JOSHI & BHANDARY ▪ Chartered Accountants

▪ G.P.O. Box: 3423
Kosi Compound, Dillibazar
Kathmandu, Nepal
Tel: 977-1-4419364
Tel: 977-1-4423550
Fax: 977-1-4413038
Web: www.jb.com.np

Independent Auditor's Report To The Shareholders of Barun Investment Ltd.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statement of Barun Investment Limited which comprises of statement of financial position as on Ashadh 31, 2080 (July 16, 2023), the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended Ashadh 31, 2080 (July 16, 2023) and notes to the financial statement, including a summary of significant accounting policies and other explanatory information

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as at Ashadh 31, 2080 (July 16, 2023) and its financial performance, the Statement of Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow Statement for the year then ended in accordance with the Nepal Financial Reporting Standards (NFRSs).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial Statements section of our report. We are independent of the Company in accordance with the ICAN's Handbook of The Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of The Code of Ethics for professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for opinion.

Key audit matters

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

Information Other than the Financial Statements and Auditor's Report Thereon

The company's management is responsible for the preparation of the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

The annual report is expected to be made available for our review after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is material misstatement, therein, we are require to request management and those charged with government to correct the material misstatement.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going

Joshi & Bhandary Kathmandu Chartered Accountants

concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Further responsibilities of the auditor have been mentioned in **Appendix-1.**

Report on other legal and regulatory requirement

As per prevailing company Act we further report that ,

a) We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
b) Proper books of account as required by prevailing law have been kept by the Company.
c) To the best of our information and explanations given to us and from our examination of the books of accounts 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 the law relating to accounts or caused loss or damage to the Company deliberately.
d) We did not come across any fraudulent cases causing fundamental effect relating to accounts of the Company.
e) To the best of our information and assessment internal control of company is effective.

Gyanendra Subedi, FCA
Partner

Joshi & Bhandary Chartered Accountants Kathmandu

Date: 28 Bhadra 2080
Place: Kathmandu, Nepal

Appendix-1

As a part of audit in accordance with NSAs, we exercised professional judgment and maintain professional skepticism throughout the audit of Barun Investment Limited for FY 2079-80. We also:

- Identified and assessed the risk of material misstatement of the financial statements whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion of the effectiveness of internal control.
- Concluded an appropriateness of the management use of the going concern basis of accounting and, based in audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we concluded that a material uncertainty exists, we were required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures were inadequate, to modify our opinion. Our conclusions were based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluated the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We remain solely responsible for our audit opinion.
- We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be though to bear on our independence, and where applicable, related standards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Joshi & Bhandary
Kathmandu
Chartered Accountants

Barun Investment Ltd.
Teku, Kathmandu
STATEMENT OF FINANCIAL POSITION
As on 31st Ashad, 2080

Figures in NPR

ASSETS	Note	As at 31st Ashadh 2080	Restated* As at 32nd Ashadh 2079	Restated* As at 31st Ashadh 2078
Non Current Assets				
Property, Plants and Equipments	1	-	-	-
Financial Assets				
Investments	2	332,118,300	325,018,300	302,443,700
Other Financial Assets	4	-	48,724,800	31,415,289
Deferred Tax Assets	6	-	2,512,927	2,555,155
Other Assets	5	-	120,000	-
Total Non-Current Assets		332,118,300	376,376,027	336,414,144
Current Assets				
Financial assets				
Cash and cash equivalents	3	51,015	12,043	432,533
Other Financial Assets	4	55,937,600	812,364	-
Other Assets	5	238,796	-	-
Total Current Assets		56,227,410	824,407	432,533
Total Assets		388,345,710	377,200,433	336,846,676
EQUITY AND LIABILITIES				
Equity share capital	7	372,500,000	307,000,000	307,000,000
Advance for Share	8	-	65,500,000	18,000,000
Retained Earnings		293,311	(5,863,495)	(5,962,027)
Total Equity		372,793,311	366,636,505	319,037,973
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Other financial liabilities	11	16,868,099	9,325,799	17,515,330
Deferred tax Liabilities	6	-	-	-
Total Non-Current Liabilities		16,868,099	9,325,799	17,515,330
Current Liabilities				
Financial Liabilities				
Other Liabilities	10	675	4,650	29,503
Other financial liabilities	11	(1,316,375)	1,233,479	263,870
Total Current liabilities		(1,315,700)	1,238,129	293,373
Total Liabilities		15,552,399	10,563,928	17,808,703
Total Equity and liabilities		388,345,710	377,200,433	336,846,676

The accompanying notes are integral part of these financial statements.

Shiva Prasad Ghimire
Chairman

Barun Investment Limited

As per our report of Even Date

Gyanendra Subedi,FCA
Joshi and Bhandary
Chartered Accountants

Joshi & Bhandary Kathmandu Chartered Accountants

Barun Investment Ltd.
Teku, Kathmandu
Statement of Profit or loss and Other Comprehensive Income
For the year ended 31st Ashad 2080 (July 16 2023)

Figures in NPR

	Note	2079-80	2078-79 (Restated*)
Revenue	11	-	800,000
Cost of sales		-	-
Gross Profit		-	800,000
Other Income	11	9,724,100	-
Depreciation for the period	1	-	-
Administrative and other operating expenses	12	(928,663)	(659,240)
Profit from operation		8,795,437	140,760
Finance incomes		-	-
Finance costs		-	-
Profit Before Tax		8,795,437	140,760
Income Tax Expense			
Current tax	6	(125,705)	-
Deferred tax credit/(charge)	6	(2,512,927)	(42,228)
Profit for the period		6,156,806	98,532
Other Comprehensive Income			
Items that will not be reclassified to profit or loss in subsequent periods			
Change in revaluation of property		-	-
Re-measurement (losses) / gains on post employment defined benefit plans		-	-
Changes in the fair value of equity investments at fair value through other comprehensive income		-	-
Tax relating to items that will not to be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss in subsequent periods			
Changes in the fair value of debt instruments at fair value through other comprehensive income		-	-
Exchange gains arising on translation of foreign operations		-	-
Cash flow hedges		-	-
Tax relating to items that may be reclassified to profit or loss		-	-
Other comprehensive gain/(loss) for the year, net of tax		-	-
Total Comprehensive gain/(loss) for the year, net of tax		6,156,806	98,532
Earnings per equity share of Rs. 100 each			
Basic Earnings per share - Rs.	9	1.85	0.03
Diluted Earnings per share - Rs.	9	1.85	0.03

The accompanying notes are integral part of these financial statements.

Barun Investment Limited

Shiva Prasad Ghimire
Chairman

As per our report of Even Date

Gyanendra Subedi, FCA
Joshi and Bhandary
Chartered Accountants

Joshi & Bhandary * Kathmandu * Chartered Accountants

Barun Investment Ltd.
Teku, Kathmandu
Statements of Changes in Equity
For the year ended 31st Ashad 2080 (July 16 2023)

Figures in NPR

	Equity Share Capital	Advance for Share	Retained Earnings and Reserves				Total
			Share Premium	General Reserve	Fair Value Reserves	Retained Earnings	
Balance at 1 Shrawan 2078 (restated*)	307,000,000	18,000,000	-	-	-	(5,962,027)	319,037,973
Effect of Restatements due to Change in Accounting Policies	-	-	-	-	-	-	
Profit for the year(restated*)	-	-	-	-	-	98,532	98,532
Other comprehensive income	-	-	-	-	-	-	-
Total Comprehensive Income(restated*)	307,000,000	18,000,000	-	-	-	(5,863,495)	319,136,505
Advance Received	-	47,000,000	-	-	-	-	47,000,000
Issue during the year	-	-	-	-	-	-	-
Share Issue Cost	-	-	-	-	-	-	-
Balance as 32nd Ashadh 2079(restated*	307,000,000	65,500,000	-	-	-	(5,863,495)	366,636,505
Effect of Restatements due to Change in Accounting Policies	-	-	-	-	-	-	
Profit for the year	-	-	-	-	-	6,156,806	6,156,806
Other comprehensive income	-	-	-	-	-	-	-
Total Comprehensive Income	307,000,000	65,500,000	-	-	-	293,311	372,793,311
Advance Received	-	(65,500,000)	-	-	-	-	(65,500,000)
Issue during the year	65,500,000	-	-	-	-	-	65,500,000
Share Issue Cost	-	-	-	-	-	-	-
Balance as at 31st Ashadh 2080	372,500,000	-	-	-	-	293,311	372,793,311

The accompanying notes are integral part of these financial statements.

Barun Investment Limited

Shiva Prasad Ghimire
Chairman

As per our report of Even Date

Gyanendra Subedi,FCA
Joshi and Bhandary
Chartered Accountants

Kat... Chartered Accounta...

Barun Investment Ltd.
Teku, Kathmandu
Statement of Cash Flows
For the year ended 31st Ashad 2080 (July 16 2023)

Figures in NPR

	Note	2079-80	2078-79 (Restated*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		6,156,806	98,532
Adjustments for:			
Deferred Tax Credit/(Charge)		2,512,927	42,228
Income tax expenses		125,705	
Depreciation of property, plant and equipment			
Finance cost			
Amortisation of intangible fixed assets			
(Increase)/ Decrease in other financial assets		(6,400,436)	(18,121,875)
(Increase)/ Decrease in other Assets		(118,796)	(120,000)
Increase / (Decrease) in financial liabilities		4,992,446	(7,219,922)
Increase / (Decrease) in other current liabilities		(3,975)	(24,853)
Cash generated from operations		7,264,677	(25,345,890)
Income tax paid		(125,705)	-
Bonus paid		-	
NET CASH FLOWS FROM OPERATING ACTIVITIES		7,138,972	(25,345,890)
CASH FLOWS FROM INVESTING ACTIVITIES			
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Acquisition of Property, plant and Equipment			
(Increase)/Decrease in Project work-in-progress			
(Increase)/ Decrease in Other Investments		(7,100,000)	(22,574,600)
Bank balance other than cash and cash equivalents			
NET CASH FLOWS FROM INVESTING ACTIVITIES		(7,100,000)	(22,574,600)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of Shares through Private Placement		65,500,000	
Advance for Share Received		(65,500,000)	47,500,000
Borrowing (repaid) / taken (net)			
Interest paid			
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	47,500,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		38,972	(420,490)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		12,043	432,533
CASH AND CASH EQUIVALENTS AT END OF YEAR		51,015	12,043

The accompanying notes are integral part of these financial statements.

Barun Investment Limited

Shiva Prasad Ghimire
Chairman

As per our report of Even Date

Gyanendra Subedi,FCA
Joshi and Bhandary
Chartered Accountants

Joshi & Bhandary Kathmandu Chartered Accountants

Barun Investment Ltd.
Notes to the financial statements for the year ended 31nd Ashadh 2080

Figures in NPR

Note no: 1
Property, plant and equipment:

	Land	Building	Office Equipment	Furniture & Fixture	Computers	Network and	Vehicle	Capital WIP	Leasehold Improvements	Total
Cost										
Balance at 1st Shrawan 2078	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Transfer from CWIP	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Balance at 32nd Ashadh 2079	1,545,000	-	-	-	-	-	-	-	-	1,545,000
Transfer from CWIP	-	-	-	-	-	-	-	-	-	-
Disposals	(1,545,000)	-	-	-	-	-	-	-	-	(1,545,000)
Balance at 31nd Ashadh 2080	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation										
Balance at 1st Shrawan 2078	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Balance at 32nd Ashadh 2079	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Balance at 31nd Ashadh 2080	-	-	-	-	-	-	-	-	-	-
Net book value										
At 1st Shrawan 2078	-	-	-	-	-	-	-	-	-	-
At 32nd Ashadh 2079	-	-	-	-	-	-	-	-	-	-
At 31st Ashadh 2080	-	-	-	-	-	-	-	-	-	-

Barun Investment Limited

Joshi & Bhandary
Kathmandu
Chartered Accountants

Barun Investment Ltd.
Notes to the financial statements for the year ended 31nd Ashadh 2080

Figures in NPR

Note no: 2

Investments

Particulars	As at 31nd Ashadh 2080		As at 32nd Ashadh 2079		As at 31st Ashadh 2078	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Unquoted Investments at fair value through other comprehensive income						
Investment in equity instruments of Sanigad Hydro Ltd.(Equity Shares of NPR 100 each fully paid up)	1,711,548.00	171,154,800.00	1,711,548.00	171,154,800.00	1,700,741.00	170,074,100.00
Investment in equity instruments of Kalanga Hydro Ltd.(Equity Shares of NPR 100 each fully paid up)	881,043.00	88,104,300.00	881,043.00	88,104,300.00	830,115.00	83,011,500.00
Investment in equity instruments of Bungal Hydro Ltd.(Equity Shares of NPR 100 each fully paid up)	657,592.00	65,759,200.00	657,592.00	65,759,200.00	493,581.00	49,358,100.00
Investment in equity instruments of Guras Hydro Pvt Ltd.(Equity Shares of NPR 100 each fully paid up)	71,000.00	7,100,000.00	-	-	-	-
Total Investment at Fair Value through Other Comprehensive Income	**3,321,183**	**332,118,300**	**3,250,183**	**325,018,300**	**3,024,437**	**302,443,700**
Total investments	**3,321,183**	**332,118,300**	**3,250,183**	**325,018,300**	**3,024,437**	**302,443,700**

Note no: 3

Cash and cash equivalents

Particulars	As at 31nd Ashadh 2080	As at 32nd Ashadh 2079	As at 31st Ashadh 2078
Balances with banks			
Local currency account			
In current accounts	51,015	12,043	18,185.55
In call accounts	-	-	-
In deposits accounts (Original maturity less than 3 months)	-	-	-
Cash in hand	-	-	414,347.00
Total	**51,015**	**12,043**	**432,533**

Barun Investment Limited

Joshi & Bhandary
Kathmandu
Chartered Accountants

Barun Investment Ltd.
Notes to the financial statements for the year ended 31nd Ashadh 2080

Figures in NPR

Note no: 4
Other financial assets (Current and Non-current)

Particulars	As at 31nd Ashadh 2080		As at 32nd Ashadh 2079		As at 31st Ashadh 2078	
	Current	Non-current	Current	Non-current	Current	Non-current
Deposit (Others)	-	-	-	-	-	-
Advances for Investment					-	-
To Guras Hydro Pvt. Ltd.		-	-	7,100,000	-	-
To Bungal Hydro	5,948,900	-	-	4,448,900	-	15,000,000.00
To Kalanga Hydro	13,225,300	-	-	6,412,500	-	2,813,700.00
To Sanigadh Hydro	36,563,400	-	-	30,563,400	-	13,294,100.00
Advance to Directors/Promoters	-	-	-	-	-	-
Other Receivables	200,000	-	812,364	200,000	-	307,489.00
Total	55,937,600	-	812,364	48,724,800	-	31,415,289

Note no: 5
Other Assets (Current and Non-Current

Particulars	As at 31nd Ashadh 2080		As at 32nd Ashadh 2079		As at 31st Ashadh 2078	
	Current	Non-current	Current	Non-current	Current	Non-current
Consultant's Advances	75,000	-	-	-	-	-
Advance Income Tax	163,796			120,000		
Total	238,796	-	-	120,000	-	-

Figures in NPR

Note no: 6

Income Taxes

A. Tax expense recognised in the Statement of Profit and Loss

	Year ended 31 Ashadh, 2080	Year ended 32 Ashadh, 2079
Current tax expenses		
Current tax on profits for the year	(125,705)	-
Adjustments for under provision in prior periods		-
Deferred tax credit/charge		
Origination and reversal of temporary differences		
Adjustments/(credits) related to previous years - (net)	(2,512,927)	(42,228)
Income tax expense reported in Statement of Profit or Loss	**(2,638,631)**	**(42,228)**

B. Tax expense recognised in Other comprehensive income

	Year ended 31 Ashadh, 2080	Year ended 32 Ashadh, 2079
Deferred tax		
Origination and reversal of temporary differences		
Adjustments/(credits) related to previous years - (net)		
Income tax charged to OCI	-	-

C. Current tax asset / (liability) -net:

	Year ended 31 Ashadh, 2080	Year ended 32 Ashadh, 2079
Advance Income Tax	289,500	120,000
Less: Income Tax Liability	(125,705)	-
Total	**163,796**	**120,000**

D. Reconciliation of tax liability on book profit vis-à-vis actual tax liability

	Year ended 31 Ashadh, 2080	Year ended 32 Ashadh, 2079
Accounting Profit/ (Loss) before income tax	8,795,437	140,760
Enacted tax rate	30%	30%
Computed tax expense	**2,638,631**	**42,228**
Differences due to:		
Tax effect due to non taxable income	-	-
Effect due to non deductible expenses	-	-
Tax effect due to difference in depreciation rate	-	-
Opening Accumulated losses	(2,512,927)	(42,228)
Current tax on profits for the year	**125,705**	-

C. The movement in deferred tax assets and liabilities during the year ended 31 Ashadh, 2078 and 32 Ashadh, 2079:

i. Movement during the year ended 32 Ashadh, 2079

	As at 1 Shrawan, 2078	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 32nd Ashadh, 2079
Deferred tax assets/(liabilities)				
Arising from Depreciation and Amortisation				
Unused tax losses	2,555,155	(42,228)		2,512,927
Total	**2,555,155**	**(42,228)**	-	**2,512,927**

ii. Movement during the year ended 31 Ashadh, 2080

	As at 1 Shrawan, 2079	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st Ashadh, 2080
Deferred tax assets/(liabilities)				
Arising from Depreciation and Amortisation	-	-		
Unused tax losses	2,512,927	(2,512,927)		-
Total	**2,512,927**	**(2,512,927)**	-	-

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

Barun Investment Ltd.
Notes to the financial statements for the year ended 31nd Ashadh 2080

Figures in NPR

Note no: 7

Equity Share Capital

Particulars	As at 31nd Ashadh, 2080		As at 32nd Ashadh, 2079		As at 31st Ashadh, 2078	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
A. Equity Shares						
Authorised						
Equity Shares of Rs. 100 each with voting rights	7,500,000.00	750,000,000.00	7,500,000.00	750,000,000.00	7,500,000.00	750,000,000.00
Issued						
Equity Shares of Rs. 100 each with voting rights	7,000,000.00	700,000,000.00	7,000,000.00	700,000,000.00	7,000,000.00	700,000,000.00
Paid UP						
Equity Shares of Rs. 100 each with voting rights	3,725,000.00	372,500,000.00	3,070,000.00	307,000,000.00	3,070,000.00	307,000,000.00
	3,725,000.00	**372,500,000.00**	**3,070,000.00**	**307,000,000.00**	**3,070,000.00**	**307,000,000.00**

B. Reconciliation of the number of shares outstanding at the beginning and end of the year

	Year ended 31 Ashadh, 2080	Year ended 32 Ashadh, 2079
	No. of Shares	No. of Shares
Balance as at the beginning of the year	3,070,000	3,070,000
Add: Issue of shares during the year	655,000	-
Balance as at end of the year	**3,725,000**	**3,070,000**

C. Details of shareholding more than 1%

Particulars	As at 31st Ashadh, 2080		As at 32nd Ashadh, 2079	
	No. of Shares	Share %	No. of Shares	Share %
Shiva Prasad Ghimire	175,000,000.00	46.98%	155,000,000.00	50.49%
Bholeshwor Dulal	42,000,000.00	11.28%	40,000,000.00	13.03%

D. Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of NPR 100 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital. The Company declares and pays dividend in Nepalese rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

Note no: 8

Other equity

	Retained Earnings	Total
Balance at 1 Shrawan 2078	(8,577,188)	**(8,577,188)**
Profit for the year	98,532	**98,532**
Other comprehensive income	-	-
Dividends to shareholders	-	-
Balance at 31st Ashadh 2078	(8,478,656)	**(8,478,656)**
Profit for the year	6,156,806	**6,156,806**
Other comprehensive income	-	-
Dividends to shareholders	-	-
Balance at 32nd Ashadh 2079	(2,321,850)	**(2,321,850)**

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

Barun Investment Ltd.
Notes to the financial statements for the year ended 31nd Ashadh 2080

Figures in NPR

Note no: 9

Earnings per Share

Particulars	Year ended 31 Ashadh, 2080		Year ended 32 Ashadh, 2079	
	Basic	Diluted	Basic	Diluted
Earnings	6,156,806	6,156,806	98,532	98,532
Weighted Average Number of Shares	3,328,411	3,328,411	3,070,000	3,070,000
	1.85	1.85	0.03	0.03
Earnings per Share				

Movement during the year ended 32 Ashadh, 2079

Particulars	Date	Number of Shares	Amount	Number of Days Outstanding	Days Weighted NoS
Opening Balance	4/1/2078	3,070,000	307,000,000	365	3,070,000
Issue of Shares	-	-	-	-	-
Basic Weighted Average Number of Shares					**3,070,000**
Optionally convertible Instruments	-	-	-	-	-
Employee share options	-	-	-	-	-
Contingent share consideration on business combinations					
	-	-	-	-	-
Diluted Weighted Average Number of Shares					**3,070,000**

Movement during the year ended 31 Ashadh, 2080

Particulars	Date	Number of Shares	Amount	Number of Days Outstanding	Days Weighted NoS
Opening Balance	4/1/2079	3,070,000	307,000,000	365	3,070,000
Private Placement	11/1/2079	655,000	65,500,000	144	258,411
Basic Weighted Average Number of Shares					**3,328,411**
Optionally convertible Instruments	-	-	-	-	-
Employee share options	-	-	-	-	-
	-	-	-	-	-
Diluted Weighted Average Number of Shares					**3,328,411**

B. Earnings for the Years

Particulars	Year ended 31 Ashadh, 2080	Year ended 32 Ashadh, 2079
Total Comprehensive gain/(loss) for the year, net of tax	6,156,805.90	98,532.00
Basic Earnings	**6,156,805.90**	**98,532.00**
Add: Interest on convertible debt		
Less: Tax effect of above items	-	-
	-	-
Diluted Earnings	**6,156,805.90**	**98,532.00**

Barun Investment Limited

Joshi & Bhandary Chartered Accountants Kathmandu

Barun Investment Ltd.
Notes to the financial statements for the year ended 31nd Ashadh 2080

Figures in NPR

Note no: 10

Other liabilities (current and non-current)

Particulars	As at 31st Ashadh 2080		As at 32nd Ashadh 2079		As at 31st Ashadh 2078	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Statutory dues						
TDS Payable	675	-	4,650	-	29,503.00	-
Total	**675**	**-**	**4,650**	**-**	**29,503**	**-**

Note no: 11
Other Financial Liabilities

Particulars	As at 31st Ashadh 2080		As at 32nd Ashadh 2079		As at 31st Ashadh 2078	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Employees Accounts Payable	-	-	100,000	-	-	100,000.00
Advances from Directors	(1,394,425)	16,868,099	-	9,325,799	-	16,494,546.39
Consultants Payables	78,050	-	212,695	-	173,670.00	-
Deferred Lease Liability	-	-	-	-	-	-
Rent Payable	-	-	-	-	45,600.00	-
Other Payables	-	-	920,784	-	44,600.00	920,784.10
Total	**(1,316,375)**	**16,868,099**	**1,233,479**	**9,325,799**	**263,870**	**17,515,330**

Barun Investment Limited

Joshi & Bhandary
Kathmandu
Chartered Accountants

Barun Investment Ltd.
Notes to the financial statements for the year ended 31nd Ashadh 2080

Figures in NPR

Note no : 12
Revenue

Particulars	Year Ended 31st Ashadh, 2080	Year Ended 32nd Ashadh, 2079
Revenue from Customers		
Consultancy Service Income		800,000
Total Revenue from Contract with Customers	-	**800,000**

Note no : 13
Particulars
Other Income

	Year Ended 31st Ashadh, 2080	Year Ended 32nd Ashadh, 2079
Gain from sale of Land	9,724,100	
Total Other Income	**9,724,100**	-

Note no : 14
Administrative and other operating expenses

Particulars	Year Ended 31st Ashadh, 2080	Year Ended 32nd Ashadh, 2079
Office Rent Expenses	36,000.00	-
Salary Expenses	180,000.00	-
Consultancy Fees	339,000.00	310,750.00
Audit Fee	39,550.00	39,550.00
Printing & Stationary	11,300.00	-
Rate & Tax Renewal	274,879.00	280,500.00
Travelling Expenses	32,980.00	-
Miscellaneous Expenses	13,694.00	28,000.00
Bank Charge	1,260.00	440.00
Total Admin and Other Operating Expenses	**928,663.00**	**659,240.00**

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

Figures in NPR

Note no: 15

Financial Instruments: Classifications and fair value measurements

A. Fair value measurements

Particulars	Fair value			Fair value hierarchy	Valuation technique(s) and key input(s)
	As at 31st Ashadh 2080	As at 32nd Ashadh 2079	As at 31st Ashadh 2078		
Financial assets :					
Investment in equity instruments of Sanigad Hydro Ltd.(Equity Shares of NPR 100 each fully paid up)	171,154,800	171,154,800	170,074,100	Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
Investment in equity instruments of Bungal Hydro Ltd.(Equity Shares of NPR 100 each fully paid up)	65,759,200	65,759,200	49,358,100	Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
Investment in equity instruments of Kalanga Hydro Ltd.(Equity Shares of NPR 100 each fully paid up)	88,104,300	88,104,300	83,011,500	Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
Investment in equity instruments of Guras Hydro Pvt ltd.(Equity Shares of NPR 100 each fully paid up)	7,100,000	-	-		Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Barun Investment Limited

& Bhandary
Kathmandu
Chartered Accountants

Barun Investment Ltd.
Notes to the financial statements for the year ended 31nd Ashadh 2080

Figures in NPR

Note no: 16
Related Party Disclosure

(b) Those charged with governance

No expenses incurred for those charged with governance of BIL

(c) Transactions with key management personnel
Key Management personnel includes:

Particulars	Current year	Previous Year
	-	-

Barun Investment Limited

Joshi & Bhandary Chartered Accountants Kathmandu

Figure in NPR

Note 1: Background

Previously, Barun Investment Ltd. (BIL) was a private limited company registered with office of Company Registrar and converted to Public Limited as on 2078/03/31. The registered office of the company is located in Lalitpur Metropolitan City-04, Lalitpur.

The principal objective of the company is to Invest in different assets.

Note 2: Significant accounting policies

2.1 Basis of Preparation and measurement

i. Statement of Compliance

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN). The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063 of Nepal.

New Standards which are not yet applicable on 16th July 2023 and Standard to be adopted by the Company

Barun Investment Limited has opted not to adopt any of the new set of NFRS pronounced by ICAN, which are mandatory and might relate to it, but not specifically applicable considering the nature of its business and transactions for the financial year 2079-80 (2022-23). These standards include:

NFRS 17 "Insurance Contracts" applicable from 16th July 2023, and the Company is currently assessing the impact and plans to adopt the new standard on the required effective date.

ii. Basis of preparation

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements are presented in the functional and presentation currency of the Company i.e., Nepalese Rupee ("NPR") which is the currency of the primary economic environment in which the Company operates.

iii. Basis of measurement

These financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below.

2.2 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year primarily include: -

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

Useful life and residual value of property, plant and equipment
Management reviews the useful life and residual values of property, plants, and equipment at least once a year. Such a life is dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

Impairment of property plant and equipment
At the end of each reporting period, the Company reviews the carrying amounts of its property, plant, and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates, and other factors. Any subsequent changes to cash flow due to changes in the above-mentioned factors could impact on the carrying value of assets.

Contingencies
In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

Fair value measurements
Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available.

Recognition of deferred tax assets
A significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

2.3 Property, plant and equipment

i. All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

ii. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of any component accounted for as a separate asset are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

iii. The Company identifies and determines the cost of each component/ part of the asset separately if the component/ part has a cost that is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

iv. The residual values, useful lives, and methods of depreciation of property, plant, and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

v. An item of property, plant, and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.
vi. Assets in the course of construction are capitalized in the assets under capital work in progress account (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Where an obligation (legal or constructive) exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimate cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized. Revenue generated from production during the trial period is capitalized.
The company has not recognized any Property, Plant or Equipment as on 31st Ashadh, 2080.

2.4 Other Intangible Assets

i. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.
ii. Certain computer software costs are capitalized and recognised as intangible assets based on materiality, accounting prudence, and significant benefits expected to flow therefrom for a period longer than one year.
iii. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

2.5 Depreciation and Amortization

i. Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the Straight-Line Method.
ii. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
iii. Depreciation is provided on the Straight-Line Method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to fixed assets is charged on a pro-rata basis in the year when it is available for use.
iv. Useful life is either the period during which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of asset.

The estimated useful life, residual values, and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.
v. Residual Values of all items of Property, Plant, and Equipment is taken to be zero for the purpose of calculation of depreciation amount.
vi. All components of Property, Plant and Equipment with Written Down Value less than NPR 5,000 are charged to the profit and loss account in the year.
vii. Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight-line basis.

2.6 Impairment of tangible and intangible assets

i. At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.
ii. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Barun Investment Limited

Joshi & Bhandary
Kathmandu
Chartered Accountants

iii. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
iv. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.
v. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

2.7 Borrowing cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.
Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are incurred in the period in which they occur.

2.8 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.9 Inventories

The cost of inventories includes the cost of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Inventories of stores, spare parts, and loose tools are stated at the lower of weighted average cost and net realizable value. The net realizable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

2.10 Revenue recognition

i) Consultancy Service Fees

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue is recognised when BIL fulfills the performance obligations under the contract with the customer.

2.11 Foreign currency transactions

i. The functional currency of the Company and its subsidiaries is determined based on the primary economic environment in which it operates. The functional currency of the Company is the Nepalese Rupee (NPR).
ii. In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

Barun Investment Limited

Joshi & Bhandary Chartered Accountants Kathmandu

iii. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined.
iv. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.
v. Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

2.12 Employment Benefits

The Company does not have any schemes of long-term employment benefits. The expenses related to Short term employee benefits are recognised through Statement of Profit and Loss, in the period in which they are incurred.

2.13 Taxation

Income Tax
Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the profit or loss statement except to the extent that it relates to items recognized directly to equity.

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

The rate of tax applicable to the company is 30%.

Deferred tax
i. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.
ii. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.
iii. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.14 Earnings per share

Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).
Diluted earnings per share is computed by dividing the profit/ (loss) for the year as adjusted for dividend, interest, and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares decreases the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted at the beginning of the period unless they have been issued at a later date.

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

2.15 Provisions, contingencies, and commitments

i. Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
ii. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.
iii. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.
iv. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.
v. A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.
vi. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize contingent liability but discloses its existence in the financial statements.
vii. 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.
viii. Commitments include the amount of purchase order (net of advances) issued to parties for the completion of assets.
ix. Provisions, contingent liabilities, contingent assets, and commitments are reviewed at each reporting period.

2.16 Financial Instruments

i. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities, and financial guarantee contracts are initially measured at transaction cost, and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of a financial asset or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss. In case of interest-free or concession loans/debentures/preference shares given to subsidiaries, associates, and joint ventures, the excess of the actual amount of the loan over the initial measure at fair value is accounted as an equity investment.

Investment in equity instruments issued by subsidiaries, associates and joint ventures are measured at cost less impairment.

Investment in preference shares/debentures of the subsidiaries are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investments in preference shares/debentures not meeting the aforesaid conditions are classified as debt instruments at amortised cost.

ii. Effective interest method

The entity has opted to take the carve-out option provided by the Institute of Chartered Accountants of Nepal regarding Effective Interest Rate method up till financial year 2080/81.

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

iii. Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets to collect contractual cash flows and 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 outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets to collect contractual cash flows or to sell these financial assets and 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 outstanding. The Company in respect of equity investments (other than in subsidiaries, associates, and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument-by-instrument basis at the time of initial recognition of such equity investments.

Financial assets not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset, and the transfer qualifies for de-recognition under NFRS 9.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in a statement of profit or loss.

iv. Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest-

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.
For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial guarantee contracts
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

De-recognition of financial liability
Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

v. Current and Non-Current Assets and Liabilities
The Company has categorized certain financial assets as Current Assets, that are expected to be realized within the normal operating cycle of the entity or within twelve months after the reporting period or are intended for sale or consumption within the normal operating cycle of the entity or are held primarily for the purpose of trading or are cash and cash equivalents. All other assets are classified as Non-Current Assets.
Further, the Company has categorized certain financial liabilities as Current Liabilities, that are expected to be settled in the entity's normal operating cycle or are primarily held for trading or are due to be settled within a period of twelve months after the reporting period. All other liabilities are classified as non- current liabilities.

vi. Off-setting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

vii. Fair Value measurement:
The Company measures financial instruments, such as investment in equity instruments, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
i) In the principal market for the asset or liability, or
ii) In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.
A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The company as a Lessee

At the commencement date, the Company shall recognize a right to use asset at cost and a lease liability at the present values of the lease payments that are not paid at that date. The lease payment shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the company shall use it's incremental borrowing rate.

After the commencement date, the company shall measure the right to use asset applying a cost model or measurement model. To apply a cost model, the company shall measure the right of use asset at cost less any depreciation and any accumulated impairment losses adjusted for remeasurement of lease liability as mentioned below.

After the commencement date, the company shall measure the lease liability by

(a) Increasing the carrying amount to reflect interest on the lease liability;

(b) Reducing the carrying amount to reflect the lease payments made; and

(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications to reflect revised in-substance fixed lease payments

The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. A lease is classified at the inception date as a finance lease or an operating lease.

The company has elected not to apply the above requirements in case of leases which are:

(a) Short-term Leases, and

(b) Leases for which the underlying assets are of low value.

If the company elects not to apply the requirements as above to either short-term leases or leases for which the underlying asset is of low value, the company shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The company shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

During Reporting year ended, 31st Ashadh, 2080, the company has one lease for which the underlying asset is of low value. The company has recognised the lease payments associated with the lease, on a straight-line basis.

2.18 Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts are recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.
The criteria for held for sale classification is regarded as met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.
Property, plant and equipment, and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.
As of the reporting date, no assets of the company have been classified as Held for Sale.

2.19 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements to meet its strategic and day-to-day needs. it considers the amount of capital in proportion to the risk and manages the capital structure considering changes in economic conditions and the risk characteristics of the underlying assets.
The Company's aim is to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain the future development and growth of its business. The Company's focus is on keeping a strong total equity base to ensure independence, and security, as well as high financial flexibility for potential future borrowings, if required, without impacting on the risk profile of the Company. The Company will take appropriate steps to maintain, or if necessary, adjust its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.
No changes were made in the objectives, policies, or processes for managing capital during the years ended 31st Ashadh, 2080 and 32nd Ashadh, 2079.

2.20 Segment reporting

The Chief Executive Officer and functional managers of the Company have been identified as the Chief Operating Decision Maker (CODM) as defined by NFRS 8, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators, however the Company has not engaged in any revenue generating activities during the reporting period and most of its operations are in Nepal. Hence the Company does not have any reportable Segments as per NFRS 8 "Operating Segments".

2.21 Staff bonus

BIL is not required to Employee Bonus as per Bonus Act, 2030 as the number of employees of BIL is less than 10.

2.22 Description of equity investments

BIL has made Investments amounting to NPR. 325,018,300.00 at the end of Financial Year 2079/80. The details of such investments are as follows:

a) Sanigad Hydro Limited.
Sanigad Hydro Pvt. Ltd. is a public limited company registered with office of Company Registered on 2064/09/05(Registration No-49965/6465), having registered office in Lalitpur. The principal objective of the

Barun Investment

Joshi & Bhandary Kathmandu Chartered Accountants

company is to explore survey, design, construct and manage power project and provides related consultancy services in Nepal. Company is developing 38.46 MW Hydro Electric Projects from Kalanga River in Bhajang District.

b) Kalanga Hydro Limited.
Kalanga Hydro Pvt. Ltd. is a Public limited company registered with office of Company Registered on 2064/09/05(Registration No-49966/6465), having registered office in Lalitpur. The principal objective of the company is to explore survey, design, construct and manage power project and provides related consultancy services in Nepal. Company is developing 15.33 MW Hydro Electric Projects from Kalangagad River in Bhajang District.

c) Bungal Hydro Limited.
Bungal Hydro Pvt. Ltd. is a Public limited company registered with office of Company Registered on 2073/02/31(Registration No-150772/7273), having registered office in Lalitpur. The principal objective of the company is to explore survey, design, construct and manage power project and provides related consultancy services in Nepal. Company is developing 10.70 MW Hydro Electric Projects from Sanigad River in Bhajang District.

3. Reconciliation of differences arising due to first time adoption of NFRS:

3.1. Reconciliation of Equity as on 1st Shrawan, 2078
3.2. Reconciliation of Equity as on 1st Shrawan, 2079
3.3. Reconciliation of Statement of Profit and Loss and Other Comprehensive Incomes for the year ended 32nd Ashad 2079

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

Barun Investment Ltd.
Notes to the financial statements for the year ended 31st Ashadh, 2080

Figure in NPR

3.1. Reconciliation of Equity as on 1st Shrawan, 2078

	Note	Previously reported balance	Reconciliation	NFRS Balance
ASSETS				
Non-Current Assets				
Property, Plants and Equipments	1		-	-
Financial Assets				
Investments	2	302,443,700	-	302,443,700
Other Financial Assets	4	31,415,289	-	31,415,289
Deferred Tax Assets	6	-	2,555,155	2,555,155
Other Assets	5		-	-
Total Non-Current Assets		333,858,989	2,555,155	336,414,144
Current Assets				
Financial assets				
Cash and cash equivalents	3	432,533	-	432,533
Other Financial Assets	4		-	-
Other Assets	5		-	-
Total Current Assets		432,533	-	432,533
Total Assets		334,291,522	2,555,155	336,846,676
EQUITY AND LIABILITIES				
Equity share capital	7	307,000,000	-	307,000,000
Advance for Share	8	18,000,000	-	18,000,000
Retained Earnings		(8,517,182)	2,555,155	(5,962,027)
Total Equity		316,482,818	2,555,155	319,037,973
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Other financial liabilities	10	-	17,515,330	17,515,330
Deferred tax Liabilities	6	-	-	-
Total Non-Current Liabilities		-	17,515,330	17,515,330

Barun Investment Limited

Joshi & Bhandary
Kathmandu
Chartered Accountants

Figure in NPR

	Note	Previously reported balance	Reconciliation	NFRS Balance
Current Liabilities				
Financial Liabilities				
Other Liabilities	9		29,503	29,503
Other financial liabilities	10	17,808,703	(17,544,833)	263,870
Total Current liabilities		17,808,703	(17,515,330)	293,373
Total Liabilities		17,808,703	0	17,808,703
Total Equity and liabilities		334,291,521	2,555,155	336,846,676

Reasons for arising of differences:

a) Deferred Tax Assets

The company had not calculated any deferred tax assets previously under GAAP. But NAS 12 "Income taxes" requires the entity to calculate and recognize deferred tax assets on temporary deductible differences, unused tax losses, and unused tax credits up to the amount for which the entity will have future profits to settle against.

b) Reclassification of Financial Assets and Liabilities

The entity had previously not established proper and accurate policies to classify their financial assets and assets and liabilities as current or non-current. The difference has now arisen due to reclassification of financial liabilities, in accordance with the definition of Current and Non-current liabilities as per NAS 1.

c) Retained Earnings

The difference in retained earnings is seen due to the calculation of deferred tax expenses as per NAS 12.

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

Figure in NPR

3.2. Reconciliation of Equity as on 1st Shrawan, 2079

Barun Investment Ltd.
RECONCILIATION OF EQUITY-I
As at 1st Shrawan, 2078

Figures in NPR

	Note	Previously reported balance	Reconciliation	NFRS Balance
ASSETS				
Non-Current Assets				
Property, Plants and Equipments	1		-	-
Financial Assets				-
Investments	2	325,018,300	-	325,018,300
Other Financial Assets	4		49,724,800	49,724,800
Deferred Tax Assets	6	-	2,512,927	2,512,927
Other Assets	5		120,000	120,000
				-
Total Non-Current Assets		325,018,300	52,357,727	377,376,027
				-
Current Assets				-
Financial assets				-
Cash and cash equivalents	3	12,043	-	12,043
Other Financial Assets	4	49,657,164	(48,844,800)	812,364
Other Assets	5		-	-
				-
Total Current Assets		49,669,207	(48,844,800)	824,407
				-
				-
Total Assets		374,687,507	3,512,927	378,200,433
				-
EQUITY AND LIABILITIES				-
				-
Equity share capital	7	307,000,000	-	307,000,000
Advance for Share	8	65,500,000	-	65,500,000
Retained Earnings		(8,376,422)	2,512,927	(5,863,495)
				-
Total Equity		364,123,578	2,512,927	366,636,505
				-

Barun Investment Limited

Joshi & Bhandary
Kathmandu
Chartered Accountants

Figure in NPR

	Note	Previously reported balance	Reconciliation	NFRS Balance
Liabilities				-
Non-Current Liabilities				-
Financial Liabilities				-
Other financial liabilities	10	-	10,325,799	10,325,799
Deferred tax Liabilities	6	-	-	-
				-
Total Non-Current Liabilities		-	10,325,799	10,325,799
				-
Current Liabilities				-
Financial Liabilities				-
Other Liabilities	9		4,650	4,650
Other financial liabilities	10	10,563,928	(9,330,449)	1,233,479
				-
Total Current liabilities		10,563,928	(9,325,799)	1,238,129
				-
Total Liabilities		10,563,928	1,000,000	11,563,928
				-
Total Equity and liabilities		374,687,506	3,512,927	378,200,433

Reasons for arising of differences:

a) Deferred Tax Assets

The company had not calculated any deferred tax assets previously under GAAP. But NAS 12 "Income taxes" requires the entity to calculate and recognize deferred tax assets on temporary deductible differences, unused tax losses, and unused tax credits up to the amount for which the entity will have future profits to settle against.

b) Reclassification of Financial Assets and Liabilities

The entity had previously not established proper and accurate policies to classify their financial assets and liabilities as current or non-current. The difference has now arisen due to reclassification of Financial Assets and Liabilities, in accordance with the definition of Current and Non-current liabilities as per NAS 1.

c) Retained Earnings

The difference in retained earnings is seen due to the calculation of deferred tax expenses as per NAS 12.

Barun Investment Limited

Joshi & Bhandary
Kathmandu
Chartered Accountants

Figure in NPR

3.3. Reconciliation of Statement of Profit and Loss and Other Comprehensive Incomes for the year ended 32nd Ashad, 2079

Barun Investment Ltd.
RECONCILIATION OF STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 32nd Ashad 2079 (July 16 2022)

Figures in NPR

	Note	Previously reported balance	Reconciliation	NFRS Balance
Revenue	11	800,000	-	800,000
Cost of sales			-	-
Gross Profit		800,000	-	800,000
Other Income	11		-	-
Depreciation for the period	1		-	-
Administrative and other operating expenses	12	(659,240)	-	(659,240)
Profit from operation		140,760	-	140,760
Finance incomes			-	-
Finance costs			-	-
Profit Before Tax		140,760	-	140,760
Income Tax Expense				
Current tax	6	-	-	-
Deferred tax credit/(charge)	6	-	(42,228)	(42,228)
Profit for the period		140,760	(42,228)	98,532
Other Comprehensive Income				
Items that will not be reclassified to profit or loss in subsequent periods				
Change in revaluation of property		-	-	-
Re-measurement (losses) / gains on post-employment defined benefit plans		-	-	-
Changes in the fair value of equity investments at fair value through other comprehensive income		-	-	-
Tax relating to items that will not to be reclassified to profit or loss		-	-	-
		-	-	-

Barun Investment Limited

Joshi & Bhandary Kathmandu Chartered Accountants

Figure in NPR

	Note	Previously reported balance	Reconciliation	NFRS Balance
Items that may be reclassified to profit or loss in subsequent periods				
Changes in the fair value of debt instruments at fair value through other comprehensive income		-	-	-
Exchange gains arising on translation of foreign operations		-	-	-
Cash flow hedges		-	-	-
Tax relating to items that may be reclassified to profit or loss		-	-	-
Other comprehensive gain/(loss) for the year, net of tax		-	-	-
Total Comprehensive gain/(loss) for the year, net of tax		140,760	(42,228)	98,532

Reasons for arising of differences:

a) Deferred Tax Expenses

The company had not calculated any deferred tax expenses previously under GAAP. But NAS 12 "Income taxes" requires the entity to calculate and recognize deferred tax assets on temporary deductible differences, unused tax losses, and unused tax credits up to the amount for which the entity will have future profits to settle against.

Barun Investment Limited

Joshi & Bhandary
Kathmandu
Chartered Accountants