

REPORT

CONFIDENTIAL

AUDIT REPORT AND AUDITED FINANCIAL STATEMENTS

OF

Peoples Energy Ltd.
New Baneshwor, Kathmandu

(FOR FISCAL YEAR 2073/074)

Performed By:
Saroj Koirala & Associates
Chartered Accountants

Issued Date: Falgun 10, 2074

INDEPENDENT AUDITOR'S REPORT

Peoples Energy Ltd.
New Baneshwor, Kathmandu

Report on the financial statements

We have audited the accompanying financial statements of **M/S Peoples Energy Ltd.**, which comprise the Balance Sheet as at Ashadh 31, 2074, and the income statement, statement of changes in equity and significant accounting policies and other explanatory notes as on that date.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentment, 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

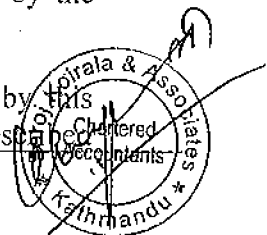
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the entity's preparation and fair presentation of the financial statement 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.

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

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose for our audit.
- In our opinion, proper books of accounts as required by law have been kept by the company in so far as it appears from our examination of those books of account.
- The Balance Sheet, Cash Flow Statement and Income Statement dealt with by this report have been prepared in compliance with the accounting standards prescribed.



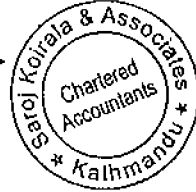
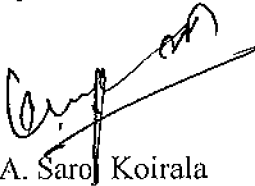
under the prevailing law and such statements are in agreement with the books of account maintained by the company;

- d. In our opinion based on the explanations and information made available to us in the course of auditing, the present balance sheet properly reflects the economic situation of the company, and the profit and loss account and cash flow statement for the year ended on the same date properly reflect the profit and loss, and cash flow of the company, respectively;
- e. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the company, we have not come across the cases where the Board of Directors or any member thereof or any employee of the company has acted contrary to the provisions of law or caused loss or damage to the Company.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **M/S Peoples Energy Ltd.** as of Ashadh 31, 2074, and of its financial performance and its cash flows for the period then ended in accordance with Nepal Accounting Standards.

Regards,



CA. Saroj Koirala
For: Saroj Koirala & Associates
Chartered Accountants
Place: Kathmandu

Date: Falgun 10, 2074

Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal

Balance Sheet
As at Ashad End, 2074


Amount in Nrs

SN	Particulars	Schedule No.	Current Year	Previous Year
A.	Capital and Liability			
1	Capital and Reserve Fund			
	a. Share Capital	1	58,550,000	-
	b. Call in Advance		329,654,716	20,415,000
	c. Reserve Fund and Accumulated Profit	2	-	-
2	Medium and Long Term Loan	3		
	a. Secured loan		-	-
	b. Unsecured loan		-	-
	Total (1+2)		388,204,716	20,415,000
B.	Assets			
1	Fixed Asset	4		
	a. Net block of Fixed Assets		-	-
	b. Capital WIP		269,783,549	889,720
2	Investment	5	32,000,000	-
3	Current Assets		99,164,567	20,414,640
	a. Closing Inventory	6	-	-
	b. Receivables	7	-	-
	c. Cash and Other Balance	8	90,645,125	20,414,640
	d. Advance, Loan and Deposits	9	8,519,442	-
	Total Assets		400,948,115	21,304,360
4	Current Liabilities and Provision			
	a. Current Liabilities	10		
	1. Trade and Other Payable		12,743,399	889,360
	2. Short Term loan		-	-
	3. Installment on Term Loan		-	-
	b. Provisions	11	-	-
	Total Current Liabilities and Provision		12,743,399	889,360
5	Net working Capital (3-4)		86,421,168	19,525,280
6	Pre-operating Expenses	12	-	-
	Total (1+2+5+6)		388,204,716	20,415,000

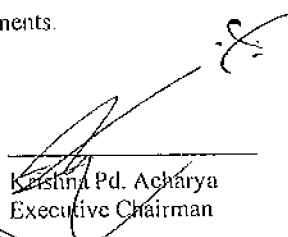
Notes to the Annual Accounts

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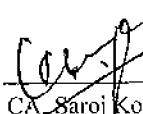
Schedule 1 to 14 are integral part of this Financial Statements.


Bindu Shrestha
Accountant

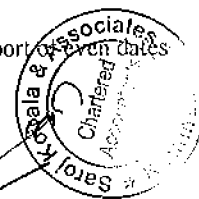
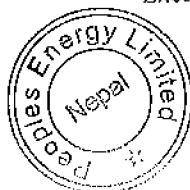

Bharat B. Pandey
Finance Director


Krishna Pd. Acharya
Executive Chairman

As per our report of even dates


CA Saroj Koirala
For: Saroj Koirala & Associates
Chartered Accountants

Date: 2074/11/10



Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal

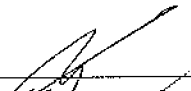
Income Statement
For The Period From 1st Shrawan, 2073 to 31st Ashad, 2074


Amount in Nrs

Particulars	Schedule No.	Current Year	Previous Year
Income		-	-
Sales Income		-	-
Cost of Good Sold		-	-
Gross Profit		-	-
Other Income		-	-
Operating Expenses		-	-
Trade Expenses		-	-
Distribution Expenses		-	-
Administrative Expenses	15	-	-
Operating Profit		-	-
Non- Operating Expenses		-	-
Interest Expenses		-	-
Depreciation		-	-
Income from Subsidiary Company		-	-
Income from other Investment		-	-
Investment written off		-	-
Gain/(Loss) on Disposal of Assets		-	-
Loss on Dropdown of Business work		-	-
Extra Ordinary gain/Loss		-	-
Profit Before tax		-	-
Tax		-	-
Profit After tax		-	-
Net Profit		-	-
Appropriation		-	-
a) General Reserve Fund		-	-
b) Proposed Dividend		-	-
Ordinary Share		-	-
Preference Share		-	-
c) Other reserve Fund		-	-
d) Transfer to Balance Sheet		-	-

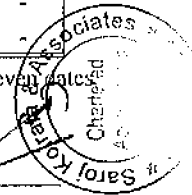
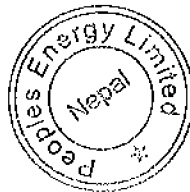

Bindu Shrestha
Accountant


Bharat Bdr. Pandey
Finance Director


Krishna Pd. Acharya
Executive Chairman


CA, Saroj Koirala
For: Saroj Koirala & Associates
Chartered Accountants

Date: 2074/11/10



As per our report of even dates

Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal

Cash Flow Statement
For The Period From 1st Shrawan, 2073 to 31st Ashad, 2074

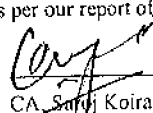
Amount in NRS

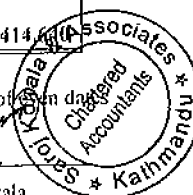
Sl. No.	Particulars	Current Year	Previous Year
A.	Cash Flow From Operating Activities		
	1) Net profit/ (loss) Before Tax and Extra Ordinary Income and Expenses	-	-
	Adjustment	-	-
	Add:		
	a) Depreciation	-	-
	b) Pre-operating expenses written off	-	-
	c) Interest Paid	-	-
	d) Provisions	-	-
	e) Loss on Sales of Fixed Assets	-	-
	f) Other Non Cash Expenses	-	-
	Less:		
	a) Profit on Sales of Fixed Assets	-	-
	2) Cash Flow before Working Capital Activities	-	-
	a) Decrease/ (Increase) in Current Asset	(8,519,442)	-
	b) Increase/ (Decrease) in Current Liabilities	11,854,039	889,360
	c) Cash from Operation	3,334,597	889,360
	d) Interest Paid	-	-
	e) Tax Paid	-	-
	f) Cash Flow Before Extra Ordinary Item	-	-
	h) Profit/(Loss) from Extra ordinary Item	-	-
	Net Cash from Operating Activities	3,334,597	889,360
B.	Cash flows from Investing activities		
	1) Interest/Dividend Received	-	-
	2) Sales/(Purchase) of Fixed Assets/Investment	(32,000,000)	-
	3) Decrease/(Increase) in Loan and Deposits	-	-
	3) Decrease/(Increase) in capital work in progress	(268,893,829)	(889,720)
	4) Decrease/(Increase) in Pre Operating Expenses	-	-
	5) Sales/(Purchase) of Debenture	-	-
	6) Cash inflow from Other Investing Activities	-	-
	Net Cash used in Investing Activities	(300,893,829)	(889,720)
C.	Cash flows from Financing Activities		
	1) Proceeds from issuance of share capital (Other Than Bonus Share)	367,789,716	20,415,000
	2) Proceeds/(Payment) from long term borrowings	-	-
	3) Dividend Paid	-	-
	4) Cash inflow from Other Financing Activities	-	-
	Net Cash used in Financing Activities	367,789,716	20,415,000
	Net increase in cash and cash equivalents (A+B+C)	70,230,485	20,414,640
	Cash and cash equivalents at beginning of period	20,414,640	-
	Cash and cash equivalents at end of period	90,645,125	20,414,640


Bindu Shrestha
Accountant


Bharat Bdr. Pandey
Finance Director


Krishna P.d. Acharya
Executive Chairman

As per our report of 
CA. Sanjiv Koirala
For: Sanjiv Koirala & Associates
Chartered Accountants



Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal
Statement of change in Equity for the Year ended Ashad end, 2074

SN	Particulars	Amount in Nrs				
		Share Capital	Share Premium	Revaluation Reserve	Translation Reserve	Accumulated Profit
1	Balance as on Ashad end, 2073	-	-	-	-	-
	Call in advance	20,415,000	-	-	-	20,415,000
	Change in accounting policies	-	-	-	-	-
2	Restated Balance	20,415,000	-	-	-	20,415,000
3	Surplus on Revaluation of Properties	-	-	-	-	-
4	Deficit on the revaluation of Investment	-	-	-	-	-
5	Currency translation Difference	-	-	-	-	-
6	Net gains and losses not recognized in Income statement	-	-	-	-	-
7	Net profit/(loss) for current year	-	-	-	-	-
8	Dividend	-	-	-	-	-
9	Paid Up Share	58,550,000	-	-	-	58,550,000
10	Call in advance	309,239,716	-	-	-	309,239,716
11	Surplus on Revaluation of Investment	-	-	-	-	-
	Balance as on Ashad end, 2074	388,204,716	-	-	-	388,204,716

As per our report of even dates



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 CA, Saroj Koirala
 For: Saroj Koirala & Associates
 Chartered Accountants

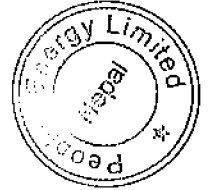
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 Krishna Pd. Acharya
 Executive Chairman

[Signature]
 Bharat Bdr. Pandey
 Finance Director

[Signature]
 Bindu Shrestha
 Accountant

Date: 2074/11/10



Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal
Schedules Forming Part of Annual Financial Statements

SCHEDULE 1 : Share Capital

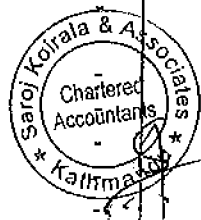
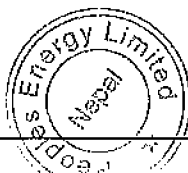
Particulars	Current Year Nrs.	Previous Year Nrs.
a) Authorized		
20,000,000 Ordinary shares of Rs. 100 each.	2,000,000,000	-
b) Issued	1,000,000,000	-
c) Paid Up		
585,500 Ordinary shares of Rs. 100 each.	58,550,000	-
d) Advance for Share Capital	329,654,716	20,415,000
e) Bonus Share (Number and its price)		
Accumulate Profit Transfer to Capital	-	-
Less:		
a) Call-in Arrear		
1) Ordinary Share		
1a) Director/Managing Director	-	-
1b) Manager	-	-
1c) Officer	-	-
1d) Others	-	-
2) Preference Share	-	-
2a) Director/Managing Director	-	-
2b) Manager	-	-
2c) Officer	-	-
2d) Others	-	-
Total	388,204,716	20,415,000

SCHEDULE 2 : Reserve Fund And Accumulated Profit

Particulars	Current Year Nrs.	Previous Year Nrs.
a) Capital Reserve		
Share Premium	-	-
Debenture Premium	-	-
b) Revenue Reserve		
General Reserve	-	-
Profit/Loss Adjustment Reserve	-	-
c) Accumulated Profit		
Profit/Loss of previous year	-	-
Profit/Loss of the year	-	-
Total		

SCHEDULE 3 : Medium and Long Term Loan

Particulars	Current Year Nrs.	Previous Year Nrs.
a) Secured Loan		
1) Long Term Loan		
1a) Bank	-	-
1b) Finance Company	-	-
1c) Subsidiary Company, Controlled Firm and Other Related Entity	-	-
1d) Director/Managing Director	-	-
1e) Manager	-	-
1f) Others	-	-
2) Debenture		
2a) Bank	-	-
2b) Finance Company	-	-
2c) Subsidiary Company, Controlled Firm and Other Related Entity	-	-
2d) Director/Managing Director	-	-
2e) Manager	-	-
2f) Others	-	-
3) Other Secured Loan		



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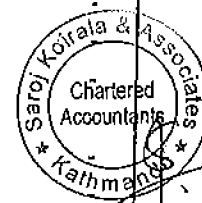
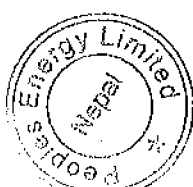
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Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal
Schedules Forming Part of Annual Financial Statements

b) Unsecured Loan	-	-
1) Long Term Loan	-	-
1a) Bank	-	-
1b) Finance Company	-	-
1c) Subsidiary Company, Controlled Firm and Other Related Entity	-	-
1d) Director/Managing Director	-	-
1e) Manager	-	-
1f) Others	-	-
2) Other Unsecured Loan	-	-
Total		

1. Capital WIP Assets- Pre-Operating Expenses	Amount in Nrs	
Particulars	Current Year Nrs	Previous Year Nrs
AGM Expenses	1,646,610	-
Fuel & Transportaion	56,155	-
Meeting Expense	1,593,383	210,000
Other Office Expnoses	400,000	-
Repair Expenses	237,797	-
Salary Expenses	15,958,469	-
Advertisement Expenses	363,549	-
Audit Expences	186,450	16,950
Bank Comission & Interest	1,840,608	360
Cleaning Goods	25,482	-
Company Registration Expenses	660,000	650,000
Consumable Goods	145,898	-
Depreciation Expenses	474,553	-
Donation	240,500	-
Drinking Water	30,050	-
Electricity Bills	182,054	-
Fine & Penalty Expenses	2,427	-
Fuel & Transportaion Expenses	96,866	-
Guest & Staff Tiffing Expenses	988,706	675
Insurance Expenses	13,887	-
Internet Charge	40,680	-
Membership Expenses	62,000	-
Miscellaneous Expenses	22,528	-
Net Worth Certification Expenses	33,900	-
PF Expenses	75,400	-
Printing & Stationary Expenses	317,007	1,735
Renewal Charge-Bike Tax	8,507	-
Rent Expenses	2,026,000	10,000
Staff Tiffin & Guest Expenses	14,527	-
Tax Clearance Certificate Expenses	8,000	-
TDS Fine & Penalty Expenses	116,638	-
Telephone & Communication Expenses	63,673	-
Tiffin & Lunch Expenses	14,952	-
Training Exp	29,000	-
Vehicle Parking Charge	4,520	-
Website Upgration	50,850	-
Driling Works	2,063,289	-
PPA Expenses	1,155,600	-



Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal
Schedules Forming Part of Annual Financial Statements

License Expenses	✓12,830,658	-
Advertisement Exp	196,977	-
DOED Presentation for License Exp	16,000	-
Drawing & Design Cost	77,686	-
Electrical Works	50,000	-
Feasibility Study Consultancy Exp	✓2,334,589	-
Other Pre-Operating Cost	6,577,563	-
Less :		
Interest Income	(5,957,887)	-
Misc Income	(764,715)	-
Total	46,611,385	889,720

2. Capital WIP Assets- General Items

Amount in Nrs

Particulars	Current Year Nrs.	Previous Year Nrs.
Discharge Mesurement Expenses	1,160,206	-
Geophysical Expenses	✓10,293,169	-
Camera	25,000	-
Desktop Computer	42,000	-
File Cabinet	61,020	-
Furniture & Fixture	74,279	-
GPS-Gramin Map-64s	39,280	-
Hydrolic Chair	19,000	-
Intercom Device	26,130	-
Laptop	347,549	-
Office Equipment	550,768	-
Partation,Furnishing & Carpeting Cost	2,450,000	-
Printer	80,360	-
Projector	41,000	-
Tally Software	32,578	-
Total Station Machine	766,366	-
Topographical Survey	1,930,431	-
Khimti -2 License Expenses	15,000,000	-
Others Office Expenses	3,101,387	-
Total	36,040,523	-

3. Capital WIP Assets- Civil Works

Amount in Nrs

Particulars	Current Year Nrs.	Previous Year Nrs.
Civil Works Expenses at Site	6,648,983	-
Total	6,648,983	-

4. Capital WIP Assets- Hydro Mechanical Works

Amount in Nrs

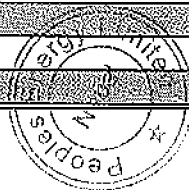
Particulars	Current Year Nrs.	Previous Year Nrs.
	-	-
Total	-	-

5. Capital WIP Assets- Electromechanical

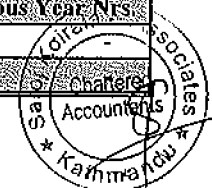
Amount in Nrs

Particulars	Current Year Nrs.	Previous Year Nrs.
	-	-
Total	-	-

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Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal
Schedules Forming Part of Annual Financial Statements

6. Capital WIP Assets -Transmission Line

Amount in Nrs

Particulars	Current Year Nrs	Previous Year Nrs
Construction Power	124,300	-
Grid Exp & Deposit	402,000	-
Grid Expenses-Wip	500,000	-
Impact Study Expenses	100,000	-
Total	1,126,300	

7. Capital WIP Assets -Environment Mitigation & Land Acquisition

Amount in Nrs

Particulars	Current Year Nrs	Previous Year Nrs
IEE Expenses	552,000	-
Land	68,060,881	-
ABBS Charge	15,345	-
Documantation Exp-Land Purchase	153,000	-
Hurbs Plants Compensation	30,000	-
Identification of Land Acquisition	169,500	-
Other Charges	479,118	-
Site Visit Allowance for Land Purchase	580,000	-
Vehicle Hire Expenses related to Land Purchase	372,584	-
District Forest Office-	500,000	-
Earthquake Relief Expenses	978,809	-
Interaction Charges	40,750	-
Site Hi-Tea Expenses of Site	48,628	-
Site Interaction Program	67,952	-
Social Mitigation	70,000	-
Wages of Forest Data Collection-at Site	5,858	-
Total	72,124,425	

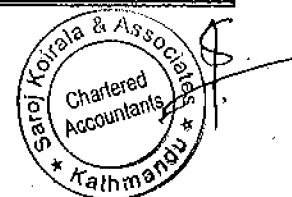
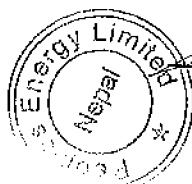
8. Capital WIP Assets - Site Office & Camp Facilities

Amount in Nrs

Particulars	Current Year Nrs	Previous Year Nrs
Camping Facilities	412,500	-
Lodging & Fooding	610,060	-
Canteen Expenses	2,000,000	-
Fuel & Transportation	299,943	-
Furniture-Site Office Setting	26,100	-
Internet & Communication Expenses	6,300	-
Kitchen Utensils, Bed Matress Pillow & Cover	189,206	-
Legal Paper Preparation	3,000	-
Medical Expenses	4,715	-
Printing & Stationery Expenses	2,720	-
Rent Expenses	38,666	-
Repair & Maintanance	8,000	-
Wages	210,047	-
Site Visit Expenses	600,231	-
Stationery Exp-Site Office	3,790	-
Vehicle Hire Site Office Set Up	34,444	-
Construction Material Cost & Project Development Expenses	12,311,442	-
Total	16,761,164	

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Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal
Schedules Forming Part of Annual Financial Statements

9. Capital WIP Assets -Vehicle

Amount in Nrs

Particulars	Current Year Nrs.	Previous Year Nrs.
JCB	4,000,000	-
Tractor-Equipment	2,645,639	-
Motor Bike Shine-DRS	192,900	-
Vehicle -WIP	96,576	-
Mahindra Bolero	2,549,101	-
Total	9,484,216	

10. Capital WIP Assets- Infrastructure, Access Roads, Bridges

Particulars	Current Year Nrs.	Previous Year Nrs.
Belly Bridge	14,609,179	-
Excess Road Exp	12,685,436	-
Bridge Construction Material Exp	8,240,209	-
Exvator Rent-PS	6,000,000	-
Road Exavation Material Exp	6,834,455	-
Vehicle Hire- for Gabion Box Transport	296,665	-
Wage-PS	8,010,101	-
Total	56,676,045	

11. Capital WIP Assets- Project Engineering

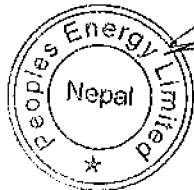
Particulars	Current Year Nrs.	Previous Year Nrs.
Due Diligence	1,428,222	-
Lodging Fooding Expenses for DDA Team	29,885	-
Detail Design & Construction Supervision	11,720,806	-
Project Supervision & Management	8,907,364	-
Sediment Study-Hydro Lab	1,556,429	-
Contract Preparation	110,740	-
Site Visit Allowance Expenses	557,061	-
Total	24,310,507	

12. Capital WIP Assets- Insurance

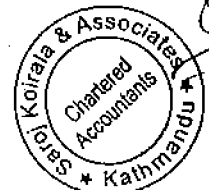
Particulars	Current Year Nrs.	Previous Year Nrs.
	-	-
Total		

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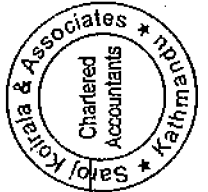
Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal

SCHEDULE-4A: Fixed Assets

Particulars	Depreciation Rate	Cost			Depreciation			Balance		
		Previous Year (Rs.)	Current Year (Rs.)	Additions/Disposals (Rs.)	Previous Year (Rs.)	Current Year (Rs.)	Adjustment/Disposals (Rs.)	Balance (Rs.)	Current Year (Rs.)	Previous Year (Rs.)
a) Land		-	-	-	-	-	-	-	-	-
1) Self		-	-	-	-	-	-	-	-	-
2) Lease		-	-	-	-	-	-	-	-	-
b) Building	5%	-	-	-	-	-	-	-	-	-
1) Self		-	-	-	-	-	-	-	-	-
2) Lease		-	-	-	-	-	-	-	-	-
c) Machinery And Equipment	15%	-	-	-	-	-	-	-	-	-
1) Plant and Machinery		-	-	-	-	-	-	-	-	-
d) Furniture And Fixture, Office Equipment	25%	-	-	-	-	-	-	-	-	-
e) Vehicle	20%	-	-	-	-	-	-	-	-	-
f) Goodwill		-	-	-	-	-	-	-	-	-
g) Patent, Copy right, Trade Mark and Design		-	-	-	-	-	-	-	-	-
h) Others		-	-	-	-	-	-	-	-	-
Current Year Balance (Nrs.)		-	-	-	-	-	-	-	-	-
Previous Year Balance (Nrs.)		-	-	-	-	-	-	-	-	-

SCHEDULE-4B: Capital WIP Assets

Particulars	Gross Assets		Total	Closing Balance of Capital WIP
	Opening Balance	Addition		
1. Capital WIP Assets- Pre-Operating Expenses	889,720	45,721,665	46,611,385	46,611,385
2. Capital WIP Assets- General Items	-	36,040,523	36,040,523	36,040,523
3. Capital WIP Assets- Civil Works	-	6,648,983	6,648,983	6,648,983
4. Capital WIP Assets- Hydro Mechanical Works	-	-	-	-
5. Capital WIP Assets- Electromechanical	-	-	-	-
6. Capital WIP Assets -Transmission Line	-	1,126,300	1,126,300	1,126,300
7. Capital WIP Assets-Environment Mitigation & Land Acquisition	-	72,124,425	72,124,425	72,124,425
8. Capital WIP Assets - Site Office & Camp Facilities	-	16,761,164	16,761,164	16,761,164
9. Capital WIP Assets - Vehicle	-	9,484,216	9,484,216	9,484,216
10. Capital WIP Assets- Infrastructure, Access Roads, Bridges	-	56,676,045	56,676,045	56,676,045
11. Capital WIP Assets- Project Engineering	-	24,310,507	24,310,507	24,310,507
12. Capital WIP Assets- Insurance	-	-	-	-
Total	889,720	258,833,441	259,723,161	259,723,161



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Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal
Schedules Forming Part of Annual Financial Statements

SCHEDULE 5 : Investment

Particulars	Current Year Nrs.	Previous Year Nrs.
Ghunsa Khola-Investment,Ripoo Mardinee	12,000,000	-
Lower Apshuwa Khaola-RM Investment	12,000,000	-
RM Investment-Pelma Khola	8,000,000	-
Total	32,000,000	

SCHEDULE 6 : Stock

Particulars	Current Year Nrs.	Previous Year Nrs.
a) Store, Spare Parts and Loose Tools	-	-
b) Stock	-	-
1) Raw Materials	-	-
2) Work In Progress	-	-
3) Finished Goods	-	-
4) Goods In Transit	-	-
5) Other Stock	-	-
Total		

SCHEDULE 7 : Trade and Other Receivable

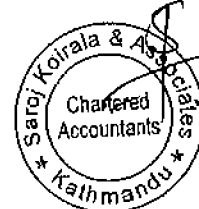
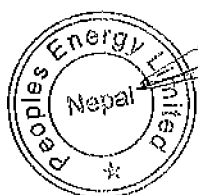
Particulars	Current Year Nrs.	Previous Year Nrs.
a) Secured Receivable	-	-
b) Unsecured Receivable	-	-
c) Receivable exceeds 6 months	-	-
1) Subsidiary Company	-	-
2) Controlled Entity	-	-
3) Other Related Entity	-	-
4) Director/Mananging Director	-	-
5) Officer	-	-
6) Others	-	-
c) Other Receivables	-	-
Less: Bad Debt	-	-
Total		

SCHEDULE 8 : Cash and Other Balance

Particulars	Current Year Nrs.	Previous Year Nrs.
a) Cash Balance	43,432	-
Cash in hand	43,432	-
b) Bank Balance	90,601,693	20,414,640
Prabhu Bank -111690712 Call A/c	110,878	-
Prime Bank-00601634CA	698,294	-
RBB Bank-142000430801	4,783,345	-
Sanima Bank-233707-Call Account	13,196,093	-
Sanima Bank-Head Office-1057507	42,513,082	-
Sanima Bank Ltd-46801	-	-
Prabhu Bank Cash at Margin-PPA	29,300,000	-
Total	90,645,125	20,414,640

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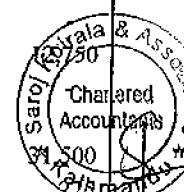
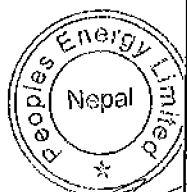
Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal
Schedules Forming Part of Annual Financial Statements

SCHEDULE 9 : Advance, Loan and Deposit

Particulars	Current Year Nrs.	Previous Year Nrs.
a) Advance and Loan	-	-
1) Subsidiary Company	-	-
2) Controlled Entity	-	-
3) Other Related Entity	-	-
4) Staffs	-	-
5) Director/Mananging Director	-	-
6) Officer	-	-
7) Others	-	-
b) Margin & Deposit	-	-
Other Advance	-	-
b) Trade/Security Deposit	-	-
1) Corporate Entity	-	-
2) Others	-	-
c) Advance Income Tax	-	-
d) LC and Bank Guarantee Margin	-	-
e) Advance to Suppliers and Other	-	-
Advance To Hari Prasad Pandit	530,000	-
Advance to Ram Hari Sharma	10,000	-
Advance to Sukram Yonjan	2,000	-
Medical Charge-Advance	74,800	-
Advance to Him Sagarmatha	1,580,000	-
Advance to Hydro Consult Engineering	322,642	-
BHDC	5,000,000	-
Other Advance	1,000,000	-
Total	8,519,442	

SCHEDULE 10 : Current Liabilities

Particulars	Current Year Nrs.	Previous Year Nrs.
a) Short Term Loan	-	-
b) Secured	-	-
1b) Finance Company	-	-
1c) Subsidiary Company, Controlled Firm and Other Related Entity	-	-
1d) Director/Mananging Director	-	-
1e) Manager	-	-
e) Bills Outstanding	-	-
f) Bills Payable	50,000	-
g) Audit Fee Payable	-	-
h) Advance Received and Unexpired Discount	-	-
i) Interest Payable	-	-
j) Advance Received from Customer and Others	-	-
k) Dividend Payable	-	-
l) Deferred Liabilities	-	-
1) Provident Fund	-	-
2) Other	-	-
m) Other	-	-
Audit Fees Payable	55,750	16,725
Meeting Allowance Payable	9,500	9,000
Salary Payable	578,115	-
Meeting Allowance Payable	4,500	-
PF Payable	150,800	-
TDS Payable	596,515	-
TDS on Meeting Allowances	-	-
TDS on Audit Fees	-	-
TDS on House Rent	-	1,000



Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal
Schedules Forming Part of Annual Financial Statements

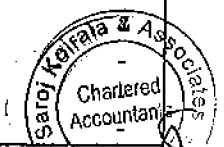
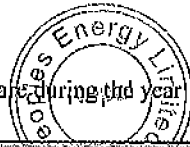
Allowance Payable	117,128	✓	-
CIT Payable	361,000	✓	-
Himal Iron & Steel Pvt Ltd	530,395	✓	-
Hydro Consult Engineering Ltd	2,490,786	✓	-
Dongol Printers	3,320	✓	-
Bhimeshwar Nirman Sewa	634,554	✓	-
Moti Construction	510,936	✓	-
Mount Makalu Engineering	122,650	✓	-
New Jagriti Nerman Sewa	634,554	✓	-
Ripoo Mardenee-Electricity Bill Payable	5,742	✓	-
Ripoo Mardenee Pvt Ltd-Rent Payable	75,600	✓	-
Ripoo Mardenee-Utility	2,000	✓	-
Vehicles Hire Bills Payable	87,520	✓	-
Consultancy Fees Payable	150,000	✓	-
House Rent Payable-072/073	9,000	✓	-
Site Advance to Krishna Kumal	188,945	✓	-
Peoples Hydro Co-Operative Ltd	5,374,089	✓	818,160
Total	12,743,399		889,360

SCHEDULE 11 : Provisions

Particulars	Current Year Nrs.	Previous Year Nrs.
a) Provision for Tax	-	-
b) Provision for Staffs Welfare	-	-
c) Provision for Gratuity	-	-
d) Provision for Pension	-	-
e) Provision for Medical Expenses and Insurance	-	-
f) Other Provision	-	-
Drinking water	-	-
Electricity Expenses	-	-
Telephone Expenses	-	-
Pollution Bill Payable	-	-
Total		

SCHEDULE 12 : Expenses Not Written Off (Pre-operating expenses)

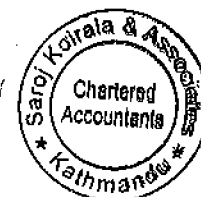
Particulars	Current Year Nrs.	Previous Year Nrs.
a) Opening Pre Operating Expenses	-	-
b) Pre Operating Expenses (Loss till previous year)		-
Field Allowances for Site Office	-	-
Staff Salary Expenses	-	-
Advertisement Expenses	-	-
AGM expenses	-	-
Audit Fees	-	-
Bank Charge	-	-
Communication Expenses	-	-
Compensation Expenses	-	-
Contingency Expenses	-	-
Daily Allowances	-	-
Development Expenses	-	-
a) Claim Against Company	-	-
b) Capital Expenditure incurred on Uncompleted Contract	-	-
c) Uncalled Liability for Partly Paid up Share individually or jointly	-	-
e) Unpaid Dividend for the Cumulative Preference Shares during the year	-	-
f) Other Contingent Liability	-	-
Total		



Peoples Energy Ltd.
Baneshwor, Kathmandu, Nepal
Schedules Forming Part of Annual Financial Statements

SCHEDULE 13 : Adminstrative Expenses

Particulars	Current Year: Nrs	Previous Year
Salary, Wages and Other Staff Expenses	-	-
Addition to Provident Fund and Gratuity Fund	-	-
Rent	-	-
Repair and Maintenance for Office Equipments	-	-
Repair and maintenance for Vehicle	-	-
First Aid	-	-
Electricity and Water	-	-
Project Travelling Expenses	-	-
Transportation Expenses	-	-
Office Operating Expenses	-	-
Audit Fee	-	-
Legal Expenses	-	-
Meeting Allowance	-	-
Tax and Fee	-	-
Total	-	-

Peoples Energy Ltd.
New Baneshwor, Kathmandu

Schedules are forming part of the financial statements

Schedule 14: Accounting policies & Notes to the Annual financial statements

A. Background of the Company

Peoples Energy Ltd. is registered on 2074/03/21 in Company Registrar Office with registration no. 151757 and registered in Inland Revenue Department with PAN 604284163. The main objective of the company is to develop hydropower projects. The company has operated project namely Khimti 2 with installed capacity of 48.8 MW in Ramechhap & Dolakha District.

B. Accounting policies

The Financial Statements of the Company are prepared on the basis of the following accounting policies.

1. Basis of preparation

The Balance Sheet, Income Statement and Cash Flow Statement, together with the Accounting Policies and Notes (Financial Statements) are prepared under the historical cost convention on an accrual basis and are in accordance with Nepal Accounting Standards and relevant practices in Nepal and as per the requirement of the Companies Act 2063, except otherwise stated.

2. Use of estimates

The preparation of the financial statements in conformity with Nepal Accounting Standard requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of Balance Sheet. Actual amount could differ from those estimates. Any differences from those estimates are recorded in the period in which they are identified.

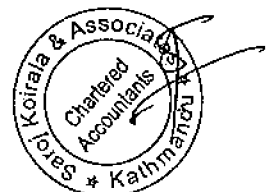
3. Comparative information

The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

4. Expenses

Expenses include losses as well as the expenses that arise in the course of the ordinary activities of the entity. Expenses that arise in the course of the ordinary activities of the entity include, for example, cost of sales, wages and depreciation. They usually take the form of an outflow or depreciation of assets such as cash and cash equivalents, inventory, property, plant and equipment.

5. Current Assets



5. Current Assets

An asset is classified as current assets when it satisfies any of the following criteria:

- a. it is expected to be realized in, or is held for sale or consumption in, the normal course of the entity's operating cycle; or
- b. it is held primarily for the trading purposes or for the short – term and expected to be realized within twelve months of the balance sheet date; or
- c. is cash or a cash equivalent asset which is not restricted in its use for at least twelve months after the balance sheet date.

6. Current Liabilities

A liability shall be classified as a current liability when it satisfies any of the following criteria:

- a. it is expected to be settled in the normal course of entity's operating cycle; or
- b. it is held primarily for the purpose of being trade;
- c. is due to be settled within twelve months of the balance sheet date; or
- d. the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

7. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statements, cash and cash equivalents consists of cash in hand and deposits in banks.

8. Inventory

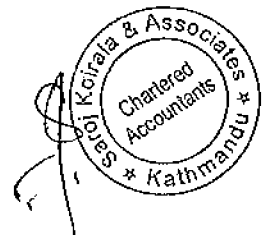
Inventories are stated at the lower of cost and net realizable value, except stores and spares and loose tools, which are stated at cost or under.

9. Property, Plant and Equipment

The cost of an item of property, plant and equipment shall be recognised as an asset, if and only if:

- a) it is probable that future economic benefits associated with the item will flow to the entity; and
- b) the cost of the item can be measured reliably.

Property, plant and equipments are stated at cost of acquisition less accumulated depreciation. Acquisition cost includes taxes, duties, freight, insurance and other incidental expenses related to acquisition and installation. Revenue expenses incidental and related to projects are capitalized along with the related fixed assets, where appropriate.



10. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of any rebates. During the year there are no export sales.

11. Foreign currency transactions

There are no foreign currency transactions during the accounting period. Foreign currency transactions are accounted for at the exchange rates prevailing at the year end.

12. Fixed Assets and Depreciation

Fixed assets are stated at acquisition cost less accumulated depreciation. Acquisition cost includes taxes, duties, freight, insurance and other incidental expenses related to acquisition and installation. Revenue expenses incidental and related to projects are capitalized along with the related fixed assets, where appropriate.

Fixed assets have been disclosed in financial statement and the depreciation has been charged during the year as per the Income Tax Act 2058.

13. Impairment

Impairment is recognized whenever carrying value of an asset is less than the recoverable amount of asset.

14. Borrowing Costs

Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are capitalized when the costs are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

15. Investments

Investment made by the company is valued at cost or market value whichever is lower.

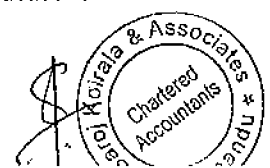
16. Government Grants

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 are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis.

17. Contingent Liability

A contingent liability is:

- a. a possible obligation 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; or



- b. a present obligation that arises from past events but is not recognized because:
 - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii. the amount of the obligation cannot be measured with sufficient reliability.

Any liability of contingent nature, if material, is disclosed in separate schedule, forming the part of Balance Sheet.

18. Contingent Assets

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.

Any asset of contingent nature, if material, is disclosed in separate schedule, forming the part of Balance Sheet.

19. Provisions

Provisions are recognized if the following three conditions are met:

- a. An entity has a present obligation (legal or constructive) as a result of past event;
- b. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. A reliable estimate can be made of the amount of the obligation.

20. Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. An expected loss on the construction contract is immediately recognized as an expense.

21. Investment Property

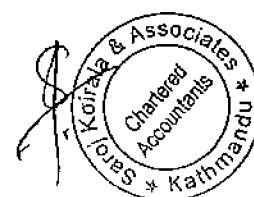
Investment property is property (land or a building-or part of a building-or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- a. use in the production or supply of goods or services or for administrative purposes; or
- b. sale in the ordinary course of business.

Investment property is measured at initially at cost at recognition. Transaction costs are included in initial measurement. After recognition either the fair value model or cost model is applied and the same policy is applied to all the investments.

22. Leases

A lease has been classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease has been classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.



23. Amortization

Amortization of intangible asset is provided using the straight-line method based on useful lives of assets as estimated by the management.

24. Non-current Assets Held for Sale and Discontinued Operations

A non-current asset (or disposal group) are classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset (or disposal group) classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

25. Intangible Asset

An intangible asset is if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

26. Employee Benefits

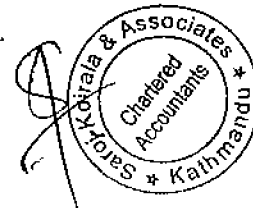
Employee benefits are forms of consideration given by an entity in exchange for service rendered by employee.

27. Research and Development Expenditure

All revenue expenses pertaining to research and development are charged to the Profit and Loss Account in the year in which these are incurred and expenditure of capital nature is capitalized as fixed assets.

28. Income Tax

Provision for the income tax is made as per Income Tax Act 2058.



C. Notes to the account

1. Trasfer of Assets & Liabilities

As per the decision of promoters shareholders of Peoples Energy Ltd. through the meeting held on 2074/03/22, the Assets & Liabilites of the Khimti 2 Project (promoted by Peoples Hydro Cooperative Society Limited) including PPA, IEE, Grid Connection Agreement, etc are transferred to Peoples Energy Ltd.

2. Shares Capital

The authorized share capital of the company is NRs. 2,000,000,000 with 20,000,000 shares of Rs. 100 each and the issued share capital is NRs. 1,000,000,000 with 10,000,000 shares of Rs. 100 each. The paid up share capital of the company is NRs. 58,550,000.

3. Reserve Fund & Accumulated Profit

Since the company is on the process of developing hydro power projects, the loss has not been calculated.

4. Loan Fund

a. Secured Loan

Company has not obtained secured loan of during the current period.

b. Unsecured Loan

Company has not obtained any unsecured loan during the current period.

5. Fixed Assets and Depreciation

Since the company has not purchased any fixed assets during the period, depreciation is not charged.

6. Capital WIP

Total cumulative Capital WIP of the company till the Asadh end is NRs. 269,783,549 out of which NRs. 889,720 represents the expenses incurred till Ashad end 2074.

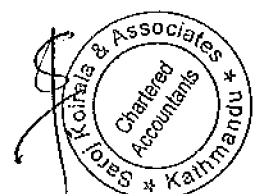
7. Investment Property

The company has made investment in the shares of the following company during the period.

Particulars	Amount (NRs.)
Ghunsa Khola-Investment,Ripoo Mardinee	12,000,000
Lower Apshuwa Khaola-RM Investment	12,000,000
RM Investment-Pelma Khola	8,000,000
Total	32,000,000.00

8. Current Assets

a. Closing Stock



Closing stock of the company at the end of the period is nil.

b. Receivables

Total receivables at the end of the period is Nil.

c. Cash & Bank balance

Total cash & bank balance of the company at the Asadh end is NRs. 90,645,125 out of which cash balance includes NRs. 43,432 & bank balance includes NRs. 90,601,693 Bank balance includes balance at Prabhu Bank NRs. 110,878, Prime Bank Ltd. NRs. 698,294, RBB Bank NRs. 4,783,345, Sanima Bank Ltd.-Call A/c NRs. 13,196,093 & Sanima Bank Head office NRs. 42,513,082 & Prabhu Bank Cash Margin 29,300,000.

d. Advance, Loan & Deposits

Advance, Loan & Deposits includes Nil Balance of advance & loan, & other advance of NRs. 8,519,442.

9. Current Liabilities

The company has total current liabilities of NRs. 12,743,399 at the Asadh end, 2074 which includes, Expenses Payable 697,865 PF Payable of NRs 150,800 TDS Payable of NRs 596,515 & Party Payable 11,298,219.

10. Provisions

There is no any provisions at Asadh end, 2074.

11. Contingent liabilities

There are no any contingent liabilities of the company during the period.

12. Income Tax

Since the business has incurred loss during the period, the provision for income tax has not been made.

13. Interest on deposit

Interest on deposit during the period is NRs. 5,957,887 which is adjusted in Capital WIP Assets pre-operating expenses.

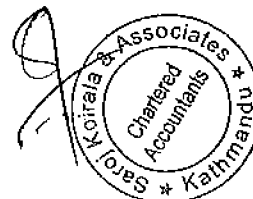
14. Other Income

Other income of the company during the period is NRs. 764,715 which is adjusted in Capital WIP Assets pre-operating expenses.

15. Operating Expenses

Operating expenses of the company for the period is nil.

16. Non operating Expenses



Non operating expenses of the company for the period is nil.

17. Related party transactions

There are no related parties and the related parties transactions carried out during the period.

18. Remuneration to Key Management personnel

There is no remuneration paid to the key management personnel during the period.

19. Events after the balance sheet date

There is no any adjusting and non adjusting events occurred during the period.

20. Amortization

There is no Preliminary & Pre operating expenses. Hence Amortization is nil during the period.

21. Figures are rounded off

Figures have been rounded off to nearest Rupees.

22. Previous year figures

Previous Years figures have been regrouped/ rearranged as and when necessary.

