



**Vision Lumbini Urja Company Limited**  
**Butwal-6, Rupandehi**

**Audited Financial Statements**

**Financial Year : 2079/80**

**Auditors:**  
**M.K. Sah & Associates**  
Chartered Accountants



नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था  
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL  
(Established under the Nepal Chartered Accountants Act, 1997)

## UDIN Document

Fiscal Year: 2079/80

|  |  |
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| Member Name: MANOJ KUMAR SAH             | Date of Signing Document: 2023-12-21             |
| Document Type: Audit                     | Audit Type: Statutory Audit                      |
| Office Type: Listed Public Company       | Office Name: Vision Lumbini Urja Company Limited |
| Type of Audit Opinion: Qualified Opinion | Period (AD): 2022-07-17 to 2023-07-10            |
| PAN No: 606563963                        |  |

### Financial figures

| S.N. | Heading                 | Amount          |
|------|-------------------------|-----------------|
| 1    | Total Asset/Liabilities | NRs. 5487344321 |
| 2    | Gross Revenue/Turnover  | NRs. 2231635476 |
| 3    | Gross Expenses          | NRs. 16213504   |
| 4    | Net Profit Or Loss      | NRs. 278521527  |

Status: Active Document

### Document Description:

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# M.K. Sah & Associates

Chartered Accountants  
ICAN Firm Reg. No.: 410  
COP No.: 501  
TPIN No.: 600302209

📍 Balkhu-14, 8A-Brihat Cluster  
Kathmandu, Nepal  
☎ +977-1-4539445  
✉ associatesmksah@gmail.com

## INDEPENDENT AUDITOR'S REPORT The Shareholders of Vision Lumbini Urja Company Limited

### Report on the Audit of Financial Statements

#### Qualified Opinion

We have audited the accompanying financial statements of Vision Lumbini Urja Company Limited, Butwal, Rupandehi, Nepal (hereinafter referred to as "the company"), which comprises the balance sheet as at Ashad 31, 2080 [July 16, 2023] and profit and loss account, statement of changes in equity & cash flow statement for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

*In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the company as at Ashad 31, 2080 (July 16, 2023) and its financial performance and its cash flows for the year then ended on that date in accordance with Nepal Accounting Standards (NAS),*

#### Basis of Opinion

Employee Benefits, except regular salary and benefits are accounted on Accrual basis. Employee benefit liabilities like accumulated home leave, sick leave, social security contribution are not provided/accounted. Company is not registered in Social Security Fund under the Social Security Act 2074 wherein company shall deposit 31% of basic salary to the fund as a contribution of employer (20%) and the employee (11%) which may give material effect to the financial statement. We are unable to quantify the actual amount of impact on financial statement. Related provision of Labour Laws including Social Security Laws on this matter shall be considered for future application.

We conducted our audit in accordance with Nepal Standards on Auditing (NSA's). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Institute of Chartered Accountant of Nepal's code for professional accountants (ICAN Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Key Audit Matters

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

We have not observed any key audit matters during the course of audit that needs to be reported in this section.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Accounting Standards, and for such internal control as management determines is



necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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

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

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

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

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

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





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

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

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

For M.K. Sah & Associates  
Chartered Accountants



CA. Manoj Kumar Sah, FCA  
Proprietor  
Date: Poush 05, 2080  
Place: Kathmandu, Nepal  
UDIN: 240109CA0054599Fr8



# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Statement of Financial Position

As at Asadh 31, 2080 (July 16, 2023)

Amount in NPR

| PARTICULARS                           | Amount in NPR |                        |                         |
|---------------------------------------|---------------|------------------------|-------------------------|
|                                       | Notes         | As on Asadh<br>31,2080 | As on Ashad 32,<br>2079 |
| <b>ASSETS</b>                         |               |                        |                         |
| <b>NON CURRENT ASSETS</b>             |               |                        |                         |
| Property, Plant & Equipment           | 4.1           | 184,257,632            | 182,116,615             |
| ROU Asset                             | 4.2           | 31,769,117             | 30,984,409              |
| Intangible Assets                     | 4.3           | -                      | -                       |
| Intangible Assets Under Development   | 4.4           | 4,806,266,872          | 2,575,032,491           |
| <b>CURRENT ASSETS</b>                 |               |                        |                         |
| Financial Assets                      | 4.5           | 31,366,460             | 61,675,209              |
| Other Current Assets                  | 4.6           | 419,241,627            | 506,378,904             |
| Cash and Cash Equivalents             | 4.7           | 13,777,970             | 39,962,820              |
| Current Tax Assets                    | 4.8           | 664,642                | 641,796                 |
| <b>TOTAL ASSETS</b>                   |               | <b>5,487,344,321</b>   | <b>3,396,792,244</b>    |
| <b>EQUITY &amp; LIABILITIES</b>       |               |                        |                         |
| <b>EQUITY</b>                         |               |                        |                         |
| Share Capital                         | 4.09          | 1,530,000,000          | 1,517,304,800           |
| Retained Earning                      | 4.10          | 608,936,173            | 330,414,646             |
| Reserves                              |               | -                      | -                       |
| <b>NON CURRENT LIABILITIES</b>        |               |                        |                         |
| Financial Liabilities                 | 4.11          | 3,170,396,139          | 1,529,131,775           |
| <b>CURRENT LIABILITIES</b>            |               |                        |                         |
| Financial Liabilities                 | 4.11          | 176,640,462            | 15,024,416              |
| Other Current Liabilities             | 4.12          | 1,371,547              | 4,916,607               |
| Current Tax Liabilities               | 4.8           | -                      | -                       |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> |               | <b>5,487,344,321</b>   | <b>3,396,792,244</b>    |

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

As per our attached report of even date

For & On Behalf of the Board

For M.K. Sah & Associates  
Chartered Accountants

CA. Manoj Kumar Sah, FCA  
Proprietor

Jagat Bahadur Pokhrel  
Chairman

Lekhnath Pandey  
Director

Date: Poush 05, 2080  
Place: Kathmandu, Nepal

Sudip Sing Adhikari  
Director

Tej Kumar Gurung  
Director

Yam Kumar K.C.  
Finance Officer

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Statement of Profit or Loss

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

| PARTICULARS                                 | Notes | Amount in NPR      |                    |
|---|-------|--------------------|--------------------|
|   |       | F.Y 2079-80        | F.Y 2078-79        |
| Revenue From Sale of Electricity            | 4.13  | -                  | -                  |
| Less: Cost of Goods sold                    |       | -                  | -                  |
| <b>Gross Profit</b>                         |       | -                  | -                  |
| Construction revenue as per IFRIC 12        | 4.14  | 2,231,234,381      | 2,171,712,276      |
| Less: Construction expenses as per IFRIC 12 | 4.14  | 1,936,900,445      | 1,885,230,216      |
| <b>Income as per IFRIC 12</b>               |       | <b>294,333,936</b> | <b>286,482,060</b> |
| Add: Other Income                           | 4.15  | 401,095            | 1,369,266          |
| <b>Total Revenue</b>                        |       | <b>294,735,031</b> | <b>287,851,326</b> |
| Personnel Expenses                          | 4.16  | (1,884,653)        | (798,581)          |
| Administrative Expenses                     | 4.17  | (2,301,314)        | (3,113,659)        |
| Depreciation and Amortization               | 4.18  | (8,506,409)        | (5,075,819)        |
| <b>Profit before Finance Cost</b>           |       | <b>282,042,655</b> | <b>278,863,268</b> |
| Financial Costs                             |       | (3,521,128)        | (58,102)           |
| <b>Profit/(loss) before Tax &amp; Bonus</b> |       | <b>278,521,527</b> | <b>278,805,166</b> |
| Provision for Staff Bonus                   |       | -                  | -                  |
| <b>Profit/loss before tax</b>               |       | <b>278,521,527</b> | <b>278,805,166</b> |
| Income Tax Expense                          | 4.19  | -                  | -                  |
| <b>Net profit/(loss) for the year</b>       |       | <b>278,521,527</b> | <b>278,805,166</b> |
| <b>Earning per share</b>                    |       |                    |                    |
| Basic*                                      |       | 22                 | 36                 |
| Diluted*                                    |       | 22                 | 23                 |

Notes\* Earning per share has been calculated on the basis of weighted average share outstanding during the period.

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

As per our attached report of even date

For & On Behalf of the Board

For M.K. Sah & Associates  
Chartered Accountants

CA. Manoj Kumar Sah, FCA  
Proprietor

Jagat Bahadur Pokhrel  
Chairman

Lekhnath Pandey  
Director

Date: Poush 05, 2080  
Place: Kathmandu, Nepal

Sudip Sing Adhikari  
Director

Tej Kumar Gurung  
Director

Yam Kumar K.C.  
Finance Officer

## Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

### Statement of Other Comprehensive Income

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

| Particulars   | Amount in NPR      |                    |
|---|--------------------|--------------------|
|   | F.Y 2079-80        | F.Y 2078-79        |
| <b>Profit for the Year</b>  | 278,521,527        | 278,805,166        |
| <b>a) Items that will not be reclassified to Profit or loss</b>                         |                    |                    |
| Gain/(Losses) On re-measuring available for sale Financial Assets                       | -                  | -                  |
| Gain/(Losses) On Actuarial Valuation of defined benefit liability                       | -                  | -                  |
| Income Tax Relating to above items  | -                  | -                  |
| <b>b) Items that May be reclassified to Profit or Loss</b>                              |                    |                    |
| Gain/(Losses) on Cash flow hedge  | -                  | -                  |
| Exchange Gain/(Losses) (Arising from translating financial assets of foreign Operation) | -                  | -                  |
| Income Tax relating to above Items  | -                  | -                  |
| <b>Other Comprehensive Income For the Year, Net of Tax</b>                              | -                  | -                  |
| <b>Total Comprehensive Income For the Year, Net of Tax</b>                              | <b>278,521,527</b> | <b>278,805,166</b> |

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

As per our attached report of even date

For & On Behalf of the Board

For M.K. Sah & Associates  
Chartered Accountants

CA. Manoj Kumar Sah, FCA  
Proprietor

Jagat Bahadur Pokhrel  
Chairman

Lekhnath Pandey  
Director

Date: Poush 05, 2080  
Place: Kathmandu, Nepal

Sudip Sing Adhikari  
Director

Tej Kumar Gurung  
Director

Yam Kumar K.C.  
Finance Officer



# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Statement of Changes in Equity

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

| Particulars  | Amount in NPR        |                  |          |                    |                      |
|--|----------------------|------------------|----------|--------------------|----------------------|
|  | Equity Share Capital | Calls in Advance | Reserves | Retained Earning   | Total                |
| <b>Balance as at 31 Ashad, 2078</b>                              | <b>929,647,000</b>   | -                | -        | <b>51,609,479</b>  | <b>981,256,479</b>   |
| Changes in accounting policies/restatement                       | -                    | -                | -        | -                  | -                    |
| <b>Restated balance as at 1 Shrawan, 2078</b>                    | <b>929,647,000</b>   | -                | -        | <b>51,609,479</b>  | <b>981,256,479</b>   |
| Profit/ (loss) for the year                                      | -                    | -                | -        | 278,805,166        | 278,805,166          |
| Other Comprehensive income/ (expenses) for the year              | -                    | -                | -        | -                  | -                    |
| <b>Total comprehensive income</b>                                | -                    | -                | -        | <b>278,805,166</b> | <b>278,805,166</b>   |
| Issue Share Capital  | 820,346,600          | -                | -        | -                  | 820,346,600          |
| Calls in Advance   | (232,688,800)        | -                | -        | -                  | (232,688,800)        |
| <b>Balance as at 1 Shrawan, 2079</b>                             | <b>1,517,304,800</b> | -                | -        | <b>330,414,646</b> | <b>1,847,719,446</b> |
| Profit/ (loss) for the year                                      | -                    | -                | -        | 278,521,527        | 278,521,527          |
| Other Comprehensive income/ (Expenses) for the year              | -                    | -                | -        | -                  | -                    |
| <b>Total comprehensive income</b>                                | -                    | -                | -        | <b>278,521,527</b> | <b>278,521,527</b>   |
| Issue Share Capital  | 12,695,200           | -                | -        | -                  | 12,695,200           |
| Calls in Advance   | -                    | 12,695,200       | -        | -                  | 12,695,200           |
| Transfer to share capital form calls in advance                  | -                    | (12,695,200)     | -        | -                  | (12,695,200)         |
| Transaction cost incurred in respect of issuance of equity share | -                    | -                | -        | -                  | -                    |
| <b>Balance as at 31 Ashad, 2080 (16 July, 2023)</b>              | <b>1,530,000,000</b> | -                | -        | <b>608,936,173</b> | <b>2,138,936,173</b> |

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

As per our attached report of even date

For & On Behalf of the Board

For M.K. Sah & Associates  
Chartered Accountants

CA. Manoj Kumar Sah,FCA  
Proprietor

Jagat Bahadur Pokhrel  
Chairman

Lekhnath Pandey  
Director

Date: Poush 05, 2080  
Place: Kathmandu, Nepal

Sudip Sing Adhikari  
Director

Tej Kumar Gurung  
Director

Yam Kumar K.C.  
Finance Officer

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Statement of Cash Flow

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

| Particulars  | Amount in NPR           |                         |
|--|-------------------------|-------------------------|
|  | As on Ashad 31,<br>2080 | As on Ashad 32,<br>2079 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                       |                         |                         |
| Net profit for the year  | 278,521,527             | 278,805,166             |
| <b>Adjustments</b>   |                         |                         |
| Depreciation on Property, Plant & Equipment                      | 8,506,409               | 5,075,819               |
| Finance Cost   | 3,521,128               | 58,102                  |
| Interest Income  | (152,305)               | (966,876)               |
| <b>Working Capital Adjustments:</b>                              |                         |                         |
| (Increase)/Decrease in Financial Assets                          | 30,308,749.39           | 134,938,021             |
| (Increase)/Decrease in Other Current Assets                      | 87,114,430.99           | (280,204,093)           |
| (Increase)/Decrease in Inventories                               | -                       | -                       |
| Increase/(Decrease) in Financial Liabilities                     | 1,802,880,409.95        | 1,527,462,977           |
| (Increase)/Decrease in ROU Asset                                 | (784,708.68)            | (30,984,409)            |
| Increase/(Decrease) in Other Current Liabilities                 | (3,545,060.43)          | (23,921,932)            |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>               | <b>2,206,370,581</b>    | <b>1,610,262,775</b>    |
| <b>CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>           |                         |                         |
| (Increase) / Decrease in Work in Progress                        |                         | -                       |
| Capitalization/Purchase of Fixed assets                          | (8,582,461.35)          | (85,778,669)            |
| Capitalization/Purchase of Intangible Assets                     |                         | -                       |
| (Increase) / Decrease in Intangible assets under development     | (2,231,234,381.41)      | (2,171,712,276)         |
| Available for Sale Financial Assets                              |                         | -                       |
| Realization of Financial Assets                                  |                         | -                       |
| Advance towards Investment in Equity                             |                         | -                       |
| Interest Income  | 152,304.51              | 966,876                 |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>               | <b>(2,239,664,538)</b>  | <b>(2,256,524,069)</b>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                       |                         |                         |
| Increase/(Decrease) in share capital                             | 12,695,200.00           | 587,657,800             |
| Borrowing (repaid)/ taken (net)                                  |                         | -                       |
| Dividend Paid  |                         | -                       |
| Interest Paid  |                         | -                       |
| Rou Lease liability  | (2,064,965.50)          | (1,702,298)             |
| Rou Lease interest   | (3,521,127.69)          | (58,102)                |
| Transaction cost incurred in respect of issuance of equity share |                         | -                       |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>               | <b>7,109,107</b>        | <b>585,897,400</b>      |
| <b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>  | <b>(26,184,851)</b>     | <b>(60,363,894)</b>     |
| <b>Cash and Cash Equivalents at Beginning of the Year</b>        | <b>39,962,820</b>       | <b>100,326,714</b>      |
| <b>Cash and Cash Equivalents, end of period</b>                  | <b>13,777,970</b>       | <b>39,962,820</b>       |

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

As per our attached report of even date

For & On Behalf of the Board

For M.K. Sah & Associates  
Chartered Accountants

CA. Manoj Kumar Sah, FCA  
Proprietor

Jagat Bahadur Pokhrel  
Chairman

Lekhnath Pandey  
Director

Date: Poush 05, 2080  
Place: Kathmandu, Nepal

Sudip Sing Adhikari  
Director

Tej Kumar Gurung  
Director

Yam Kumar K.C.  
Finance Officer

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 1 Reporting Entity: General Information

Vision Lumbini Urja Company Limited (referred as "the Company") is a public limited company incorporated on 26th Ashwin, 2075 vide registration no 149695/72/073 (Registered Office: Butwal, Rupandehi) with the office of company register.

The company is established with the objective of development and operation of prospective hydropower projects.

The company is currently engaged in operating hydropower plant at Western Development Region, Gandaki Zone, Kaski District, Machhapuchre Gaupalika From Seti River. The required commercial operation date of the project is 29th Magh, 2080 as per the amended PPA.

### 2 Basis of Preparation

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

#### 2.1 Statement of Compliance

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

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

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

##### 2.2.1 Reporting Period

Reporting period is a period from the first day of Shrawan (mid-July) of any year to the last day of Asadh (mid-July) of the next year as per Nepalese calendar.

The current year period refers to 1st Shrawan 2079 to 31st Asadh 2080 as per Nepalese Calendar corresponding to 17th July 2022 to 16th July 2023 as per English Calendar and corresponding previous year period is 1st Shrawan 2078 to 32nd Asadh 2079 as per Nepalese Calendar corresponding to 16th July 2021 to 16th July 2022 as per English Calendar

| Particulars   | Nepales Calender                       | English Calender                 |
|---------------|--|----------------------------------|
| Current Year  | 1st Shrawan 2079 to<br>31st Asadh 2080 | 17th July 2022 to 16th July 2023 |
| Previous Year | 1st Shrawan 2078 to<br>32nd Asadh 2079 | 16th July 2021 to 16th July 2022 |

\*SFP- Statement of Financial Position

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 2.2.2 Responsibility of Preparation of Financial Statements

The Board of Directors acknowledges the responsibility for the preparation and fair presentation of the financial statements of "Vision Lumbini Urja Company Limited" in accordance with NFRS and in conformity with applicable laws.

### 2.2.3 Presentation of Financial Statements

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

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

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

### 2.3 Functional and Presentation Currency

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

### 2.4 Materiality and Aggregation

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

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



# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 2.5 Use of Estimates, Assumptions and Judgements

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

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

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

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

### 2.6 Going Concern

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

### 2.7 Fair Value of Financial Instrument

Where the Fair Value of Financial Assets or Financial Liabilities recorded in the Statement of Financial position Can be derived from the active markets. i.e., Level 1, they are derived from active market data. However, if this is not available, Level 2, and Level 3 Fair value technique Have been used as per NFRS. If, this Cannot be estimated, Judgement is required to establish Fair value.

NFRS 9 : Financial Instrument has been applied to the Retention amounts held of different contractors as mentioned in the table below. The retention amounts against Rasuwa Luna are expected to be paid after 2.50 year. Similarly the retention amounts against Dawn Para JV and Retention of Jade Infra are expected to be paid after 1.89 years and 1.58 years , so the retention amounts are discounted for same years using the rate applicable by bank.

| Particulars               | Amount in Rs.        | Discounting Rate | Discounting Amount   | Unwinding of Interest |
|---------------------------|----------------------|------------------|----------------------|-----------------------|
| Retention- Rasuwa Luna JV | 63,541,420.54        | 10.94%           | 23,149,597.49        | 40,391,823.05         |
| Retention- Dawn Para JV   | 17,946,586.90        | 10.94%           | 14,337,171.46        | 3,609,415.44          |
| Retention- Jade Infra     | 1,588,748.11         | 10.94%           | 1,348,595.90         | 240,152.21            |
| <b>Total</b>              | <b>83,076,755.55</b> | <b>-</b>         | <b>38,835,364.85</b> | <b>44,241,390.70</b>  |

The discounted amount of NPRs.38,835,364.85 has been charged to the Non- Current Liabilities while the unwinding of interest amounting NPRs. 44,241,390.70 has been charged to Current Liabilities.

# Vision Lumbini Urja Company Limited

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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 2.8 Useful life of Property, Plant and Equipment

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

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

### 2.11 Changes in Accounting Policies

The company has consistently applied the accounting policies to all periods presented in these financial statements except for new or revised statements and interpretations implemented during the year. The nature and effect of new standards and interpretations implemented during the year. The nature and effect of new standards and interpretations are discussed in note that follows.

### 2.12 Reporting Pronouncements

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

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

For the reporting of financial instruments, NAS 32 Financial Instruments, Presentation, NAS 39 Financial Instruments Recognition and Measurements and NFRS 7 Financial Instruments – Disclosures have been applied. NFRS 9 has been complied for the classification of Financial Instruments.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

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

### 2.14 Discounting

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material. The discounting rate taken is 10.94%, on basis of previous year calculation of lease.

### 2.15 Limitation of NFRS Implementation

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

# Vision Lumbini Urja Company Limited

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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 3.1 Property, Plant and Equipment

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

#### Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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

#### Subsequent Costs

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

#### Depreciation

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

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

| Class of Assets        | Estimated Useful Life (in Years) |
|------------------------|----------------------------------|
| Computer and Printers  | 3 years                          |
| Furniture and Fixtures | 10 years                         |
| Office Equipment       | 5 years                          |
| Plant & Machinery      | 20 Years                         |
| Building               | 30 Years                         |
| Vehicles               |                                  |
| -Two wheelers          | 10 years                         |
| -Four Wheelers         | 8 years                          |

#### Derecognition

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

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

# Vision Lumbini Urja Company Limited

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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 3.2 Intangible Assets

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

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

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

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

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

### 3.3 Service Concession arrangements

#### (i) Service concession arrangement revenue

Revenue from service concession arrangement is recognized based on the principles laid down in IFRIC 12. Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed, consistent with the Company's accounting policy on recognizing revenue on construction contracts (see (ii) below). Operations or service revenue is recognized in the period in which the services are provided by the company, When the company provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered. On 11 Ashad 2075, the Company entered into a power purchase agreement (PPA) with the Nepal Electricity Authority (the grantor) to construct and operate an 25 MW hydropower plant on Seti River in Kaski district, Province no.4 of Nepal. Under the terms of the agreement, the Company will operate and sell the energy generated from the plant to granter for a period of 30 years from the Commercial Operation Date or the expiry of generation license whichever is earlier. The company has obtained a generation license on 15th Ashad, 2077 which is valid till 14th Ashad, 2112. The sale price of energy will be as per the PPA. The company doesn't expect major repairs to be necessary during the concession period. The construction of the plant is currently under progress.

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

The service concession agreement does not contain a renewal option. The standard rights of the grantor to terminate the agreement include non-delivery of energy, delay in construction of the plant by the company and in the event of a material breach in the terms of the agreement. The company has recognized an intangible asset with respect to the consideration arising out of the management. The company has recorded revenue of NPR 294,333,936 representing revenue from the construction activities carried out by the company during the year with respect to the aforesaid project. The revenue recognized in relation to construction during the year represents the fair value of the construction services provided in constructing the project. The company has recognized an intangible asset received as consideration for providing construction services concession arrangement of NPR 4,806,266,872 representing the right to charge users a fee for the use of the infrastructure of the arrangement.



# Vision Lumbini Urja Company Limited

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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### (ii) Construction contracts

Revenue from construction contracts is recognized in accordance with NAS 11: Construction Contracts. Contract revenue represents the fair value of consideration to be received for the contract. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

As per para 25 of NAS 11: Construction Contracts, the stage of completion of project is determined by the proportion of that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. The recognition of revenue and expenses by reference to the stage of completion of project is often referred to as percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

The company has recognized the contract cost incurred during the reporting period as expenses and has matched the contract revenue to the total contract cost incurred in reaching the stage of completion, so as that the profit is recognized to the extent of IRR of the project (i.e. 15.20%) applied in previous year as well as current fiscal year.

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

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

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

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

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

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

### 3.3.1 Recognition as a financial asset

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

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

# Vision Lumbini Urja Company Limited

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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 3.3.2 Recognition as an intangible asset

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

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

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

| Particulars                                       | 31-03-2080           | 32-03-2079           |
|---|----------------------|----------------------|
| Civil Construction Works                          | 1,415,652,396        | 522,440,889          |
| Hydromechanical Works                             | 1,454,045,885        | 1,315,225,722        |
| Electromechanical works                           | 589,082,814          | 6,661,121            |
| Environmental Mitigation Costs                    | 38,011,374           | 12,433,562           |
| Management, Engineering Design and Supervision    | 217,073,080          | 144,790,586          |
| Pre Construction Costs                            | 63,041,522           | 63,041,522           |
| Transmission line                                 | 37,127,837           | 66,670               |
| Custom Tax  | 23,889,997           | 13,346,165           |
| VAT   | -                    | 79,745,702           |
| Interest During Construction                      | 334,321,867          | 77,594,387           |
| Add: Intangible Assets recognised as per IFRIC 12 | 634,020,100          | 339,686,164          |
|   | <b>4,806,266,872</b> | <b>2,575,032,491</b> |

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

#### Initial Recognition

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

#### Recognition and Initial Measurement of Financial Instruments

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

# Vision Lumbini Urja Company Limited

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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### Classification and Subsequent Measurement of Financial Assets

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

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

The subsequent measurement of financial assets depends on their classification.

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

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

#### i. Financial Assets Held for Trading

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

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

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

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

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

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

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

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

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

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### b. Held to Maturity Financial Assets

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

### c. Loans and Receivables

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

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

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

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

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

### d Financial Assets Available for Sale

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

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

### Classification and Subsequent Measurement of Financial Liabilities

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

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

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

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



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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### i. Financial Liabilities Held for Trading

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

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

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

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

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

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

### b Financial Liabilities at Amortized Cost

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

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

### De-recognition of Financial Assets and Liabilities

#### a De-recognition of Financial Assets

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

>>The rights to receive cash flows from the asset have expired; or

>>Entity has transferred its rights to receive cash flows from the asset or

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

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

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

### **b De-recognition of Financial Liability**

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

### **Offsetting of Financial Instruments**

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

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

### **Fair Value Measurement**

Fair value<sup>1</sup> is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Entity has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### Identification and Measurement of Impairment

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

Objective evidence that financial assets are impaired includes :

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

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

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

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

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

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

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

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

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

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

### 3.5 Investment in Associates

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

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

### 3.6 Leases

The new standard NFRS 16 has been adopted by the company. Presentation and disclosure has been done as per the provision of financing lessee as per modified approach : Alternative-2, where comparative information will not be adjusted. The incremental borrowing rate taken is 10.94%.

### 3.7 Receivables and Payables

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

### 3.8 Inventory

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

### 3.9 Cash and Cash Equivalent

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

### 3.10 a) Provision for Staff Bonus

Section 15 of Electricity Act 2049 and Rule no. 86 of Electricity Regulations 2050 requires the hydropower company to allocate 2 % of net profit before tax and bonus as the provision for staff bonus and allocate to the eligible staff.

The Company is still on Construction Phase so no any taxable profit has been generated by company, so not required to make provision for Staff Bonus.

#### a) Contribution Based On Social Security Act, 2074

Company has not been registered yet on Contribution based Social Security Act, 2074.



# Vision Lumbini Urja Company Limited

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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 3.11 Revenue Recognition

#### 3.11.1 Sale of Electricity

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

Sale of electricity is the regular course of business of Vision Lumbini Urja Limited, therefore revenue will be recognized at the rate/s given in Power purchase agreement based on the approved meter reading from 132/33 KV Lahachowk(New Hemja) sub- station of Nepal Electricity Authority. As on the reporting date, substation in New Hemja is ready .Revenue will be recognized after netting off any charges levied by Nepal Electricity Authority for short supply.

#### 3.11.2 Dividend Income, Interest Income and Other Income

##### Dividend Income

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

##### Interest Income and Expenses

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

##### Other Income

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

#### 3.11.3 Royalty for Generation of Electricity

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

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

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

# Vision Lumbini Urja Company Limited

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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 3.11.4 Income Tax

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

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

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

#### 3.11.4.1 Current Tax

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

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

#### 3.11.4.2 Deferred Tax

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

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

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

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

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

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

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

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 3.12 Employee Benefits

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

#### 3.12.1 Defined Contribution Plan

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

#### Social Security Fund

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

### 3.13 Provisions and Contingencies

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

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

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity.

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

### 3.14 Government Grants

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

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

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

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

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

# Vision Lumbini Urja Company Limited

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## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 3.15 Borrowing cost

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

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

### 3.16 Corporate Social Responsibility (CSR)

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

### 3.17 Earnings per share

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

Diluted earning per share is computed by dividing the profit/(loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basis earning per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted at the beginning of the period, unless they have been issued at a later date.

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

| Particulars  | As at           | As at           |
|--|-----------------|-----------------|
|  | 31st Ashad 2080 | 31st Ashad 2079 |
| Net profit attributable to Shareholders for Basic and diluted earnings         | 278,521,527     | 278,805,166     |
| Weighted average number of Ordinary Shares for basic EPS                       | 12,517,500      | 7,674,362       |
| <b>Effects of dilution:</b>  |                 |                 |
| Share Option   | -               | -               |
| Weighted average number of ordinary shares adjusted for the effect of dilution | -               | 12,347,410      |
| <b>Basic earning per ordinary share</b>  | <b>22</b>       | <b>36</b>       |
| <b>Diluted earning per ordinary share</b>                                      | <b>22</b>       | <b>23</b>       |

### 3.18 Statement of Cash Flows

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

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

### 3.19 Subsequent Events

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

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

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Significant Accounting Policies and Notes to Financial Statements

For the period ended on Asadh 31, 2080

### 3.20 Segment Reporting

NFRS 08 Segment Reporting is applicable to:

a) the separate or individual financial statement of an entity:

i) whose debt or equity instruments are traded in public market or

ii) that files, or is in the process of filing its financial statement with security commission or other regulatory organization for the purpose of issuing any class of instruments in public market.

Therefore, this NFRS is not applicable to Vision Lumbini Urja Limited.

### 3.21 Comparative Information

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

### 3.22 Term Loan

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

| Particulars                        | 31-03-2080           | 32-03-2079           |
|------------------------------------|----------------------|----------------------|
| NMB Bank                           | 1,874,996,895        | 935,818,988          |
| Agricultural Development Bank Ltd. | 428,825,558          | 195,062,263          |
| Employees Provident fund           | 687,207,991          | 339,714,908          |
| Bridge Gap Loan                    | 122,144,290          | -                    |
|                                    | <b>3,113,174,734</b> | <b>1,470,596,159</b> |

# Vision Lumbini Urja Company Limited

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## Notes to Financial Statements For the period ended on Asadh 31, 2080

Amount in NPR

### Intangible Assets under Development

Note 4.4

| Particulars                                       | As on Asadh 31, 2080    | As on Ashad 32, 2079 |
|---|-------------------------|----------------------|
| Civil Construction Works                          | 1,415,652,396           | 522,440,889          |
| Hydromechanical Works                             | 1,454,045,885           | 1,315,225,722        |
| Electromechanical works                           | 589,082,814             | 6,661,121            |
| Environmental Mitigation Costs                    | 38,011,374              | 12,433,562           |
| Management, Engineering Design and Supervision    | 217,073,080             | 144,790,586          |
| Pre Construction Costs                            | 63,041,522              | 63,041,522           |
| Transmission line                                 | 37,127,837              | 66,670               |
| Custom Tax  | 23,889,997              | 13,346,165           |
| VAT   | -                       | 79,745,702           |
| Interest During Construction                      | 334,321,867             | 77,594,387           |
| Add: Intangible Assets recognised as per IFRIC 12 | 634,020,100             | 339,686,164          |
| <b>Total</b>                                      | <b>4,806,266,872.22</b> | <b>2,575,032,491</b> |

### Financial Assets

Note 4.5

| Particulars                   | As on Asadh 31, 2080 | As on Ashad 32, 2079 |
|-------------------------------|----------------------|----------------------|
| <b>Non Current:</b>           |                      |                      |
| Sundry Receivables            | -                    | -                    |
| <b>Sub-Total</b>              | <b>-</b>             | <b>-</b>             |
| <b>Current:</b>               |                      |                      |
| Staff Advances                | 92,280               | 1,392,808            |
| <b>Other Financial Assets</b> |                      |                      |
| LC Deposit (Margin)*          | 10,649,500           | 31,690,986           |
| Management Advance            | 20,624,680           | 28,591,414           |
| <b>Sub-Total</b>              | <b>31,366,460</b>    | <b>61,675,209</b>    |
| <b>Total</b>                  | <b>31,366,460</b>    | <b>61,675,209</b>    |

\*Company has deposited Rs.300,000/- in NMB Bank as LC Deposit required for EXIM CODE Certificate.

\*Bank Guarantee margin of Rs.1.5 Crore has been held by NEA as Performance Guarantee. NEA shall release such amount as on RCOD( Required commercial date of operation ) if the company shows that work has been completed exceeding 50% or else NEA can forfeit the sum.

### Other Current Assets

Note 4.6

| Particulars                         | As on Ashad 31, 2080 | As on Ashad 32, 2079 |
|-------------------------------------|----------------------|----------------------|
| Advance of Land                     | 56,295,364           | 11,595,364           |
| Advance for Hydromechanical Works   | 108,319,356          | 54,559,680           |
| Advance for Electromechanical Works | 6,196,945            | 116,081,895          |
| Advance for Civil Works             | 201,248,318          | 168,744,871          |
| Advance for Transmission line       | -                    | 292,958              |
| Prepaid Insurance                   | 1,559,597            | 700,377              |
| Prepaid expenses                    | -                    | 9,241                |
| Mobilization Advances               | 10,468,846           | 141,875,647          |
| Advance to consultants              | -                    | 42,874               |
| Other Receivables                   | 35,153,202           | 12,475,997           |
| <b>Total</b>                        | <b>419,241,627</b>   | <b>506,378,904</b>   |



# Vision Lumbini Urja Company Limited

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## Notes to Financial Statements For the period ended on Asadh 31, 2080

Amount in NPR

### Cash and Cash Equivalents

Note 4.7

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

| Particulars                           | As on Ashad 31,<br>2080 | As on Ashad 32, 2079 |
|---------------------------------------|-------------------------|----------------------|
| <b>Cash Balance</b>                   |                         |                      |
| Cash -In - Hand Kathmandu             | 34,396                  | 1,808                |
| <b>Balance at Bank</b>                |                         |                      |
| Agricultural Development Bank Limited | 2,665                   | 2,234                |
| Kamana Sewa Bikash Bank, Butwal       | 908,102                 | 2,064,337            |
| Lumbini Bikas Bank Ltd.               | 181,197                 | 177,137              |
| Muktinath Bikas Bank Ltd              | 2,595,337               | 6,269,423            |
| Nepal Finance Limited                 | 8,682                   | 8,566                |
| NMB Bank Limited                      | 10,047,590              | 31,439,314           |
| <b>Total</b>                          | <b>13,777,970</b>       | <b>39,962,820</b>    |

### Current Tax Assets/Liabilities

Note 4.8

| Particulars            | As on Ashad 31,<br>2080 | As on Ashad 32, 2079 |
|------------------------|-------------------------|----------------------|
| Advance Tax            | 664,642                 | 641,796              |
| Income Tax Liabilities | -                       | -                    |
| <b>Total</b>           | <b>664,642</b>          | <b>641,796</b>       |

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

# Vision Lumbini Urja Company Limited

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## Notes to Financial Statements

For the period ended on Asadh 31, 2080

Amount in NPR

### Share Capital

Note 4.9

| Particulars                                 | As on Ashad 31,<br>2080 | As on Ashad 32, 2079 |
|---|-------------------------|----------------------|
| <b>Authorised Capital</b>                   |                         |                      |
| 20,000,000 Shares of Rs.100 each            | 2,000,000,000           | 2,000,000,000        |
| <b>Issued Capital</b>                       |                         |                      |
| 19,125,000 Equity Shares of Rs. 100/- each  | 1,912,500,000           | 1,050,000,000        |
| <b>Paid Up Capital</b>                      |                         |                      |
| 1,05,00,000 Equity Shares of Rs. 100/- each | -                       | 1,050,000,000        |
| 1,53,00,000 Equity Shares of Rs. 100/- each | 1,530,000,000           | -                    |
| Calls in Advance                            | -                       | 467,304,800          |
| <b>Total</b>                                | <b>1,530,000,000</b>    | <b>1,517,304,800</b> |

### Reconciliation of No. of Shares

Note 4.9.1

| Particulars                           | As on Ashad 31,<br>2080 | As on Ashad 32, 2079 |
|---------------------------------------|-------------------------|----------------------|
| Ordinary Share as at Shrawan 1st      | 15,300,000              | 10,500,000           |
| Add: Calls in advance                 | -                       | 4,673,048            |
| <b>Ordinary Share as at Ashad End</b> | <b>15,300,000</b>       | <b>15,173,048</b>    |

### Retained Earnings

Note 4.10

| Particulars                          | As on Ashad 31,<br>2080 | As on Ashad 32, 2079 |
|--------------------------------------|-------------------------|----------------------|
| Balance at the beginning of the year | 330,414,646             | 51,609,479           |
| Add: Profit during the year          | 278,521,527             | 278,805,166          |
| Add: Adjustment as per NFRS          | -                       | -                    |
| <b>Balance as at Ashad End</b>       | <b>608,936,173</b>      | <b>330,414,646</b>   |

### Financial Liabilities

Note 4.11

| Particulars  | As on Ashad 31,<br>2080 | As on Ashad 32, 2079 |
|--|-------------------------|----------------------|
| <b>Non Current:</b>  |                         |                      |
| <b>Long and Mid Term Borrowings</b>  |                         |                      |
| Agricultural Development Bank Limited  | 428,825,558             | 195,062,263          |
| Employees Provident Fund   | 687,207,991             | 339,714,908          |
| NMB Bank   | 1,874,996,895           | 935,818,988          |
| Bridge Gap Loan  | 122,144,290             | -                    |
|  | <b>3,113,174,734</b>    | <b>1,470,596,159</b> |
| Less: Transferred to Current Liabilities, Long term liabilities which will be paid within Next 12 months | (14,437,500)            | -                    |
| <b>Sub Total</b>   | <b>3,098,737,234</b>    | <b>1,470,596,159</b> |

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Notes to Financial Statements

For the period ended on Asadh 31, 2080

|  |                      | Amount in NPR        |
|--|----------------------|----------------------|
| Staff Deposit                            |                      | -                    |
| Lease Liability                          | 32,823,540.30        | 30,997,940           |
| Payable to Contractors (Retention money) | 38,835,364.85        | 27,537,676           |
| <b>Subtotal</b>                          | <b>71,658,905</b>    | <b>58,535,616</b>    |
| <b>Current:</b>                          |                      |                      |
| <b>Short Term Borrowings</b>             |                      |                      |
| Transfer to Short term Borrowing*        | 14,437,500           |                      |
| Overdraft -                              | -                    | -                    |
| <b>Sub Total</b>                         | <b>14,437,500</b>    | <b>-</b>             |
| Audit Fee Payable                        | 111,500.00           | 111,500              |
| Social Mitigation Expenses Payable       | 37,490.00            | -                    |
| Other Payable (Sundry Creditors)         | 2,399,515            | 939,818              |
| Lease Liability                          | -                    | (1,074,610)          |
| Payable to contractors                   | 115,413,066          | 8,290,410            |
| Retention-Rasuwa Luna JV                 | 44,241,390.70        | 6,757,298            |
| <b>Subtotal</b>                          | <b>162,202,962</b>   | <b>15,024,416</b>    |
| <b>Total Short Term Borrowing</b>        | <b>176,640,462</b>   | <b>15,024,416</b>    |
| <b>Total</b>                             | <b>3,347,036,601</b> | <b>1,544,156,191</b> |

\* Company RCOD is 2080.10.29 as per Electricity Regulatory Commission (ERC), as per Syndcated Loan Agreemet(SLA) first installment shall be due on subsequent quarter from the date of commercial operation of project.

### Other Liabilities

Note 4.12

| Particulars                           | As on Asadh 31,<br>2080 | As on Ashad 32, 2079 |
|---------------------------------------|-------------------------|----------------------|
| SST & Remuneration Tax Payable        | -                       | 360,441              |
| Staff Payable                         | 41,027                  | 125,278              |
| Salary Payable                        | 913,467                 | 921,530              |
| Rent Payables                         | 13,500                  | -                    |
| Meeting Allowance Payable             | -                       | 579,343              |
| Withholding Tax Payable (TDS Payable) | 403,553                 | 2,930,015            |
| <b>Total</b>                          | <b>1,371,547</b>        | <b>4,916,607</b>     |

Staff Payable is the amount to be paid to staff as a reimbursement of expense done towards office expenses.

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Notes to Financial Statements

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

Amount in NPR

### Revenue From Sale of Electricity

Note 4.13

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

### Income as per IFRIC-12

Note 4.14

| Particulars                                 | F.Y 2079-80           | F.Y 2078-79        |
|---|-----------------------|--------------------|
| Income as per IFRIC-12                      | 2,231,234,381         | 2,171,712,276      |
| Less: Construction expenses as per IFRIC 12 | 1,936,900,445         | 1,885,230,216      |
| <b>Total</b>                                | <b>294,333,936.11</b> | <b>286,482,060</b> |

### Other Income

Note 4.15

| Particulars            | F.Y 2079-80    | F.Y 2078-79      |
|------------------------|----------------|------------------|
| Insurance Claim Income | 7,500.00       | 101,230          |
| Other Income           | 1,290.60       | 301,160          |
| Management Fee         | 240,000.00     | -                |
| Interest Income        | 152,304.51     | 966,876          |
| <b>Total</b>           | <b>401,095</b> | <b>1,369,266</b> |

### Personnel Expenses

Note 4.16

| Particulars        | F.Y 2079-80      | F.Y 2078-79    |
|--------------------|------------------|----------------|
| Salary & allowance | 1,884,653        | 748,081        |
| Gratuity Expenses  | -                | 50,500         |
|                    | <b>1,884,653</b> | <b>798,581</b> |

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Notes to Financial Statements

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

Amount in NPR

### Administrative Expenses

Note 4.17

| Particulars                         | F.Y 2079-80      | F.Y 2078-79      |
|-------------------------------------|------------------|------------------|
| Advertisement Expenses              | 19,430.00        | 100,000          |
| AGM Expenses                        | 1,559,150.57     | 772,643          |
| Statutory Audit Fee                 | 113,000.00       | 113,000          |
| Certification & Other Assurance Fee | 56,500.00        | -                |
| Bank Charge and Commission Expenses | 23,190.00        | 291,846          |
| Dashain Allowance                   | -                | 790,230          |
| Membership Fees                     | 57,500.00        | 22,000           |
| Courier Charges                     | 2,758.00         | -                |
| Puja Expenses                       | 3,920.00         | -                |
| Staff Uniform Expenses              | 48,000.00        | -                |
| Office Expenses                     | -                | 372,393          |
| Printing & Stationary Expenses      | 113,732.00       | 129,662          |
| Short & Excess                      | -                | 44,961           |
| Medical Expenses                    | 1,246.00         | -                |
| Wages                               | 93,388.00        | 435,644          |
| Water & Electricity Expenses        | 203,149.31       | -                |
| Waste Management Expenses           | 6,350.00         | 5,500            |
| Travelling Expenses                 | -                | 35,780           |
| <b>Total</b>                        | <b>2,301,314</b> | <b>3,113,659</b> |

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Notes to Financial Statements

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

Amount in NPR

### Depreciation and Amortization Charges

Note 4.18

| Particulars                | F.Y 2079-80         | F.Y 2078-79      |
|----------------------------|---------------------|------------------|
| Depreciation on PPE        | 6,441,443.71        | 3,373,521        |
| Depreciation on Rou Assets | 2,064,965.50        | 1,702,298        |
| <b>Total</b>               | <b>8,506,409.21</b> | <b>5,075,819</b> |

### Income Tax Expense

Note 4.19

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

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



## Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

### Statement of Financial Position

As at Asadh 31, 2080 (July 16, 2023)

Amount in NPR  
Note 4.1

#### Property, Plant & Equipment

| Particulars                          | Building          | Land               | Furniture & Fixtures | Office Equipments | Vehicles          | Computer & Printers | Plant & Machinery | Total              |
|--------------------------------------|-------------------|--------------------|----------------------|-------------------|-------------------|---------------------|-------------------|--------------------|
| As on Shrawan 1, 2078                | -                 | 88,865,419         | 1,289,394            | 741,812           | 8,419,500         | 1,071,735           | 700,000           | <b>101,087,860</b> |
| Addition during the Year             |                   |                    |                      |                   |                   |                     |                   |                    |
| Acquisition                          |                   | 34,458,040         | 1,659,374            | 430,795           | 28,160,700        | 602,402             | -                 | <b>65,311,311</b>  |
| Capitalization                       | 20,467,358.51     |                    |                      |                   |                   |                     |                   | <b>20,467,359</b>  |
| Disposal during the year             |                   |                    |                      |                   |                   |                     |                   | -                  |
| Adjustment/Revaluation               |                   |                    |                      |                   |                   |                     |                   | -                  |
| <b>Balance as on Ashad End, 2079</b> | <b>20,467,359</b> | <b>123,323,459</b> | <b>2,948,768</b>     | <b>1,172,607</b>  | <b>36,580,200</b> | <b>1,674,137</b>    | <b>700,000</b>    | <b>186,866,530</b> |
| Addition during the Year             |                   |                    |                      |                   |                   |                     |                   | -                  |
| Acquisition                          |                   | 5,098,000          | 160,826              | 274,860           | 280,000           | -                   | -                 | <b>5,811,686</b>   |
| Capitalization                       | 2,768,775         |                    |                      |                   |                   |                     |                   | <b>2,768,775</b>   |
| Disposal during the year             |                   |                    |                      |                   |                   |                     |                   | -                  |
| Adjustment/Revaluation               |                   |                    |                      |                   |                   |                     |                   | -                  |
| <b>Balance as on Asadh End, 2080</b> | <b>23,236,134</b> | <b>128,421,459</b> | <b>3,109,594</b>     | <b>1,447,467</b>  | <b>36,860,200</b> | <b>1,674,137</b>    | <b>700,000</b>    | <b>195,448,991</b> |
| <b>Depreciation and Impairment</b>   |                   |                    |                      |                   |                   |                     |                   |                    |
| As on Shrawan 1, 2078                | -                 | -                  | 200,693              | 250,699           | 601,709           | 306,512             | 16,781            | <b>1,376,394</b>   |
| Depreciation charge for the Year     | 9,346             | -                  | 147,461              | 169,492           | 2,542,467         | 469,756             | 35,000            | <b>3,373,521</b>   |
| Impairment for the year              |                   |                    | -                    | -                 | -                 | -                   |                   | -                  |
| Disposals                            |                   |                    | -                    | -                 | -                 | -                   |                   | -                  |
| Adjustment                           |                   |                    | -                    | -                 | -                 | -                   |                   | -                  |
| <b>As on Ashad End, 2079</b>         | <b>9,346</b>      | <b>-</b>           | <b>348,154</b>       | <b>420,191</b>    | <b>3,144,176</b>  | <b>776,267</b>      | <b>51,781</b>     | <b>4,749,915</b>   |
| Depreciation charge for the Year     | <b>728,506</b>    | <b>-</b>           | <b>301,485</b>       | <b>278,699</b>    | <b>4,539,708</b>  | <b>558,046</b>      | <b>35,000</b>     | <b>6,441,444</b>   |
| Impairment for the year              |                   |                    |                      |                   |                   |                     |                   | -                  |
| Disposals                            |                   |                    |                      |                   |                   |                     |                   | -                  |
| Adjustment                           |                   |                    |                      |                   |                   |                     |                   | -                  |
| <b>As on Ashad End, 2080</b>         | <b>737,852</b>    | <b>-</b>           | <b>649,639</b>       | <b>698,890</b>    | <b>7,683,883</b>  | <b>1,334,313</b>    | <b>86,781</b>     | <b>11,191,359</b>  |
| <b>Net Book Value</b>                |                   |                    |                      |                   |                   |                     |                   |                    |
| As on Shrawan 1, 2079                | -                 | 88,865,419         | 1,088,701            | 491,113           | 7,817,791         | 765,223             | 683,219           | <b>99,711,466</b>  |
| As on Ashad End, 2079                | 20,458,013        | 123,323,459        | 2,600,614            | 752,416           | 33,436,024        | 897,870             | 648,219           | <b>182,116,615</b> |
| As on Asadh End, 2080                | 22,498,281        | 128,421,459        | 2,459,956            | 748,577           | 29,176,317        | 339,824             | 613,219           | <b>184,257,632</b> |

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Statement of Financial Position

As at Asadh 31, 2080 (July 16, 2023)

Amount in NPR  
Note 4.2

### Rou Assets

| Particulars                          | Land lease        | Kathmandu Office | Butwal Office  | Total             |
|--------------------------------------|-------------------|------------------|----------------|-------------------|
| As on Shrawan 1, 2078                | -                 | -                | -              | -                 |
| Addition during the Year             |                   |                  |                |                   |
| Acquisition                          | 31,923,330        | 1,425,273        | 277,025        | 33,625,628        |
| Capitalization                       | -                 | -                | -              | -                 |
| Disposal during the year             |                   |                  |                |                   |
| Adjustment/Revaluation               |                   |                  |                |                   |
| <b>Balance as on Ashad End 2079</b>  | <b>31,923,330</b> | <b>1,425,273</b> | <b>277,025</b> | <b>33,625,628</b> |
| Addition during the Year             |                   |                  |                |                   |
| Acquisition                          | -                 | -                | -              | -                 |
| Capitalization                       | -                 | 3,550,969        | 578,962        | 4,129,931         |
| Disposal during the year             |                   |                  |                |                   |
| Adjustment/Revaluation               | (362,669)         |                  |                | (362,669)         |
| <b>Balance as on Asadh End, 2080</b> | <b>31,560,661</b> | <b>4,976,242</b> | <b>855,987</b> | <b>37,392,891</b> |
| <b>Depreciation and Impairment</b>   |                   |                  |                |                   |
| As on Shrawan 1, 2078                |                   |                  |                |                   |
| Depreciation charge for the Year     | 938,921           | 1,425,273        | 277,025        | 2,641,220         |
| Impairment for the year              |                   |                  |                |                   |
| Disposals                            | -                 | -                | -              | -                 |
| Adjustment                           | -                 |                  |                | -                 |
| <b>As on Ashad End 2079</b>          | <b>938,921</b>    | <b>1,425,273</b> | <b>277,025</b> | <b>2,641,220</b>  |
| Depreciation charge for the Year     | 928,255           | 1,775,485        | 289,481        | 2,993,220         |
| Impairment for the year              |                   |                  |                |                   |
| Disposals                            | -                 | -                | -              | -                 |
| Adjustment                           | (10,667)          | -                | -              | (10,667)          |
| <b>As on Asadh End, 2080</b>         | <b>1,856,509</b>  | <b>3,200,758</b> | <b>566,506</b> | <b>5,623,773</b>  |
| <b>Net Book Value</b>                |                   |                  |                |                   |
| As on Shrawan 01, 2079               | 30,984,409        | -                | -              | 30,984,409        |
| As on Asadh End, 2080                | 29,704,152        | 1,775,485        | 289,481        | 31,769,117        |

# Vision Lumbini Urja Company Limited

Butwal-6, Rupandehi

## Statement of Financial Position

As at Ashad 31, 2080 (July 16, 2023)

Amount in NPR

Note 4.3

### Intangible Assets

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