

**M Tiwari & Associates**  
Chartered Accountants

**KIRTIPUR MUNICIPALITY -1**  
**TYANLA, P.O. Box 12136**  
**KATHMANDU, NEPAL**  
**Tel: 4330886 Mob:9861583579**

**Independent Auditor's report to the shareholder of  
Salleri Chialsa Electricity Company Limited**

We have audited the accompanying financial statement of **Salleri Chialsa Electricity Company Limited** of Ashadh 31, 2074 (July 15, 2017) comprising of balance sheet, profit and loss account, cash flow statement and related schedule thereto for the period then ended.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing or relevant practices. Those Standards or relevant practices require that we 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 disclosures in the financial statement. 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 control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion the financial statements gives a true and fair view of the financial position of Salleri Chialsa Electricity Company Limited, as on 31 Ashad 2074 (corresponding to 15 July 2017) and operational result and cash-flow for the period ended thereof in accordance with Nepal Accounting Standards.

Date: November 17, 2017  
Place: Kathmandu, Nepal

CA. Murali Dhar Tiwari



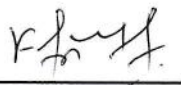
# SALLERI CHIALSA ELECTRICITY COMPANY LTD.

## BALANCE SHEET

As on 31 Ashad 2074 (15 July 2017)

Particulars	Sch.	This Year Amount (Rs.)	Last Year Amount (Rs.)
<b>Source of Fund</b>			
<b>1 Shareholders' Fund</b>			
- Share Capital	1	61,412,000.00	61,412,000.00
- Reserve and Surplus	2	57,148,675.12	47,950,970.14
- Grant Aid in Reserve		41,560,829.21	43,464,378.64
<b>2. Mid-term &amp; Long term Loan Fund</b>	3	-	-
- Secured		-	-
- Unsecured		-	-
<b>Total</b>		<b>160,121,504.33</b>	<b>152,827,348.78</b>
<b>Application of Fund</b>			
<b>Fixed Assets</b>			
<b>Fixed Assets (Gross Value)</b>	4	176,620,205.41	172,871,867.86
Less : Acc Depreciation		62,579,040.11	56,552,914.11
<b>Net Fixed assets</b>	4	<b>114,041,165.30</b>	<b>116,318,953.75</b>
Capital Work in Progress		-	-
Investment	5	40,537,619.92	26,853,191.69
<b>Current Assets</b>			
Inventory	6	7,404,997.32	5,338,044.93
Trade & Other Receivables	7	3,063,266.46	4,513,122.93
Cash and Other Balance	8	6,219,017.47	11,301,775.44
Prepaid expenses, Advances & Deposits	9	6,309,229.07	4,101,459.14
<b>Total Current Assets</b>		<b>22,996,510.32</b>	<b>25,254,402.44</b>
Less :Current Liabilities	10	1,195,284.62	1,590,822.26
Less : Provision	11	8,701,527.59	7,690,989.15
Less: Deferred Tax Liabilities		7,556,979.00	6,317,387.69
<b>Net Current Assets</b>		<b>5,542,719.11</b>	<b>9,655,203.34</b>
<b>Total</b>		<b>160,121,504.33</b>	<b>152,827,348.78</b>
Significant Accounting Policies & Notes to Accounts	18		


Schedule 1 to 18 form an integral part of this financial statements

  
Krishna Prasad Nepal  
General Manager

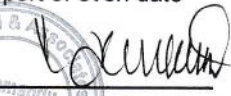
**Directors**

Hara Raj Neupane  
Lekha Nath Koirala  
Ang Dami Sherpa



  
Dr. Mingmar Gyelzen Sherpa  
Chairperson

As per our report of even date

  
CA. Murali Dhar Tiwari  
M Tiwari & Associates  
Chartered Accountants


Jagadishwar Man Singh

Aman Jonche

Jun Hada

Dorji Sherpa




**SALLERI CHIALSA ELECTRICITY COMPANY LTD.**  
**Profit and Loss Account**  
**For the year ending 31 Ashad 2074 (15 July 2017)**

Particulars	Sch.	This Year Amount (Rs.)	Last Year Amount (Rs.)
<b><u>Operating Income</u></b>			
Sales of Electricity	12	21,107,403.00	18,350,035.00
Miscellaneous Surcharges/Income	13	4,356,224.00	7,568,818.19
<b>Total Operating Income</b>		<b>25,463,627.00</b>	<b>25,918,853.19</b>
<b><u>Operating Expenses</u></b>			
Personnel Cost	14	6,417,364.12	6,168,514.85
Repair and Maintenance	15	2,629,425.43	2,141,114.22
<b>Total Operating Expense</b>		<b>9,046,789.55</b>	<b>8,309,629.07</b>
<b>Operating Profit</b>		<b>16,416,837.45</b>	<b>17,609,224.12</b>
<b><u>Other Income</u></b>			
Income from Investment/Interest		1,939,024.57	1,787,047.32
Dividend Income (net)		192,653.42	-
Depreciation Being revenue Portion of Grant Aid		1,903,549.43	1,903,549.43
		<b>4,035,227.42</b>	<b>3,690,596.75</b>
<b><u>Other Expenses</u></b>			
Depreciation	4	6,026,125.19	5,887,120.00
Administrative Expenses	16	1,377,509.14	1,244,827.16
Management Expenses	17	586,501.69	501,643.29
Provision for Employees' Bonus		717,807.06	677,833.60
		<b>8,707,943.08</b>	<b>8,311,424.05</b>
<b>Profit before Tax</b>		<b>11,744,121.79</b>	<b>12,988,396.82</b>
Provision for Taxation		1,306,824.93	1,327,362.30
Deferred Tax Expenses/(Income)		1,239,591.88	1,472,768.81
<b>Net Profit</b>		<b>9,197,704.98</b>	<b>10,188,265.71</b>
<b><u>Profit &amp; Loss Appropriation</u></b>			
Last year balance		42,880,046.51	32,691,780.80
Profit for this fiscal year		9,197,704.98	10,188,265.71
<b>Total</b>		<b>52,077,751.49</b>	<b>42,880,046.51</b>
Less: Interim Dividend		-	-
Less : Proposed Dividend		-	-
Balance transferred to Balance Sheet		<b>52,077,751.49</b>	<b>42,880,046.51</b>

Schedule 1 to 18 form an integral part of this financial statements

As per our report of even date

Krishna Prasad Nepal  
General Manager

**Directors**

Hara Raj Neupane

Lekha Nath Koirala

Ang Dami Sherpa

Dr. Mingmar Gyelzen Sherpa  
Chairperson

Jagadishwar Man Singh

Aman Jonche

Jun Hada

Dorji Sherpa

CA. Murali Dhar Tiwari  
M Tiwari & Associates  
Chartered Accountants

**SALLERI CHIALSA ELECTRICITY COMPANY LTD.**

**Cash Flow Statement**

**For the year ending 31 Ashad 2074 (15 July 2017)**

S. No.	Particulars	This Year Amount (Rs.)	Last Year Amount (Rs.)
A.	<b><u>Cash flow from operating Activities</u></b>		
	1. Net Profit/ Loss before tax and extraordinary items	11,744,121.79	12,988,396.82
	<b><u>Adjustment</u></b>		
	<b><u>Add:</u></b>		
	1. Depreciation	6,026,125.99	5,887,119.99
	2. Expenses written off	-	-
	3. Investment Income	(1,939,024.57)	(1,787,047.32)
	4. Provisions for Bonus	717,807.06	677,833.60
	5. Profit on sale of Immovable assets	-	-
	6. Other-non cash expenses (Provision for Gratuity/Leave)	915,116.84	252,846.75
	7. Excess of Acc Gratuity/Leave payment over provision	-	-
		<b>17,464,147.11</b>	<b>18,019,149.84</b>
	1. Decrease(Increase) in Current assets	(2,824,865.85)	(2,190,852.94)
	2. Increase (Decrease) in Current liabilities	(395,537.64)	(3,930,180.73)
	3. Cash flow from Operation	<b>14,243,743.62</b>	<b>11,898,116.17</b>
	4. Interest paid	-	-
	5. Tax paid/refund	(1,327,362.30)	(219,822.24)
	<b>Net Cash flow from Operating Activities</b>	<b>12,916,381.32</b>	<b>11,678,293.94</b>
B.	<b><u>Cash flow from Investing Activities</u></b>		
	1. Interest /Dividend received/investment income	1,939,024.57	1,787,047.32
	2. Sale (Purchase) of Fixed assets	(5,651,886.98)	(6,908,180.81)
	2. Sale (Purchase) of Investment	(13,684,428.23)	(897,207.52)
	4. Decrease (Increase) in Capital work in progress	-	-
	<b>Net cash flow from Investing Activities</b>	<b>(17,397,290.64)</b>	<b>(6,018,341.01)</b>
C.	<b><u>Cash flow from Financing Activities</u></b>		
	1. Issue of shares (except bonus shares)	-	-
	2. Repayment of Long term borrowing	-	-
	3. Dividends paid	-	-
	4. Bonus Paid	(601,848.65)	(478,541.20)
	5. Others (Decease in Back stopping Material)	-	-
	<b>Net cash flow from Financing Activities</b>	<b>(601,848.65)</b>	<b>(478,541.21)</b>
	Net Increase(Decrease) in cash = A+B+C	<b>(5,082,757.97)</b>	<b>5,181,411.72</b>
	Cash and bank balance at beginning of the year	11,301,775.44	6,120,363.72
	Cash and bank balance at end of the year	<b>6,219,017.47</b>	<b>11,301,775.44</b>

Krishna Prasad Nepal  
General Manager

**Directors**

Hara Raj Neupane

Lekha Nath Koirala

Ang Dami Sherpa

Dr. Mingmar Gyelzen Sherpa  
Chairperson

Jagadishwar Man Singh

Aman Jonche

Jun Hada

Dorji Sherpa

CA. Murali Dhar Tiwari  
M Tiwari & Associates  
Chartered Accountants










**Schedule - 1**

Share Capital		This Year Amount NRs.	Last Year Amount NRs.
<b>A. Authorized</b>	800,000 Share @ 100 Per Share	80,000,000.00	80,000,000.00
<b>B. Issued</b>	51,412 Preference Shares @ 1000 Per Share	51,412,000.00	51,412,000.00
	1,000,000 Ordinary Shares @ 10 per Share	10,000,000.00	10,000,000.00
		<b>61,412,000.00</b>	<b>61,412,000.00</b>
<b>D. Paid Up</b>	51,412 Preference Shares @ 1000 Per Share	51,412,000.00	51,412,000.00
	1002200 Ordinary Shares @ 10 per Share	10,000,000.00	10,000,000.00
	Less: Calls in arrears	-	-
<b>Total</b>		<b>61,412,000.00</b>	<b>61,412,000.00</b>


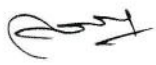





**Schedule - 2**

Reserve & Accumulated Profit		This Year Amount NRs.	Last Year Amount NRs.
<b>A. Capital Reserve</b>	Emergency Fund	1,404,451.43	1,404,451.43
	Renewal Fund	1,463,103.50	1,463,103.50
	Back Stopping Materials	1,463,103.50	1,463,103.50
		740,265.20	740,265.20
<b>B. Accumulated Profit</b>	Profit/ Loss of Profit & Loss A/C	52,077,751.49	42,880,046.51
	Prior Period Adjustment	-	-
<b>Total</b>		<b>57,148,675.12</b>	<b>47,950,970.14</b>

**Schedule - 3**

Medium & Long Term Loan			This Year Amount NRs.	Current Year Amount NRs.
<b>A. Secured Loan</b>				
<b>1 Long Term Loan</b>			-	-
From Bank			-	-
From Finance Company			-	-
From Subsidiary Co., controlled firms & similar			-	-
From Director/Managing Director or Manager			-	-
Others			-	-
<b>2 Debenture</b>			-	-
From Bank			-	-
From Finance Company			-	-
From Subsidiary Co., controlled firms & similar			-	-
From Director/Managing Director or Manager			-	-
Others			-	-
<b>3 Other Secured Loan</b>			-	-
<b>B. Unsecured Loan</b>			-	-
<b>1 Long Term Loan</b>			-	-
From Bank			-	-
From Finance Company			-	-
From Subsidiary Co., controlled firms & similar			-	-
From Director/Managing Director or Manager			-	-
Others			-	-
<b>2 Debenture</b>			-	-
From Bank			-	-
From Finance Company			-	-
From Subsidiary Co., controlled firms & similar			-	-
From Director/Managing Director or Manager			-	-
Others			-	-
<b>3 Other Unsecured Loan</b>			-	-
<b>Total</b>			-	-



**Schedule - 5**

	<b>Investment</b>		<b>This Year Amount NRs.</b>	<b>Last Year Amount NRs.</b>
	Fixed Deposit at Rastriya Banijya Bank, Salleri		-	-
	Call Account Nepal Investment Bank		23,500,000.00	12,561,787.15
	Fixed Deposit at Universal Finance Co.		-	-
	Investment in Shares of Public Listed Company		1,245,527.60	1,116,127.60
	Investment in Units of Citizen Investment Trust		10,504,000.00	10,504,000.00
	Citizen Investment Trust (Retirement Benefit Fund)		5,288,092.32	2,671,276.94
	<b>Total</b>		<b>40,537,619.92</b>	<b>26,853,191.69</b>

**Schedule - 6**

	<b>Inventories</b>		<b>This Year Amount NRs.</b>	<b>Last Year Amount NRs.</b>
	HT Materials		704,665.46	422,141.03
	LT Materials		3,128,901.62	2,128,787.81
	Electrical Materials		312,167.18	312,167.18
	Fixing materials		38,512.50	38,512.50
	Machines/mechanical spare parts		1,112,599.87	178,214.35
	Power house materials		524,793.33	791,691.40
	Construction materials		76,685.53	33,250.76
	Painting equipment materials		126,930.39	189,340.19
	Miscellaneous materials		36,153.00	39,193.00
	Guest house materials		207,894.50	192,144.50
	Workshop materials		356,074.94	252,838.21
	Stationeries		28,460.00	23,660.00
	Backstopping spare parts		702,474.00	702,474.00
	Camping/kitchen materials		48,685.00	33,630.00
	<b>Total</b>		<b>7,404,997.32</b>	<b>5,338,044.93</b>

**Schedule - 7**

	<b>Trade &amp; Other Receivables</b>		<b>This Year Amount NRs.</b>	<b>Last Year Amount NRs.</b>
	Electricity bills receivable		1,907,359.60	2,078,733.00
	Interest Receivable		627,400.46	856,277.17
	Reconnection Charges Receivable		441,301.00	-
	Telephone Deposit		9,000.00	9,000.00
	Miscellaneous		78,205.40	1,569,112.76
	<b>Total</b>		<b>3,063,266.46</b>	<b>4,513,122.93</b>

**Schedule - 8**

	<b>Cash &amp; Other Balance</b>		<b>This Year Amount NRs.</b>	<b>Last Year Amount NRs.</b>
	A. Petty Cash		690.91	24.58
	B. Rastriya Banijya Bank, Salleri A/C No 2573		1,905,246.35	8,734,606.87
	C. Business Universal Development Bank		3,387,723.98	2,311,256.93
	D. NABIL Bank A/C No 663, Kathmandu		925,356.23	255,887.06
	E. Nepal Investment Bank Limited		-	-
	<b>Total</b>		<b>6,219,017.47</b>	<b>11,301,775.44</b>



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**Schedule - 9**

Prepaid expenses, advances, loans and deposits		This Year Amount NRs.	Last Year Amount NRs.
A. <u>Loans &amp; Advances</u>			
- Subsidiaries Companies		-	-
- Controlled Firms		-	-
- Other Concerned Organization		-	-
- Staff (Sub-Schedule- 1)		1,591,760.12	1,698,863.09
- Director / Managing Director		-	-
- Officers		-	-
- Other		-	-
B. <u>Secured Trade Deposits</u>		-	-
-Legal Authorities		-	-
- Deposit in DOED		2,000,000.00	-
C. Prepaid insurance		23,060.25	21,562.98
D. L/C and Guarantee		-	-
E. Deposits With Suppliers		-	-
F. Advance to Contractor		-	-
G. Advance Tax		2,694,408.70	2,381,033.07
H. Refundable Advance		-	-
I. Account Receivables		-	-
J. Insurance & Other Claims		-	-
K. Others		-	-
L. Less: Doubtful		-	-
<b>Total</b>		<b>6,309,229.07</b>	<b>4,101,459.14</b>

**Schedule - 10**

Current Liabilities		This Year Amount NRs.	Last Year Amount NRs.
Excess payment connection fee/reconnection fee		6,075.00	2,900.00
Advance Electricity bill received		47,000.69	842,564.99
Staff Medical		224,941.54	159,542.24
Others Payable		190,782.44	72,991.45
Prepaid Cost Participation		187,000.00	179,000.00
Advance additional share money		463,500.00	326,500.00
TDS Payable		-	1,585.00
Retention Money		-	-
Welfare Fund		75,984.95	5,738.58
<b>Total</b>		<b>1,195,284.62</b>	<b>1,590,822.26</b>

**Schedule - 11**

Provisions		This Year Amount NRs.	Last Year Amount NRs.
Provision for Income Tax		1,306,824.93	1,327,362.30
Provision for Gratuity		5,454,439.06	4,670,190.99
Provision for Leave Compensation		1,222,456.54	1,015,602.26
Provision for Bonus		717,807.06	677,833.60
<b>Total</b>		<b>8,701,527.59</b>	<b>7,690,989.15</b>





**Schedule - 12**

<b>Sales of Electricity</b>		<b>This Year Amount NRs.</b>	<b>Last Year Amount NRs.</b>
Electricity sales		8,569,007.00	-
Revenue from Level 1		250,120.00	421,200.00
Revenue from Level 2		984,000.00	1,865,970.00
Revenue from Level 3		1,565,606.00	2,461,289.00
Revenue from Level 4		6,616,634.00	10,796,806.00
Revenue from Level 5		709,190.00	965,598.00
Electricity bill from other connection		19,025.00	31,573.00
Electricity bill from Beni Hydro Power		486,577.00	277,378.00
Electricity bill from Upper Solu		1,064,374.00	781,645.00
Electricity bill from Upper Solu (HQ)		842,870.00	748,576.00
<b>Total</b>		<b>21,107,403.00</b>	<b>18,350,035.00</b>

**Schedule - 13**

<b>Miscellaneous Surcharges/Income</b>		<b>This Year Amount NRs.</b>	<b>Last Year Amount NRs.</b>
Application Fee		8,830.00	6,510.00
Late Payment Fee		302,480.00	251,885.00
Temporary Level Upgrading		31,780.00	37,005.00
Disconnection Fee		20,350.00	18,150.00
Reconnection Fee		11,510.00	18,510.00
Sale of service drop cable		271,220.00	222,865.00
Meter & Meter Box damaged charges		7,020.00	8,500.00
SDB & Loss Damage Charge		900.00	1,500.00
Rent and sales of technical services		155,200.00	93,095.00
Miscellaneous Income		1,066,327.90	4,479,026.24
Discount Income		72,426.10	40,147.90
Rent of other materials		4,700.00	8,800.00
New Connection charges		1,267,558.00	1,813,354.05
Connection fee (NDHH)		8,000.00	7,250.00
Earthling		1,127,922.00	562,220.00
<b>Total</b>		<b>4,356,224.00</b>	<b>7,568,818.19</b>

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**Schedule - 14**

<b>Personnel Cost</b>	<b>This Year Amount NRs.</b>	<b>Last Year Amount NRs.</b>
Salaries	2,264,718.16	2,139,812.77
Difficult Area Allowance	2,463,685.00	2,360,318.00
Children Allowance	36,600.00	57,600.00
PF Contribution	213,690.00	169,588.50
Dashain Bonus, PH & Hq Allowance	208,937.00	164,200.00
Miscellaneous (Reward)	-	-
Staff Gratuity	784,248.07	943,119.63
Provision for Leave Payment	206,854.28	154,926.79
Training & Upgrading	32,719.00	6,816.87
Electricity Rebate	42,498.00	42,218.00
Overtime	98,914.61	70,414.29
Temporary Staff Salary	-	-
Company Bonus	-	-
Staff Medical Scheme	64,500.00	59,500.00
<b>Total</b>	<b>6,417,364.12</b>	<b>6,168,514.85</b>

**Schedule - 15**

<b>Repair and Maintenance</b>	<b>This Year Amount NRs.</b>	<b>Last Year Amount NRs.</b>
Civil Structure (PH)	448,181.34	62,510.00
Building	72,973.70	11,942.50
E/M Equipment	72,804.18	24,552.00
HT Transmission Line	414,427.05	260,788.88
LT Transmission Line	893,181.95	645,393.86
Tools, Machinery and Equipment	72,128.04	68,626.36
Furniture & Fixture	3,256.00	1,552.00
Office Machine	24,199.63	-
Vehicle repair cost	16,835.00	-
Compound Maintenance Work	76,060.00	90,015.00
Annual Maintenance costs	535,378.54	975,733.62
<b>Total</b>	<b>2,629,425.43</b>	<b>2,141,114.22</b>

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## Schedule - 16

Administrative Cost		This Year Amount NRs.	Last Year Amount NRs.
Office Materials/Stationery		85,910.00	58,005.00
Electricity expenses (destroy)		-	-
Printing, Copies & Bindings		62,479.20	48,511.00
Communication		136,376.65	105,686.29
Outside Services & study tour		-	31,200.00
Staff Travel/Perdiems		202,388.00	190,183.67
Seminar Workshops		-	-
Audit Fee & expenses		112,950.00	90,215.00
Bank Charges		1,000.00	2,069.00
Refreshment Expense		84,655.00	75,242.05
Cleaning Material		24,755.00	19,100.00
Stock Material Out of use		6,580.00	11,866.69
Internal Electricity Consumption		25,611.00	22,010.00
Consultancy Services		97,500.00	64,823.53
Subscription/Signboard/Advertisement		43,815.00	50,756.00
Registration & Land Revenue		900.00	900.00
Per Diem		168,819.00	135,900.00
Transportation & Documentation		40,618.83	18,660.66
Miscellaneous Expense		35,400.00	53,655.00
Library		1,350.00	5,420.00
Insurance Expenses		246,401.46	260,623.27
Social Activities		-	-
<b>Total</b>		<b>1,377,509.14</b>	<b>1,244,827.16</b>

## Schedule - 17

Management Expense		This Year Amount NRs.	Last Year Amount NRs.
Directors Meeting Fees		11,500.00	12,000.00
Directors Lodging/Fooding		334,457.00	340,163.73
AGM other expenses		30,210.00	33,400.00
AGM Preparation Cost		210,334.69	116,079.56
Inauguration Expenses		-	-
<b>Total</b>		<b>586,501.69</b>	<b>501,643.29</b>

## Sub- Schedule - 1

Staff Loan and Advances		This Year Amount NRs.	Last Year Amount NRs.
Krishna Pd Nepal		-	-
Rameshor Maskey		568,899.52	531,230.23
Mem Kumari Maskey		359,514.00	336,291.14
Kul Narayan Shrestha		210,344.08	414,289.83
Dorjee Jangbu Sherpa		-	-
Padam Bd Karki		229,199.28	193,175.89
Mitra Lal Khatiwada		223,803.24	198,197.35
Chabi Narayna Rajbhandari		-	-
Bishnu Kumar Rai		-	25,678.65
<b>Total</b>		<b>1,591,760.12</b>	<b>1,698,863.09</b>



**SALLERI CHIALSA ELECTRICITY COMPANY LTD.**

**FIXED ASSETS**

As on 31 Ashad 2074 (15 July 2017)

**Schedule - 4**

Particulars	Life In Year	Dep Rate(%)	Gross Block		Depreciation		Net Block		
			As at 1/4/2073	addition During Year	Total As at 31/03/2074	As at 1/4/2073	Depreciation for the year	Total as at 31/03/2074	WDV As at 31/03/2074
Land	0.0	0.0	41,300.41	-	41,300.41	-	-	41,300.41	41,300.41
Civil Structures Including Building	40.0	2.50	23,476,962.33	-	23,476,962.33	586,924.06	13,472,286.61	10,004,675.72	10,591,599.78
Electro Mechanical Equipments	25.0	4.00	14,117,270.46	177,244.01	14,294,514.47	571,780.58	13,468,070.96	826,443.51	1,220,980.08
Electro Mechanical Equipments New	25.0	4.00	1,544,153.00	-	1,544,153.00	61,766.12	195,592.71	1,348,560.29	1,410,326.41
High-tension Transmission	35.1	2.85	12,261,412.90	696,297.66	12,957,710.56	7,854,812.76	8,224,107.51	4,733,603.05	4,406,600.14
High-tension Transmission New	35.1	2.85	7,559,759.11	-	7,559,759.11	396,355.78	611,808.91	6,947,950.20	7,163,403.33
Low-tension Distribution	25.0	4.00	27,359,759.20	2,826,627.20	30,186,386.40	1,207,456.26	14,509,848.25	15,676,538.15	14,057,367.21
Tools Machinery and Equipment	10.0	10.00	288,857.00	-	288,857.00	-	288,856.00	1.00	1.00
Tools Machinery and Equipment	10.0	10.00	139,127.00	-	139,127.00	13,912.70	134,926.50	4,200.50	18,113.20
Tools Machinery and Equipment New	10.0	10.00	71,702.33	20,518.68	92,221.01	9,222.10	22,987.27	69,233.74	57,937.16
Furniture & Fixtures	10.0	10.00	182,585.00	-	182,585.00	-	182,584.00	1.00	1.00
Furniture & Fixtures	10.0	10.00	62,149.50	5,400.00	67,549.50	6,754.95	65,392.65	2,156.85	3,511.80
Office Machines	5.0	20.00	1,813,376.00	-	1,813,376.00	-	1,813,375.00	1.00	1.00
Office Machines	5.0	20.00	738,819.53	22,250.00	761,069.53	152,213.91	554,338.02	206,731.51	336,695.42
Office Vehicles	6.7	15.00	14,055.00	-	14,055.00	-	14,054.00	1.00	1.00
Office Vehicles	6.7	15.00	160,700.00	-	160,700.00	16,069.00	160,699.00	1.00	16,070.00
E/M Equipments Grant aid	25.0	4.00	47,588,735.74	-	47,588,735.74	1,903,549.43	6,027,906.53	41,560,829.21	43,464,378.64
Office Software	5.0	20.00	145,431.00	-	145,431.00	29,086.20	76,885.20	68,545.80	97,632.00
Civil Structures Including New	40.0	2.50	35,305,712.35	-	35,305,712.35	882,642.81	2,755,321.00	32,550,391.35	33,433,034.16
This Year's Balance			172,871,867.86	3,748,337.55	176,620,205.41	6,026,125.99	62,579,040.11	114,041,165.30	116,318,953.74
Last Year's Balance			167,867,236.48	5,004,631.38	172,871,867.86	5,887,119.99	56,552,914.11	116,318,953.75	117,201,442.36

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**SALLERI CHIALSA ELECTRICITY COMPANY LTD.**  
**Change in Equity**  
**As on 31 Ashad 2074 (15 July 2017)**

Particulars	Preference Share	Equity Share	Retained earning	Capital Reserve	Emergency Fund	Renewal Fund	Back Stopping Material	Total
Opening Balance	51,412,000	7,846,750	42,880,046.51	1,404,451.43	1,463,103.50	1,463,103.50	740,265.20	107,209,720.14
Adjustment			-					
Share capital issued during the year			-					
Retained earning this year			9,197,704.98					9,197,704.98
General reserve			-					
Proposed dividend this year			-					
Closing Balance	51,412,000	10,000,000	52,077,751.49	1,404,451.43	1,463,103.50	1,463,103.50	740,265.20	118,560,675.12



**a. Background**

The Company is incorporated as a public company under the Company Act, 2063. The objective of the Company is to own, possess and operate efficiently and manage appropriately Salleri Chialsa Small Hydro Plant in Solukhumbu District in the Eastern Development Region of Nepal. SCECO distributes electricity of nominal 220/380 (+/-10%) and frequency of 50 Hertz (cycle per second).

The financial statements apply to the financial year ended 31st Ashad 2074 (15th July 2017).

**b. Accounting Convention**

Financial statements are prepared in accordance with Nepal Accounting Standard and the prevailing Company Act 2063 (2006). Except where otherwise stated, they are based on accrual and historical cost convention basis. These policies have been consistently applied to all the years presented unless stated otherwise.

**c. Use of estimates**

The preparation of financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**d. Fixed Assets**

Fixed assets are recorded at the cost of acquisition including incidental costs related to acquisition and installation.

**e. Depreciation**

Depreciation on fixed assets is provided on the Straight Line Method as per the method used by Company

**f. Grant Aid in Reserve**

Grant received related to assets is shown at fair value as "grant aid in reserve" to the extent of asset creation they contribute. Grant aid in reserve is reduced by the depreciation of such assets and same amount is realized as income to balance the expense of depreciation expense in the profit and loss account.

**g. Retirement benefits**

Retirement benefits for employees include the provident fund gratuity and leave benefit schemes. Periodic contributions made to the provident fund are charged to revenue on accrual basis. While, provision for leave has been made on the basis of actual liability calculated in accordance with SCECO service rule.

The gratuity and leave benefit are computed based on the current drawn salary at the end of the fiscal year and an incremental gratuity and leave benefit for the year are provided as revenue expenses. Permanent employees are eligible for the gratuity scheme after the completion of five years of service. The gratuity amount is paid to the employees on superannuation or separation.

**h. Provision for staff bonus**

Provision for staff bonus has been calculation as per the internal policy of the Company.



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**i. Taxation**

Provision for Income Tax has been provided as per Income Tax Act, 2058.

**j. Inventories**

Closing stock of inventory is valued at First in First Out Method (FIFO).

**k. Deferred Tax**

Deferred tax has been computed as follows:

Particulars	Financial base	Tax base	Temporaty Difference	Differed Tax
Fixed Assets	114,041,165.30	75,265,167.96	(38,775,997.33)	(7,755,199.47)
Gratuity	784,248.07	0	784,248.07	156,849.61
Leave Provision	206,854.28	0	206,854.28	41,370.86
<b>Total deferred tax provision for 2073-74</b>				<b>7,556,979.00)</b>
<b>Provision up to last year</b>				<b>6,317,387.69</b>
<b>Deferred tax expenses</b>				<b>1,239,591.88</b>

**l. Regrouping of figures**

The figures of the previous year have been regrouped / rearranged wherever necessary.

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