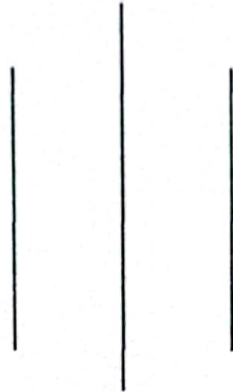
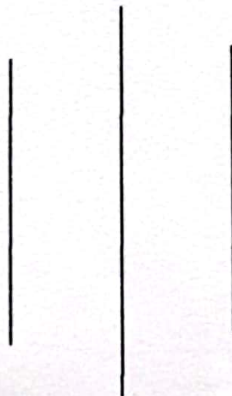


Century Energy Limited.
Rato Pool, Kathmandu
Nepal



Audit Report
F.Y. 2079/080



Ranabhat & Company
Kathmandu, Nepal

Ranabhat & Company

Gathhagar, Bhaktapur

Reg. Auditor "B"

COP – 920

Independent Auditor's Report

To,
The Member,
Century Energy Ltd.
Kathmandu, Nepal

Report on the Standalone Financial Statements

We have audited the accompanying Financial Statement of Century Energy Ltd., Kathmandu, Nepal which comprises of the Balance Sheet as at 31st Ashadh, 2080 the Statement of Profit & Loss, the Cash Flow Statement for the period 1st Shrawan 2079 to 31st Ashadh 2080 and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility

The Company's management is responsible for the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards specified under the prevailing laws.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the applicable acts for safeguarding the assets of the Company and for the preventing and detecting frauds and other irregularities; and selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act, the rules and directive issued there under.

We conducted our audit in accordance with Nepal Standards on Auditing and relevant practices. Those Standards and relevant practices require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statement that give a true and fair view in order to design audit procedures that



are appropriate in the circumstances. An audit also includes evaluation the appropriateness of the accounting policies used and reasonableness of the accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements

Opinion

In our opinion, the financial statements read together with notes to the accounts forming part of the accounts give a true and fair view of the state of affairs of the Company as of Ashadh 31, 2078 and its loss and its cash flow, for the period ended on that date.

Report on Requirement of Companies Act 2063

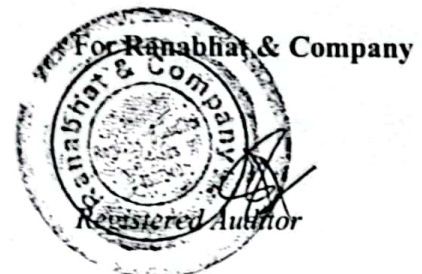
As required by section 115(3) of the act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Profit & Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under the prevailing law.
- e. 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 accounts of the Company, we have not come across any case where the board of directors or any employee or any representative of the Company have acted contrary to the legal provisions or committed any misappropriation or caused any loss or damage to the Company.
- f. 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 accounts of the Company we have not come across any type of accounting fraud that has been committed in the Company.

Date: 05/07/2080

Place: Bhaktapur

UDIN - 231130RA00489asTiR



Century Energy Limited
Kathmandu, Nepal
Statement of Financial Position
As on 31st Ashadh, 2080

Particulars	Notes	FY 2079-80	FY 2078-79
Assets			
Non current Assets			
Property Plant and Equipment	8	212,006,969.19	220,169,569.00
Intangible Assets	9	-	-
Financial Assets	2	-	-
Investment in Associates	7	-	-
Total Non Current assets		212,006,969.19	220,169,569.00
Current Assets			
Cash and Cash Equivalents	1	16,466,339.00	2,501,943.00
Financial Assets	2	9,232,271.00	18,229,626.00
Inventories	3	-	-
Other Assets	4	9,217,987.77	464,659.00
Current Tax Asset	5	-	-
Deferred Tax Asset	6	-	-
Total Current assets		34,916,597.77	21,196,228.00
Total Assets		246,923,566.96	241,365,797.00
Equity and Liabilities			
Equity			
Share Capital	10	79,293,500.00	79,293,500.00
Share Application Money	11	1,090,000.00	-
Other Reserves	17	-	-
Retained Earnings	17	32,269,800.96	20,367,211.00
Total Equity		112,653,300.96	99,660,711.00
Non Current Liabilities			
Financial Liabilities	18	128,516,938.00	139,261,738.00
Provisions	19	-	-
Other Liabilities	20	-	-
Total Non current Liabilities		128,516,938.00	139,261,738.00
Current Liabilities			
Financial Liabilities	18	5,000,000.00	-
Provisions	19	-	-
Current Tax Liabilities	5	-	-
Deferred Tax Liabilities	6	-	-
Other Liabilities	20	753,328.00	2,443,348.00
Total Current Liabilities		5,753,328.00	2,443,348.00
Total Equity and Liabilities		246,923,566.96	241,365,797.00
Contingent Liabilities and Commitments	39		
Net assets value per share		142.07	125.69

The accompanying notes form an integral part of the financial statements

As per our report on
even date

Ranabhat &
Company



[Signature]
Account Manager

[Signature]
Director
Thirna Kumar Singh

[Signature]
Director
Kandka Bdr. Shrestha

[Signature]
Director
Vishoy Prakash Gautam

[Signature]
Director
Anu Niraula Basnet

[Signature]
Chairman
Krishna Prasad Dulal



Century Energy Limited
Kathmandu, Nepal
Statement of Profit or Loss
For the Year Ended Asahdh, 2080

Particulars	Notes	FY 2079-80	FY 2078-79
Revenue	21	42,224,891.00	46,762,674.00
Cost of Sales	22	4,176,650.67	5,859,464.00
Gross profit		38,048,240.33	40,903,210.00
Other Income	23	5,404,246.00	-
Personnel Expenses	24	-	-
Other Operating and Administrative expenses	25	905,935.00	2,559,912.00
Impairment Charges/(Reversal)	26	-	-
Depreciation & Amortization	27	8,162,599.81	8,119,390.00
Profit/(Loss) before Interest and Tax		34,383,951.52	30,223,908.00
Finance Income	28	198,327.00	488,213.00
Finance Cost	29	14,283,673.00	10,338,705.00
Profit/(Loss) Before Bonus and Tax		20,298,605.52	20,373,416.00
Provision for Staff Bonus			
Profit/(Loss) Before Tax			
Income Tax Expenses	30		
Current Tax		49,581.75	122,053.00
Deferred Tax		-	-
Profit for the year		20,249,023.77	20,251,363.00

Earnings per Equity share of Rs. 100 Each

Basic Earnings per Share	25.54	25.54
Diluted Earnings Per Share	25.54	25.54

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

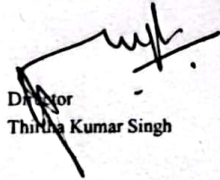
As per our report of even date

As per our report on
even date

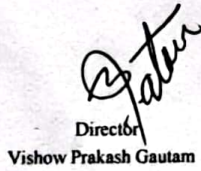
Ranabhar &
Company


Account Manager

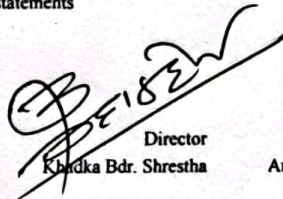
Account Manager


Director
Thirna Kumar Singh

Director
Thirna Kumar Singh


Director
Vishow Prakash Gautam

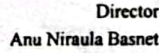
Director
Vishow Prakash Gautam


Director
Khadka Bdr. Shrestha


Director
Khadka Bdr. Shrestha

Chairman
Krishna Prasad Dulal

Chairman
Krishna Prasad Dulal


Director
Anu Niraula Basnet

Director
Anu Niraula Basnet


Auditor
Proprietor

Auditor
Proprietor



Century Energy Limited
Kathmandu, Nepal

Statement of Cash Flows
As on 31st Ashadh, 2080

Particulars	FY 2079-80	FY 2078-79
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit After tax	20,249,023.77	20,251,363.00
Adjustment to reconcile profit before tax to cash provided by operating activities		
Depreciation on Fixed assets	8,162,599.81	8,119,390.00
Amortization of Intangibles	-	-
Profit/loss on sale of fixed assets	-	-
Impairment loss on financials assets	-	-
Provisions	-	-
Finance Charge	14,283,673.00	10,338,705.00
Finance Income	-	-
Dividend Paid	-	-
Dividend Received	-	-
Exchange gains/(losses)	-	-
Income Tax Expense	49,581.75	122,053.00
Operating profit before working capital changes	42,744,878.33	38,831,511.00
(Increase)/Decrease in Current Assets		
Inventories	-	-
Financial Assets	8,997,355.00	1,607,526.00
Other Current assets	(8,753,328.77)	2,001,642.00
Increase/(Decrease) in Current Liabilities		
Financial Liabilities	5,000,000.00	(6,000,000.00)
Other Current Liabilities	(1,690,020.00)	(4,738,050.00)
Operating Cash Flows after Changes in working capital	3,554,006.23	(7,128,882.00)
Net Cash Flow from Operating Activities before Tax Paid	46,298,884.56	31,702,629.00
Income Tax Paid	(49,581.75)	(122,053.00)
Net Cash Flow from Operating Activities	46,249,302.81	31,580,576.00
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/Sale of Property and Equipment	-	(2,409,938.00)
Purchase/Sales of Intangible Assets	-	-
Purchase/Sales of Investment	-	(12,500,000.00)
Other Non current assets	-	-
Interest Received	-	-
Dividend Received	-	-
Net Cash Used in Investing Activities	-	(14,909,938.00)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Equity	-	-
Increase/(Decrease) in Borrowings	(10,744,800.00)	(2,397,000.00)
Increase/(Decrease) in Share Application Money	1,090,000.00	-
Dividends Paid	(8,346,433.81)	(7,929,350.00)
Interest and Bank Charges Paid	(14,283,673.00)	(10,338,705.00)
Net Cash from Financing Activities	(32,284,906.81)	(20,665,055.00)
Net Increase (Decrease) in Cash and Cash Equivalents	13,964,396.00	(3,994,417.00)
Opening Cash and Cash Equivalent	2,501,943.00	6,496,360.00
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	-	-
Closing Cash and Cash Equivalent	16,466,339.00	2,501,943.00

The accompanying notes form an integral part of the financial statements

The accompanying notes form an integral part of the financial statements

[Signature]
Account Manager
[Signature]
Director
Thiraha Kumar Singh

[Signature]
Director
Khadka Bdr. Shrestha
[Signature]
Director
Vishow Prakash Gautam

As per our report of even
[Signature]
Director
Anu Niraula Basnet
[Signature]
Chairman
Krishna Prasad Dulal
[Signature]
Proprietor



Century Energy Limited
Statement of Changes in Equity
 As on 31st Ashadh, 2080

Particulars	Share Capital	Share Premium	Retained Earning	Fair Value Reserve	Other Reserves	Total
Balance at Shrawan 01, 2079	79,293,500.00	-	20,367,211.00	-	-	99,660,711.00
Profit for the year	-	-	20,249,023.77	-	-	20,249,023.77
Balance at Shrawan 01, 2079	79,293,500.00	-	40,616,234.77	-	-	119,909,734.77
Transfer to Reserves during the year	-	-	-	-	-	-
Transfer from Reserves during the year	-	-	-	-	-	-
Transactions with Owners, directly recognized in Equity	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-
Dividend to Equity-Holders	-	-	-	-	-	-
Bonus Shares Issued	-	-	-	-	-	-
Cash Dividend Paid	-	-	-	-	-	-
Balance at Asar 31, 2080	79,293,500.00	-	32,269,800.96	-	-	111,563,300.96
			(8,346,433.81)			(8,346,433.81)
			32,269,800.96			111,563,300.96

The accompanying notes form an integral part of the financial statements

Date:

Place : Lalitpur, Nepal

Account Manager

Director

Tirthak Kumar Singh

Director

Khadka Bdr. Shrestha

Director

Vishow Prakash Gautam

Director

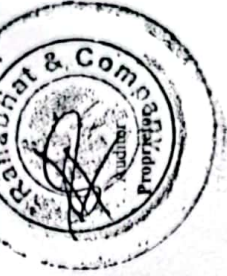
Anu Niraula Basnet

Chairman

Krishna Prasad Duljal

As per our report of eveny date

Ranabhat & Company



Century Energy Limited
Notes to Financial Statements
For the Year Ended 2080

1 Cash and Cash Equivalents

Particulars	Figures in NPR.	
	FY 2079-80	FY 2078-79
Cash	10,000.00	5,753.00
Balance with Banks and Financial Institutions-LCY	-	-
Machhapuchhre Bank	15,363,683.00	2,493,534.00
Global IME Bank	1,092,656.00	2,656.00
Total	16,466,339.00	2,501,943.00

2 Financial Assets

When an entity first recognizes a financial asset, it classifies it based on the entity's business model for

2.1 Financial Assets at Fair value through Other Comprehensive Income

financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and

Particulars	FY 2079-80	FY 2078-79
Investments	-	12,500,000.00
Total	-	12,500,000.00

2.2 Financial Assets at Amortized Cost

Financial asset is measured at amortized cost if both of the following conditions are met:

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows
2. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount

Particulars	FY 2079-80	FY 2078-79
Trade Receivables - NEA	9,155,045.00	5,532,917.00
Advance Income Tax	-	73,232.00
TDS Receivable	29,749.00	-
Margin Deposit - EXIM Code	15,000.00	15,000.00
Margin Deposit - Spare Part	14,000.00	-
Bearing Advance	-	100,000.00
Advance Salary	18,477.00	8,477.00
Total	9,232,271.00	5,729,626.00

2.3 Financial Assets at Fair value through Profit or Loss

Financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

Particulars	FY 2079-80	FY 2078-79
	-	-
Total	-	-

2080/01/15
myh



Book
15/01/20



3 Inventories

As per NAS 2, Inventory are value at the lower of Cost or Net Realizable Value (Selling Price Less Cost to Sell).

Particulars	FY 2079-80	FY 2078-79
Bearing/Transformer Oil	-	-
Hydro-Mechanical Stock	-	-
Spare Parts of Electromechanical Equipment's	-	-
Total	-	-

4 Other Assets

Particulars	FY 2079-80	FY 2078-79
Advance (Dividend)	5,759,505.77	-
Office Advance - Shekhar Tamang	-	10,000
Advance to Suppliers	-	-
<i>BP Construction</i>	2,253,056.00	-
<i>Delta Hydro Solutions</i>	652,360.00	-
<i>Sagarmatha Oxygen Nepal P. Ltd.</i>	22,260.00	-
Prepaid Insurance	530,806.00	454,659.00
Total	9,217,987.77	464,659

5 Current Tax Asset/Liabilities

Current tax is the amount of income tax payable (recoverable) in respect of the taxable profit (loss) for a

Particulars	FY 2079-80	FY 2078-79
Current Year Income Tax Liabilities	-	-
Tax Assets of Prior Periods	-	-
Total	-	-

6 Deferred Tax Asset/Liabilities

Deferred income tax is the income tax payable (recoverable) in future periods in respect of the temporary differences, unused tax losses and unused tax credits.

Particulars	FY 2079-80	FY 2078-79
Deferred Tax	-	-
Total	-	-

7 Investment in Associates

The investment in company with holding more than 20% and less than 50% is normally treated as Investment in associate subject to SIGNIFICANT INFLUENCE exercised.

Particulars	FY 2079-80	FY 2078-79
Investment in Quoted Associates	-	-
Investment in Unquoted Associates	-	-
Total	-	-

10 Share Capital

Particulars	FY 2079-80	FY 2078-79
Ordinary Shares	79,293,500.00	79,293,500.00
Total	79,293,500.00	79,293,500.00









10.1 Ordinary Shares

Particulars	FY 2079-80	FY 2078-79
Authorized Capital		
900000 Ordinary Shares of Rs. Each	90,000,000.00	90,000,000.00
Issued Capital		
900000 Ordinary Shares of Rs. Each	90,000,000.00	90,000,000.00
Subscribed and Paid up Capital		
792935 Ordinary Shares of Rs. Each	79,293,500.00	79,293,500.00
Total	79,293,500.00	79,293,500.00

10.1 Ordinary Share Ownership

Particulars	FY 2079-80	FY 2078-79
Domestic Ownership		
Nepal Government	-	-
"A" class licensed institutions	-	-
Other licensed institutions	-	-
Other Institutions	-	-
Public	-	-
Private Promotor	100%	100%
Foreign ownership	-	-
Total	100%	100%

11 Share Application Money

Particulars	FY 2079-80	FY 2078-79
Share Application Money	1,090,000.00	-
Total	1,090,000.00	-

17 Reserves and Surplus

17.1 General Reserves

Particulars	FY 2079-80	FY 2078-79
Opening Balance of Retained Earning	20,367,211.00	8,045,198.00
Retained earnings	20,249,023.77	20,251,363.00
Less: Dividend	(8,346,433.81)	(7,929,350.00)
Total	32,269,800.96	20,367,211.00




17.2 Other Reserves

Particulars	FY 2079-80	FY 2078-79
Fair Value Reserve	-	-
Revaluation Reserve	-	-
Actuarial Reserve	-	-
Corporate Social Responsibility Fund	-	-
Total	-	-

18 Financial Liabilities

18.1 Financial Liabilities at Amortized Cost

Current		
Particulars	FY 2079-80	FY 2078-79
Borrowings from Banks and Financial Institutions	5,000,000.00	-
Unsecured Borrowings From Directors	-	-
Trade Payables	-	-
Total	5,000,000.00	-

2



CENTURY ENERGY LTD.




Anil Kumar

Property, Plant and Equipment

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixtures	Equipment & others	Hadfi Khala Project Progress	Capital Work In Progress	Totals
As on Ashadh End 2079	-	4,711,462.00	-	12,555.00	113,436.00	184,442.00	333,328.00	214,814,346.00	-	228,169,569.00
Addition during the Year	-	-	-	-	-	-	-	-	-	-
Acquisition	-	-	-	-	-	-	-	-	-	-
Capitalization	-	-	-	-	-	-	-	-	-	-
Disposed during the year	-	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2079	-	4,711,462.00	-	12,555.00	113,436.00	184,442.00	333,328.00	214,814,346.00	-	228,169,569.00
As on Asar end 2078	-	-	-	-	-	-	-	-	-	-
Impairment for the year	-	235,573.10	-	5,403.08	22,687.20	46,110.50	81,143.45	7,771,682.48	-	8,162,599.81
Depreciation charge for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-
As on Asar end 2079	-	235,573.10	-	5,403.08	22,687.20	46,110.50	81,143.45	7,771,682.48	-	8,162,599.81
Net Book Value	-	4,475,888.90	-	7,151.92	90,748.80	138,331.50	252,184.55	207,042,663.52	-	212,006,969.19
As on Asar end 2079	-	4,475,888.90	-	7,151.92	90,748.80	138,331.50	252,184.55	207,042,663.52	-	212,006,969.19



Handwritten signatures and initials:
 - A large signature on the left side.
 - "N.S. 13" with a signature over it.
 - "Koop" written vertically.
 - "MST" written vertically.
 - "MST" written vertically.



Century Energy Limited
Notes to Financial Statements
For the Year Ended Ashadh, 2080

21 Revenue

Particulars	Figures in NPR.	
	FY 2079-80	FY 2078-79
Revenue From Sales of Electricity	42,224,891.00	46,762,674.00
Total	42,224,891.00	46,762,674.00

22 Cost of Sales

Particulars	Figures in NPR.	
	FY 2079-80	FY 2078-79
Fuel Expenses	116,576.00	70,855.00
Operation and Maintenance of Plant	440,496.00	-
Electricity Expenses	-	30,558.00
Lodging & Fooding Expenses	106,916.00	74,627.00
Salary	2,381,345.67	2,254,158.00
Site Expenses	71,983.00	115,742.00
Insurance Expenses	509,934.00	582,077.00
Donation	352,500.00	415,000.00
Vehicle Hiring Charges	71,667.00	44,000.00
Vehicle Running Expenses	99,800.00	91,070.00
Travelling Expenses	7,583.00	-
Repair & Maintenance	17,850.00	2,181,377.00
Total	4,176,650.67	5,859,464.00

23 Other Income

Particulars	Figures in NPR.	
	FY 2079-80	FY 2078-79
Foreign exchange revaluation gain	-	-
Fair Value Gain/loss on sale of Financial Assets measured at Fair value through Profit or Loss	-	-
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	-	-
Gain/loss on sale of property and equipment	-	-
Gain/loss on sale of investment property	-	-
Operating lease income	-	-
Income from Insurance Claim	5,404,246.00	-
Total	5,404,246.00	-

24 Personnel Expenses

Particulars	Figures in NPR.	
	FY 2079-80	FY 2078-79
Salary	-	-
Allowances	-	-
Social Security Fund	-	-
Uniform	-	-
Leave encashment	-	-
Medical	-	-
Other expenses related to staff	-	-
Total	-	-



 The bottom of the page features several handwritten signatures and stamps. On the left, there are three distinct signatures. In the center, there is a blue circular logo for Century Energy Ltd. On the right, there are two more signatures and a circular stamp that reads "Ramesh & Company".

25 Other Operating and Administrative expenses

Figures in NPR.

Particulars	FY 2079-80	FY 2078-79
AGM Expenses	25,602.00	-
Meeting Allowance - Director	202,500.00	-
Auditors' remuneration	56,500.00	56,500.00
Office administration expense	61,615.00	37,381.00
Operating lease expense	60,000.00	60,000.00
Staff Salary	60,000.00	-
Written off Expenses	-	2,350,514.00
Communication Expenses	500.00	500.00
Fine & Penalty	6,500.00	14,488.00
Survey Expenses	-	16,000.00
Compensation Charges - Land	250,000.00	-
Verification Charges - Forest	10,000.00	-
Legal Charges	65,320.00	-
Registration & Renew Charges	110,000.00	-
Printing & Stationary	-	1,979.00
Newspaper, Books, Journals	23,000.00	22,550.00
Total	905,935.00	2,559,912.00

26 Impairment Charges/(Reversal)

Figures in NPR.

Particulars	FY 2079-80	FY 2078-79
Impairment (charge)/reversal on Trade Receivables	-	-
Impairment (charge)/reversal on Property, Plant and Equipme	-	-
Impairment (charge)/reversal on Goodwill and Intangible Assc	-	-
Impairment (charge)/reversal on Investment Properties	-	-
Total	-	-











27 Depreciation & Amortization

Particulars	Figures in NPR.	
	FY 2079-80	FY 2078-79
Depreciation of Property, Plant and Equipment	8,162,599.81	8,119,390.00
Amortization of Intangible Assets	-	-
Total	8,162,599.81	8,119,390.00

28 Finance Income

Particulars	Figures in NPR.	
	FY 2079-80	FY 2078-79
Interest Income	198,327.00	488,213.00
Total	198,327.00	488,213.00

29 Finance Cost

Particulars	Figures in NPR.	
	FY 2079-80	FY 2078-79
Bank Charges & Commission	419,060.00	322,067.00
Interest on Loan	13,864,613.00	10,016,638.00
Total	14,283,673.00	10,338,705.00

30 Income Tax Expenses

Particulars	Figures in NPR.	
	FY 2079-80	FY 2078-79
Current tax expense		
Current year	-	-
Adjustments for prior years	-	-
Deferred tax (Income)/expense		
Origination and reversal of temporary differences	-	-
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Total	-	-





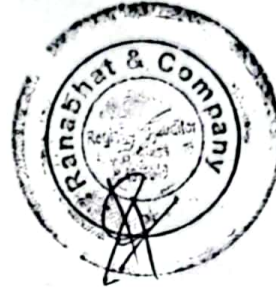





Century Energy Limited
Kathmandu, Nepal

Calculation of Depreciation as per Schedule II of Income Tax Act

Particular	Dep. Rate	Opening WDV (NRS)	Additions				Total Addition	Absorbed	Depreciable Base	Depreciation (NRS)	Unabsorbed	Closing WDV
			Upto Poush (NRS)	Up to Chaitra (NRS)	Upto Ashad (NRS)	Disposal (NRS)						
Building	5%	4,711,462.00					-	4,711,462.00	235,573.10	-	4,475,888.90	
Block 'B' Furniture & Fixture Office Equipment Computer	25%	184,442.00 311,441.00 12,554.00			27,175.00	-	-	184,442.00 311,441.00 21,612.33	46,110.50 77,860.25 5,403.08	-	138,331.50 233,580.75 34,325.92	
Block 'C' Vehicles	20%	113,436.00					-	113,436.00	22,687.20	-	90,748.80	
Block 'D' Kitchen Equipment Other Assets	15%	21,888.00					-	21,888.00	3,283.20	-	18,604.80	
Block 'E' Hadi Khola Project		214,814,346.00			8,378,290.00		2,792,763.33	217,607,109.33	7,771,682.48	5,585,526.67	215,420,953.52	
Total		220,169,569.00	-	-	8,405,465.00	-	2,801,821.67	222,971,390.67	8,162,599.81	5,603,643.33	220,412,434.19	



[Handwritten signatures and initials]



Century Energy Limited

Kathmandu, Nepal

Notes to the Accounts

1 About Reporting Entity

M/s Century Energy Limited is a limited liability company registered in Nepal under the Company Act, 2063. Its registration number is 85626 dated 31st Shrawan 2068. The registered office of the company is located at Ratopool, Kathmandu. The company was converted into public limited company on 2080/03/21.

The company operates 997 kW hydropower plant at Sindupalchowk known as "Hadikhola Sunkoshi A Small Hydropower Project" as per the terms of license issued by Ministry of Energy. This project is constructed on Build, Own, Operate, (BOT) model. The PPA is valid for the period of 30 years. After the expiry of PPA, new PPA would be done on mutual agreements. The generated electricity is sold to the Nepal Electricity Authority (NEA) as per rate agreed upon in the power purchase Agreement (PPA). The annual energy generation as per the PPA with NEA is 7.8 GWh.

Commercial Operation Date (COD) is 12th Bhadra, 2077. The power generated from the project is evacuated to distribution lines near to Powerhouse in Sindupalchowk District.

The company does not have any subsidiary, or an interest in associate or joint venture.

1.1 Board of Directors

The composition of Board of Directors as on 31st Ashad, 2080 is as follows :

Name	Position
Mr. Krishna Prasad Dulal, PhD	Chairman
Mr. Khadka Bahadur Shrestha	Director
Mrs. Anu Niraula Basnet	Director
Mr. Tirtha Kumar Singh	Director
Mr. Vishow Prakash Gautam	Director

2 Basis of preparation

2.1 Statement of Compliance

The financial statement comprising Statement of Financial Position, Statement of Profit or Loss, Statements of Changes in Equity and Statements of Cash Flows along with the necessary and related notes has been prepared under the historical cost convention on accrual basis and are in accordance with the applicable Nepal Accounting Standard and the requirement of the Companies Act, 2063, except otherwise stated.



The accompanied financial statements for FY 2079-80 have been approved by the Board of Directors of the Company in its meeting dated 28th Bhadra 2080 for the purpose of presenting before the Shareholders' Annual General Meeting.

Accounting policies adopted in the preparation of financial statements has been mentioned in Note 3. The policies have been consistently applied to all the years

2.2 Use of Estimates

The preparation of Financial Statements in line with NAS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of Financial Statements and the reported amounts of revenue and expenses during the reporting period.

Management has applied estimation in preparing and presenting the financial statements. The estimates and the underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimates are revised, if the revisions affect only that period; they are recognized in the period of revision and the future periods if the revisions affect both current and future periods.

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

- 2.3** Financial statement has been prepared as per Nepalese financial year using Nepalese Calendar, which start on 1st of Shrawan and end on last day of Ashad of the succeeding year. The financial statement covers period from 1st Sharwan 2079 to 31st Asahd 2080 with corresponding comparative period of 1st Sharwan 2078 to 31st Ashdad 2079.

2.4 Going Concern

The financial statements have been prepared on a going concern basis. The Company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future.

- 2.5** Nepalese Rupees (NRs) is the presentation and functional currency of the Company. Accordingly, the financial statements are prepared and presented in Nepalese Rupees and rounded off to the nearest rupee.

- 2.6** The figures for previous year are rearranged, reclassified and/or restated wherever necessary for the purpose of facilitating comparison. Appropriate disclosures are made wherever necessary.



3 Summary of Significant Accounting Policy

3.1 Property, Plant and Equipment's

The cost of an item of property, plant and equipment's has been recognized as an assets only if: it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Property, Plant and Equipment (PPE) are those tangible assets used for generation and supply of energy and for administrative purpose; and are expected to be used during more than one period.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company. Subsequent costs that do not qualify the asset recognition criteria are expensed as and when incurred.

Office Furniture and equipment has been depreciated at 25%, vehicle on 20% and other assets on 15% on written down value method.

3.2 Intangible Assets

Intangible assets has been recognized as an assets only if: it is probable that future **Hadikhola Project**

These costs of project are amortized on straight-line basis over their estimated useful lives of 30 years.

All the assets used for project including land has been classified under Hadi Khola Sunkoshi A Small Hydropower Project (997 kW) and classified as Intangible Assets. It has been amortized over the period of 30 year on straight line method of depreciation.

The project has been pledged to the bank for obtaining long term loan and working

Other Intangible Assets

Other intangible assets that are acquired by the company are stated at cost less

3.3 Advance, Receivables and Deposits

Advance, Receivables and Deposits are stated at book value.

3.4 Prepayments

These are expenses paid for the period beyond the financial period covered by the Financial Statements. These will be charged as expenses in the respective period for which such expenses pertain to.



3.5 Cash and Cash Equivalent

Cash and cash equivalents comprise cash on hand and deposit account balances maintained with banks or financial institutions. These enable the Company to meet its short term liquidity requirements. The carrying amount of cash and cash equivalents approximates their fair value. They are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

3.6 Share Capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's equity shares are classified as equity instruments.

The company has a single class of equity shares. The equity shares are entitled to receive dividend as declared from time to time and approved by the annual general meeting.

The company has not made Initial Public Offering (IPO) of shares.

Share Application Money

The company has collected Rs. 10,90,000.00 as Share Application Money from shareholders.

3.7 Distributions

The distribution if any to the shareholders are recognized in the statement of equity.

3.8 Reserve and Surplus

It includes the accumulated profit and loss as on the reporting date.

3.9 Borrowings

Long Term Borrowings are the long term loan taken from the bank for the development of hydropower project. The company has taken loan from Machhapuchhre Bank Limited

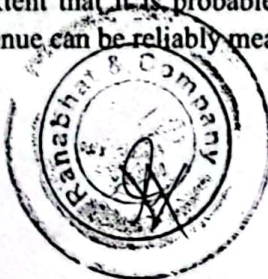
The company has taken working capital loan from the bank for the short term fund management and the company pays interest on the borrowings.

3.10 Trade and other payables

Trade and other payables mainly consist of amounts the company owes to suppliers and government authority that have been invoiced or are accrued. These also include taxes due in relation to the company's role as an withholder. These amounts have been initially recognized at cost and it is continued to be recognized at cost as it fairly represents the value to be paid since it does not include interest on payment. These are non interest bearings liabilities.

3.11 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.



The main source of the revenue is from sale of electricity. All the revenue presented in the statement of profit or loss account is from sale of electricity to Nepal Electricity Authority (NEA) as per the Power Purchase Agreement (PPA). Other income includes the amount earned as interest on bank deposit.

3.12 Cost of Sales

Cost of Sales includes depreciation charge of project assets and other expenses incurred at site for the operation and maintenance of the project assets. Employee benefit expenses of the site office staff is also included in the cost of sales.

3.13 Other Income

All the incomes that are not qualified to be classified as revenue is treated as other



A handwritten signature in black ink, appearing to be 'S. K. S.', located between the Century Energy Ltd. logo and the Ranabhat & Company stamp.



3.14 Finance Cost and Income

The cost of borrowing of the fund after commercial operation date are recognized as finance cost. Similarly, interest received on bank deposit is recognized as finance income.

3.15 Taxation

Tax expenses comprises of current tax and deferred tax.

Current Tax

Current tax is the income tax expense and is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity. Current tax is the amount expected or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities is settled, based on tax rates and laws enacted, or substantively enacted, on the reporting date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when the group has a legal right to offset.

Tax Holiday

The company is on Tax Holiday period as per section 11(3gha) of Income Tax Act, 2058. The company enjoy the full tax concession for the first 10 years of operation and 50% for next 5 years regarding the income generated from sale of electricity. Thus the company has not recognized any current tax expenses with respect to income generated from sale of electricity.

Similarly, the company has no any deferred tax assets and liability since no realistic measurement can be made as on reporting date.



[Handwritten signature]



3.16 Impairment

An assets is impaired when its carrying amount exceed its recoverable amount. At each reporting date the company assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined. The recoverable amount of a CGU is determined at the higher of fair value less cost to sell on disposal and value-in-use. Generally recoverable amount is determined by means of discounted cash flows unless it can be determined on the basis of a market price. Cash flow calculations are supported by past trend and external sources of information and discount rate is used to reflect the risk specific to the asset or CGU.

During the reporting period no indication has been found that the carrying amount of a Cash Generating Unit (CGU) exceeds the recoverable amount. So impairment loss has not been recognized.

3.17 Employee Benefit

Short term employee benefits mainly include wages, salaries, allowances, provident fund expenses, bonuses as provided in the law and other short-term employee related expenses. Short term employee benefits are measured on an undiscounted basis and are charged to statement of profit and loss as and when the related service is provided.

The Company does not have any defined benefit plan under operation.

Staff Bonus Provision

Staff Bonus has not provided any bonus to its employee .

3.18 Provisions and Contingent Liabilities

The provisions for liabilities of uncertain timing or amount include those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

3.19 Subsequent events after reporting period.

The company monitors and access events that may have potential impact to qualify as adjusting and /or non adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

The company has filed for insurance compensation amounting Rs 27,015,541.08 crore with M/s Everest Insurance Company Ltd. for the civil and hydromechanical damage caused by heavy rainfall. Rs. 5,404,246.00 lakhs is received against the same from M/s Everest Insurance company Limited on 31st Asad, 2080. The receipt of insurance claim is recognized as income in financial year 2079/80



[Handwritten signature]

