under project assets which was previously classified under general assets.

(b) Under NFRS, project in progress is transferred to project under development.

(c) Under NFRS, intangible assets is classified separately which was previously classified under property, plant & Equipment (General Assets).

B. Investments

(a)Under NFRS, except investment in subsidiary & advance for investment is transferred to investment in equity instrument though FVTPL.

(b) Under NFRS, advance for investment is classified under other current financial liabilities which was previously classified under investments.

C Project Advance

Under NFRS, Project advance is transferred to other current assets.

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D. Other Financial Assets

Under NFRS, security deposit, advance for investment, margin is transferred to other current financial assets from investments and other advance, deposit & receivables.

E. Borrowing

Borrowing is remeasure by using amortized cost method.

Current Tax Liabilities

Under NFRS, provision for income tax liabilities is classified under current tax liabilities, which was previously classified under other current liabilities.

G. Other Financial Liabilities

Under NFRS, trade & other payable is transferred to other financial liabilities.

H. Investment in equity instruments through FVTPL

Investment in equity instruments remeasure in fair value and gain or loss is recognized in profit & loss.

I. Share issue related expenses

Share issue related expenses is transferred to equity which was previously classified under administrative expenses.

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5. Property, Plant and Equipment (General Assets)
Current Year

Particulars	Cost or deemed cost				Accumulated depreciation and impairment					Carrying Amount	
	Balance at Ashad 31, 2078	Additions	Disposals	Balance at Ashad 31, 2079	Balance as at Ashad 31, 2078	Eliminated on disposals of assets	Impairment losses recognised in profit or loss	Depreciation expense	Balance at Ashad 32, 2079	As at Ashad 32, 2079	As at Ashad 31, 2078
Property Plant And Equipment (General Assets)											
Office Equipment	345,105			345,105	317,266			6,960	324,226	20,879	27,839
Attendance Machine (Site Office)	18,080			18,080	14,863			804	15,667	2,413	3,217
Attendance Machine (Head Office)	33,787			33,787	19,533			3,564	23,097	10,690	14,254
Computers & Printers	1,952,281	308,000		2,260,281	1,333,941			231,585	1,565,526	694,755	618,340
LED TV		77,555		77,555	-			12,676	12,676	64,879	-
CCTV	90,061	-		90,061	15,010			18,763	33,773	56,288	75,051
Furniture & Fixtures	623,644	316,627		940,271	567,067			93,301	660,368	279,903	56,577
Handheld Transreceivers	663,310	1,632,850		2,296,160	578,129			429,508	1,007,637	1,288,523	85,181
Mobile Phone	95,600	-		95,600	55,269			10,083	65,352	30,248	40,331
Vehicle	19,062,288	3,037,346		22,099,634	5,627,462			3,294,434	8,921,896	13,177,738	13,434,826
Tractor		95,000		95,000	-			19,000	19,000	76,000	-
Motorcycle	539,000			539,000	208,957			66,009	274,966	264,034	330,043
Construction Equipments & Tools	5,086,908			5,086,908	3,685,174			210,260	3,895,434	1,191,474	1,401,734
Brick Making Machines	80,000			80,000	58,201			3,270	61,471	18,529	21,799
Transformers	2,482,349			2,482,349	904,729			236,643	1,141,372	1,340,978	1,577,621
Welding Rectifier	123,725			123,725	90,012			5,057	95,069	28,656	33,713
Water Pump	410,010	18,500		428,510	152,515			39,549	192,064	236,447	257,496
Solar System	55,000			55,000	37,369			2,645	40,014	14,987	17,632
Agriculture Brush Cutter	18,274			18,274	914			2,604	3,518	14,756	17,360
Fridge (UC Site)	28,476	32,501		60,977	2,848			5,469	8,317	52,660	25,628
Insulation Tester	115,000			115,000	17,250			14,663	31,913	83,087	97,750
Kirloskar Pump (UC)	2,486,736			2,486,736	248,674			335,709	584,383	1,902,353	2,238,062
Lawn Mower	52,545	43,800		96,345	2,627			9,678	12,305	84,040	49,918
Mini Trailer		85,000		85,000	-			12,750	12,750	72,250	-
VHF Antenna Base	22,600	-		22,600	3,390			2,882	6,272	16,328	19,210
Generator	1,445,000	150,000		1,595,000	985,839			91,374	1,077,213	517,788	459,162
Total	35,829,780	5,797,179	-	41,626,959	14,927,038	-	-	5,159,240	20,086,278	21,540,681	20,902,742

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Notes to the financial statements for the year ended Ashad 32, 2079

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Previous Year

Particulars	Cost or Deemed cost				Accumulated depreciation and impairment					Carrying Amount	
	Balance as at Shrawan 1, 2077	Additions	Disposals	Balance at Ashad 31, 2078	Balance as at Shrawan 1, 2077	Eliminated on disposals of assets	Impairment losses recognised in profit or loss	Depreciation expense	Balance as at Ashad 31, 2078	As at Ashad 31, 2078	As at Shrawan 1, 2077
Property Plant And Equipment (General Assets)											
Office Equipment	345,105	-		345,105	307,986			9,280	317,266	27,839	37,119
Attendance Machine (Site Office)	18,080	-		18,080	13,790			1,073	14,863	3,217	4,290
Attendance Machine (Head Office)	33,787	-		33,787	14,782			4,751	19,533	14,254	19,005
Computers & Printers	1,466,783	485,498		1,952,281	1,127,827			206,114	1,333,941	618,340	338,956
CCTV	-	90,061		90,061				15,010	15,010	75,051	-
Furniture & Fixtures	623,644	-		623,644	548,208			18,859	567,067	56,577	75,436
Handheld Transreceivers	663,310	-		663,310	549,735			28,394	578,129	85,181	113,575
Mobile Phone	95,600	-		95,600	41,825			13,444	55,269	40,331	53,775
Vehicle	4,900,475	14,161,813		19,062,288	2,981,256			2,646,206	5,627,462	13,434,826	1,919,219
Motorcycle	160,000	379,000		539,000	126,446			82,511	208,957	330,043	33,554
Construction Equipments & Tools	5,086,908	-		5,086,908	3,437,809			247,365	3,685,174	1,401,734	1,649,099
Brick Making Machines	80,000	-		80,000	54,354			3,847	58,201	21,799	25,646
Transformers	921,849	1,560,500		2,482,349	626,326			278,403	904,729	1,577,621	295,524
Welding Rectifier	123,725	-		123,725	84,062			5,950	90,012	33,713	39,663
Water Pump	410,010	-		410,010	107,075			45,440	152,515	257,496	302,936
Solar System	55,000	-		55,000	34,258			3,111	37,369	17,632	20,743
Agriculture Brush Cutter	-	18,274		18,274				914	914	17,360	-
Fridge (UC Site)	-	28,476		28,476				2,848	2,848	25,628	-
Insulation Tester	-	115,000		115,000				17,250	17,250	97,750	-
Kirloskar Pump (UC)	-	2,486,736		2,486,736				248,674	248,674	2,238,062	-
Lawn Mower	-	52,545		52,545				2,627	2,627	49,918	-
VHF Antenna Base	-	22,600		22,600				3,390	3,390	19,210	-
Generator	1,445,000	-		1,445,000	904,811			81,028	985,839	459,162	540,190
Total	16,429,277	19,400,503	-	35,829,780	10,960,549	-	-	3,966,489	14,927,038	20,902,742	5,468,728

Api Power Company Ltd.
Notes to the financial statements for the year ended Ashad 32, 2079
All amounts are in Rs unless otherwise stated

6. Property, Plant & Equipment (Project Assets)

Current Year

Particulars	Cost or deemed cost					Accumulated depreciation and impairment				Carrying Amount	
	Balance at Ashad 31, 2078	Additions from separate acquisitions	Transfer from Intangible asets under Developments	Additions from internal developments	Balance at Ashad 31, 2079	Balance at Ashad 31, 2078	Depreciation expense	Impairment losses recognised in profit or loss	Balance at Ashad 32, 2079	As at Ashad 32, 2079	As at Ashad 31, 2078
Project Assets	-				-						-
Upper Naughad (UN)	1,750,048,042	-			1,750,048,042	26,132,761	56,521,812		82,654,573	1,667,393,469	1,723,915,281
Naughad	1,529,146,560	-			1,529,146,560	97,873,186	55,048,976		152,922,162	1,376,224,397	1,431,273,373
Solar Project (Dhalkebar)			96,623,857		96,623,857		1,985,422		1,985,422	94,638,436	-
Solar Poject (Chandranighapur)			354,153,645		354,153,645		13,814,504		13,814,504	340,339,141	-
Subtotal	**3,279,194,602**	-	**450,777,503**	-	**3,729,972,104**	**124,005,947**	**127,370,714**	-	**251,376,661**	**3,478,595,443**	**3,155,188,654**
Project Assets Under Development											
									-	-	-
Upper Chameliya (UC)	728,736,878	2,564,715,578	-	-	3,293,452,456	-	-	-	-	3,293,452,456	728,736,878
Solar project (Simara)	2,128,688	89,003,997			91,132,685	-			-	91,132,685	2,128,688
Solar Project (Attariya)	458,512				458,512	-			-	458,512	458,512
Solar Project (Badrghat)	768,002				768,002	-			-	768,002	768,002
Solar Poject (Chanuata)	1,434,229				1,434,229	-			-	1,434,229	1,434,229
Slolar Poject (Kawashoti 1)	899,368				899,368	-			-	899,368	899,368
Solar Project (Kawashoti 2)	361,600				361,600	-			-	361,600	361,600
Solar Project (Lamki)	458,512				458,512	-			-	458,512	458,512
Solar Project (Parwanipur)	8,632,285	7,903,420			16,535,705	-			-	16,535,705	8,632,285
Solar Project (Dhalkebar)	30,281,264	66,342,593	(96,623,857)		-	-			-	-	30,281,264
Solar Pojeet (Chandranighapur)	315,837,292	38,316,354	(354,153,645)		-	-			-	-	315,837,292
Subtotal	**1,089,996,631**	**2,766,281,941**	(450,777,503)	-	**3,405,501,069**	-	-	-	-	**3,405,501,069**	**1,089,996,631**
Total	**4,369,191,232**	**2,766,281,941**	-	-	**7,135,473,173**	**124,005,947**	**127,370,714**	-	**251,376,661**	**6,884,096,512**	**4,245,185,285**

Api Power Company Ltd.
Notes to the financial statements for the year ended Ashad 32, 2079
All amounts are in Rs unless otherwise stated

Previous Year

Particulars	Cost or deemed cost					Accumulated depreciation and impairment				Carrying Amount	
	Balance as at Shrawan 1, 2077	Additions from separate acquisitions	Transfer from Intangible assets under Developments	Additions from internal developments	Balance as at Ashad 31, 2078	Balance as at Shrawan 1, 2077	Depreciation expense	Impairment losses recognized in profit or loss	Balance at Ashad 31, 2078	As at Ashad 31, 2078	As at Shrawan 1, 2077
Project Assets					-				-	-	-
Upper Naughad (UN)	1,746,986,942	3,061,100			1,750,048,042	8,734,935	17,397,826		26,132,761	1,723,915,281	1,738,252,007
Naughad	1,529,146,560				1,529,146,560	68,663,525	29,209,661		97,873,186	1,431,273,373	1,460,483,034
Subtotal	**3,276,133,502**	**3,061,100**	-	-	**3,279,194,602**	**77,398,460**	**46,607,487**	-	**124,005,947**	**3,155,188,654**	**3,198,735,041**
Project Assets Under Development											
									-		
Upper Chameliya (UC)	18,659,048	710,077,830			728,736,878		-		-	728,736,878	18,659,048
Solar project (Simara)	1,437,339	691,349			2,128,688					2,128,688	1,437,339
Solar Project (Attariya)	458,512				458,512					458,512	458,512
Solar Project (Badrghat)	768,002				768,002					768,002	768,002
Solar Poject (Chanuata)	1,434,229				1,434,229					1,434,229	1,434,229
Slolar Poject (Kawashoti 1)	899,368				899,368					899,368	899,368
Solar Project (Kawashoti 2)	361,600				361,600					361,600	361,600
Solar Project (Lamki)	458,512				458,512					458,512	458,512
Solar Project (Parwanipur)	8,552,285	80,000			8,632,285					8,632,285	8,552,285
Solar Project (Dhalkebar)	1,617,903	28,663,361			30,281,264					30,281,264	1,617,903
Solar Poject (Chandranighapur)	7,533,272	308,304,019			315,837,292					315,837,292	7,533,272
Subtotal	**42,180,071**	**1,047,816,559**	-	-	**1,089,996,631**	-	-	-	-	**1,089,996,631**	**42,180,071**
Total	**3,318,313,573**	**1,050,877,659**	-	-	**4,369,191,232**	**77,398,460**	**46,607,487**	-	**124,005,947**	**4,245,185,285**	**3,240,915,113**

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G. Pandyal & Associates ★ KATHMANDU ★ Chartered Accountants

Api Power Company Ltd.

Notes to the financial statements for the year ended Ashad 32, 2079

All amounts are in Rs unless otherwise stated

7. Intangible Assets

Current Year

Particulars	Cost or deemed cost					Accumulated amortization and impairment				Carrying Amount	
	Balance at Ashad 31, 2078	Additions from separate acquisitions	Transfer from Intangible asets under Developments	Additions from internal developments	Balance at Ashad 31, 2079	Balance at Ashad 31, 2078	Amortisation expense	Impairment losses recognised in profit or loss	Balance at Ashad 32, 2079	As at Ashad 32, 2079	As at Ashad 31, 2078
Software / Licenses Acquired (5 Years)	216,473	-			216,473	178,957	7,503		186,460	30,013	37,516
Others (Share Issue Expenses)	30,814,092	-			30,814,092	6,162,816	986,051		7,148,867	23,665,224	24,651,275
Total	31,030,565	-	-	-	31,030,565	6,341,773	993,554	-	7,335,327	23,695,237	24,688,791

Previous Year

Particulars	Cost or deemed cost					Accumulated amortization and impairment				Carrying Amount	
	Balance as at Shrawan 1, 2077	Additions from separate acquisitions	Transfer from Intangible assets under Developments	Additions from internal developments	Balance as at Ashad 31, 2078	Balance as at Shrawan 1, 2077	Amortization expense	Impairment losses recognized in profit or loss	Balance at Ashad 31, 2078	As at Ashad 31, 2078	As at Shrawan 1, 2077
Software / Licenses Acquired (5 Years)	169,578	46,895			216,473	169,578	9,379		178,957	37,516	-
Others (Share Issue Expenses)	30,814,092				30,814,092	5,135,680	1,027,136		6,162,816	24,651,275	25,678,411
Total	30,983,670	46,895	-	-	31,030,565	5,305,258	1,036,515	-	6,341,773	24,688,791	25,678,411

API POWER COMPANY LIMITED
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2003

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KATHMANDU
Chartered Accountants

Api Power Company Ltd.
Notes to the financial statements for the year ended Ashad 32, 2079
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8. Investments

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Api Hydromechanical Ltd. (subsidiary)	70,550,000	70,000,000	70,000,000
Inguwa Hydro Power (Associates)	150,000,000		-
Total	**220,550,000**	**70,000,000**	**70,000,000**

9. Trade Receivables

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Nepal Electricity Authority			
Revenue Receivable (Chandranigahpur)	8,407,846	-	-
Revenue Receivable (Dhalkebar)	1,776,552	-	-
Revenue Receivable (Naugad)	19,410,806	23,029,994	21,635,549
Revenue Receivable (Upper Naugad)	27,142,670	22,007,275	16,366,836
Total	**56,737,874**	**45,037,269**	**38,002,385**

10. Cash and Cash Equivalents

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Balances with Banks	**423,429,427**	**205,743,821**	**2,535,496**
Bank of Kathmandu (Chandranigahpur Reserve)	405,635		
Bank of Kathmandu Limited	782,639	231,545	27,089
Bank of Kathmandu Limited (Chandranigahpur)	53,721	180,078,919	-
Bank of Kathmandu (Revenue Escrow - Chapur)	135,743		
Bank of Kathmandu (Revenue Escrow - Dhalkebar)	46,042		
Century Commercial Bank Limited	437	437	-
Citizens Bank International Limited	8,000	8,000	8,000
Global IME Bank (FD)	10,000,000		
Global IME Bank Limited	70,108	70,108	230,471
Global IME Bank Limited (01)	120,208	1,313,971	16,497
Global IME Bank Limited (02)	8,879	8,879	8,879
Global IME Bank Limited (03)	16,357	16,357	16,357
Global IME Bank Limited (04-UN)	5,633	5,633	13,833
Himalayan Bank Limited	9,662,025	13,916,893	10,900
Himalayan Bank Limited (Escrow)	3,296,291	49,413	-
Himalayan Bank Limited (FD)	350,000,000		
Nabil Bank Limited	102,346		
Kailash Bikas Bank Limited	-	-	1,000
Manjushree Finance Limited	-	-	94,366
Nepal Bangladesh Bank Limited	36,926	62,304	-
Nepal Bank Limited	1,000	24,721	1,165,589
Nepal Bank Limited (Escrow)	8,465,155	5,850,041	765,537
Nepal Bank Limited (Naugad - DSRA)	149,905		
Nepal Bank Limited (Naugad - MRA)	135,489		
Nepal SBI Bank Limited (FD)	10,000,000		
Nepal SBI Bank Ltd	144,641	145,802	58,190
Nepal SBI Bank (Parwanipur)	-	-	-
Nepal SBI Bank (UN)	163,404	-	15
Nepal SBI (UN - Cash Credit)	-	-	-
Nepal SBI (UN - Revenue Escrow)	401,363	-	-
NIC Asia Bank Limited	6,015,637	3,306,157	24,743
NIC Asia Bank Limited (02)	747,579	12,764	6,764
NMB Bank Limited	2,300	2,300	2,300
Pokhara Finance Limited	-	-	-
Prabhu Bank Limited	539,053	69,424	10,000
Prime Commercial Bank Limited	128,382	128,382	28,446
Prime Commerical Bank Limited (Upper Naugad)	95,769	34,133	-
Rastriya Banijya Bank Limited	190,534	37,091	-
Sunrise Bank Limited	1,498,226	268,349	46,519
Sunrise Bank Limited (FD)	20,000,000	-	
United Finance Limited	-	102,198	-
Cash in hand	**404,198**	**264,512**	**263,170**
Cash and Cash Equivalents as Per Balance Sheet	**423,833,625**	**206,008,333**	**2,798,666**
Cash and Cash Equivalents as Per Statement of Cash Flows	**423,833,625**	**206,008,333**	**2,798,666**

Api Power Company Ltd.

Notes to the financial statements for the year ended Ashad 32, 2079

All amounts are in Rs unless otherwise stated

11. Investments in Equity Instruments through FVTPL

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Investment in Shares (listed Share)	6,959,871	2,532,455	47,284,285
Investment in Shares (Unlisted)			
Nepal Power Exchange Limited	1,000,000	1,000,000	-
Share Investment in PICL	-	1,429,200	1,429,200
Siddhakali Power Limited	22,037,500	22,037,500	22,037,500
Total	**29,997,371**	**26,999,155**	**70,750,985**

12. Other Financial Assets - Current

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Security Deposit			
Cash Margin (Andritz Hydro)	343,444		
Cash Margin (Exim Code BG)	300,000	300,000	300,000
Latinath Agro Company Limited	1,000,000	-	-
Cash Margin (Hindustan Engineering)	-	87,800	-
Security Deposit (Bagmati Commercial Pvt Ltd)	51,000	51,000	51,000
Inguwa Hydro Power (Advance for Investments)		12,126,000	
Security Deposit (Classic Tech Private Limited)	1,000		
Short Term Loan (Arun Kabeli)	1,217,667	1,356,000	5,903,000
Interest Income Receivable	1,404,441	866,114	582,811
Director Advance	-	8,686,187	-
Inguwa Hydro Power	79,000,000	-	2,000,000
Siddhakali Power Limited (Advance)	11,738,182	11,738,182	257,760
Total	**95,055,734**	**35,211,283**	**9,094,571**

API POWER CO. 2003

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Api Power Company Ltd.
Notes to the financial statements for the year ended Ashad 32, 2079
All amounts are in Rs unless otherwise stated

13. Other Assets - Current

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Project Advances			
Naugad Gad HPP (8.5 MW)	10,751,640	10,751,640	11,921,640
Upper Naugad Gad HPP (8.0 MW)	11,494,207	35,419,966	45,172,566
Solar Projects Advances		21,004,220	1,701,000
Upper Chameliya HPP (40 MW)	1,147,691,328	619,707,562	17,750,572
Advances			
Advance to Sundry Creditors	48,705,649	572,485,421	20,090,575
Salary Advances	1,327,003	1,423,888	1,733,229
Advance for Tree Cutting Works	150,000	150,000	150,000
Gajendra Pal (Naugad Repair)	-	-	100,000
Latinath Agro Company Private Limited	38,960		
Advance for Custom Clearance	6,337,680	-	468
Api HM Limited	4,515,352	8,470	-
Other Advance	468	468	1,684
Prepaid Expenses			
Prepaid Fire Insurance (Chandranigahpur)	565,616	567,270	-
Prepaid Fire Insurance (Naugad)	254,975	261,046	260,332
Prepaid Fire Insurance (UN)	888,070	895,860	893,412
Prepaid Insurance (Bolero)	13,035		
Prepaid Insurance (Ford Ranger)	16,533		
Prepaid Insurance (Isuzu)	21,648		
Prepaid LOP Insurance (Chandranigahpur)	289,093	99,345	-
Prepaid LOP Insurance (Naugad)	68,360	60,957	62,680
Prepaid LOP Insurance (UN)	539,252	136,001	131,759
Prepaid Rent (Chandranigahpur)	354,361	347,413	-
Prepaid Rent (Simara)	241,800	564,200	-
Prepaid Rent (Office Store)	10,778		
Prepaid Royalty (Capacity UN)	230,137	230,137	-
Prepaid Royalty (Revenue UN)	303,405	391,498	-
Total	**1,234,809,350**	**1,264,505,362**	**99,969,918**

14. Equity Share Capital

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Equity share capital	3,844,915,546	2,475,196,250	1,190,700,000
Total	**3,844,915,546**	**2,475,196,250**	**1,190,700,000**

Authorised Share capital :			
fully paid equity shares of Rs.100 each	5,000,000,000	5,000,000,000	5,000,000,000
Issued :			
40,000,000 fully paid equity shares of Rs.100 each	4,000,000,000	4,000,000,000	3,000,000,000
Paid-up capital :			
38,449,156fully paid equity shares of Rs.100 each	3,844,915,546	2,475,196,250	1,190,700,000
	3,844,915,546	**2,475,196,250**	**1,190,700,000**

The Company has single class of equity shares having face value of Rs. 100 per share. Every shareholder holding equity shares shall have voting rights in proportion to their share.

Reconciliation of number of share outstanding

Particular	As at Ashad 32,2079	As at Ashad 31,2078
Balance at the beginning of the year	24,751,963	11,907,000
Add: Bonus Share Issued	2,621,594	1,720,562
Add: Right Share Issued	11,075,599	11,124,401
Balance at the end of the year	**38,449,156**	**24,751,963**

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API POWER CO

Api Power Company Ltd.
Notes to the financial statements for the year ended Ashad 32, 2079
All amounts are in Rs unless otherwise stated

15. Other Equity

Particulars	As at Ashad 32,2079	As at Ashad 31,2078
Reserve For Equity Instruments Through Other Comprehensive Income		
Balance at Beginning of the Year	-	
FVTOCI		
Balance at End of the Year	-	-
Retained Earnings		
Balance at Beginning of Year	**333,887,334**	**253,050,736**
Profit for the Year	106,142,234	113,227,234
Less: Dividend Paid (Bonus Share)	(275,957,259)	(181,111,737)
Share Issue Expenses	(6,842,507)	(3,368,722)
Balance at End of the Year	**157,229,802**	**181,797,511**
Securities Premium (Right Share Auction)	151,665,880	152,089,823
Balance at End of the Year	**308,895,682**	**333,887,334**
Total	**308,895,682**	**333,887,334**

16. Non-current Borrowings

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Secured – at Amortised Cost			
Term loans			
-From Banks			
Term Loan (Chandranighapur)	229,878,529	218,651,943	-
Term Loan (Dhalkebar)	47,981,309	16,586,677	-
Term Loan (Naugad Project)	400,402,325	477,678,338	492,957,736
Term Loan (Simara Project)	44,955,756	6,371,000	-
Term Loan (Upper Chameliya)	2,546,418,926	913,431,110	-
Term Loan (Upper Naugad Project)	1,100,487,734	1,118,541,540	1,131,701,792
Hire Purchase Loan	7,826,875	9,220,431	-
Less: Current Portion of Long Term Loan	(159,030,834)	(96,723,375)	(73,633,981)
Total Non-current Borrowings	**4,218,920,622**	**2,663,757,663**	**1,551,025,547**

17. Current Borrowings

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Unsecured - At Amortised Cost			
Short Term Loan (Api Chameliya Power Limited)	2,944,330	2,944,330	2,944,330
Short Term Loan (Nirvik Travels and Tours)	-	-	30,000
Short Term Loan (Rairang Hydropower)	147,692	147,692	147,692
Short Term Loan (Ridi Hydropower)	42,651	42,651	45,651
Short Term Loan (Siddhakali Power Limited)	-	-	44,374,997
Short Term Loan (Trade Tower Business Centre)	1,000,000	1,000,000	1,000,000
Short Term Loan (Directors)	-	-	80,088,646
Secured Loans- At Amortised Cost	-	-	-
Bridge Gap Loan	307,500,000	196,800,000	45,000,000
Working Capital Loan (Chandranigahpur)	5,239,000		
Nepal Bank Ltd. (Working Capital Loan)	26,073,690	35,000,000	34,401,117
Nepal SBI Bank Ltd. (UN - Cash Credit)	45,524,452	54,630,077	55,000,000
Global IME Bank Limited (01)	-		
Sunrise Bank Ltd. (Margin Loan)	-	-	25,000,000
Current Section of Long Term Loans	159,030,834	96,723,375	73,633,981
Total	**547,502,649**	**387,288,125**	**361,666,413**

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Api Power Company Ltd.

Notes to the financial statements for the year ended Ashad 32, 2079

All amounts are in Rs unless otherwise stated

18. Other Financial liabilities - Current

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Retention Money (Api HM UN)	-	-	10,223,796
Retention Money (Makalu UN)	-	-	24,769,090
Retention Money (Neon Energy)	-	3,632,664	3,957,664
Solor Project Payables	17,504,964		
Advisor Fee Payable	350,000	140,000	-
Capacity Royalty Payable (Naugad)	850,000	850,000	1,700,000
Capacity Royalty Payable (UN)	-	-	569,863
Api Hydro Mechanical Ltd (Retention Money - UC)	-	2,932,182	-
Argatosh Nirman Sewa (Retention Money - UC)	-	1,485,498	-
CAB - Gwallek JV (Retention Money - UC)	-	7,005,255	-
Audit Fee Payable	574,225	407,560	1,004,725
BOD Allowance Payable	56,525	134,725	786,675
Casual Staff Salary Payable	22,950	19,980	-
Revenue Royalty Payable (Naugad)	-	-	7,909,875
Revenue Royalty Payable (UN)	584,835	483,252	2,316,951
Gajendra Pal	201	201	-
IPO Refund Payable	1,833,356	1,882,388	1,882,388
Overtime Allowance Payable	78,778	104,922	620,382
Salary & Allowance Payable	1,161,688	1,306,330	3,925,601
Site and Food Allowance Payable	387,581	666,308	2,032,066
Transportation & Newspaper Allowance Payable	357,000	1,232,500	1,402,500
Travel Allowance Payable	-	20,423	22,175
Lumbini General Insurance Co Ltd (Advance Insurance Claim)	180	180	180
Vehicle Rent Payable (Scorpio)	1,336,500	1,336,500	1,336,500
Audit Committee Meeting Allowance Payable	4,250	17,000	63,750
Interest Payable	2,289,993		
CIT Payable	128,860	328,460	2,143,666
J R Logistics	-	1,401,435	-
Latinath Construction Co (Retention Money - UC)	-	1,087,604	-
Latinath Construction Company Pvt Ltd		12,440,390	-
South Asia Engineering Private Limited		8,162,500	-
Road Improvement Works Payable (UN)	284,036	284,036	284,036
Makalu Developers Limited	125,590	125,590	96,780,874
Allowances Payable (Keshav Raj Regmi)	-	50,559	-
Sundry Creditors	1,922,080	1,783,956	9,125,299
Total	**29,853,592**	**49,322,398**	**172,858,055**

19. Current Tax liabilities

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Provision for Income Tax(Net of Advance Tax)	(132,617)	6,713,209	(783,932)
Total	**(132,617)**	**6,713,209**	**(783,932)**

20. Other Current Liabilities

Particulars	As at Ashad 32,2079	As at Ashad 31,2078	As at Shrawan 1,2077
Right Share Collection	10,209,331	5,027,619	-
Provision for Employee Bonus	2,980,430	7,812,645	4,327,678
Provision for Late Tax Payment	-	-	3,910,316
Provision for CSR	1,072,144		
Cash Dividend Payable	372		
Dividend Tax Payable	-	-	3,813,158
VAT Payable	26,000		
EPF Payable	569,052	726,640	5,240,741
TDS Payable (Net)	25,503,582	8,806,337	16,870,064
Total	**40,360,911**	**22,373,241**	**34,161,957**

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21. Revenue From Operations

Particulars	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Electricity Sale to NEA		
Income From Power Sale (Chandranigahpur)	40,749,921	
Income From Power Sale (Dhalkebar)	5,208,719	
Income From Power Sale (Naugad)	234,699,357	200,898,694
Income From Power Sales (Upper Naugad)	237,863,326	166,389,754
Total	**518,521,323**	**367,288,448**

22. Cost of Sales

Particulars	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Royalty		
Royalty (Against Installed Capacity)	1,650,000	1,650,000
Royalty (Against Generation)	9,417,506	7,345,769
Project Operation		-
Fire Insurance	5,073,094	5,056,073
LOP Insurance	1,909,979	946,558
Custom Clearance (Naugad)	58,695	9,200
H.G.ENT Pvt.Ltd	231,650	-
1% Meater Energy Loss	7,318,306	
Local Transportation (Naugad)	90,000	-
Repair and Maintenance (Naugad)	36,428,131	-
Wages (Naugad Repair)	71,270	-
CSR	1,100,000	-
Gabions	-	120,000
Import Duty (Misc Imports Naugad)	336,294	81,841
Festival Expenses (Naugad)	90,998	-
Repair and Maintenance (EM Equipment)	-	123,170
Road Maintenance (Naugad)	-	6,019,106
Repair and Maintenance (UN)	-	1,317,941
Transportation Charges	-	38,000
Transportation Expenses (Runner Repair)	-	2,433,125
VG 68 Turbine Oil	-	232,070
Communication Expenses (Naugad)	-	5,250
Custom Clearance Charges (Naugad)	15,000	44,277
Festival Expenses (Naugad)	-	10,000
Local Conveyance (Naugad)	25,200	-
Lodging & Fooding (Naugad Travelling)	43,550	-
Fuel Expenses (Site - Naugad)	48,150	315,879
Labour Wages - Naugad	-	35,100
Medical Expenses	-	3,620
Meter Reading Expenses	190,000	180,000
Miscellaneous Expenses (Naugad)	108,000	118,700
Printing and Stationery (Naugad & Upper Naughad)	4,251	4,630
Site Compensation	680,000	-
Site Food Expense	67,355	317,188
Site Office Expenses (Naugad)	227,890	121,657
Transmission Line Maintenance (132 KV)	-	45,000
Travelling Expenses (Naugad)	13,469	10,000
Consumables (UN)	-	164,998
Electricty Expenses (UN)	-	1,409,682
Internet Expenses (UN - Site Officie)	378,663	308,942
Local Compensation (UN)	2,800,000	10,000
Rebars (UN Repair)	4,789,740	597,190
Vehicle Hire Charges (UN)	236,000	7,000
Custom Clearance Charges (UN)	-	9,247
Festival Expenses (Upper Naugad)	90,998	10,000
Fuel Expenses (UN)	16,500	212,187
Import Duty (Misc Imports UN)	-	148,909
Local Transportation (UN)	6,500	13,500

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Notes to the financial statements for the year ended Ashad 32, 2079

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Lodging and Fooding (UN - Travelling)	6,500	78,126
Maintenance Expenses (UN)	-	129,597
Meter Reading Expenses (UN)	190,000	180,000
NEA Substation Bay Charges (UN)	405,000	1,080,000
Postage and Courier (UN)	-	180
Site Guest Food Expenses(UN)	-	59,100
Site Miscellaneous Expenses (UN)	170,000	324,300
Site Office Expenses (UN)	82,732	17,558
Transportation Expenses (UN)	46,113	97,068
VG 68 Turbine Oil (UN)	-	232,070
Wages (Upper Naugad Repair)	59,598	90,584
Environment / Social Mitigation	-	491,810
Project Supervision / Management & Engineering	-	1,164,693
Donation	-	205,000
Backhoe Loader Rental (Chandranigahpur)	32,000	-
Internet Expenses (Chandranigahpur)	59,376	-
NEA Substation Bay Charges (Chandrnaigahpur)	324,000	-
Project Operation (Dhalkebar)	216,000	-
Employee Remuneration	-	-
Casual Staff Salary	1,159,888	-
EPF Contribution -Site	477,200	446,800
Overtime Allowance -Site	819,111	742,300
Site and Food Allowance -Site	3,346,565	3,236,636
Staff Salary & Allowance Expenses -Site	6,574,857	6,772,084
Total	**87,486,129**	**44,823,715**

23. Other Income

Particulars	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Dividend Income (NIBL)	62,272	1,473
Income From Sale of Share	-	56,274,067
Interest Income	10,416,454	335,793
RTS Fee Income	300,000	-
Total	**10,778,726**	**56,611,333**

24. Administrative Expenses

Particulars	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Board Meeting Allowance	106,343	119,455
Transportation & Newspaper Allowance	163,187	174,545
Corporate Social Responsibility	-	181,936
Casual Staff Salary	100,632	109,797
EPF Contribution (HO)	128,183	132,409
Staff Amenities	126,824	96,655
Staff Salary & Allowances Expenses	1,605,214	1,634,182
Fuel (Generator)	2,714	-
Head Office Expenses	-	19,658
Insurance-Vehicle	59,355	16,082
News Paper & Magazine	922	1,909
News Paper & Magazine	-	768
Office Expenses (HO)	122,702	43,251
Parking Charges	30,269	57,200
Printing & Stationery	29,329	87,569
Rent Expenses (HO)	657,640	626,039
Telephone Expenses	2,720	-
Water & Electricity	190,180	157,680
Repair and Maintenance (LaptopComputer and Printers)	-	3,082
Repair and Maintenance (Ford Ranger)	48,424	7,910
Repair and Maintenance (Generator)	-	5,992
Repair and Maintenance (Generator)	-	10,786
Repair and Maintenance (Generator)	-	27,490
Repair and Maintenance (Total Station)	5,686	-
Repair and Maintenance (Photocopy Machine)	-	7,367

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Repair & Maintainance (Motorbike)	35,322	40,343
Repair & Maintenance (Vehicle)	19,445	17,468
Repairs and Maintenance (Office)	96,182	-
Advertisement (Share Management)	39,550	269,520
Annual Fees (NEPSE)	100,000	100,000
Bonus Share Listing Fees	821,479	316,099
Bonus Share Registration Charges	-	364,113
CASBA Software Fees (CDS)	-	20,000
CDS Application Configuration Support	-	5,000
Internet Expenses	54,240	80,484
RTS Software Support Charges	67,800	48,816
Advertisement & Promotion	143,279	108,108
Advisor Fee	134,389	157,219
AGM Expenses	58,888	59,799
Audit Committee Meeting Allowance	8,159	11,591
Audit Fees	565,000	395,500
Borrowing Limit Rating Fees	-	137,141
CNI Membership Fees	5,440	16,364
Communication Expenses	-	3,613
Co-Ordination Committe Meeting Allowance	-	4,636
Donation	172,706	-
Exim Code Renewal Charges	953	-
Conveyance	-	-
Early Payment Charges (Naugad)	-	1,698,275
Early Payment Charges (Upper Naugad)	-	2,081,591
Fines and Penalty	-	2,000
Fuel Expenses	5,548	3,934
Government Tax & Fees	-	43,779
Guest Entertainment	1,103	22,763
Wages Un	-	36,700
IPPAN Membership Fees	-	8,182
IRD Assessment (VAT 2073/74)	877,233	-
Kitchen Expenses (HO)	-	3,035
Loan Rating Fees	338,069	-
Legal Expenses	-	12,327
Medical Expenses	7,289	36,892
Meeting Expenses	14,999	-
Miscellenous Expenses	89,601	86,407
Penalty on Late Filing of TDS Return	93,691	33,227
Postage and Courier	1,384	3,426
Rates and Taxes	1,360	-
Chapur Agriculture Expenses	2,910	-
Due Diligence Expenses	86,777	-
Loss on Sale of Shares	43,876	-
Repair and Maintenance (Pool B)	9,878	-
Interest on Late Payment of Taxes	562,145	1,321,797
Total	**7,839,019**	**11,071,912**

25. Employee Benefits Expense

Particulars	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Staff Salary		
Staff Allowances Expenses		
Fuel (Generator)		
Rent Expenses (5th Floor)		
Early Payment Charges (Upper Naugad)		
Total	-	-

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26. Finance Cost

Particulars	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Agency Fee	531,055	1,164,150
Bank Charge	216,101	162,758
Loan Processing Fee	15,000	501,890
Prepayment Fee	-	2,553,706
Term Loan Interest	153,778,783	155,977,905
Vehicle Loan Interest	710,846	398,419
Interest on Other Loans		2,401,126
Working Capital Loan Interest	3,896,474	7,866,095
Total	**159,148,259**	**171,026,049**
NFRS Adjustment	29,651,275	11,256,045
Total	**188,799,534**	**182,282,094**

27. Depreciation And Amortisation Expenses

Particulars	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Depreciation Of Property, Plant And Equipment pertaining to Continuing Operations	132,529,954	50,573,976
Amortisation Of Intangible Assets	993,554	1,036,515
Total Depreciation And Amortisation Pertaining To Continuing Operations	**133,523,508**	**51,610,491**

28. Gain (Loss) on Investment through FVTPL

Particulars	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Investment in Equity Instruments at Cost	29,429,019	25,234,638
Investment in Equity Instruments at Fair value	29,985,860	26,987,644
Gain (Loss) for the Year	**556,841**	**1,753,006**

29. Impairment Losses On Financial Assets

The management has concluded to the best of its decisions, there are no indications of impairment as at Balance sheet date and the carrying amount of these asset , exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). Hence, no impairment losses on financial assets and reversal of impairment on financial assets is recognized.

30. Income Taxes Relating To Continuing Operations

Income Tax Recognised In Profit Or Loss

Particulars	Year ended Ashad 32,2079	Year ended Ashad 31,2078
Current tax		
In respect of the current year	2,013,893	13,909,553
	2,013,893	13,909,553
Deferred tax		
In respect of the current year	-	-
	-	-
Total income tax expense recognised in the current year relating	2,013,893	13,909,553

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31. Earning Per Share
The company discloses basic and diluted earnings per share (EPS) for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted on convertible preference shares, debentures or to employees.
Since, the company does not have any convertible instruments and has not granted any options to its employees, diluted EPS is considered the same as basic EPS.

Particulars	**Year ended Ashad 32,2079**	**Year ended Ashad 31,2078**
Profits attributed to equity holders of the Company	106,142,234	113,227,234
Weighted average number of shares	34,697,720	21,512,550
Basic and diluted earnings per share	**3.06**	**5.26**

The effect of bonus share issue on earning per share of previous year 2077-78 has been restated as follows:

Particulars	**Year ended Ashad 32,2079**	**Year ended Ashad 31,2078**
Profits attributed to equity holders of the Company		113,227,234
Weighted average number of shares		33,830,746
Restated Basic and diluted earnings per share	-	**3.35**

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32.Segment Reporting

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

33.1 Financial risk management objectives

The Company's principal financial liabilities, comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to support its operations. The Company's principal financial assets include trade and other receivables, cash & cash equivalents, short-term deposits that are derived directly from its operations and investments in equity share. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including foreign currency risk). The Company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimize potential adverse effects of such risks on the company's operational and financial performance.

33.2 Credit Risk

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The credit risk for the Company primarily arises from credit exposures to trade receivables.

Trade and other receivables: The Company's business is predominantly through sales of power. The Company has PPA agreement with Nepal Electricity Authority (NEA). NEA is government body due to which the risk of credit default is significantly low.

Other Financial Assets: Credit risk from balances with banks and financial institutions are managed by maintaining the balances with highly reputed Commercial banks only.

33.3 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure , as far as possible, that will always have sufficient liquidity to meet both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputations.

Liquidity risk tables

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

Financial Liabilities	Less than 1 year	1 Year & Above	Total
32 Ashah, 2079			
(i) Borrowings	547,502,649	4,218,920,622	4,766,423,271
(ii) Other Financial Liabilities	29,853,592		29,853,592
	577,356,240	**4,218,920,622**	**4,796,276,863**
31 Ashah, 2078			
(i) Borrowings	387,288,125	2,663,757,663	3,051,045,788
(ii) Other financial liabilities	49,322,398		49,322,398
	436,610,523	**2,663,757,663**	**3,100,368,186**

33.4 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market prices comprise three type of risk: interest rate risk, currency risk and other price risk such as equity price risk .

Interest Rate Risk: The company has material exposure to the debt instruments and on which interest rate is fluctuating.

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Equity price Risk: The company has exposure to equity market as the company has invested in equity instruments which price are highly volatile. To mitigate this risk company has invested in highly reputed entities only.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise.

33. 5 Categories of Financial Instruments

Particulars	As at Ashad 32,2079		As at Ashad 31,2078	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Non-current Assets				
Current				
(i)Trade Receivables	56,737,874	56,737,874	45,037,269	45,037,269
(ii) Cash and Cash Equivalents	423,833,625	423,833,625	206,008,333	206,008,333
(iii) Investments in Equity Instruments	29,997,371	29,997,371	26,999,155	26,999,155
(iv) Other Financial Assets	95,055,734	95,055,734	35,211,283	35,211,283
Total	**605,624,605**	**605,624,605**	**313,256,040**	**313,256,040**
Liabilities				
Non current				
Borrowings	4,218,920,622	4,218,920,622	2,663,757,663	2,663,757,663
Current				
(i) Borrowings	547,502,649	547,502,649	387,288,125	387,288,125
(ii) Other Financial Liabilities	29,853,592	29,853,592	49,322,398	49,322,398
Total	**4,796,276,863**	**4,796,276,863**	**3,100,368,186**	**3,100,368,186**

34 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The directors are of the belief that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

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36. Related Party Disclosures

(a) Companies in which the investor (including close member of family) has significant influence

Api Hydromechanical Limited.
Makalu Developers Limited.
Ingwa Hydropower Company Limited.
Nirvik Tours and Travel Pvt Ltd.
Api Chamleiya Power Limited
Arun Kabeli Power Limited.
Rairang Hydropower Company Limited.
Ridi Hydropower Development Co. Limited.

(b)Key Management Personnel

Those charged with governance of the API include members of Board of directors namely:

Name	Designation
Satish Neupane	Chairman
Sanjeev Neupane	Managing Director
Shreejana Khadka	Director
Indra Mani Trital	Director
Dwarika Prasad Neupane	Director

The following expenses incurred for those charged with governance.Nature of Expense Current year

Nature of Expenses	Current Year	Previous Year
Meeting Allowance	443,000	438,000
Telephone , Mobile and Newspaper/magazine	600,000	640,000

Transactions with key management personnel

Key Management personnel includes:

Particulars	Current year	Previous Year
Short Term Employee Benefits		
Sanjeev Neupane	3,765,408	3,573,120

Other Related Party Transactions

Name of related party	Transaction	Outstanding Balance	
		Current year	Previous Year
Nirvik Travels and Tour Private Limited	(3,317,980)	(198,605)	(29,800)
Arun Kabeli Private Limited	413,592	962,668	1,356,000
Ingwa Hydropower Limited	(2,215,644)	79,000,000	-
Ridi Hydropower Company Limited	-	(42,651)	(42,651)
Rairang Hydropower Development Co. Limited	-	(147,692)	(147,692)
Api Chamleiya Power Limited	-	(2,944,330)	(2,944,330)
Siddhakali Power Limited	1,173,818	11,738,182	11,738,182
Makalu Developers Limited	(203,873,046)	145,133,453	9,874,410
Api Hydro Mechanical Limited	(172,580,140)	78,380,132	95,747,483

37. Contingent Liabilities and Commitments

Company has no any contingent liabilities and commitments at year end as per the best judgement and estimates of management.