

*Independent Auditor's Report to the Shareholder of*

**M/S Dordi Khola Jala Bidyut Company Ltd.**  
*On the Financial Statements.*

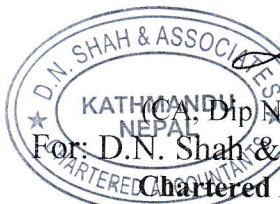
We have audited the attached Balance Sheet of **M/s Dordi Khola Jala Bidyut Company Ltd., Kathmandu**, as at Ashadh End 2071 (July 16, 2014), Profit & Loss Statement for the year ended Ashadh End 2071 and Cash Flow Statement for the year Ended Ashadh 2071.

It is the responsibility of the company management to prepare these statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from materials misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Our responsibility is to express opinion on these financial statements

We conducted our audit in accordance with generally accepted auditing standards in Nepal. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and based on above we report that:

1. We have obtained prompt replies to the queries and explanations asked for.
2. The enclosed Balance Sheet, Profit & Loss Statement, Project in progress Expenses and Cash Flow Statement have been prepared as per provisions of the law and the same are in agreement with the books of account maintained by the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, the enclosed Balance Sheet as at Ashadh End 2071 shows true and fair view of the state of affairs of the Company and The Profit & Loss Statement for the Year ended on that date show true Loss.
4. In our opinion and to the best of our information and according to the explanations given to us, the Directors and Staffs of the Company do not appear to have acted against law.

Date: - 2071/07/29  
Place: - Kathmandu

  
(CA, Dip Narayan Shah)  
For: D.N. Shah & Associates  
Chartered Accountants

# DORDI KHOLA JALA BIDYUT COMPANY LIMITED

Bluestar Complex, Tripureshwor, Kathmandu

## Balance Sheet

as on Ashadh 32, 2071 (July 16, 2014)

S.No.	Particulars	Schedules	Ashadh 32, 2071 Nrs	Ashadh 31, 2070 Nrs
<b>1</b>	<b>CAPITAL &amp; LIABILITIES</b>			
	<b>Shareholder's Fund</b>		<b>21,937,090.25</b>	<b>9,771,902.89</b>
a	Share Capital	<b>1</b>	22,400,000.00	10,000,000.00
b	Reserves & Surplus		(462,909.75)	(228,097.11)
	<b>Total Shareholder's fund</b>		<b>21,937,090.25</b>	<b>9,771,902.89</b>
<b>2</b>	<b>Current Liabilities and Provisions</b>			
a	Sundry Creditors and Payables	<b>2</b>	2,065,412.42	2,879,274.87
b	TDS Payables	<b>3</b>	620,035.44	17,808.15
	<b>Total Current Liabilities &amp; Provisions</b>		<b>2,685,447.86</b>	<b>2,897,083.02</b>
	<b>Total</b>		<b>24,622,538.11</b>	<b>12,668,985.91</b>
<b>3</b>	<b>ASSETS</b>			
	<b>Non Current Assets</b>			
	Property, Plant & Equipment		-	-
	Less: Accumulated Depreciation		-	-
	<b>Net Property, Plant &amp; Equipment</b>		-	-
<b>4</b>	<b>Current Assets</b>			
a	Cash & Bank Balances	<b>4</b>	111,179.23	118,461.89
b	Sundry Debtors and Receivables	<b>5</b>	673,414.40	31,388.83
	<b>Total Current Assets</b>		<b>784,593.63</b>	<b>149,850.72</b>
	<b>Pre-operating Expenditure (WIP)</b>	<b>6</b>	<b>23,837,944.48</b>	<b>12,519,135.19</b>
	<b>Total</b>		<b>24,622,538.11</b>	<b>12,668,985.91</b>

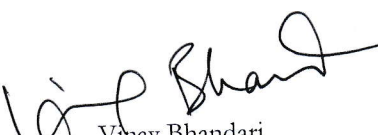
### Significant Accounting Policies & Notes to Accounts

The aforementioned schedules and notes to the accounts from an integral part of this balance sheet.

As per our report of even date




Dikendra Raj Kandel  
Chairperson

  
Vinay Bhandari  
Managing Director

  
Hari Kanta Khanal  
Director

  
Basanta Raj Raut  
Director



  
Ajay Acharya  
Account Officer

  
D.N. Shah  
D.N. Shah & Associates  
Chartered Accountant

Date: 2071/07/28



# DORDI KHOLA JALA BIDYUT COMPANY LIMITED

Income Statement  
For the year ended as on Ashadh 32, 2071 (July 16, 2014)


S.No.	Particulars	Schedules	Ashadh 32, 2071 Nrs	Ashadh 31, 2070 Nrs
	Others Income	7	6,230.02	33283.89
	Administrative Expenses		(241,042.66)	(261,381.00)
	Bank Charges & Interest		—	—
	Depreciation		—	—
	Total Expenses for the Year		—	—
	Expenses upto Previous Year			
			(234,812.64)	(228,097.11)
	<b>Total Cost Transferred to Balance Sheet</b>			

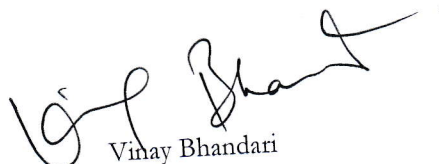
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## Significant Accounting Policies & Notes to Accounts


The aforementioned schedules and notes to the accounts form an integral part of this balance sheet.

As per our report of even date


  
Dikendra Raj Kandel  
Chairperson

  
Vinay Bhandari  
Managing Director

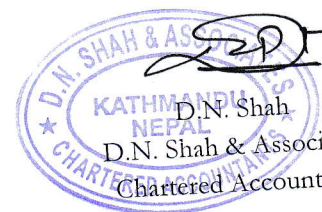
  
Hari Kanta Khanal  
Director

  
Basanta Raj Raut  
Director

  
Ajay Acharya  
Account Officer

  
D.N. Shah  
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Chartered Accountant

Date: 2071/07/28




# DORDI KHOLA JALA BIDYUT COMPANY LIMITED

## Cash Flow Statement as on Ashadh 32, 2071 (July 16, 2014)

S.No.	Particulars	Ashadh 32, 2071 Nrs	Ashadh 31, 2070 Nrs
(A)	<b>Cash Flow from Operating Activities</b>	(234,812.64)	(228,097.11)
	Profit/(loss) for the year		
	Adjustment for:		
	Depreciation	-	-
	Interest	-	-
	Income Tax Liability	-	-
	<b>Cash flow from operating activities before changes in Working Capital</b>	(234,812.64)	(228,097.11)
	Increase/(Decrease) in Current Liabilities	(211,635.16)	2,192,879.48
	(Increase)/Decrease in Current Assets	(642,025.57)	20,679.40
	Interest	-	-
	Income Tax Liability	-	-
	<b>Net Cash Flow from Operating activities (A)</b>	<b>(1,088,473.37)</b>	<b>1,985,461.77</b>
(B)	<b>Cash Flow from Investing Activities</b>	-	-
	Pre-operating Expenditure	(11,318,809.29)	(2,835,178.00)
	<b>Net Cash Flow from Investing Activities (B)</b>	<b>(11,318,809.29)</b>	<b>(2,835,178.00)</b>
(C)	<b>Cash Flow from Financing Activities</b>		
	Issuance of Equity Share Capital	12,400,000.00	-
	Loan	-	-
	<b>Net Cash Flow from Financing Activities (C)</b>	<b>12,400,000.00</b>	<b>-</b>
	<b>NET CASH FLOW DURING THE YEAR (A+B+C)</b>	<b>(7,282.66)</b>	<b>(849,716.23)</b>
	Opening Cash & Bank Balances	118,461.89	968,179.12
	<b>Cash and Bank Balances at the end of the year</b>	<b>111,179.23</b>	<b>118,461.89</b>

As per our report of even date



Dikendra Raj Kandel  
Chairperson



Vinay Bhandari  
Managing Director



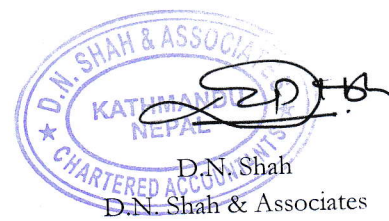
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Director



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Account Officer



D.N. Shah  
D.N. Shah & Associates  
Chartered Accountant

Date: 2071/07/28




# DORDI KHOLA JALA BIDYUT COMPANY LIMITED

## Statement of Changes in Equity as on Ashadh 32, 2071 (July 16, 2014)


Amount in NRs.


Particulars	Share Capital	Share Premium	Revaluation Reserve	Translation Reserve	Accumulated Profit/(Loss)	Total
<b>Balance as at Ashadh 31, 2070</b>	10,000,000.00					<b>10,000,000.00</b>
Changes in accounting policy						
Restated Balance	10,000,000.00	-	-	-	-	10,000,000.00
Deficit on Revaluation of properties						
Surplus on Revaluation of Investments	-	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-	-
Net Gains & Losses not recognised in the Income Statement	-	-	-	-	-	-
Net profit /(loss) for the period	-	-	-	-	(462,909.75)	(462,909.75)
Dividend Paid	-	-	-	-	-	-
Issue of Share Capital	12,400,000.00					12,400,000.00
<b>Balance as at Ashadh 32, 2072</b>	<b>22,400,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(462,909.75)</b>	<b>21,937,090.25</b>

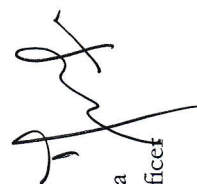
As per our report of even date

  
Dikendra Raj Kandel  
Chairperson

  
Vinay Bhandari  
Managing Director

  
Hari Kanta Khanal  
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Basanta Raj Raut  
Director

  
Ajay Acharya  
Account Officer

  
D.N. Shah  
Chartered Accountant



Date: 2071/07/28



# DORDI KHOLA JALA BIDYUT COMPANY LIMITED

Schedules forming part of the Balance Sheet  
as on Ashadh 32, 2071 (July 16, 2014)

## Schedule 1 : Share Capital

S.No.	Particulars	Ashadh 32, 2071 Nrs	Ashadh 31, 2070 Nrs
A.	<b>Authorised capital</b> 5,000,000 shares of NRs.100 each	500,000,000.00	500,000,000.00
B.	<b>Issued Capital</b> 5,000,000 shares of NRs.100 each	500,000,000.00	500,000,000.00
C.	<b>Paid up capital</b> 224,000 shares of NRs.100 each LEDCO 177000 @ Nrs. 100.00 Khudi 10000 @ Nrs. 100.00 Individuel 37000 @ Nrs. 100.00	22,400,000.00	10,000,000.00
	<b>Total</b>	<b>22,400,000.00</b>	<b>10,000,000.00</b>

## Schedule 2 : Sundry Creditors and Payables

S.No.	Particulars	Ashadh 32, 2071 Nrs	Ashadh 31, 2070 Nrs
1	Audit Fee Payable	21,185.00	21,185.00
2	LEDCO and Others Payable	2,044,227.42	2,858,089.87
	<b>Total</b>	<b>2,065,412.42</b>	<b>2,879,274.87</b>

## Schedule 3 : TDS Payables

S.No.	Particulars	Ashadh 32, 2071 Nrs	Ashadh 31, 2070 Nrs
1	TDS on Service fee	19,537.28	-
2	TDS on Individual firm	360,808.57	-
3	TDS on remuneration	20,860.59	285.00
4	TDS on Audit fee	285.00	-
5	TDS on Salary	218,544.00	17,523.15
6	TDS on Legal Fees & Other Services	620,035.44	17,808.15
	<b>Total</b>	<b>620,035.44</b>	<b>17,808.15</b>



# DORDI KHOLA JALA BIDYUT COMPANY LIMITED

Schedules forming part of the Balance Sheet  
as on Ashadh 32, 2071 (July 16, 2014)

## Schedule 4: Cash and Bank balances

S.No.	Particulars	Ashadh 32, 2071 Nrs	Ashadh 31, 2070 Nrs
1	Cash	406.00	336.78
2	Bank of Kathmandu	10,000.00	10,000.00
3	Clean energy development bank	19,545.93	49,103.46
4	Reliable Finance Ltd.	37,845.99	36,102.32
5	Sunrise Bank Ltd.	23,381.31	22,919.33
6	Sanima Bank Ltd	20,000.00	
	<b>Total</b>	<b>111,179.23</b>	<b>118,461.89</b>

## Schedule 5: Sundry Debtors & Receivables

No.	Particulars	Ashadh 32, 2071 Nrs	Ashadh 31, 2070 Nrs
1	Work Advance	643,000.00	-
2	Prepaid Expenses	-	1,909.00
3	Advance Tax	30,414.40	29,479.83
	<b>Total</b>	<b>673,414.40</b>	<b>31,388.83</b>

## Schedule 6 : Pre-operating Expenditure (WIP)

S.No.	Particulars	Ashadh 32, 2071 Nrs	Ashadh 31, 2070 Nrs
	Opening Pre-operating Expenditure	12,519,135.19	9,683,957.19
1	Business promotion expenses	-	30,000.00
2	Consultancy service fee exp	878,575.00	-
3	Bank Charges	-	5,200.00
4	Guest & Entertainment Expenses	-	20,610.00
5	Board Meeting Expenses	28,000.00	26,000.00
6	Daily Allowance	-	22,400.00
7	House Rent	240,000.00	240,000.00
8	Project Management Consultancy Expenses	1,920,000.00	1,920,000.00
9	Membership Fee	36,000.00	-
10	PPA Processing expenses	180,000.00	-
11	Transportation Expenses	56,027.00	-
12	Access road	4,867,082.29	-
13	Wages	24,000.00	20,968.00
14	Project Development Expenses	3,089,125.00	550,000.00
	<b>Total</b>	<b>23,837,944.48</b>	<b>12,519,135.19</b>



**Schedule 7: Administrative Expenses**

SN	Details	Current Year (NRs.) Ashadh 32, 2071	Previous Year (NRs.) Ashadh 31, 2070
1	Advertisement Expenses		4,374.00
2	AGM Expenses	24,242.66	28,935.00
3	Allowances	25,127.00	23,633.00
4	Bank Charge	200.00	-
5	Audit Fees	21,470.00	21,470.00
6	Audit expenses	1,300.00	-
7	Dashain Allowance	5,000.00	2,500.00
8	Condolence Expenses	8,033.00	-
9	Office expenses	500.00	-
10	Donation	-	10,000.00
11	Miscellaneous	-	3.00
12	Communication Expenses	18,859.00	11,782.00
13	Legal Expenses	31,859.00	36,000.00
14	Office Meeting Expenses	10,974.00	1,665.00
15	Printing & Stationery	2,275.00	16,410.00
16	Salary	57,702.00	59,084.00
17	Transportation Expenses	9,900.00	13,450.00
18	Water & Electricity	23,601.00	32,075.00
19	Wages	-	-
	<b>Total</b>	<b>241,042.66</b>	<b>261,381.00</b>





# **DORDI KHOLA JALA BIDYUT COMPANY LIMITED**

Bluestar Complex, Tripureshwor, Kathmandu

## ***Schedule 7 : Significant Accounting Policies & Notes to Accounts***

### **1. Introduction**

Dordi Khola Jala Bidyut Company Ltd., is a public company incorporated under Company Act, 2063 on Falgun 14, 2066 (Feb. 26, 2010) having its registered office at Ward no. 2, Lazimpat, Kathmandu, Nepal. The main objective of the company is to generate and distribute hydropower electricity. It is promoted by Lamjung Electricity Development Company Ltd. and Khudi Hydropower Ltd. It has obtained its certificate of commencement from Company Registrar office on

### **2. Accounting Policies**

accounting concept (except as specifically mentioned in this schedule) in accordance with applicable Nepal Accounting Standards and generally accepted accounting principles and as per the applicable provisions of Company Act, 2063.

### **3. Fixed Assets**

The company has not purchased any fixed assets till the reported period.

### **4. Depreciation**

No depreciation has been charged since no fixed assets have been purchased by the

### **5. Pre-operating Expenditure**

Since the project is not in operation and not started the revenue generating activities, all the administrative expenses and other preliminary expenses related to the project are booked under the account head 'pre-operating costs'. The total amount as on Ashad 31,

6. Cash Flow Statement has been prepared following Indirect Method.

7. Previous year figures have been regrouped and/or re-arranged, wherever necessary.

8. Company has started preparing income statement from FY 2069/70.

