

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
SAMUDAYIK LAGHUBITTA BITTIYA SANSTHA LIMITED**

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Samudayik Laghubitta Bittiya Sanstha Limited (Microfinance) which comprises the statement of financial position as at Ashad 32,2082 (16th July 2025), the statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereafter referred to as "the Financial Statements").

In our opinion, to the best of our information and according to the explanation given to us, the aforesaid Financial Statements present fairly, in all material respects, the financial position of the Microfinance as at Ashad 32, 2082 (16 July, 2025) and its financial performance, the changes in equity and cash flow for the year then ended and summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards with allowed carveouts, comply with Company Act, 2063 and Bank and Financial Institution Act 2073.

Basis of Opinion

We conducted our audit of the financial statements 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 Microfinance in accordance with the Handbook of Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nepal (ICAN) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of code of ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters: Our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How Key Audit Matters were Addressed
Information Technology (IT) System The information technology of the microfinance involves a large number of IT system that are used to process and record a large volume of transactions in the Microfinance's activities.	Our audit approach regarding Information Technology of the microfinance included We conducted the detail understanding and testing regarding the existing

[Signature]



<p>As a result, Microfinance's financial accounting and recording procedure places a significant level of reliance and rely on such IT systems.</p> <p>Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data as required completely, accurately and consistently for reliable financial reporting.</p> <p>Due to the importance of the impact of IT systems and related control environment on the Microfinance's financial reporting process, we have identified testing of such IT systems and related control environment as a key audit matter.</p>	<p>system via enquiry, re-performance and inspection to the extent of our knowledge.</p> <ul style="list-style-type: none"> a. Verification of Loans and Advances impairment based on ageing on a test check basis from the available software. b. Reviewed the various reports generated by the system on a sample basis and the accuracy and reliability of the generated reports from the systems c. Verified Interest income and expenses booking for loan and deposits using the Microfinance's system on test basis whether the sample provided the accurate results.
<p>Impairment of Loan and Advances</p> <p>As per the Directive of Microfinance shall measure the impairment loss on loan and advances at the higher of</p> <ul style="list-style-type: none"> a. Amount derived as per norms prescribed by Nepal Rastra Bank for loan provisioning; and b. Amount as per Incurred Loss Model (Individual and Collective impairment loss) as per NFRS 9 <p>As per the norms prescribed by the NRB provision at prescribed rate should be created on loan and advances based on the classification of loans and receivables as well as status of loans and receivables. As per NFRS, impairment of loans and advances should be made for individual impairment as well as for collective impairment. Individually significant loans and advances should be assessed for individual impairment and collectively impairment for homogeneous group of loans. For collective assessment, the collective impairment loss is measured as the difference between the present value of estimated future cash flows discounted at the loan's original effective interest rate and its carrying amount less the individual collective impairment. Loss is measured based on historical loss experience for assets with credit risk characteristics similar to those in the group. Management considers current credit condition and other relevant factors to ensure that the loss experience is appropriate. Where impairment loss is less than that suggested by NRB norms, the higher amount should be taken.</p> <p>The assessment of impairment of loans and advances under incurred loss model requires assessment of future cash flows as well as historical loss experiences of the portfolios. However, NRB norms for Loan loss Provisioning will</p>	<p>Our audit approach regarding verification of impairment of loans and advances included:</p> <ul style="list-style-type: none"> a. Review of the overdue status of the loans and advances by obtaining the data from the system and matched the same with NRB 2.2 report. b. Sample credit files were reviewed, among other things, from the perspective of the utilization of loans and advances for intended purpose by way of account scrutiny. c. Expected future cash flows from the individually significant loans and advances with indication of impairment are assessed on the basis of realizable value of collateral security based on management estimate. d. Grouping of homogeneous groups of loans was assessed on the basis of nature and purpose of loans and data of historical loss experience in portfolios are assessed on the basis of past due data from the system as well as data of loan loss provisions of the defined group in the past.

[Handwritten Signature]



require assessment of overdue status of loans for intended purpose. Higher assessment of availability and accuracy of required data for impairment of loans and advances under incurred loss model as well as NRB provisioning norms is regarded as key audit matters.	
--	--

Emphasis of Matters

Without qualifying our opinion, we draw attention to 4.21 of Notes to the Financial Statements, that for Gratuity, the liability to be recognized in the statement of the financial position is the present value of the defined benefit obligation less the fair value of the plan assets. The microfinance accounts for the liability for the gratuity as per the management calculation and reported the same in the financial statements. Likewise, the company has contributed @ 8.33% of the basic salary as gratuity as per the provisions of existing bylaws of the organization. The Microfinance has not applied the Actuarial for computing provision and liabilities for Gratuity.

Likewise, the microfinance has computed provision and liabilities for leave without considering Actuarial Valuation.

Other Information

Management is responsible for other information. The other information comprises the information included in the Annual Report and Report of Board of Directors, but does not include the financial statements and our auditor's report thereon.

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 statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, if we conclude that there is material misstatement of the other information, we are required to report that fact, we have nothing to report on in this regard.

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 Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Microfinance's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Microfinance or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Microfinance'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 statement as a whole are free from material misstatement, 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 the NSAs 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.

As a part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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 on the effectiveness of the microfinance's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the microfinance's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the microfinance to cease to continue as a going concern; and
- Evaluate the overall presentation, structure, content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair representation.

We communicate 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 provide those charge with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Report on Other Legal and Regulatory Requirements

Based on the examination of the financial statements aforesaid, we report that,

- a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b) The accounts and records of the Microfinance have been maintained as required by law and practice in a manner to reflect the real affairs of the Microfinance.
- c) The Statement of Financial Position, Income Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Microfinance.
- d) The minimum Capital Fund to be maintained as required by directions of NRB has not been maintained by the Microfinance. The Capital Fund has been reported as 6.12% of Risk Weighted Assets whereas minimum Capital Fund required is 8% of Risk Weighted Assets.
- e) In our opinion and to the best of our information and according to explanation given to us, the Board of Directors, the representative or any employee of the microfinance has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the microfinance deliberately or acted in a manner that would jeopardized the interest and security of the microfinance and the business of the microfinance appears to have been conducted satisfactorily other than if any that has been disclosed by the management.



.....
Jagadishwor Devkota, FCA
Proprietor
J.D. Associates
Chartered Accountants



Place: Kathmandu, Nepal

Date: 2082-09-16

UDIN: 260101CA006053kNAU

SAMUDAYIK LAGHUBITTA BITTIYA SANSTHA LIMITED
Banepa, Kavrepalanchok

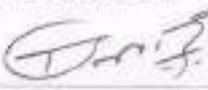
Statement of Financial Position
As on 31st Ashad 2082

Particular	Notes	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Cash & Cash Equivalent	4.1	134,391,802.32	120,690,687.67
Statutory Balances and Due from Nepal Rastra Bank	4.2	-	-
Placement with Banks & Financial Institutions	4.3	23,000,000.00	100,000,000.00
Derivative Financial Instruments	4.4	-	-
Other Trading Assets	4.5	-	-
Loan and Advances to MFIs & Cooperatives	4.6	-	-
Loan & advances to customers	4.7	1,819,075,281.37	1,117,490,577.82
Investment Securities	4.8	1,000,000.00	1,000,000.00
Current Tax Assets	4.9	3,682,330.94	2,715,333.28
Investment Property	4.10	-	-
Property and Equipment	4.11	14,325,345.17	7,195,845.92
Goodwill and Intangible assets	4.12	750,867.00	-
Deferred tax assets	4.13	7,115,919.43	16,362,018.00
Other assets	4.14	23,957,025.25	5,221,454.90
Total Assets		2,027,308,551.48	1,370,875,717.62
Liabilities			
Due to Bank & Financial Institutions	4.15	-	-
Due to Nepal Rastra Bank	4.16	-	-
Derivative Financial Instrument	4.17	-	-
Deposits from Customers	4.18	711,205,392.33	559,313,660.33
Borrowing	4.19	1,075,117,563.30	497,599,023.00
Current Tax Liabilities	4.9	-	6,126,883.00
Provisions	4.20	20,708,214.32	3,027,949.12
Deferred Tax Liabilities	4.13	-	-
Other liabilities	4.21	44,005,230.07	75,036,947.52
Debt Securities issued	4.22	-	-
Subordinated Liabilities	4.23	-	-
Total Liabilities		1,851,937,400.02	1,143,103,462.97
Equity			
Share Capital	4.24	170,805,000.00	145,200,000.00
Share Premium		-	-
Retained Earnings		(104,144,403.88)	(5,819,697.00)
Reserves	4.25	108,710,556.14	88,391,951.74
Total Equity		175,371,151.46	227,772,254.74
Total Liabilities & Equity		2,027,308,551.48	1,370,875,717.71
Contingent Liabilities and Commitment	4.26	-	-
Net assets value per share		102.67	156.87

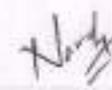
Accompanying notes are integral part of these financial statements

As per our report of even date

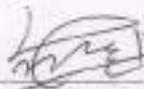

Sumen Maharjan
Senior Manager
Finance Department


Dip Kumar Pokharel
Chief Executive Officer

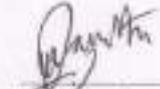



Nanda Kumar Manahan
Chairman

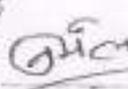

S.A. Jagdishwar Devkota
Chartered Accountants


Rajeshor Adhikari
Director


Kishor Bhai Bajracharya
Director


Kripa Ram Shrestha
Director


Nabin Sharma
Director


Nirmala Nepal
Director



Date: December 31, 2025
Place: Kavrepalanchok

SAMUDAYIK LAGHUBITTA BITTIYA SANSTHA LIMITED

Banepa, Kavrepalanchok

Statement of Profit or Loss

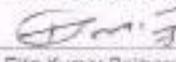
For the period from 1st Shrawan 2081 to 32nd Ashad 2082

Particular	Notes	32nd Ashad 2082	31st Ashad 2081 Restated
Interest Income	4.27	251,953,549.14	203,394,773.26
Interest Expense	4.28	(129,676,813.59)	(108,748,475.00)
Net Interest Income		122,276,735.55	94,646,298.26
Fees & Commission Income	4.29	20,380,944.60	16,343,892.04
Fees & Commission Expense	4.30	(12,289.04)	(26,884.45)
Net Fee & Commission Income		20,378,655.56	16,315,007.59
Net Interest, Fee & Commission Income		142,655,391.11	110,961,304.85
Net Trading Income	4.31	(505,318.83)	-
Other Operating Income	4.32	446,412.34	-
Total Operating Income		142,596,484.62	110,961,304.85
Impairment (Charge)/ reversal for loans & other losses	4.33	(53,286,424.18)	(18,736,908.60)
Net Operating Income		89,310,060.44	92,225,396.25
Personnel Expenses	4.34	(93,093,722.93)	(82,025,669.76)
Other Operating expenses	4.35	(38,527,405.28)	(25,559,904.73)
Depreciation & Amortization	4.36	(3,007,863.29)	(2,236,055.08)
Operating Profit		(45,318,931.05)	(17,599,233.32)
Non Operating Income	4.37	35,000.00	-
Non Operating Expense	4.38	-	-
Profit before Income Tax		(45,283,931.05)	(17,599,233.32)
Income Tax Expense:	4.39	(5,614,338.57)	(3,864,454.00)
Current tax			
Deferred tax		(5,614,338.57)	(3,864,454.00)
Profit for the year		(50,898,269.62)	(21,463,687.32)
Profit attribute to:			
Equity holder of the Financial Institution		(50,898,269.62)	(21,463,687.32)
Profit for the year		(50,898,269.62)	(21,463,687.32)
Earnings per share			
Basis EPS		(29.80)	(12.57)
Diluted EPS		(29.80)	(12.57)

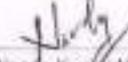
Accompanying notes are integral part of these financial statements

As per our report of even date.


Suman Maharjan
Senior Manager
Finance Department

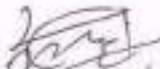

Dip Kumar Pokharel
Chief Executive Officer



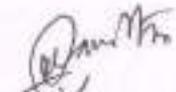

Nanda Kumar Maharjan
Chairman


CA Jagdishwar Devkota
For J.D. Associates
Chartered Accountants

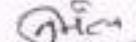



Ramesh Adhikari
Director


Kishor Bhai Baracharya
Director


Puspa Ram Shrestha
Director


Nabin Shama
Director


Nirmla Nepal
Director

Date: December 31, 2025

Place: Kavrepalanchok

SAMUDAYIK LAGHUBITTA BITTIYA SANSTHA LIMITED
Banepa, Kavrepalanchok

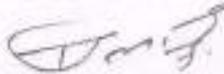
Statement of Comprehensive Income
For the period from 1st Shrawan 2081 to 32nd Ashad 2082

Particular	Notes	32nd Ashad 2082	31st Ashad 2081 Restated
Net profit for the year		(50,898,269.62)	(21,463,687.32)
Other comprehensive income			
a) Items that will not be reclassified to profit or loss			
Gains/(losses) from investments in equity instruments measured at fair value		-	-
Gains/(losses) on Revaluation		-	-
Actuarial gains/(losses) on defined benefit plans		-	-
Income tax relating to above items		-	-
Net other comprehensive income that will not be reclassified to profit or loss		-	-
b) Items that are or may be reclassified to profit or loss			
Gains/(losses) on cash flow hedge		-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)		-	-
Income tax relating to above items		-	-
Reclassify to profit or loss		-	-
Net other comprehensive income that are or may be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of income tax		-	-
Total Comprehensive income for the year		(50,898,269.62)	(21,463,687.32)
Total comprehensive income for the period		(50,898,269.62)	(21,463,687.32)

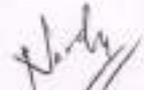
Accompanying notes are integral part of these financial statements

As per our report of even date


Suman Maharjan
Senior Manager
Finance Department

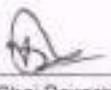

Dilip Kumar Pokharel
Chief Executive Officer

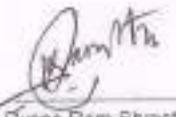



Nanda Kumar Maharjan
Chairman

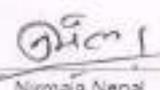

CA. Jagdishwor Devkota
For J.D. Associates
Chartered Accountants


Rajeshor Adhikari
Director


Kishor Bhai Bajracharya
Director


Puspa Ram Shrestha
Director


Nabin Sharma
Director


Nirmla Nepal
Director



Date: December 31, 2025
Place: Kavrepalanchok

SAMUDAYIK LAGHUBITTA BITTIYA SANSTHA LIMITED
Barepa, Kavrepalanchok

Statement of Cash Flows
For the period from 1st Shrawan 2081 to 32nd Ashad 2082

Particular	Notes	32nd Ashad 2082	31st Ashad 2081 Restated
Cash flow from operating activities			
Interest received		251,953,549.14	203,394,773.25
Fees and other income received		20,378,605.56	16,343,892.04
Dividend received			
Receipts from other operating activities		(74,060.49)	-
Interest expenses		(129,576,813.59)	(98,749,269.00)
Commission and fees paid			
Cash payment to employees		(93,093,722.93)	(82,025,889.76)
Other expense paid		(38,492,405.28)	(26,827,677.06)
Operating cash flows before changes in operating assets and liabilities		10,995,202.41	12,136,049.48
(Increase)/Decrease in operating assets		(368,885,388.83)	(280,196,875.37)
Due from Nepal Rastra Bank			
Placement with bank and financial institutions		(3,000,000.00)	80,000,000.00
Other trading assets		(2,031,162.23)	
Loan and advances to bank and financial institutions			
Loans and advances to customers		(387,942,506.07)	(320,794,071.67)
Other assets		4,088,279.47	(39,404,803.70)
Increase/(Decrease) in operating liabilities		362,782,613.87	285,692,056.65
Due to bank and financial institutions			
Due to Nepal Rastra Bank			
Deposit from customers		130,254,030.90	21,637,701.10
Borrowings		304,596,588.30	272,921,952.00
Other liabilities		(72,068,005.33)	(8,867,602.45)
Net cash flow from operating activities before tax paid		4,892,427.45	17,629,224.76
Income taxes paid			(7,062,718.00)
Net cash flow from operating activities		4,892,427.45	10,566,506.76
Cash flow from investing activities			
Purchase of investment securities			
Receipts from sale of investment securities			
Purchase of property and equipment		(5,333,941.91)	(1,254,788.29)
Receipt from the sale of property and equipment			
Purchase of intangible assets		(913,040.00)	
Receipt from the sale of intangible assets			
Purchase of investment properties			
Receipt from the sale of investment properties			
Interest received			
Dividend received			
Net cash flow from investing activities		(6,246,981.91)	(1,254,788.29)
Cash flow from financing activities			
Receipt from issue of debt securities			
Repayment of debt securities			
Receipt from issue of subordinated liabilities			
Repayment of subordinated liabilities			
Receipt from issue of shares			25,605,000.00
Dividends paid			
Interest paid			
Other receipt/payment		(1,847,743.90)	4,780,694.94
Net cash flow from financing activities		(1,847,743.90)	30,391,694.94
Net increase (decrease) in cash and cash equivalents		(3,202,298.36)	39,703,413.01
Cash and cash equivalents at Shrawan 1		160,594,100.68	120,890,687.67
Effect of exchange rate fluctuations on cash and cash equivalents held			
Cash and cash equivalents at Ashad end		157,391,802.32	160,594,100.68

As per our report of even date


Suman Maharjan
Senior Manager
Finance Department


Dip Kumar Pokharel
Chief Executive Officer




Nanda Kumar Maharjan
Chairman


C.A. Jagdishwar Dewkota
D. Associates
Chartered Accountants


Rajendra Prasad Koiri
Director


Bishu Bishu
Director


Prakash Ram Shrestha
Director


Nanda Kumar
Director


Nanda Kumar
Director



Date: December 31, 2025
Place: Kavrepalanchok

SAMUDAYK LAGHUBITTA BITTIYA SANSTHA LIMITED
Bareilly, Nawarपाल्चोक

Statement of Changes in Other Equity
For the period from 1st Shrawan 2081 to 31st Ashad 2082

Particulars	Capital Reserve Fund	Deferred Tax Reserve	Client Protection Fund	Corporate Social Responsibility Fund	Other reserve fund	Loan Restructured/Rescheduled Fund	Employee Training Fund	Investment Adjustment Reserve	Total
Balance at Shrawan 1, 2080		7,191,094.00	29,071,727.05	306,445.00		26,975,789.00	1,324,022.00		64,869,077.05
Adjustment/Restatement		(7,191,094.00)							(7,191,094.00)
Adjusted/Restated balance at Shrawan 1, 2080			29,071,727.05	306,445.00		26,975,789.00	1,324,022.00		57,677,983.05
Adjustment/Restatement Due to merger	4,395,000.00		19,584.00	19,584.00	2,208,456.84		3,520.00		6,646,544.84
Other Adjustment			1,032,995.60	(184,489.22)					1,032,995.60
Expenditure from fund									(184,489.22)
Transfer from OCI									
Transfer from retained earning during the year									
Transfer to retained earning during the year									
Balance at Ashad end 2081	4,395,000.00		30,124,306.65	141,529.78	2,208,456.84	21,721,208.00	1,327,942.00		59,918,443.27
Balance at Shrawan 1, 2081	4,395,000.00		30,124,306.65	141,529.78	2,208,456.84	21,721,208.00	1,327,942.00		59,918,443.27
Contributed during the year			974,703.07			(5,264,581.00)			(5,264,581.00)
Transfer from OCI									
Transfer from retained earning during the year									
Expenditure from Fund during the year									
Transfer to retained earning during the year									
Balance at Ashad end 2082	4,395,000.00		28,617,450.96	141,529.78	2,208,456.84	(7,171,208.00)	1,327,942.00		36,690,379.58

Accompanying notes are integral part of these financial statements


Suman Maharjan
Senior Manager
Finance Department


Dilip Kumar Pokharel
Chief Executive Officer

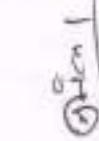



Nanda Kumar Maharjan
Chairman


CA Jagdishwar Devkota
For J D Associates
Chartered Accountants




Nabin Sharma
Director


Nirmita Nepal
Director


Kishor Bhai Bajracharya
Director


Purna Ram Shrestha
Director

Date: December 31, 2025
Place: Nawarपाल्चोक

SAMUDAYIK LAGHUBITTA BITTIYA SANSTHA LIMITED
Banepa, Kavrepalanchok

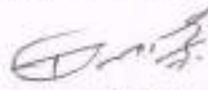
Statement of Distributable Profit or Loss
For the year ended 32 Ashadh 2082
(As Per NRB Regulation)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Net Profit or (loss) as per Statement of Profit or Loss	(50,898,269.62)	(21,463,887.32)
Appropriations:		
a. General Reserve	-	-
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate Social Responsibility fund	-	-
e. Employees Training Fund	-	-
f. Client Protection fund	-	-
j. Other	-	-
Profit or (loss) before regulatory adjustment	(50,898,269.62)	(21,463,887.32)
Regulatory adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	(13,016,888.23)	(20,781,704.67)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	-	-
e. Deferred tax assets recognized (-)/ reversal (+)	(7,115,919.43)	-
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	-	-
i. Other (+/-)	-	(12,024,026.41)
Adjustment due to merger	-	-
Loan Restructure Writeback Fund	21,721,208.00	5,254,581.00
Net Profit for the year end 2082 Ashadh available for distribution	(49,309,869.28)	(49,014,837.40)
Opening Retained Earning as on Shrawan 1, 2081	(54,834,534.40)	(5,819,697.00)
Adjustment (+/-)	-	-
Distribution :		
Bonus shares issued	-	-
Cash Dividend Paid	-	-
Total Distributable profit or (loss) as on year end date	(104,144,403.68)	(54,834,534.40)

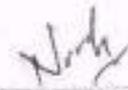
Accompanying notes are integral part of these financial statements

As per our report of even date

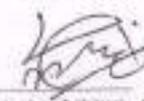

Sumat Maharjan
Senior Manager
Finance Department


Drip Kumar Pokharel
Chief Executive Officer




Nanda Kumar Maharjan
Chairman

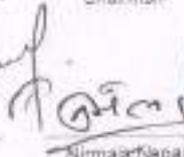

CA Jagdishwar Devkota
FAR.D. Associates
Chartered Accountants


Rajeshor Achikari
Director


Kishor Bhar Bajracharya
Director


Kusum Ram Sheetha
Director


Nabin Sharma
Director


Nirman Nepal
Director



Date: December 31, 2025
Place: Kavrepalanchok

Samudayik Laghubitta Bittiya Sanstha Limited
Notes to the Financial Statements
For the Year Ended 32nd Ashadh 2082 (16th July, 2025)

Reporting Entity

Samudayik Laghubitta Bittiya Sanstha Limited was registered at Office of Company Registrar as Public Limited Company on 2070/03/28 with registration number of 114029/069/070. Samudayik Laghubitta Bittiya Sanstha Limited "the Microfinance" or "the Company" obtained license from Nepal Rastra Bank as 'D' class level financial institution. Samudayik provides credit and technical support services to member. It provides various development programs to ensure access to microfinance services for the poor and small farmers across the country.

Samudayik Laghubitta Bittiya Sanstha Limited operates its business from its corporate office at Banepa, Kavreplanchok. It has 46 branch offices in 16 districts (All districts of Bagmati Province and 5 districts of Koshi Province (Bhojpur, Shankhuwasabha, Khotang, Solukhumbu and Okhaldhunga) in Nepal.

Authorized capital is NPR 22,00,00,000 and Issued Capital of entity is NPR 17,08,05,000 (Shares of NPR 100 each) and Paid-up capital is also NPR 17,08,05,000 (shares of NPR 100 each). The shareholder composition of the microfinance (as of 2082-03-32) is presented in Note 4.24.

1. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented including the presentation of the Opening NFRS Statement of Financial Position as at 31st Ashad 2080 unless specified.

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown in two separate statements, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Accounts. The significant accounting policies applied in the preparation of financial statements are set out below in point number 3. These policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2. Statement of Compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as adopted by the Accounting Standards Board (ASB) – Nepal. The financial statements have been prepared on the going concern basis.

[Handwritten signatures and stamps]

Page 1 of 72

These financial statements for the year ended 32nd Asadh, 2082 are the first time the company has prepared its financial statements under NFRS. For all periods and including the year ended 31 Asadh, 2081, the company prepared its financial statements in accordance with earlier issued Nepal Accounting Standards and Nepal Rastra Bank's Directives to D Class Microfinances (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in Nepal immediately before adopting NFRS. The financial statements for the year ended 31st Asadh 2081 and the Opening Statement of Financial Position as at 31st Ashad 2080 have been restated in accordance with NFRS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to NFRS on the company's Statement of Financial Position, Statement of Profit or Loss, Statement of Total Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows are provided in Note 5. The financial statement comprises the Statement of Financial Position, Statement of Profit or Loss, Statement of Total Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and Notes comprising summary of significant accounting policy and other explanatory notes. The significant accounting policies applied in the preparation of financial statements are set out below in point number 5. These policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically. Samudayik Laghibitta Bittiya Sanstha Limited presents its statement of financial position broadly in order of liquidity, an analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) is presented in the respective notes.

2.1 Reporting Period and Approval of financial statements

Reporting Period is a period from the first day of Shrawan (mid-July) of any year to the last day of Ashadh (mid-July) of the next year as per Nepalese calendar.

The current year period refers to 1st Shrawan 2081 to 32nd Ashadh 2082 as per Nepalese Calendar corresponding to 16th July 2024 to 16th July 2025 as per English Calendar and corresponding previous year period is 1st Shrawan 2080 to 31st Ashadh 2081 as per Nepalese Calendar corresponding to 16th July 2023 to 15th July 2024 as per English Calendar.

Relevant Financial Statement	Nepalese Calendar Date/ Period	English Calendar Date/ Period
Opening NFRS SFP* date	2080/03/31	15-Jul-2023
Previous year SFP date	2081/03/31	15-Jul-2024
Previous year reporting period	2080/04/01 – 2081/03/31	16-Jul-2023 – 15-Jul-2024
First NFRS SFP date	2082/03/32	16-Jul-2025
First NFRS reporting period	2081/04/01 – 2082/03/32	16-Jul-2024 – 16-Jul-2025




Accompanied financial statements have been adopted by the Board of Directors on its meeting 31 Dec, 2025 and have been recommended for approval by shareholders in the Annual General Meeting. Samudayik Laghubitta Bittiya Sanstha prepared its financial statements in accordance with the requirements of Nepal Financial Reporting Standards.

2.2 Functional and presentation currency

The financial statements are presented in Nepalese Currency (NPR) (rounded to the nearest paisa unless otherwise stated), which is the company's functional currency. Samudayik Laghubitta Bittiya Sanstha determines the functional currency and items included in the financial statements are measured using that functional currency.

3 Use of Estimates, assumptions and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable estimates and underlying assumptions are reviewed on an ongoing basis. Information about assumptions, estimates and judgement used in preparation of financial statements that have a significant risk of resulting in a material adjustment within the next financial year are:

- Key assumptions used in discounted cash flow projections.
- Measurement of defined benefit obligations.
- Provisions, commitments and contingencies.
- Determination of net realizable value.
- Determination of useful life of the property, plants and equipment.
- Assessment of ability to continue as going concern.
- Determination of fair value of financial instruments; and property and equipment.
- Impairment of financial and non-financial assets.
- Assessment of current as well as deferred tax.

4 Changes in Accounting policies

Entity has consistently applied the accounting policies to all periods presented in these financial statements except for new or revised statements and interpretations implemented during the year. The nature and effect of new standards and interpretations are discussed in note that follows.

4.1 New Standard and Interpretation not adopted:

The financial statement is prepared in compliance with all the standards that are issued and adopted by Accounting Standard Board of Nepal and NFRS 9 in respect of Expected Credit Loss Model.

4.2 Discounting

Discounting has been applied where assets and liabilities are non-current where the impact of the discounting is material.

5 Significant Accounting Policies

The principal accounting policies applied by entity in the preparation of these financial statements are presented below. These policies have been consistently applied to all the years presented unless stated otherwise.

5.1 Basis of Measurement

The financial statements are prepared on the historical-cost basis except for the required material items in the statement of financial position where it has been disclosed as measured at fair value or otherwise.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The estimates and judgements used in the preparation of the financial statements are continuously evaluated by entity. Any revision to accounting estimates are recognized prospectively in the period in which the estimates are revised and in the future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in notes that follow. •

6 Cash and Cash Equivalents

The fair value of Cash and Cash Equivalents is the carrying amount. Cash and Cash Equivalents represent the amount of cash in hand, balances with other bank and financial institutions, money at short notice and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their value and used by ENTITY in the management of short-term commitment.

The bottom section of the page contains several handwritten signatures and two circular stamps. The stamps are from the Institute of Accountants, Nepal, and the Chartered Accountants Association, Nepal. The signatures are in black ink and appear to be of various individuals, some with names written above them.

7 Financial assets and financial liabilities

Recognition

The Microfinance initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. Entity initially recognize loans and advances and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the microfinance becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which Entity commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date. All financial assets and liabilities are initially recognized at their cost value and are subsequently presented as per NFRS based on the respective classification.

Classification

i. Financial Assets

The Microfinance classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Microfinance's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The two classes of financial assets are as follows:

1. Financial assets measured at amortized cost

The Microfinance classifies a financial asset measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order 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.

2. Financial asset measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

a) Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

The bottom section of the page contains several handwritten signatures in black ink. There are two circular official stamps: one on the left with a scale of justice and the text 'J.D. ASSURANCE & ACCOUNTS' and 'Nepal', and another on the right with the text 'J.D. ASSURANCE & ACCOUNTS' and 'Nepal'. The page number 'Page 5 of 72' is printed at the bottom center.

b) *Financial assets at fair value through other comprehensive income*

Investment in an equity instrument that is not held for trading and at the initial recognition, the Microfinance makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

ii. **Financial Liabilities**

The Microfinance classifies the financial liabilities as follows:

a) *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss

b) *Financial liabilities measured at amortized cost*

All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest method.

Measurement

Financial assets at FVTOCI

On initial recognition, the Microfinance can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Fair Value Reserve'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

[Handwritten signatures and stamps]



Page 6 of 72

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognized in Statement of Profit and Loss when the Microfinance's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in Statement of Profit and Loss are included in the 'Net Trading Income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Microfinance irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortized cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial liabilities at FVTPL

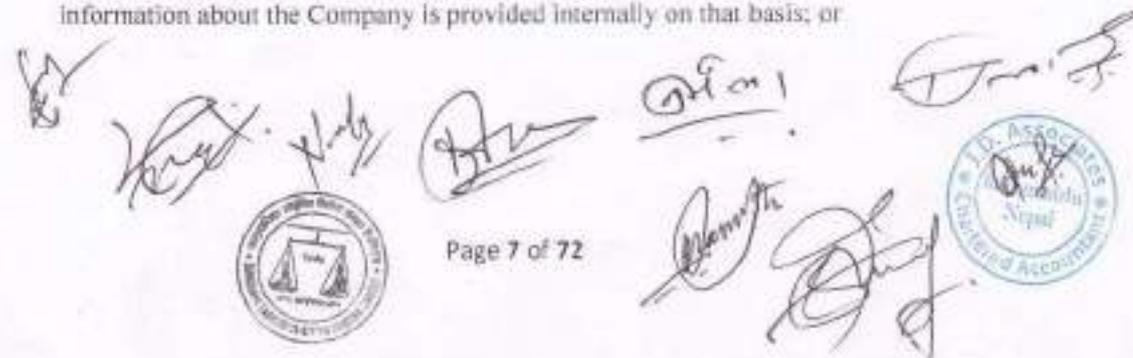
Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or


 The bottom of the page contains several handwritten signatures in black ink. There are two circular stamps: one on the left with a scale of justice and the text 'THE ACCOUNTING AND FINANCIAL STANDARDS BOARD OF KENYA', and one on the right with the text 'J. D. ASSOCIATES & CO. Chartered Accountants'. The page number 'Page 7 of 72' is printed in the center.

- it forms part of a contract containing one or more embedded derivatives, and NFRS 9 permits the entire combined contract to be designated as at FVTPL in accordance with NFRS 9

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in Statement of Profit and Loss. The net gain or loss recognized in Statement of Profit and Loss incorporates any interest paid on the financial liability.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognized in Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to Statement of Profit and Loss.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Interest Expenses' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

De-recognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or where the Microfinance has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Microfinance has retained control, the assets continue to be recognized to the extent of the Microfinance's continuing involvement.

Financial liabilities are derecognized when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires.

Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which ENTITY has access at that

Handwritten signatures and stamps are present at the bottom of the page. On the left, there are several handwritten signatures. In the center, there is a circular stamp of the Institute of Chartered Accountants of Nepal (ICAN) with a signature over it. To the right of the ICAN stamp, there is another handwritten signature and a circular stamp of the Institute of Chartered Accountants of Nepal (ICAN) with a signature over it. The text "Page 8 of 72" is printed in the center of the bottom section.

date. The fair value of a liability reflects its non-performance risk.

The fair value measurement hierarchy is as follows:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

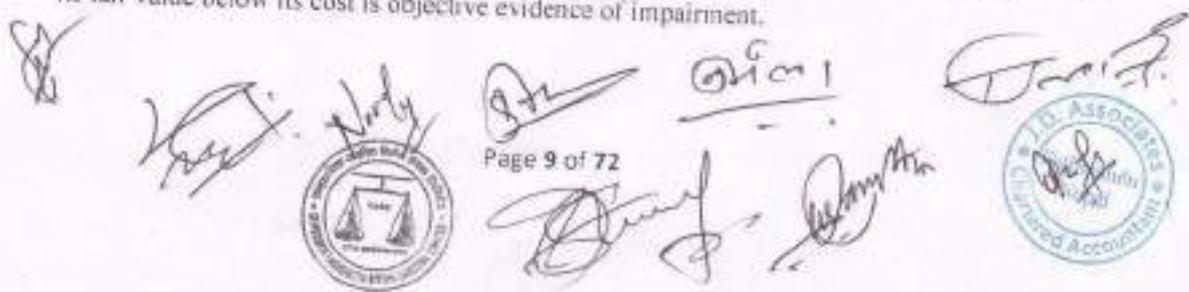
Level 3 portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Microfinance determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability (Level 01 valuation) nor based on a valuation technique that uses only data from observable markets (Level 02 valuation), then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out. In case the fair value is evidenced by a quoted price in an active market for an identical asset or liability (Level 01 valuation), the difference between the transaction price and fair value is recognized in profit or loss immediately.

Impairment

At each reporting date, the Microfinance assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by ENTITY on terms that ENTITY would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The bottom of the page features several handwritten signatures and two circular stamps. The stamps are for 'J.L. ASSOCIATES & Co. Chartered Accountants' and 'Nedy'. The page number 'Page 9 of 72' is printed in the center.

In case of financial difficulty of the borrower, ENTITY considers to restructure loans. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the EIR method and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

Impairment of financial assets measured at amortized cost

The Microfinance considers evidence of impairment for loans and advances measured at amortized cost at both specific asset and collective level. ENTITY first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed on collectively.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

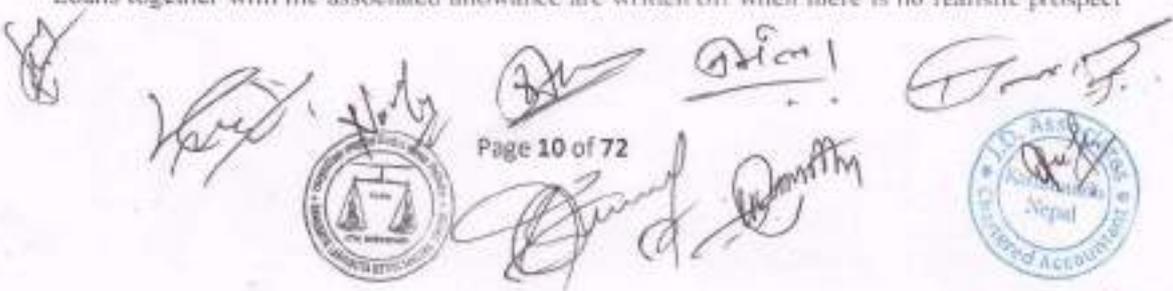
All individually significant loans and advances measured at amortized cost found not to be specifically impaired and those that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

All individually significant loans and advances are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

Impairment of loans and advances portfolios are based on the judgments in past experience of portfolio behavior. In assessing collective impairment, the Microfinance uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Loans together with the associated allowance are written off when there is no realistic prospect

The bottom of the page features several handwritten signatures and two circular stamps. The stamps are from the Institute of Cost Accountants of Nepal. The text 'Page 10 of 72' is printed in the center of the signature area.

of future recovery and all collateral has been realized or has been transferred to the Microfinance. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is recognized in the 'Net Operating Income'.

Impairment of investment in equity instrument classified as fair value through other comprehensive income

Objective evidence of impairment of investment in an equity instrument is a significant or prolonged decline in its fair value below its cost. Impairment losses are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and the current fair value, less any impairment loss recognized previously in profit or loss.

8 Trading Asset:

Financial assets are classified as trading assets (held for trading) if they have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. They are recognized on trade date, when the bank enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transaction costs taken to profit or loss. Subsequent changes in their fair values are recognized in profit or loss.

9 Property and Equipment

a) Recognition and Measurement

Property and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Microfinance and the cost of the asset can be reliably measured. The cost includes expenditures that are directly attributable to the acquisition of the assets. Cost of self-constructed assets includes followings:

- Cost of materials and direct labour;
- Any other cost directly attributable to bringing the assets to the working condition for their intended use; and
- Capitalized borrowing cost.



b) **Depreciation-Rate applied is charged as per NAS-16**

Property, plant and equipment are depreciated from the date they are available for use, on straight line method over estimated useful lives as determined by the Management. Depreciation is recognized in profit or loss. Charging of depreciation is ceased from the earlier of the date from which the asset is classified as held for sale or is derecognized.

For assets purchased/sold during the year, depreciation is provided up to the date of use on pro-rata basis.

<i>Assets</i>	<i>Useful Life</i>
<i>Computer & Accessories</i>	4 Years
<i>Furnishing</i>	4 Years
<i>Furniture and Fixtures</i>	4 Years
<i>Office Equipment</i>	4 Years
<i>Plant & Machinery</i>	7 Years
<i>Other Assets</i>	7 Years
<i>Vehicle</i>	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The value of the assets fully depreciated but continued to be in use is considered not material.

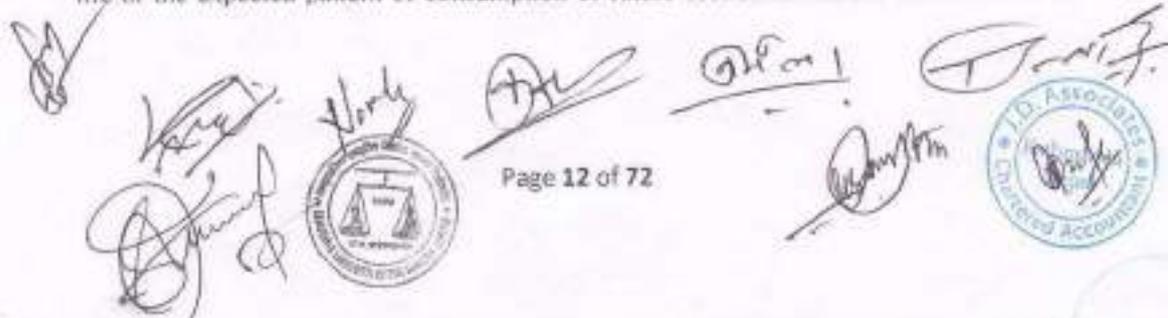
At each reporting date, assets are also assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately to the recoverable amount.

10 **Goodwill Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The intangible asset with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset

The bottom of the page features several handwritten signatures in black ink. To the right, there is a circular blue stamp with the text "J.D. ASSOCIATES & PARTNERS Chartered Accountants" around the perimeter and a signature in the center. Below the signatures, the text "Page 12 of 72" is printed.

are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Certain computer software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant benefits expected to flow therefrom for a period longer than one year.

The estimated useful lives of significant items of intangible assets for current year and comparative periods are as follows:

Class of Assets	Useful Life
Computer software	5 Years

11 Investment Property:

Investment properties are land or building or both other than those classified as property and equipment under NAS 16 – “Property, Plant and Equipment”; and assets classified as non-current assets held for sale under NFRS 5 – “Non-Current Assets Held for Sale and Discontinued Operations”. Land and Building acquired as non-banking assets are recognized as investment property.

Investment properties are initially measured at cost, including transaction costs. Subsequently all investment properties are reported at fair value with any gains or losses in fair value reported in the statement of profit and loss as they arise. No depreciation is charged in investment property as they are not intended for the owner-occupied use.

12 Income Tax

The Microfinance is subject to tax laws of Nepal. Income taxes have been calculated as per the provisions of the Income Tax Act, 2058. Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

Current Tax

Current tax is the amount of tax payable based on the taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws

used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rate applicable to the Bank as at the reporting date which is expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax relating to items which are charged or credited directly to equity, is credited or charged directly to equity and is subsequently recognized in the statement of profit or loss together with the deferred gain or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

13 Deposits, debt securities issued and subordinated liabilities

Institution's deposits consist of money placed into the Institution by its customers. These deposits are made to deposit accounts such as fixed deposit accounts, savings accounts, margin deposit accounts, call deposit accounts and current accounts. Details and further disclosures about deposits have been explained in Note that follows. Entity has no deposits for the years presented.

14 Provision

Provisions are recognized when the Microfinance has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as asset if it is virtually certain that

Page 14 of 72

reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for contingent liabilities is made where there is:

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

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.

Commitments- Where the Microfinance has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not and the Microfinance has not made payments at the reporting date, those instruments are included in these financial statements as commitments.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Microfinance from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

15 Revenue Recognition

Revenue comprises of interest income, fees and commission. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Microfinance and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The bases of incomes recognition are as below:

Interest income

Interest income is recognized in profit or loss using effective interest method. Effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of financial asset or liability to the carrying amount of the asset or liability. The transaction costs include incremental costs that are directly attributable to the acquisition or issue of financial assets.

Interest income presented in statement of profit or loss includes Interest income on financial assets measured at amortized cost calculated on an effective interest rate method considering the cash flow throughout the period of respective loan investment. These financial assets include loans and advances including staff loans.



Interest income on loans and advances where contractual payments of principal and/or interest are more than 12 months in arrears, irrespective of the net realizable value of collateral, are not recognized.

Fee and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset are included in measurement of effective interest rate. ENTITY doesn't charge any fees and commission, i.e. management fee, prepayment Charge, penal Charges etc., on its Loans and advances.

Where the estimates of cash flows have been revised, the carrying amount of the financial asset or liability is adjusted to reflect the actual and revised cash flows, discounted at the instrument's original effective interest rate. The adjustment is recognized as interest income or expense in the period in which the revision is made.

If the financial asset has been reclassified, subsequent increases in the estimates of future cash receipts as a result of increased recoverability are recognized as an adjustment to the effective interest rate from the date of the change in estimate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Gains and losses arising from changes in the fair value of financial assets are recognized directly in profit or loss unless an irrevocable selection is done to charge it through Other Comprehensive Income. Once such selection is done the changes in fair value is also charged through Other Comprehensive Income unless the assets is derecognized. The gain or loss on disposal of available for sale financial assets is recognized directly in profit or loss.

Dividend Income

Dividend on investment in resident company is recognized when the right to receive payment is established. Dividend income are presented in other operating income.

Net Trading Income

Net Trading Income includes all gains and losses from changes in fair value, related capital gain/loss and dividend from financial assets through profit and loss. Trading expenses are deducted from the trading income and the amount net of trading expenses are disclosed in statement of profit and loss

Net Income from Other Financial Instrument at Fair Value Through Profit or Loss

Net income from other financial instrument measured at fair value through Profit or Loss includes all gains/(losses) arises from the revaluation of financial instrument at fair value.

16 **Interest expense**

Interest expense including all other fees and service charge on all financial liabilities are recognized in profit or loss. The interest expenses so recognized closely approximates the interest expenses that would have been derived under effective interest rate method. The difference is not considered material. The Microfinance considers the cost of exact calculation of effective interest rate method exceeds the benefit that would be derived from such compliance.

17 **Employees Benefits**

a) **Short Term Employee Benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the prevailing Bonus Act to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions;
- profit-sharing and bonuses; and
- non-monetary benefits

b) **Post-Employment Benefit Plan**

Post-employment benefit plan includes followings:

i. **Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution plans are recognized as personnel expense in profit or loss in the periods during which the related service are rendered by employees. Pre-paid contributions are recognized as an asset to the extent that cash refund or reduction in future payments is available. Contributions to a defined contribution plan being due for more than 12 months after the end of the period in which the employee render the service are discounted at their present value. The following is the defined contribution plan provided by the Microfinance to its employees:

Employees Provident Fund

In accordance with law, all employees of the Microfinance are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Microfinance contribute monthly at a pre-determined rate (currently, 10% of the basic salary plus grades). Microfinance does not assume any future liability for provident fund benefits other than its annual contribution.



श्री १



ii. **Defined Benefit Plan**

Gratuity

For defined benefit plans, the liability recognized in the statement of financial position is the present value of the defined benefit obligation less the fair value of plan assets. Such obligations are booked as per the book value present in the financials of the organization.

Leave Benefit

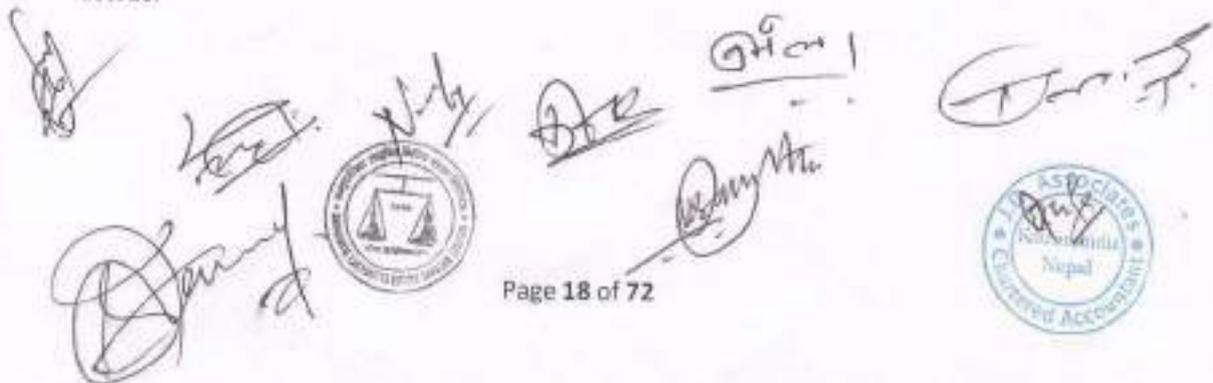
The employees of the Microfinance are entitled to carry forward a part of their unavailed/unutilized leave subject to a maximum limit. The employees can encash unavailed/unutilized leave partially in terms of Employee Service Byelaws of the Microfinance. Such obligations are booked as per the book value present in the financials of the organization.

18 **Leases**

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the 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, even if that right is not explicitly specified in an arrangement.

The Institution as a Lessee:

Finance leases that transfer to the Institution substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in Finance cost in the income statement. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institution will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases that do not transfer to the Institution substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

The bottom section of the page contains several handwritten signatures and stamps. On the left, there are three distinct signatures. In the center, there is a circular stamp with a scale of justice and the text 'INSTITUTION FOR THE IMPROVED FINANCIAL SERVICES'. To the right of this stamp is another signature. Further right, there is a signature with the Nepali word 'धिया' written above it. On the far right, there is a large, stylized signature. Below this large signature is a circular blue stamp that reads 'IASP ASSOCIATES Nepal Chartered Accountants'.

The Institution as a lessor:

ENTITY, as per prevailing laws and regulations relating to bank and financial institutions, doesn't have any property which it avails for lease.

19 Share Capital and Reserve

The Microfinance classifies the capital instruments as equity instruments or financial liabilities in accordance with the substance with the contractual terms of the instruments. Equity is defined as residual interest in total assets of an entity after deducting all its liabilities. Common shares are classified as equity of the Microfinance and distributions thereon are presented in statement of changes in equity.

Incremental costs directly attributable to issue of an equity instruments are deducted from the initial measurement of the equity instruments.

The reserves include regulatory and other reserves excluding retained earnings.

20 Earnings per share including diluted

Basic earnings per share is computed by dividing the profit/(loss) for the year by the weighted average number of equities shares outstanding during the year.

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 would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

There are no instruments, such as convertibles, that would require dilution of EPS, therefore diluted EPS is same as basic EPS.

21 Segment reporting

The Microfinance uses following basis for identification of the operating segments:

- a) components from which the Microfinance earns revenues and incurs expenses,
- b) components whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance, and
- c) components for which discrete financial information is available.

However during this fiscal year the microfinance has not reported segment reporting.

The bottom of the page features several handwritten signatures and two circular official stamps. The stamps are from the 'S.D. Associates & Co. Chartered Accountants' and the 'Central Board of Secondary Education'. The page number 'Page 19 of 72' is printed in the center.

Explanatory Notes

The explanatory notes and significant disclosure relating to the financial statements are as follows:

4.1 Cash and Cash Equivalents

The fair value of Cash and Cash Equivalent is the carrying amount. Cash and cash equivalent represent the amount of cash in hand, balances with other bank and financial institutions, money at short notice and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their value and used by the Microfinance in the management of short-term commitment.

(Amount in NPR)

Particulars	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Cash in Hand	419,792.00	2,271,629.00	4,154,607.00
Balance with B/FIs	133,972,010.32	158,322,471.68	116,736,080.67
Money at Call and Short Notices	-	-	-
Others	-	-	-
Total	134,391,802.32	160,594,100.68	120,890,687.67

4.2 Statutory Balances and Due from Nepal Rastra Bank

Statutory balances held with Nepal Rastra Bank for compulsory cash reserve has been presented under this account head.

Balance with the central bank is principally maintained as a part of the regulatory cash reserve ratio required by the central bank. There are regulatory and liquidity restrictions placed on the level of the balance with the central bank.

(Amount in NPR)

Particulars	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Statutory Balances with NRB	-	-	-
Statutory balance with B/FIs	-	-	-
Securities Purchased under Resale Agreement	-	-	-
Other Deposit and Receivable from NRB	-	-	-
Total	-	-	-

Handwritten signatures and stamps are present at the bottom of the page, including a blue circular stamp of 'J.S. Associates Chartered Accountants'.

4.3 Placement with Bank and Financial Institutions

The fair value of placement with the Bank and Financial Institutions is the amortized cost discounted using the effective interest rate which is equivalent to interest rate in which the instrument has been placed.

There were placements with Bank & Financial Institution as follows:

(Amount in NPR)

Particulars	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Placement with Domestic B/FIs	23,000,000.00	20,000,000.00	100,000,000.00
Less: Allowance for Impairment	-	-	-
Total	23,000,000.00	20,000,000.00	100,000,000.00

4.4 Derivative Financial Instruments

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Held For trading			
Interest Rate Swap	-	-	-
Currency Swap	-	-	-
Forward exchange contract	-	-	-
Other	-	-	-
Held for risk management			
Interest Rate Swap	-	-	-
Currency Swap	-	-	-
Forward exchange contract	-	-	-
Other	-	-	-
Total	-	-	-

4.5 Other Trading Assets

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Treasury bills	-	-	-
Government bonds	-	-	-
NRB Bonds	-	-	-
Domestic Corporate bonds	-	-	-
Equities	-	-	-
Other	-	-	-
Total	-	-	-
Pledged	-	-	-
Non-pledged	-	-	-




4.6 Loans and advances to MFIs & Co-operatives

Loan and advances given to Co-operative is shown at amortized cost and discounted using effective interest rate less the amount of impairment allowances.

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Loans to microfinance institutions	-	-	-
Loans to FIs	-	-	-
Loans to cooperative	-	-	-
Less: allowance for impairment Other	-	-	-
Less: Allowances for impairment	-	-	-
Total	-	-	-

4.6.1 Allowances for Impairment

At each reporting date, the Microfinance has assessed whether there exists objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

The Microfinance deals with members in person so there is no any loan and advances lended to the MFIs & Co-operatives.

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Balance at Shrawan I	-	-	-
Impairment loss for the year:	-	-	-
Charge for the year	-	-	-
Recoveries/reversal	-	-	-
Amount written off	-	-	-
Balance at Asadh end	-	-	-

4.7 Loan and Advances to Customers

Loan to employee provided according to the Microfinance's Employee Byelaw is presented under this head. The staff loans have been discounted at interest rate of 7% and loans portion disclosed under loans and advances to customers.

The bottom section of the page contains several handwritten signatures in blue ink. There are two circular official stamps: one on the left with a scale of justice and the text 'Microfinance Nepal', and one on the right with the text 'Microfinance Nepal' and 'Covered Accounts'.

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Loan and advances to measured at amortized cost	1,944,799,416.62	1,539,304,492.16	1,218,510,420.49
Loan & advance to staff measured at Amortized cost	11,963,112.50	9,245,994.00	7,832,406.00
Less: Impairment allowances	-	-	-
Collective impairment	(180,462,640.34)	(127,176,215.22)	(117,829,028.36)
Individual impairment	-	-	-
Net Amount	1,776,299,888.78	1,421,374,270.94	1,108,513,798.13
Interest Receivables	42,775,372.59	29,758,484.36	8,976,779.69
Loan and advances measured at FVTPL	-	-	-
Total	1,819,075,261.37	1,451,132,755.30	1,117,490,577.82

4.7.1 Analysis of loan and advance-By Product

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Product			
Term loans	-	-	-
Short term, term loan	-	-	-
Long term, term loan	-	-	-
Hire purchase loans	-	-	-
Personal Residential Loans	-	-	-
Staff loans	11,963,112.50	9,245,994.00	7,832,406.00
Other	1,944,799,416.62	1,539,304,492.16	1,218,510,420.49
Sub Total	1,956,762,529.12	1,548,550,486.16	1,226,342,826.49
Interest receivable	42,775,372.59	29,758,484.36	8,976,779.69
Total	1,999,537,901.71	1,578,308,970.52	1,235,319,606.18

4.7.2 Analysis of loan and Advance- By Collateral

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Secured	-	-	-
Immovable assets	55,080,346.00	51,886,129.04	47,291,141.00
Government guarantee	-	-	-



Page 23 of 72



Collateral of Government securities	-	-	-
Collateral of Fixed Deposit Receipt	-	-	-
Group guarantee	1,889,719,070.62	1,487,418,363.12	1,171,219,279.49
Personal guarantee	-	-	-
Other collateral	11,963,112.50	9,245,994.00	7,832,406.00
Sub Total	1,956,762,529.12	1,548,550,486.16	1,226,342,826.49
Unsecured	-	-	-
Total	1,956,762,529.12	1,548,550,486.16	1,226,342,826.49

4.7.3 Allowances for Impairment

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Specific allowances for impairment			
Balance at Shrawan 1	-	-	-
Impairment loss for the year:	-	-	-
Charge for the year	-	-	-
Recoveries/reversal during the year	-	-	-
Write-offs	-	-	-
Other movement	-	-	-
Balance at Asar end			
Collective allowances for impairment			
Balance at Shrawan 1	147,885,429.54	117,829,028.36	-
Impairment loss for the year:	-	-	-
Charge/(reversal) for the year	53,286,424.18	18,735,908.60	-
Other movement	-	11,320,492.58	-
Balance at Asar end	201,171,853.72	147,885,429.54	117,829,028.36
Total allowances for impairment	201,171,853.72	147,885,429.54	117,829,028.36

Disclosures of Gross Amount of Loan and Advances and Provision as per Regulatory Classification

Particulars	2082 Ashad		2081 Ashad		Change in	
	Loan Amount	%	Loan Amount	%	Loan Amount	%
Pass	1,509,578,940	78%	1,209,068,606	79%	300,510,334	-1%
Watchlist	3,705,431	0%	16,755,515	1%	(13,050,084)	-1%
Restructured	273,150,773	14.05%	191,900,974	12%	81,249,799	2%
Performing Loan	1,786,435,144	92%	1,417,725,095	92%	287,460,250	0%
Substandard	4,126,485	0%	3,747,096	0%	379,389	0%

[Handwritten signature]

[Handwritten signature]



[Handwritten signature]

[Handwritten signatures]



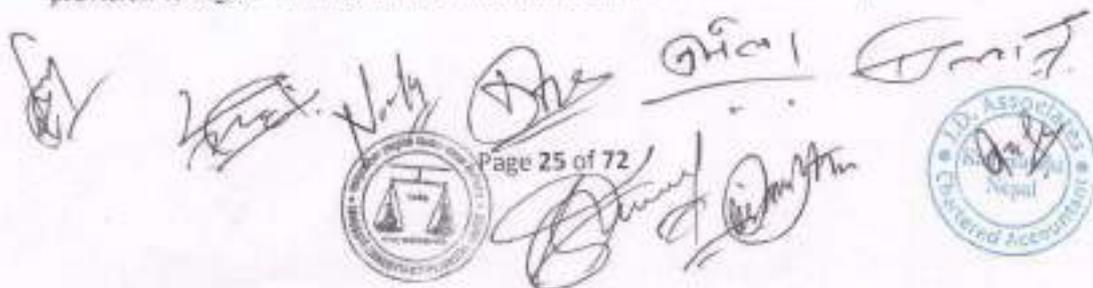
Doubtful	13,736,337	1%	15,843,545	1%	(2,107,208)	0%
Loss	140,501,451	7%	101,988,756	7%	38,512,695	1%
Non-Performing Loan	158,364,273	8%	121,579,397	8%	36,784,876	0%
Total Loan	1,944,799,417	100.00%	1,539,304,492	100.00%	324,245,126	0

Disclosures of Loan Loss Provision as per Regulatory Classification

Particulars	2082 Ashad		2081 Ashad		Change in	
	LLP Amount	%	LLP Amount	%	LLP Amount	%
Pass	4,866,197	3%	8,461,791	7%	(3,595,594)	-4%
Watchlist	109,651	0%	535,974	0%	(426,323)	0%
Performing Loan	4,975,849	3%	8,997,765	7%	(4,021,916)	-4%
Restructured	30,659,497	16.99%	9,033,934	7%	21,625,563	10%
Substandard	664,942	0.37%	808,236	1%	(143,294)	0%
Doubtful	4,985,671	2.76%	6,735,809	5%	(1,750,138)	-3%
Loss	135,620,970	75.15%	99,756,013	78%	35,864,957	-3%
<i>Additional Provision</i>	3,555,712	1.97%	1,844,458	1%	1,711,254	1%
Non-Performing Loan	175,486,792	97.24%	118,178,450	93%	57,308,342	4%
Total Loan loss provision	180,462,640	100.00%	127,176,215	100.00%	53,286,425	(0)

At each reporting date, the Microfinance has assessed whether there exists objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall apply paragraph 63 of NAS 39: Financial Instruments: Recognition and Measurement, to determine the amount of any impairment loss. ICAN has issued carve out on incurred loss model to measure the impairment loss on loan and advances that the bank and financial instructions shall measure impairment loss on loan and advances as the higher of amount derived as per Nepal Rastra Bank for loan loss provision and amount determined as per NAS 39. The provision as per Nepal Rastra Bank for loan loss provision is higher than the amount determined as per NAS 39. So, Impairment loss on Loan



 Page 25 of 72

and Advances has been determined based on current period's loan disbursement using direction issued by the NRB.

4.8 Investments Securities

Investments made by the Microfinance has been presented under this account head in three categories i.e. investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income.

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Financial assets at amortized cost	-	-	-
Investment in equity measured at FYTOCI	1,000,000.00	1,000,000.00	1,000,000.00
Total	1,000,000.00	1,000,000.00	1,000,000.00

4.8.1 Investment Securities measured at Amortized Cost

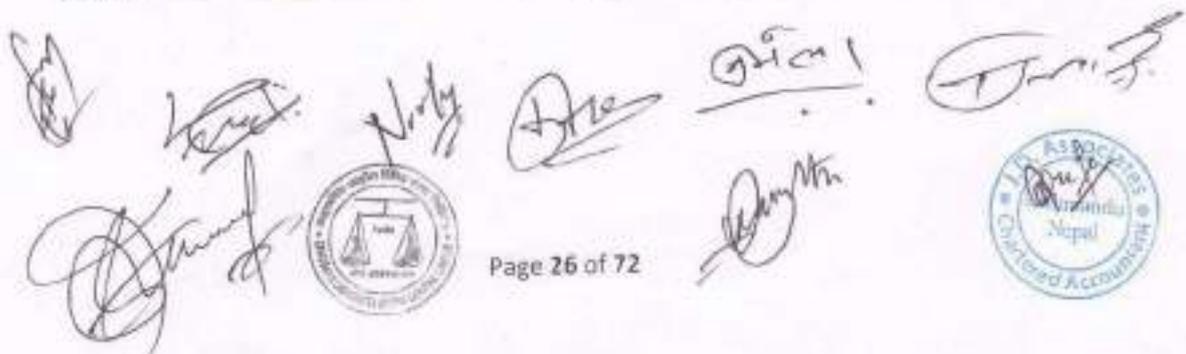
(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Debt securities	-	-	-
Government bonds	-	-	-
Government treasury bills	-	-	-
Nepal Rastra Bank bonds	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-
Other	-	-	-
Fixed Deposit	-	-	-
Less: specific allowances for impairment	-	-	-
Total	-	-	-

4.8.2 Investment in equity measured at fair value through other comprehensive income

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Equity instruments	-	-	-
Quoted equity securities	-	-	-
Unquoted equity securities	1,000,000.00	1,000,000.00	1,000,000.00
Total	1,000,000.00	1,000,000.00	1,000,000.00


 The bottom section of the page contains several handwritten signatures in black ink. There are also two circular stamps: one on the left with a scale of justice and the text 'Nepal Rastra Bank', and one on the right with the text 'ASOCIATES Nepal Chartered Accountants'.

4.8.3 Information relating to investment in equities

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Investment in quoted equity			
Investment in Unquoted equity			
Investment in equity share	1,000,000.00	1,000,000.00	1,000,000.00
Total	1,000,000.00	1,000,000.00	1,000,000.00

Investments in Nepal Finsoft Ltd.

This investment has been made as a strategic investment to support the Microfinance's operational requirement. Similar investment in Nepal Finsoft Ltd. has been made by Microfinance Institutions. This investment is not actively traded in the market and are therefore is not liquid. The Microfinance has no intention to dispose these investments in foreseeable future.

4.9 Current Tax Assets/(Liabilities)

This includes advance payment made by ENTITY towards income tax liabilities or other tax liabilities to the taxing authorities.

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Current Tax Assets	3,682,330.94	1,651,168.71	2,715,333.28
Current Year Income Tax Assets	2,031,162.23	1,651,168.71	2,715,333.28
Tax assets of prior periods	1,651,168.71	-	-
Current Tax Liabilities	-	-	-
Current Year Income Tax Liabilities	-	-	-
Tax liabilities of prior periods	-	-	-
Total	3,682,330.94	1,651,168.71	2,715,333.28


 The section contains several handwritten signatures in black ink. Below the signatures are two circular stamps. The left stamp is the official seal of the Institute of Cost Accountants of Nepal, featuring a scale of justice and the text 'INSTITUTE OF COST ACCOUNTANTS OF NEPAL'. The right stamp is a blue circular stamp for 'S.D. ASSOCIATES' with the text 'Chartered Accountants' and 'S.D. ASSOCIATES (Pvt) Ltd.' around the perimeter.

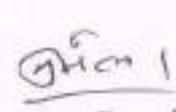
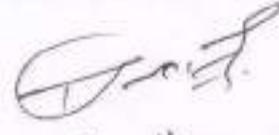
4.10 Investment Properties

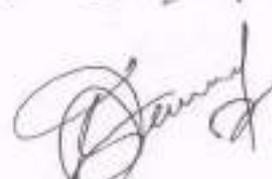
(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Investment properties measured at fair value			
Balance as on Shrawan 1	-	-	-
Addition/disposal during the year	-	-	-
Net changes in fair value during the year	-	-	-
Adjustment/transfer	-	-	-
Net amount	-	-	-
Investment properties measured at cost			
Balance as on Shrawan 1	-	-	-
Addition/disposal during the year	-	-	-
Adjustment/transfer	-	-	-
Accumulated depreciation	-	-	-
Accumulated impairment loss	-	-	-
Net amount	-	-	-
Total	-	-	-








4.11 Property and Equipment

(Amount in NPR)

Particulars	Land	Building	ROU Assets	Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Others	Total
Cost									
As on Shrawan 1, 2080	-	-	-	-	2,220,486.51	2,382,473.10	1,377,486.17	1,215,200.14	7,195,645.92
Addition during the Year	-	-	5,635,715.45	-	120,113.26	234,017.00	642,030.00	258,627.00	6,890,502.71
Acquisition	-	-	-	-	120,113.26	234,017.00	642,030.00	258,627.00	1,254,787.26
Capitalization/ Recognition	-	-	5,635,715.45	-	-	-	-	-	5,635,715.45
Disposal during the year	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2081	-	-	5,635,715.45	-	2,340,599.77	2,616,490.10	2,019,516.17	1,473,827.14	14,086,148.63
Addition during the Year	-	-	-	-	2,624,937.45	-	1,718,357.43	990,647.03	5,333,941.91
Acquisition	-	-	-	-	2,624,937.45	-	1,718,357.43	990,647.03	5,333,941.91
Capitalization	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-	-	-	-
Balance as on Asar end 2082	-	-	5,635,715.45	-	4,965,537.22	2,616,490.10	3,737,873.60	2,464,474.17	19,420,090.54
Depreciation and Impairment									
As on Shrawan 1, 2080	-	-	-	-	-	-	-	-	-
Depreciation charge for the Year	-	-	658,382.28	-	464,032.45	349,003.33	499,754.45	767,882.58	2,239,055.08
Impairment for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-
As on Asar end 2081	-	-	658,382.28	-	464,032.45	349,003.33	499,754.45	267,882.58	2,239,055.08
Depreciation charge for the Year	-	-	735,185.87	-	800,948.38	358,577.90	550,428.76	410,549.38	2,855,690.29
Impairment for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-



[Handwritten signature]

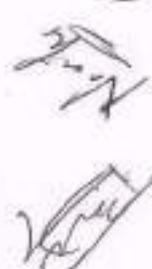


[Handwritten signature]

[Handwritten signature]

Adjustment													
As on Asar end 2082	-	-	1,393,568.14	-	1,264,980.83	707,581.23	1,050,183.21	678,431.96	5,094,745.37				
Capital Work in Progress													
Net Book Value													
As on Asar end 2080	-	-	-	-	2,220,486.51	2,382,473.10	1,377,486.17	1,215,200.14	7,195,645.92				
As on Asar end 2081	-	-	4,977,333.17	-	1,876,567.32	2,267,486.77	1,519,761.72	1,205,944.56	11,847,093.55				
As on Asar end 2082	-	-	4,242,147.30	-	3,700,556.39	1,908,908.87	2,687,690.39	1,786,042.21	14,325,345.17				







4.12 Goodwill & Intangible Assets

Goodwill and intangible assets like computer software both purchased and internally generated etc has been presented under this account head,

(Amount in NPR)

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost					
As on Shrawan 1, 2080					-
Addition during the Year					-
Acquisition		-			-
Capitalization					-
Disposal during the year					-
Adjustment/Revaluation					-
Balance as on Asar end 2081		-			-
Addition during the Year					-
Acquisition		913,040.00			913,040.00
Capitalization					-
Disposal during the year					-
Adjustment/Revaluation					-
Balance as on Asar end 2082		913,040.00			913,040.00
Amortization and Impairment					-
As on Shrawan 1, 2080		-			-
Amortization charge for the Year		-			-
Impairment for the year					-
Disposals					-
Adjustment					-
As on Asar end 2081		-			-
Amortization charge for the Year		152,173.00			152,173.00
Impairment for the year					-
Disposals					-
Adjustment					-
As on Asar end 2082		152,173.00			152,173.00
Capital Work in Progress					-
Net Book Value					
As on Asar end 2080		-			-
As on Asar end 2081		-			-
As on Asar end 2082		760,867.00			760,867.00

4.13 Deferred Tax Assets

Deferred tax assets recognized as per NFRSs on temporary deductible differences, carry forward of unused tax losses, changes in tax rate etc. has been presented under this account head.

(Amount in NPR)

Deferred Tax on temporary differences	Deferred Tax asset	Deferred Tax Liabilities	Net Deferred Tax Asset/(Liabilities)
Loan and Advance to B/Fis			
Loan and Advance to customers			-
Investment Properties			-
Investment Securities			-
Property & Equipment	(212,144.16)		(212,144.16)



Rou Assets	(1,272,644.19)		(1,272,644.19)
Lease Hold Liabilities	1,410,046.26		1,410,046.26
Provision for Gratuity	(93,738.31)		(93,738.31)
Provision for Leave Encashment	488,241.88		488,241.88
Provision for Staff medical fund	583,393.65		583,393.65
Merger Expenses	-		-
Provision for Bank Balance & other assets	6,212,764.30		6,212,764.30
Provision for Loan Loss & NBA	-		-
Other temporary differences			-
Deferred tax on temporary differences			-
Deferred tax on carry forward of unused tax losses			-
Deferred tax due to changes in tax rate			-
Net deferred tax assets/(liabilities) as on year end of Ashadh End 2082	7,115,919.43	-	7,115,919.43
Deferred tax (assets)/liabilities as on shrawan 1, 2081			(12,730,258.00)
Origination/(Reversal)during the year			(5,614,338.57)
Deferred tax expense /(income)recognized in profit or loss			5,614,338.57
Deferred tax expense /(income)recognized in the comprehensive income			-
Deferred tax expense /(income)recognized in directly in equity			-

4.14 Other Assets

The other assets that fall under the classification of financial instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment.

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Assets held for sale	-	-	-
Other non banking assets	-	-	-
Bills receivable	-	-	-
Accounts receivable	23,789,767.29	22,323,329.60	5,002,635.00
Accrued income	-	-	-
Prepayments and deposit	2,500.00	-	-
Deferred employee expenditure	-	-	-
Other	-	-	-
Consumables	95,089.50	10,536.90	94,211.90

Handwritten signatures and stamps are present at the bottom of the page, including a blue circular stamp of J.D. Associates & Chartered Accountants.

Inter branch balance (Cash In Transit)	-	40,600.00	124,608.00
Other Staff Advance	69,668.46	56,499.65	
Total	23,957,025.25	22,430,966.15	5,221,454.90

4.14.1 Accounts Receivable includes of the following details . Accounts receivable have been shown in the accounts receivable of the employees who committed fraud and embezzlement in the financial transactions of the organization. Also, according to that, the required Provision for other assets has also been booked in the financials.

(Amount in NPR)

Particulars	2081-82	2080-2081	2079-2080
Dipak Koirala and Beli Danuwar	3,027,949	3,027,949	3,027,949
Saroj Rai/ Ramesh jung Shah	9,768,372	9,768,372	-
Santosh Magar	3,801,582	3,801,582	-
Snigdha Karna	3,848,057	3,848,057	-
Ramchandra Adhikari	-	58,152	-
Suresh Rajaure	205,102	205,102	-
Ramesh Bastola	601,962	601,962	601,962
Jaya Khadka	32,063	32,063	32,063
Shambhu Nepali	21,075	21,075	96,802
Subash Pokharel	121,186	121,186	198,571
Tikaram Thapa/Dharmanaj Karki	363,982	363,982	363,982
Kalawoti Chand	16,130	16,130	16,130
Muna Thapa Magar	-	9,152	9,152
Anita Bhujel	44,925	44,925	84,311
Anita Dong	5,395	5,395	-
BPW_RTS Fee related	-	60,000	-
Pratigya Shrestha	-	966	15,289
Purna Bahadur Khatri	-	2,118	-
Fulmati Tamang	-	12,516	-
Bismark Udash	-	29,000	-
Anjana Rai	-	16,797	-
Barabise client	-	667	-
Patan_ staff related	7,589	7,589	-
Chhepal Sherpa	23,550	23,550	-
Prepaid Expenses due	-	242,543	235,036
Worldlink deposit	-	2,500	-
Ramesh Kumar Khanal	1,852,914	-	-
Saroj Pariyar	-	-	67,004
Rajan Ranamagar	-	-	11,275

Handwritten signatures and stamps are present at the bottom of the page, including a circular stamp of 'J.S. Associates Chartered Accountants'.

Commission receivable_Reliable Nepal	15,246	-	3,240
Commission receivable_Sanima Reliance	-	-	4,652
Bishnu Prasad Fuldol	-	-	11,000
Binod Shrestha	-	-	11,000
Necho Insurance_commission	-	-	7,792
Branches_miscellaneous	32,689	-	205,427
Total	23,789,767	22,323,330	5,002,635







Liabilities and Equity side

4.15 Due to Bank and Financial Institutions

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Borrowing from BFIs	-	-	-
Settlement and clearing accounts	-	-	-
Other	-	-	-
Total	-	-	-

4.16 Due to Nepal Rastra Bank

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Refinance from NRB	-	-	-
Standing Liquidity Facility	-	-	-
Lender of last resort facility from NRB	-	-	-
Securities sold under repurchase agreements	-	-	-
Other payable to NRB	-	-	-
Total	-	-	-

4.17 Derivative Financial instruments

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Held For trading			
Interest Rate Swap	-	-	-
Currency Swap	-	-	-
Forward exchange contract	-	-	-
Other	-	-	-
Held for risk management			
Interest Rate Swap	-	-	-
Currency Swap	-	-	-
Forward exchange contract	-	-	-
Other	-	-	-
Total	-	-	-



 The bottom section of the page contains several handwritten signatures in black ink. Below the signatures are two circular official stamps. The stamp on the left is the logo of the Nepal Rastra Bank, featuring a scale of justice and the text 'Nepal Rastra Bank' and 'Central Bank of Nepal'. The stamp on the right is a blue circular stamp of the Chartered Accountants of Nepal, with the text 'Chartered Accountants Nepal' around the perimeter. At the bottom center, the page number 'Page 35 of 72' is printed.

4.18 Deposits from Customers

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Institutions customers:			
Term deposits	-	-	-
Call deposits	-	-	-
Other	-	-	-
Individual customers:			
Term deposits	-	-	-
Saving deposits	-	-	-
Saving from Members	-	-	-
Other	-	-	-
Compulsory Saving	518,869,854.90	439,140,350.98	426,105,864.00
Group Saving	401,782,098.64	354,025,552.66	329,238,279.00
pension Saving	117,087,756.26	85,114,798.32	96,867,585.00
Optional Saving Deposit	192,335,537.43	141,811,010.45	133,207,796.33
Personal saving	142,251,998.55	112,684,814.50	112,508,961.33
Recurring saving	1,166,490.68	1,952,085.80	-
Upakar Saving	5,564,112.92	2,743,240.00	2,644,679.00
Nari Saving	27,381,805.26	21,301,610.13	18,054,156.00
Samudayik Bisesh Saving	15,149,737.00	2,852,957.00	-
Child Education Saving	821,393.02	276,303.02	-
Total	711,205,392.33	580,951,361.43	559,313,660.33

4.19 Borrowings

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Domestic Borrowing			
Nepal Government			
Other licensed Institutions	1,075,117,563.30	764,709,515.48	497,599,023.00
Other	-	-	-
Sub total	1,075,117,563.30	764,709,515.48	497,599,023.00
Foreign Borrowing			
Foreign Bank and Financial Institutions	-	-	-
Multilateral Development Banks	-	-	-
KIIVA Microfund (California)	-	5,811,459.52	-
Sub total	-	5,811,459.52	-
Total	1,075,117,563.30	770,520,975.00	497,599,023.00




4.20 Provisions

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Provisions for redundancy	-	-	-
Provision for restructuring	-	-	-
Pending legal issues and tax litigation	-	-	-
Onerous contracts	-	-	-
Other	20,709,214.32	20,709,214.32	3,027,949.12
Total	20,709,214.32	20,709,214.32	3,027,949.12

4.20.1 Movement in Provisions

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Balance at Shrawan 1			
Provisions made during the year	-	-	-
Provisions used during the year	-	-	-
Provisions reversed during the year	-	-	-
Unwind of discount	-	-	-
Balance at Ashadh end	-	-	-

4.20.2 The amount of NPR 2,36,67,794.32 in the Provision for other assets in respect of damage to the property of the organization, that have been held responsible for fraudulent activities in financial transactions and have also been showing in 4.20. The amount of NPR 29,58,580.00 has been added in the provision for other assets during the fiscal year.

4.21 Other Liabilities

Non-financial liabilities are recorded and reported at cost based on legal and constructive obligation to the Microfinance.

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Liability for employees defined benefit obligations	-	-	-
Payable for employee Provident fund	2,725,437.81	1,968,270.00	5,033,780.00
Short-term employee benefits (Leave payable)	12,978,867.70	11,351,394.76	7,557,792.00
Employee Gratuity & pension Payable	2,507,920.94	2,820,381.97	13,800,318.42
Bills payable	-	-	-
Creditors and accruals	-	478,136.00	634,326.00
Interest payable on deposit	4,666,046.04	36,502,170.00	26,502,963.00
Interest payable on borrowing	1,315,790.02	992,726.53	1,065,173.25
Liabilities on deferred grant income	-	-	-

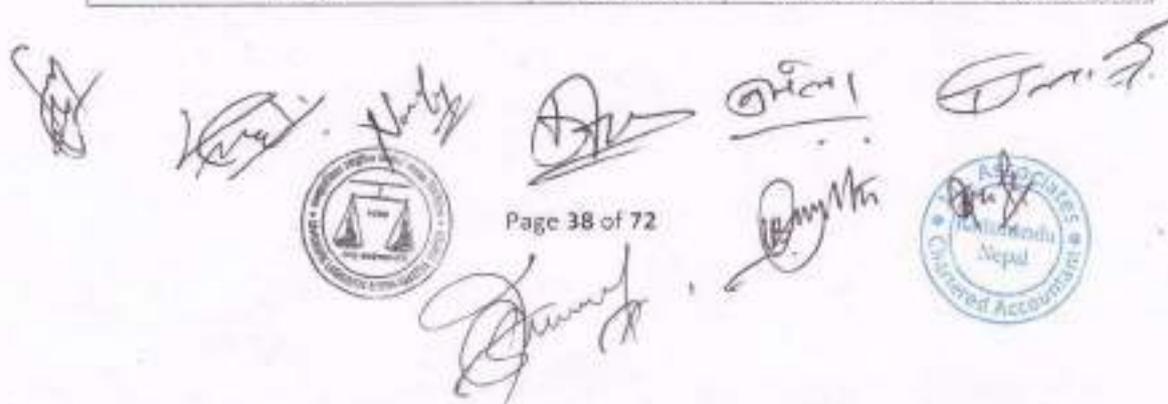
Handwritten signatures and stamps are present at the bottom of the page, including a circular stamp of J.D. ASSOCIATES Chartered Accountants.

Unpaid Dividend	-	-	-
Liabilities under Finance Lease	4,700,154.20	5,245,808.83	-
Employee bonus payable	-	-	-
Other	-	-	-
Employee Welfare Fund (Medical Fund)	9,991,809.26	8,047,164.00	5,826,598.00
Inter branch Balance	-	-	-
Gramin Karja Beema Premium Payable	1,165,547.17	1,548,179.00	965,792.00
Payable On behalf of other assets	-	-	-
Training fund	-	-	-
Payable operating expenses	-	-	-
TDS Payables	559,343.76	810,707.00	676,567.00
Staff deposit fund	280,326.00	-	-
Other	40,13,987.17	11,648,422.81	12,972,637.85
Total	44,905,230.07	81,413,360.90	75,035,947.52

Details of Other Payables under Other

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Other			
Reliable insurance facility payable	189,110.00	819,400.00	729,440.87
Accounts payable-staffs f/y 2073-74	-	12,719.00	12,719.00
Accounts payable-staffs f/y 2072-73	-	16,318.65	16,318.65
Accounts payable-staffs f/y 2071-72	-	-	170,379.00
Accounts payable-staffs f/y 2074-75	119,451.00	149,883.00	186,087.00
Accounts payable-staffs f/y 2075-76	26,900.00	82,779.00	117,763.00
Accounts payable-staffs f/y 2076-77	25,485.00	34,257.00	44,565.00
Accounts Payable - Other-staffs and parties	2,023,051.82	2,732,959.99	3,657,523.33
Accounts Payable-Staffs f/y 2077-78	94,129.00	178,616.00	305,397.00
Accounts Payable - Service Charge Return	279,488.55	2,653,517.26	2,999,683.00
Accounts Payable - SMS Credit	533,930.00	(14,750.00)	-
Payable - CIC	18,055.50	52,610.00	21,481.00
Payable - Insurance DCGF Claim	167,848.55	-	-
Crest Insurance Facility/Reliance/Neco Insu	485,000.00	18,000.00	52,000.00
Payable - Stationery	51,537.75	-	-
Payable - member	-	4,801,525.87	4,659,281.00
payable-advertise related-BPW	-	54,066.04	-
payable-Software related-BPW	-	25,088.00	-
Payable-A/c payable misc-BPW	-	31,433.00	-
Total	40,13,987.17	11,648,422.81	12,972,637.85



 Page 38 of 72

4.21.1 Defined benefit obligations

The amounts recognized in the statement of financial position are as follows:

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Present value of funded obligations	-	-	-
Total present value of obligations	-	-	-
Fair value of plan assets	-	-	-
Present value of net obligations	-	-	-
Recognized liability for defined benefit obligations	-	-	-

4.21.2 Plan assets

Plan assets comprise

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Equity securities	-	-	-
Government bonds	-	-	-
Bank deposit	-	-	-
Other	-	-	-
Total	-	-	-
Actual return on plan assets	-	-	-

4.21.3 Movement in the present value of defined benefit obligations

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Defined benefit obligations at Shrawan 1	-	-	-
Actuarial losses	-	-	-
Benefits paid by the plan	-	-	-
Current service costs and interest	-	-	-
Defined benefit obligations at Asar end	-	-	-

4.21.4 Movement in the fair value of plan assets

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Fair value of plan assets at Shrawan 1	-	-	-
Contributions paid into the plan	-	-	-
Benefits paid during the year	-	-	-
Actuarial (losses) gains	-	-	-
Expected return on plan assets	-	-	-
Fair value of plan assets at Asar end	-	-	-

Handwritten signatures and stamps are present at the bottom of the page. The stamps include the logo of the Institute of Chartered Accountants of Nepal and a circular stamp for 'S.D. Associates Chartered Accountants'.

4.21.5 Amount recognized in profit or loss

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Current service costs	-	-	-
Interest on obligation	-	-	-
Expected return on plan assets	-	-	-
Total	-	-	-

4.21.6 Amount recognized in other comprehensive income

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Actuarial (gain)/loss	-	-	-
Total	-	-	-

4.21.7 Actuarial assumptions

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Discount rate			
Expected return on plan asset			
Future salary increase			
Withdrawal rate			

4.21.8 long-service leave

The amounts recognized in the statement of financial position are as follows:

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Present value of funded obligations	-	-	-
Total present value of obligations	-	-	-
Fair value of plan assets	-	-	-
Present value of net obligations	-	-	-
Recognized liability for defined benefit obligations	-	-	-

4.21.9 Plan assets

Plan assets comprise

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Equity securities	-	-	-
Government bonds	-	-	-
Bank deposit	-	-	-
Other	-	-	-
Total	-	-	-
Actual return on plan assets	-	-	-

Handwritten signatures and stamps are present at the bottom of the page, including a blue circular stamp of the Chartered Accountants of Nepal.

4.22 Debt securities issued

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Debt securities issued designated as at fair value through profit or loss	-	-	-
Debt securities issued at amortized Cost	-	-	-
Total	-	-	-

4.23 Subordinated Liabilities

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Redeemable preference shares			
Irredeemable cumulative preference shares (liabilities component)			
Other			
Total	-	-	-

4.24 Share Capital

The Microfinance's registered capital structure is as follows:

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Ordinary shares	170,805,000.00	170,805,000.00	145,200,000.00
Convertible preference shares (equity component only)	-	-	-
Irredeemable preference shares (equity component only)	-	-	-
Perpetual debt (equity component only)	-	-	-
Total	170,805,000.00	170,805,000.00	145,200,000.00

4.24.1 Ordinary Shares

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Authorized Capital			
22,00,000 Ordinary share of Rs. 100 each	220,000,000.00	-	-
22,00,000 Ordinary share of Rs. 100 each	-	220,000,000.00	-
22,00,000 Ordinary share of Rs. 100 each	-	-	220,000,000.00
Issued capital			

17,08,050 Ordinary share of Rs. 100 each	170,805,000.00	-	-
17,08,050 Ordinary share of Rs. 100 each	-	170,805,000.00	-
14,52,000 Ordinary share of Rs. 100 each	-	-	145,200,000.00
Subscribed and paid up capital			
17,08,050 Ordinary share of Rs. 100 each	170,805,000.00	-	-
17,08,050 Ordinary share of Rs. 100 each	-	170,805,000.00	-
14,52,000 Ordinary share of Rs. 100 each	-	-	145,200,000.00
Total	170,805,000.00	170,805,000.00	145,200,000.00

4.24.2 Ordinary Share Ownership

(Amount in NPR)

Particular	32nd Ashad 2082		31st Ashad 2081 Restated		31st Ashad 2080 Restated	
	Percent	Amount	Percent	Amount	Percent	Amount
Domestic ownership (Promoter)	61.11	104,378,936	69.65	118,966,050	70.00	101,640,000
Natural person (Promoter)	34.81	59,457,221	38.96	66,553,250	34.00	49,368,000
Corporate entity (Promoter)	26.30	44,921,715	30.69	52,412,800	36.00	52,272,000
Domestic ownership (Public)	38.89	66,426,065	30.35	51,838,950	30.00	43,560,000
Foreign Ownership (Promoter)	-	-	-	-	-	-
Foreign Ownership (Public)	-	-	-	-	-	-
Total	100.00	170,805,000	100.00	170,805,000	100.00	145,200,000

Details of Shareholders holding 0.5% or more shares capital

S.N	Particulars	% of Holding	Shares Holding (No of Shares)
1	Women Development Centre Of Nepal	21.25%	362,999
2	NMB Capital Limited	8.01%	136,787
3	Hira Lal Vishwakarma	5.95%	101,639
4	Swayambhu Ram Joshi	2.49%	42,559
5	Siddhi Kumar Maharjan	2.30%	39,276
6	Nanda Kumar Maharjan	2.13%	36,299
7	Subha Laxmi Joshi	1.70%	29,039
8	Bimal Prasad Ghimire	1.46%	24,870
9	Bikash Khadka	1.28%	21,779
10	Rajir Shrestha	1.06%	18,149
11	Chandeswori Pradhan	0.94%	15,971

12	Rajeshor Adhikari	0.85%	14,519
13	Belu Maya Magar	0.85%	14,447
14	Bhawani Thapa	0.83%	14,185
15	Sakun Sharma	0.73%	12,435
16	Upendra Prasad Poudyal	0.73%	12,435
17	Sanu Bhai Dangol	0.59%	10,001
18	Ambika Lal Shrestha	0.54%	9,175
19	Pramila Shakya	0.53%	9,132
20	Kishor Bhai Bajracharya	0.53%	9,132
21	Sabin Pradhananga	0.50%	8,535
22	Humnath Bhandari	0.98%	16,705
23	Arjun Bhatta	0.92%	15,683

4.25 Reserves

The reserves including regulatory and other reserve excluding retained earnings are as following:

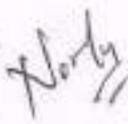
(Amount in NPR)

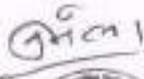
Particular	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Statutory general reserve	22,128,883.54	22,128,883.54	21,737,189.00
Capital Reserve Fund	4,395,000.00	4,395,000.00	-
Exchange equalization reserve	-	15,154.00	-
Investment adjustment reserve	-	-	-
Corporate Social Responsibility Fund	141,529.78	141,529.78	306,445.00
Client protection fund	28,617,450.96	30,124,306.65	29,071,727.05
Capital redemption reserve	-	-	-
Regulatory reserve	49,891,292.02	29,758,484.36	8,976,779.69
Assets revaluation reserve	-	-	-
Fair value reserve	-	-	-
Dividend equalization reserve	-	-	-
Actuarial reserve	-	-	-
Special reserve	-	-	-
Debenture redemption reserve	-	-	-
Other reserve	-	-	-
Deferred Tax Reserve	-	-	-
Other reserve fund	2,208,456.84	2,208,456.84	-
Restructure/Rescheduled provision write back Fund	-	21,721,208.00	26,975,789.00
Employee Training Fund	1,327,942.00	1,327,942.00	1,324,022.00
Total	108,710,555.14	111,820,965.17	88,391,951.74

(a) General Reserve

There is a regulatory requirement to set aside 20% of the net profit to the general reserve until the reserve is twice the paid up share capital. The reserve is the accumulation of setting aside profits over the years. 0% of net profit has been allocated to this reserve during the year. The closing balance of the fund for the current period is NPR 2,21,28,883.54. Allocation to this fund has been calculated on the basis of Net Profit after tax as per financial statement prepared for regulatory purpose.











(b) Exchange Equalization Reserve

In the financial year 2080-81, there were NPR 15,154 in the Exchange Equalization Reserve fund, and in this financial year 2081-82, the expenses incurred in paying the foreign loan taken with Kiva Micro-funds, California, USA have been adjusted with this fund also and maintained to zero in this fund in the end of fiscal year 2081/82.

(c) Fair Value Reserves

This reserve has been created to reflect the gain or loss in investments due to fair value adjustment through other comprehensive income. The closing balance of the reserve for the current period is NPR 0.

(d) Assets Revaluation Reserve

This reserve has not been allocated.

(e) Capital Reserve

The amount of this fund has been shown under other reserve fund in Statement of Changes in Equity. The fund includes following amount:

Particulars	Amount (NPR)
1 Amount received from loan exemption	-
2 Credit Line from ADB, Manila	-
3 Grant Assets	-
4. Capital reserve by Merger	43,95,000
Total Capital Reserve Fund	43,95,000

Note: The reserve fund has been generated by the merger completion between Samudayik Laghubitta and BPW Laghubitta Bittiya Sanstha Limited in the fiscal year 2080-81.

Reconstruction Fund

This reserve fund has not been allocated.

Institutional Strengthening Fund

This reserve fund has not been allocated.

Client Protection Fund

Client Protection Fund has been created as per directive no. 081/4.1(Ja) of Nepal Rastra Bank's directive to D class BFIs. 1.5% of net profit and 35% of any amount of Bonus or cash dividend declared in excess of 15% (if declared), is transferred to this fund which amounts to NPR 0 and NPR 9,74,763.07 from the interest gained from the Earmarked client protection fund (FD investment) has been included in the fund during current year and NPR 24,81,618.76 has been expended from the fund in the various activities held to clients benefit during the current year. The closing balance of the fund for the current period is NPR

[Handwritten signatures and stamps]

[Circular stamp: Nepal Rastra Bank]

[Circular stamp: Chartered Accountants]

2,86,17,450.96. Allocation to this fund has been calculated on the basis of Net Profit after tax as per financial statement prepared for regulatory purpose.

Corporate Social Responsibility Fund

Corporate Social Responsibility Fund is created amounting 1% of Net Profit as per Nepal Rastra Bank's Directive. Utilization of amount from last year has been transferred to Retained Earning.

1% of net profit is transferred to this fund which amounts to NPR 0 and NPR 0 has been expended from this fund during current year. The closing balance of the fund for the current period is NPR 1,41,529.78. Allocation to this fund has been calculated on the basis of Net Profit after tax as per financial statement prepared for regulatory purpose.

Loan Amortization Fund

This reserve fund has not been allocated.

Replication Fund

This reserve fund has not been allocated.

Remittance Risk Fund

This reserve fund has not been allocated.

Investment Adjustment Reserve

This reserve fund has not been allocated.

Deferred Tax Reserves

It includes amount set aside by the financial institution as per the directives of Nepal Rastra bank regarding Deferred Tax. The amount of this fund was NPR 71,91,094 in the previous fiscal years and there has not been any changes in this fiscal year. The amount of this fund has been shown and adjusted under Retained Earning reserve in Statement of Changes in Equity. This reserve fund has not been created during the year.

Regulatory Reserve

The microfinance has allocated NPR 2,01,32,807.66 from retained earnings in this fiscal year and the balance in the regulatory reserve at the end of the period amounts to NPR 4,98,91,292.02.

Actuarial Reserve

This reserve fund has not been allocated.

Page 46 of 72



The bottom of the page features several handwritten signatures in black ink. There are also two circular stamps: one is the official seal of the Nepal Rastra Bank, and the other is a blue circular stamp with the text 'ASSOCIATES' and 'Guaranteed Account' around the perimeter.

Loan Loss Provision write back (Restructured/Rescheduled) Fund

In the financial year 2079/80, Rs. 2,69,75,789 was deducted directly from the accumulated profit and Rs. 2,69,75,789 was arranged and presented as a separate fund under the Loan Loss Provision write back (restructured/rescheduled) Fund. In the financial year 2080/81, the amount of the fund was Rs. 2,17,21,208 maintained. In the current fiscal year 2081/82, the amount of the fund has been adjusted or regrouped in the retained earning reserve. Based on the classification of the loans before the loan restructured, the initial loan loss provision (as it is Loan loss provision) has been maintained and calculated separately as extra loan loss provision.

4.26 Contingent Liabilities and Commitment

The Microfinance seeks to comply with all applicable laws and regulations, but may be subject to regulatory actions and investigations, the outcome of which are generally difficult to predict and can be material to the Microfinance. The Microfinance considers none of these claims as material.

Where appropriate, the Microfinance recognizes a provision for liabilities when it is probable that an outflow of economic resources embodying economic benefits will be required and for which a reliable estimate can be made of the obligation(s). As on Ashadh End 2082 there is no Contingent Liabilities.

(Amount in NPR)

Particulars	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Contingent Liabilities	-	-	-
Undrawn and undisbursed facilities	-	-	-
capital Commitment	-	-	-
Lease Commitment	-	-	-
Litigation	-	-	-
Others	-	-	-
Total	-	-	-

4.26.1 Capital Commitments

Particulars	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Capital commitments in relation to property and Equipment	-	-	-
Approved and contracted for	-	-	-
Approved but not contracted for	-	-	-
Sub total	-	-	-
Capital commitments in relation to intangible assets	-	-	-
Approved and contracted for	-	-	-

Handwritten signatures and stamps are present at the bottom of the page, including a blue circular stamp for 'J.D. ASSOCIATES Chartered Accountants'.

Approved but not contracted for	-	-	-
Sub total	-	-	-
Total	-	-	-

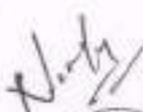
4.26.2 Lease commitments

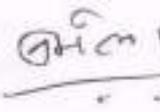
Particulars	32nd Ashad 2082	31st Ashad 2081 Restated	31st Ashad 2080 Restated
Operating Lease Commitments	-	-	-
Future minimum lease payments under non-cancellable operating lease where the institution is lessee	-	-	-
not later than 1 year	-	-	-
later than 1 year but not later than 5 years	-	-	-
later than 5 years	-	-	-
Sub Total	-	-	-
Finance lease commitments	-	-	-
Future minimum lease payments under non-cancellable operating, where institution is lessee	-	-	-
not later than 1 year	-	-	-
later than 1 year but not later than 5 years	-	-	-
later than 5 years	-	-	-
Sub total	-	-	-
Total	-	-	-

4.26.3: Litigation

There are no litigation contingent liabilities.













4.27 Interest Income

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	1,092,653.91	6,987,042.59
Loan and advances to financial institutions	-	-
Loans and advances to customers	249,995,310.64	195,831,470.00
Investment securities	-	-
Loan and advances to staff	865,584.59	576,260.67
Other	-	-
Total interest income	251,953,549.14	203,394,773.26

4.28 Interest Expenses

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	-	-
Deposits from customers	44,945,533.71	45,439,136.00
Borrowing	84,731,279.88	63,309,340.00
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	-	-
Total	129,676,813.59	108,748,476.00

4.29 Fees and commission income

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Loan administration fees	-	-
Service fees	17,903,497.20	13,663,336.74
Commitment Fees	-	-
Card Issuance Fees	-	-
Prepayment and swap fees	-	-
Remittance fees	-	-
Brokerage Fees	-	-
Other fees and commission income (Commission from insurance)	2,487,447.40	2,680,555.30
Total fees and Commission Income	20,390,944.60	16,343,892.04

4.30 Fees and Commission Expense

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Brokerage	-	-
ATM management fees	-	-
Visa Master card Fees	-	-
Guarantee Commission Fees	-	-
Brokerage	-	-

DD/TT/Swift Fees	-	-
Remittance fees and commission	12,289.04	28,884.45
Other fees and commission expense	-	-
Total fees and Commission Expense	12,289.04	28,884.45

4.31 Net Trading Income

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Changes in fair value of trading assets	-	-
Gain/loss on disposal of trading assets	-	-
Interest income on trading assets	-	-
Dividend income on trading assets	-	-
Gain/loss foreign exchange transaction	(505,318.83)	-
Other	-	-
Net trading income	(505,318.83)	-

4.32 Other Operating Income

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	-	-
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	-	-
Gain/loss on sale of property and equipment	-	-
Gain/loss on sale of investment property	-	-
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Penal interest & fine & penalties	62,717.00	-
Other Miscellaneous	383,695.34	-
Total	446,412.34	-

4.33 Impairment Charge/(Reversal) for loan and other losses

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Impairment charge/(reversal) on loan and advances to B/FIs		
Impairment charge/(reversal) on loan and advances to customer	53,286,424.18	18,735,908.60
Impairment charge/(reversal) on financial investment		
Impairment charge/(reversal) on placement with banks and financial institutions		
Impairment charge/(reversal) on property and equipment		
Impairment charge/(reversal) on goodwill and intangible assets		
Impairment charge/(reversal) on investment properties		
Total	53,286,424.18	18,735,908.60

Handwritten signatures and stamps are present at the bottom of the page, including a blue circular stamp of 'J.D. ASSOCIATES & COMPANY Chartered Accountants Nepal'.

4.34 Personnel Expenses

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Salary	44,881,297.19	38,845,600.41
Allowances	15,965,307.91	14,004,977.00
Grade expenses	1,556,783.48	1,718,641.59
Gratuity expense	3,537,069.89	2,682,893.00
Provident fund	4,164,072.29	3,490,849.55
Uniform	1,358,500.00	1,187,500.00
Training & development expense	2,220,710.83	1,623,196.49
Leave encashment	4,208,111.00	4,642,752.00
Medical	3,632,372.00	3,448,025.00
Insurance	559,219.04	474,921.50
Local Facilitator allowances	69,096.78	-
Staff training expenses	-	-
Dashain expenses	5,236,083.23	4,535,794.45
Employee communication expenses	936,394.79	876,805.43
Employee travelling expenses	4,768,704.50	4,493,713.34
Sub Total	93,093,722.93	82,025,669.76
Employees Bonus	-	-
Grand Total	93,093,722.93	82,025,669.76

As per the directives to D Class Bank & Financial Institution from Nepal Rastra Bank 2081 point no 6.5, 3% of staff salary and allowances expenses should be utilized in the training and other staff efficiency promotional activities. Total staff training and development expense of previous year is NPR 16,23,196.49. In the current fiscal year, NPR 22,20,710.83 has been spent as training expenses.

4.35 Other Operating Expenses

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Director's & other committee Meeting Allowances	982,000.00	1,026,500.00
Directors & CEO Travelling & Training expenses	50,900.00	224,445.36
Other expenses (Director related)	558,927.97	672,040.25
Audit fee	715,000.00	242,950.00
Other audit related expense	174,689.30	31,539.00
Professional and legal expense	375,977.50	189,755.00
Office administration expense	19,931,041.04	13,738,800.74
Operating lease expense	10,908,018.38	9,433,874.38
DCGF Premium expenses	4,830,851.09	-
Corporate social responsibility expense	-	-
Client Protection expenses	-	-
Other	-	-
Total	38,527,405.28	25,559,904.73

[Handwritten signature]

[Handwritten signatures and stamps]

Page 51 of 72

[Circular stamp: Kathmandu Nepal]

[Circular stamp: Chartered Accountant]

4.35.1 Office Administration Expense

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Water and electricity	555,768.00	467,614.83
Repair and maintenance	506,152.74	524,403.53
(a) Building	-	-
(b) Vehicle	328,974.64	411,313.53
(c) Computer and accessories	149,518.10	103,530.00
(d) Office equipment and furniture	12,475.00	8,000.00
(e) Other	15,185.00	1,560.00
Insurance	170,737.28	157,191.27
Postage, telex, telephone, fax & internet	2,662,014.51	1,466,844.42
Printing and stationery	1,751,925.85	2,162,508.89
News paper, books and journals	14,400.00	3,400.00
Advertisement	633,010.89	242,991.66
Donation	-	-
Security expense	-	-
Deposit and loan guarantee premium	-	486,086.28
Travel allowance and expense	2,698,629.00	1,823,726.50
Reception & closing expenses	354,959.50	299,460.00
Annual/special general meeting expense	395,181.00	214,179.00
Other	-	-
(a) Share issuance / registration cost	-	66,400.00
(b) Fuel expenses	3,082,671.10	1,613,316.57
(c) Renewal fee	447,022.95	447,240.00
(d) Software & Annual Maintenance Charge expenses	1,596,127.89	927,479.24
(e) CIC Charge expenses	47,742.50	15,850.00
(f) Registration & annual charge expenses	230,078.00	722,468.00
(g) Donor program expenses	-	-
(h) Business promotion	-	-
(i) Publication expenses	-	-
(j) office utility expenses	187,592.00	-
(k) Trainee selection expenses	-	-
(l) Loan Renewal and Bank Charges	1,691,677.77	476,905.24
(m) Corporate Social Responsibility Expenses	-	-
(n) Merger expenses	-	493,961.00
(o) Miscellaneous	* 613,219.06	1,083,784.50
(p) wages/ labor on cleaning expenses	1,827,538.00	-
(q) Technical Consultancy Expenses	-	-
(r) Rebate on interest expenses	3,553.00	-
(s) Planning and Review Expenses	461,040.00	-
(t) Write off Expenses	-	42,989.81
Total	19,931,041.04	13,738,800.74




4.36 Depreciation and Amortization

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Depreciation of Property, plant & equipment (Refer note 4.10)	2,855,690.29	2,239,055.08
Depreciation on investment property	-	-
Amortization of Intangible assets (Refer note 4.11)	152,173.00	-
Total	3,007,863.29	2,239,055.08

4.37 Non-Operating Income

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Recovery of loan written off	-	-
Other Non Operating Income	35,000.00	-
(a) Gain From Sale of Fixed assets	-	-
(b) Donation Assets Depreciation Reverse	-	-
(c) Fee & Registrar income from sale	35,000.00	-
Total	35,000.00	-

4.38 Non-Operating Expenses

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Loan written off	-	-
Redundancy provision	-	-
Expenses of restructuring	-	-
Other Non Operating Expenses	-	-
Total	-	-

4.39 Income tax Expense

The Microfinance current tax liabilities are calculated using the Income Tax Act, 2058 as applicable in Nepal. Current tax payable (or recoverable) is based on the taxable profit for the year. Taxable profit differs from the profit reported in the statement of profit or loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible.

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Current Year Tax Expense	-	-
Current Year	-	-
Adjustment for Prior Years	-	-
Deferred tax expense	5,614,338.57	3,864,454.00
Origination and reversal of temporary differences	5,614,338.57	3,864,454.00
Changes in tax rate	-	-
Recognition of previously unrecognized tax losses	-	-
Total	5,614,338.57	3,864,454.00

[Handwritten signature]

[Handwritten signature]



[Handwritten signature]

[Handwritten signature]



[Handwritten signature]

4.36 Depreciation and Amortization

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Depreciation of Property, plant & equipment (Refer note 4.10)	2,855,690.29	2,239,055.08
Depreciation on investment property	-	-
Amortization of Intangible assets (Refer note 4.11)	152,173.00	-
Total	3,007,863.29	2,239,055.08

4.37 Non-Operating Income

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Recovery of loan written off	-	-
Other Non Operating Income	35,000.00	-
(a) Gain From Sale of Fixed assets	-	-
(b) Donation Assets Depreciation Reverse	-	-
(c) Fee & Registrar income from sale	35,000.00	-
Total	35,000.00	-

4.38 Non-Operating Expenses

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Loan written off	-	-
Redundancy provision	-	-
Expenses of restructuring	-	-
Other Non Operating Expenses	-	-
Total	-	-

4.39 Income tax Expense

The Microfinance current tax liabilities are calculated using the Income Tax Act, 2058 as applicable in Nepal. Current tax payable (or recoverable) is based on the taxable profit for the year. Taxable profit differs from the profit reported in the statement of profit or loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible.

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Current Year Tax Expense	-	-
Current Year	-	-
Adjustment for Prior Years	-	-
Deferred tax expense	5,614,338.57	3,864,454.00
Origination and reversal of temporary differences	5,614,338.57	3,864,454.00
Changes in tax rate	-	-
Recognition of previously unrecognized tax losses	-	-
Total	5,614,338.57	3,864,454.00

4.39.1 Reconciliation of tax expense and accounting profit

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Profit before tax	(45,283,931.05)	(17,599,233.32)
Tax amount at tax rate of 30%	-	-
Add: Tax effect of expenses that are not deductible for tax purpose	-	-
Less: Tax effect on exempt income	-	-
Add/less: Tax effect on other items	-	-
Total income tax expense	-	-
Effective tax rate	0.00%	0.00%

Statement of Distributable Profit or Loss

For the year ended 32 Ashadh 2082

(As Per NRB Regulation)

(Amount in NPR)

Particular	32nd Ashad 2082	31st Ashad 2081 Restated
Net Profit or (loss) as per Statement of Profit or Loss	(50,898,269.62)	(21,463,687.32)
Appropriations:		
a. General Reserve	-	-
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate Social Responsibility fund	-	-
e. Employees Training Fund	-	-
f. Client Protection fund	-	-
j. Other	-	-
Profit or (loss) before regulatory adjustment	(50,898,269.62)	(21,463,687.32)
Regulatory adjustment		
a. Interest receivable (-)/previous accrued interest received (+)	(13,016,888.23)	(20,781,704.87)
b. Short loan loss provision in accounts (-)/reversal (+)		
c. Short provision for possible losses on investment (-)/reversal (+)		
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)		
e. Deferred tax assets recognized (-)/ reversal (+)	(7,115,919.43)	
f. Goodwill recognized (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognized (-)/reversal (+)		
h. Actuarial loss recognized (-)/reversal (+)	-	-
i. Other (+/-)	-	-
Adjustment due to merger	-	(12,024,026.41)
Loan Restructure Writeback Fund	21,721,208.00	5,254,581.00
Net Profit for the year end 2082 Ashadh available for distribution	(49,309,869.28)	(49,014,837.40)
Opening Retained Earning as on Shrawan 1, 2081	(54,834,534.40)	(5,819,697.00)
Adjustment (+/-)	-	-
Distribution :		
Bonus shares issued	-	-
Cash Dividend Paid	-	-
Total Distributable profit or (loss) as on year end date	(104,144,403.68)	(54,834,534.40)


 The bottom section of the page contains several handwritten signatures in black ink. There are also two circular stamps: one is a blue ink stamp of the National Bank of Nepal, and the other is a blue ink stamp of the Chartered Accountants Association of Nepal. The signatures appear to be from various officials or auditors.

5. Additional Information and Disclosures

5.1 Risk Assessment and Management

Risk Management

The Microfinance is exposed to various types of risks including credit, market, liquidity, operational, legal, compliance and reputation risks. The objective of the risk management framework at the Microfinance is to ensure that various risks are understood, measured and monitored and that the policies and procedures established to address these risks are strictly adhered to.

The Board of Directors has oversight on all the risks assumed by the Microfinance. The board level sub-committee (Risk Management Committee) has been established to facilitate focused oversight of various risks. The committee reviews the risk management policies as well as the Microfinance's compliance with NRB Directives.

The Microfinance's Management Committee comprised during reporting period as following:

S.N.	Members of Risk Management Committee	Designation
1	Mr. Rajeshor Adhikari, Director	Coordinator
2	Mr. Nabin Sharma, Director	Member
3	Mr. Dilliram Bhattarai, Head of Credit	Member Secretary
4	Mr. Suman Danuwar, Head of Operation	Member

Risk Governance

Trained supervisors and analysts in the Microfinance examine and monitor the performance and activities of partner cooperatives. In addition to monitoring the financial condition of the cooperatives, supervisors also review compliance with terms and conditions of loan agreements and regulations and seek corrective action as and when necessary.

Risk Management Department conducts periodical financial surveillance and monitoring and provides pre-examination analysis and other analytical support to onsite supervisors and management.

Through its risk management framework, the Microfinance seeks to efficiently manage credit, market and liquidity risks which arise directly through the Microfinance's commercial activities as well as operational, regulatory and reputational risks which arise as a normal consequence of any business undertaking. As part of this framework, the Microfinance uses a set of principles that describe its risk management culture. The principles of risk management followed by the Microfinance include:

- Prepare quarterly report of financial position and performance for individual cooperatives and to conclude the trends and indicators on these.
- Analyze the financial position and performance indicators on quarterly basis.
- Provide all statistical data required for onsite supervision.
- Anticipating future risks and ensuring awareness of all risks.
- Efficient and effective risk management and control to gain competitive advantage.

[Handwritten signatures and stamps]

[Circular stamp: Nepal Microfinance Association]

[Circular stamp: Chartered Accountants]

In order to enhance governance/oversight and to enable earlier detection and mitigation of critical risks, Supervision System (SS) has been implemented in ENTITY.

Following are the major risk faced by the microfinance and the mitigating measures followed by it:

Credit Risk

Credit risk is the potential for loss due to failure of counterparty to meet its obligations to pay the Microfinance in accordance with agreed terms.

The Microfinance has Credit Policy that, inter alia, consist of areas of lending, eligibility of borrower, loan application format and requirement, necessary documents for processing loans, risk assessment areas, loan approval authority and other general credit principles. The credit policy has been formulated by keeping in mind the prudential norms given by NRB.

A standardized loan application form has been in use for facilitating collection and analysis of all the relevant data for evaluating credit worthiness and proper evaluation of the credit risk of the prospective borrower. The factors considered in evaluating loan applications normally included prospects of the business, management of the cooperative, financial analysis- income statement, balance sheet, cash flow statement, key financial indicators, key risk and mitigating factors. Further, inspection and supervision are also conducted before approval of the loan for pre-analysis and after the disbursement of loan as well for monitoring the utilization of loan.

Operation Risk

Operational risk is the prospect of loss resulting from inadequate or failed procedures, systems or policies, employee errors, system failures, fraud or other criminal activity that disrupts business processes.

Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring. For the control of operational risk of institution, it has Financial Administration Policy, Employee Bylaws which guides the day to day operation.

Each risk control owner is responsible for identifying risks that are material and for maintaining an effective control environment across the organization. Risk control owners have responsibility for the control of operational risk arising from the management of the following activities: External Rules & Regulations, Liability, Legal Enforceability, Damage or Loss of Physical Assets, Safety & Security, Internal Fraud or Dishonesty, External Fraud, Information Security and Processing Failure. Operational risks can arise from all business lines and from all activities carried out by the Microfinance. Operational Risk management approach seeks to ensure management of operational risk by maintaining a complete process defined for all business segments, products and processes.

[Handwritten signatures and stamps]

[Circular stamp: Chartered Accountants]

[Circular stamp: Chartered Accountants]

Market Risk

Risks arising out of adverse movements in interest rates and equity prices are covered under Market Risk Management. Market Risk is the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. Institutional exposure to market risk arises principally from institutional driven transactions.

In line with Risk Management Guidelines prescribed by NRB, the Microfinance focuses on risk management. In addition to that, Interest rate risk is assessed at a regular interval to strengthen market risk management. The market risk is managed within the risk tolerances and market risk limits set by ALCO.

Liquidity Risk

Liquidity risk is the potential that the Microfinance either does not have sufficient liquid financial resources available to meet all its obligations as they fall due, or can only access these financial resources at excessive cost. The Liquidity Risk is managed by ALCO.

Reputational Risk

Reputational risk is a risk of loss resulting from damages to reputation of institution, in lost revenue; increased operating, capital or regulatory costs, or destruction of shareholder value. Reputational risk is managed by the management committee which are responsible for protecting the institution's reputation locally and has the responsibility to ensure that the Microfinance does not undertake any activities that may cause material damage to the reputation of institution.

Internal Control

The Board is committed to managing risks and in controlling its business and financial activities in a manner which enables it to maximize profitable business opportunities, avoid or reduce risks which can cause loss or reputational damage, ensure compliance with applicable laws and regulations and enhance resilience to external events. To achieve this, the Board has adopted policies and procedures of risk identification, risk evaluation, risk mitigation and control/monitoring.

The effectiveness of the Microfinance's internal control system is reviewed regularly by the Board, its Committees, Management and Internal Audit. The Audit Committee has reviewed the effectiveness of the Microfinance's system of internal control during the year and provided feedback to the Board as appropriate. ENTITY has in-house Internal Audit division that performs internal audit function of institution. The Internal Audit monitors compliance with policies/standards and the effectiveness of internal control structures across the Company through its program of business/unit audits. The Internal Audit function is focused on the areas

[Handwritten signatures and stamps]

[Circular stamp: Board of Directors]

[Circular stamp: J.D. Associates Chartered Accountants]

of greatest risk as determined by a risk-based assessment methodology. Internal Audit reports are quarterly forwarded to the Audit Committee. The findings of all audits are reported to the Chief Executive Officer and Business Heads for initiating immediate corrective measures.

5.2 Capital Management

i. Qualitative Disclosure

The microfinance has maintained the capital adequacy as per Capital adequacy framework, 2007 (Updated July 2008) as required by Nepal Rastra Bank. The main objective of this framework is to develop a safe and sound financial system by way of sufficient amount of qualitative capital and risk management practices. The total equity of the microfinance comprises of paid-up capital, statutory reserves and other reserves. The microfinance does not have any other complex or hybrid capital instruments. Capital adequacy ratio as on Ashad End 2082 is 4.47% and 6.12% on core capital and capital fund respectively. Assessment of capital adequacy of microfinance is done on regular basis taking into considerations the exposure of microfinance. Also, the analysis of possible impact on capital adequacy is being done on regular basis taking into consideration the future impacts on assumptive basis. Capital adequacy of microfinance and impact in capital due to future change in nature and size of business is discussed in Risk Management Committee and is summarized in board. Regular monitoring of nature of business is being done so that unexpected negative impact could not take place in capital adequacy of microfinance. The internal capital adequacy assessment process (ICAAP) is a comprehensive process which requires board and senior management oversight, monitoring, reporting and internal control reviews at regular intervals to ensure the alignment of regulatory capital requirement with the true risk profile of the microfinance and thus ensure long-term safety and soundness of the microfinance.

ii. Quantitative Disclosure

Capital adequacy of the microfinance as per regulatory requirement is as follows:

(Amount in NPR)

Particulars	Current Year	Previous Year
Paid up Equity Share Capital	170,805,000.00	170,805,000.00
Irredeemable Non-cumulative preference shares	-	-
Share Premium	-	-
Proposed Bonus Equity Shares	-	-
Statutory General Reserves	22,128,883.54	22,128,884.00
Retained Earnings	(104,144,403.68)	(61,557,121.00)
Un-audited current year cumulative profit		
Special Reserve Fund		
Capital Adjustment Reserves	4,395,000.00	4,395,000.00
Dividend Equalization Reserves	-	-
Capital Redemption Reserves Fund	-	-
Deferred Tax Reserve	-	-
Other Free Reserves	2,208,456.84	16,590,645.00



Less: Goodwill		
Less: Intangible Assets	760,867.00	-
Less: Fictitious Assets	-	
Less: Deferred Tax Assets	-	13,134,032.00
Less: Investment in equity of licensed Financial Institutions	-	
Less: Investment in equity of institutions with financial interests	-	
Less: Investment in equity of institutions in excess of limits	-	
Less: Investments arising out of underwriting commitments	-	
Less: Purchase of Land & Building in excess of limit & utilized	-	
Less: Reciprocal crossholdings	-	
Less: Other Deductions	-	-
Total Tier 1 Capital	94,632,069.70	139,228,376.00

Particulars	Current Year	Previous Year
Cumulative and/or Redeemable Preference Share	-	
Subordinated Term Debt	-	
Hybrid Capital Instruments	-	
General loan loss provision	20,093,841.17	18,031,698.50
Exchange Equalization Reserves	-	
Investments Adjustment Reserves	-	
Assets Revaluation Reserves	-	
Special Reserve Fund		
Additional Loan loss provision	14,803,780.18	1,844,457.90
Total Tier 2 Capital	34,897,621.35	19,876,156.40

Particulars	Current Year	Previous Year
Core Capital (Tier 1)	94,632,069.70	139,228,376.00
Supplementary Capital (Tier 2)	34,897,621.35	19,876,156.40
Total Capital Fund	129,529,691.04	159,104,532.40
Capital Fund maintained (in %)	6.12%	9.74%
Core Capital maintained (in %)	4.47%	8.53%

iii. **Compliance with external requirement**

During the period the microfinance complied with all external imposed capital requirements to which it is subject to.

5.3 **Classification and Fair value of financial asset and liability**

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Microfinance recognises transfers between levels of the fair value hierarchy when there is

a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

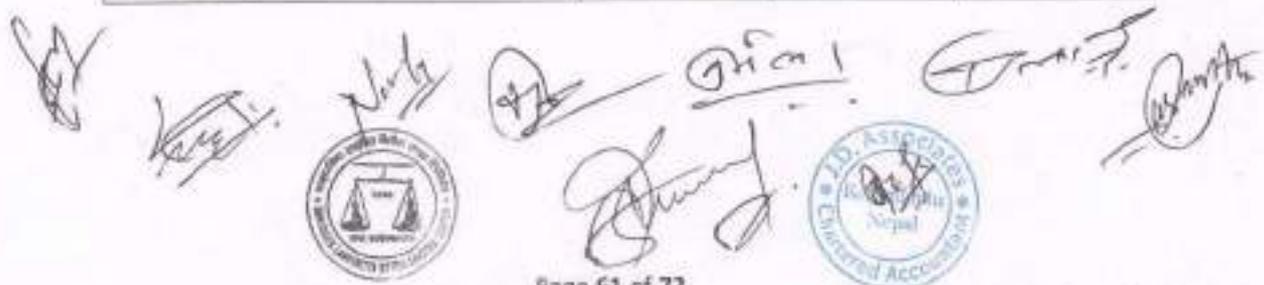
Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

Following is the classification of financial assets & financial liabilities as on 32-03-2082:

Financial Assets	Level 1	Level 2	Level 3
Cash & Cash Equivalents	-	-	-
Statutory Balances and Due from Nepal Rastra Bank	-	-	-
Placement with Banks & Financial Institutions	-	-	-
Derivative Financial Instruments	-	-	-
Other Trading Assets	-	-	-
Loan and Advances to MFIs & Cooperatives	-	-	-
Loan & advances to customers	-	-	-
Investment Securities	-	-	-
Other assets	-	-	-
Total Assets	-	-	-
Financial Liabilities	-	-	-
Due to Bank & Financial Institutions	-	-	-
Due to Nepal Rastra Bank	-	-	-
Borrowing	-	-	-
Other liabilities	-	-	-
Total Liabilities	-	-	-


 The bottom section of the page contains several handwritten signatures in black ink. Below the signatures are two circular official stamps. The stamp on the left is the seal of the Nepal Rastra Bank, featuring a scale of justice and the text 'नेपाल राष्ट्र बैंक' and 'Nepal Rastra Bank'. The stamp on the right is the seal of 'A.D. ASSOCIATES & COMPANY Chartered Accountants', with the text 'A.D. ASSOCIATES & COMPANY' and 'Chartered Accountants' around a central emblem.

5.4 Operating Segment Information

5.4.1 General information

The Microfinance uses following basis for identification of the operating segments:-

- components from which the Microfinance earns revenues and incurs expenses,
- components whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance, and
- components for which discrete financial information is available.

During the current year the microfinance has not done segment reporting of the Assets and Liabilities and Income and Expenses of the Organization.

5.4.2 The segmental information about profit or loss, assets and liabilities is presented below:

The organization has not reported any segment information during this fiscal year

FY 2081.82							
S	Particulars	Segment 1	Segment 2	Segment 3	Segment 4	All Others	Total
a	Revenue from external customers	-	-	-	-	-	-
b	Intersegment Revenue	-	-	-	-	-	-
c	Net Revenue	-	-	-	-	-	-
d	Interest Revenue	-	-	-	-	-	-
e	Interest Expense	-	-	-	-	-	-
f	Net Interest Revenue	-	-	-	-	-	-
g	Depreciation & Amortization	-	-	-	-	-	-
h	Segment Profit / (Loss)	-	-	-	-	-	-
i	Other material non-cash items	-	-	-	-	-	-
j	Impairment of Assets	-	-	-	-	-	-
k	Segment Assets	-	-	-	-	-	-
l	Segment Liabilities	-	-	-	-	-	-

5.5 Share options and share based payment

There is no share-based payment made by the Microfinance.




5.6 Contingent liabilities and commitment

There is no contingent liabilities and commitment made by the microfinance. Comprehensive disclosure of the contingent liabilities and commitments are made on Note 4.26

5.7 Related Party Disclosure

The Microfinance identifies the following as the related parties under the requirements of NAS 24:

1. Directors of the Microfinance and their close family members, if any
2. Key Managerial Personnel and their close family members, if any
3. Promoter Commercial Banks of the Microfinance
4. Subsidiary of major shareholders

The related party disclosures as presented below:

5.7.1. Promoter Commercial Banks of the Microfinance

Particulars	2081.82	
	% of Holding	Shares Holding
	-	-
	-	-
	-	-

5.7.2. Transaction with promoter commercial banks and their major shareholders for FY 2081.82

Transaction and balances				
Borrowings				
Interest on borrowings				
Other transaction				

5.7.3. Transaction with and payments to directors of Microfinance

The details relating to compensation paid to directors were as follows:

Particulars	2081.82
Meeting Fees	9,82,000.00
Other expenses	5,58,927.97
Total	15,40,927.97

Details of the Board of Directors and their composition, and changes if any, during the period are disclosed in the director's report

5.7.4. Transaction with and payment to Key Management Personnel (KMP)

The key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including any director. Related party disclosure of directors are presented in above point. The microfinance considers Chief Executive Officer (CEO) to be its KMP. The details relating to



the remuneration paid and other facilities provided to Dilip Kumar Pokharel, CEO of the Microfinance is as follows:

Particulars	2081.82
Dilip Kumar Pokharel, CEO	21,45,000

*Bonus and welfare fund is provided as per prevalent rules and regulations.

5.8 Merger and acquisition

In the fiscal year 2080-81, two microfinance institutions named Samudayik Laghubitta Bittiya Sanstha Limited and BPW Laghubitta Bittiya Sanstha Limited had been merged and done the integrated transaction from 2080 Falgun 24. No any Merger and acquisition has taken in the current fiscal year.

5.9 Additional Disclosure of non-consolidated entities.

Not Applicable.

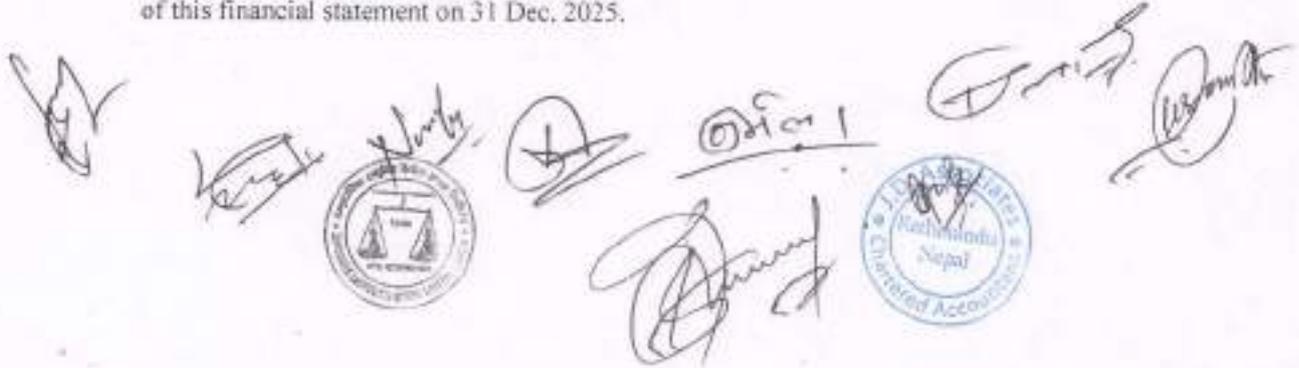
5.10 Events after reporting date

Accounting Policy

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

Explanatory Notes

There are no material events that has occurred subsequent to 32st Ashadh 2082 till the signing of this financial statement on 31 Dec, 2025.



The image shows several handwritten signatures and official seals. On the left, there is a signature. In the center, there is a circular seal with a scale of justice and the text 'Nepal' and 'Chartered Accountants'. To the right, there is another circular seal with the text 'Nepal' and 'Chartered Accountants'. There are also several other handwritten signatures and initials scattered across the bottom of the page.

5.11 Disclosure of effect of transition from previous GAAP to NFRS (1st time adoption)

5.11.1 Reconciliation of Opening Statement of Financial Position as on 31-03-2080

(Amount in NPR)

Particular	GAAP Amount	Adjustment	Adjusted Opening FS
Cash & Cash Equivalents	120,890,688	-	120,890,688
Statutory Balances and Due from Nepal Rastra Bank	-	-	-
Placement with Banks & Financial Institutions	101,000,000	1,000,000	100,000,000
Derivative Financial Instruments	-	-	-
Other Trading Assets	-	-	-
Loan and Advances to MFIs & Cooperatives	-	-	-
Loan & advances to customers	1,100,681,392	(16,809,186)	1,117,490,578
Investment Securities	-	(1,000,000)	1,000,000
Current Tax Assets	2,715,333	-	2,715,333
Investment Property	-	-	-
Property, plant & equipments	7,195,646	-	7,195,646
Goodwill and Intangible assets	-	-	-
Deferred tax assets	16,362,018	-	16,362,018
Other assets	13,053,861	7,832,406	5,221,455
Total Assets	1,361,898,938	(8,976,780)	1,370,875,718
Liabilities & Equity			
Due to Bank & Financial Institutions	-	-	-
Due to Nepal Rastra Bank	-	-	-
Derivative Financial Instrument	-	-	-
Deposits from Customers	559,313,660	-	559,313,660
Borrowing	497,599,023	-	497,599,023
Current Tax Liabilities	8,126,883	-	8,126,883
Provisions	-	(3,027,949)	3,027,949
Deferred Tax Liabilities	-	-	-
Other liabilities	78,063,897	3,027,949	75,035,948
Debt Securities Issued	-	-	-
Subordinated Liabilities	-	-	-
Total Liabilities	1,143,103,463	0	1,143,103,463
Equity	145,200,000	-	145,200,000
Share Premium	-	-	-
Retained Earnings	(13,010,791)	(16,167,874)	3,157,083
Reserve	86,606,266	7,191,094	79,415,172
Total Shareholders Equity	218,795,475	(8,976,780)	227,772,255
Non Controlling Interests	-	-	-
Total Equity	218,795,475	(8,976,780)	227,772,255
Total Liabilities & equity	1,361,898,938	(8,976,780)	1,370,875,718

5.11.2. Reconciliation of Statement of Profit or Loss and other comprehensive statement
for the FY 2080,81

(Amount in NPR)

Particular	AS per GAAP	Adjustment	NFRS
Interest income	182,613,069	(20,781,705)	203,394,773
Interest expenses	(108,748,476)	-	(108,748,476)
Net interest income	73,864,593	(20,781,705)	94,646,297
Fees & Commission Income	16,343,892	-	16,343,892
Fees & Commission Expense	-	28,884	(28,884)
Net Fee & Commission Income	16,343,892	28,884	16,315,008
Net Interest, Fee & Commission Income	90,208,485	(20,752,820)	110,961,305
Net Trading Income	-	-	-
Other Operating Income	-	-	-
Total Operating Income	90,208,485	(20,752,820)	110,961,305
Impairment Charge/ (reversal) for loans & other losses	(18,735,909)	-	(18,735,909)
Net Operating Income	71,472,576	(20,752,820)	92,225,396
Personnel Expenses	(82,025,670)	-	(82,025,670)
Other Operating expenses	(25,978,696)	(418,791)	(25,559,905)
Depreciation & amortization	(1,784,415)	454,640	(2,239,055)
Operating Profit	(38,316,205)	(20,716,972)	(17,599,233)
Non Operating Income	-	-	-
Non Operating Expense	-	-	-
Profit before income tax	(38,316,205)	(20,716,972)	(17,599,233)
Income Tax Expense	(3,460,680)	403,774	(3,864,454)
Current tax	-	-	-
Deferred tax	(3,460,680)	403,774	(3,864,454)
Net profit for the year	(41,776,885)	(19,909,424)	(21,463,687)
Profit attribute to:			
Equity holder of the Financial Institution			
Net profit for the year	(41,776,885)	(19,909,424)	(21,463,687)
Earnings per share			
Basis EPS			
Diluted EPS			
Other comprehensive income			
Net profit for the year			
Other comprehensive income			
a) Items that will not be reclassified to profit or loss			
Gains/(losses) from investments in equity instruments measured at fair value			
Gains/(losses) on Revaluation			
Actuarial gains/(losses) on defined benefit plans			
Income tax relating to above items			
Net other comprehensive income that will not be reclassified to profit or loss			(21,463,687)
b) Items that are or may be reclassified to profit or loss			
Gains/(losses) on cash flow hedge			
Exchange gains/(losses) (arising from translating financial assets of foreign operation)			
Income tax relating to above items			



Handwritten signatures and initials are present at the bottom of the page, including a large signature on the left and several smaller ones on the right, some overlapping the stamps.

Reclassify to profit or loss			
Net other comprehensive income that are or may be reclassified to profit or loss			
Other comprehensive income for the year, net of income tax			
Total Comprehensive income for the year			
Total comprehensive income for the period			-

5.11.3. Reconciliation of Statement of Financial Position as on 31-03-2081

(Amount in NPR)

Particular	GAAP Amount	Adjustment	NFRS
Cash & Cash Equivalents	160,594,101	-	160,594,100.68
Statutory Balances and Due from Nepal Rastra Bank	-	-	-
Placement with Banks & Financial Institutions	-	(20,000,000.00)	20,000,000.00
Derivative Financial Instruments	-	-	-
Other Trading Assets	-	-	-
Loan and Advances to MFIs & Cooperatives	-	-	-
Loan & advances to customers	1,412,128,277	(39,004,478.30)	1,451,132,755.30
Investment Securities	21,000,000	20,000,000.00	1,000,000.00
Current Tax Assets	1,651,169	-	1,651,168.71
Investment Property	-	-	-
Property, plant & equipment	6,666,018	(5,181,075.55)	11,847,093.55
Goodwill and Intangible assets	-	-	-
Deferred tax assets	13,134,032	403,774.00	12,730,258.00
Other assets	31,676,960	9,245,993.51	22,430,966.39
Total Assets	1,646,850,556	(34,535,786.34)	1,681,386,342.63
Liabilities & Equity			
Due to Bank & Financial Institutions	-	-	-
Due to Nepal Rastra Bank	-	-	-
Derivative Financial Instrument	-	-	-
Deposits from Customers	580,951,361	-	580,951,361.43
Borrowing	770,520,975	-	770,520,975.00
Current Tax Liabilities	-	-	-
Provisions	-	(20,709,214.32)	20,709,214.32
Deferred Tax Liabilities	-	-	-
Other liabilities	96,876,766	15,463,405.10	81,413,360.90
Debt Securities Issued	-	-	-
Subordinated Liabilities	-	-	-
Total Liabilities	1,448,349,102.43	(5,245,809.22)	1,453,594,911.65
Equity	170,805,000	-	170,805,000.00
Share Premium	-	-	-
Retained Earnings	(61,557,121)	(36,481,070.96)	(25,076,050.04)
Reserve	89,253,575	7,191,094.19	82,062,480.81
Total Shareholders Equity	198,501,454	(29,289,976.77)	227,791,430.77
Non Controlling Interests	-	-	-
Total Equity	198,501,454	(29,289,976.77)	227,791,430.77
Total Liabilities & equity	1,646,850,556	(34,535,786)	1,681,386,342

[Handwritten signature]



[Handwritten signature]



5.11.4. Reconciliation of Statement of Profit or Loss and other comprehensive statement for the FY 2081.82

(Amount in NPR)

Particular	AS per GAAP	Adjustment	NFRS
Interest income	238,936,661	13,016,888	251,953,549
Interest expenses	(129,676,814)	-	(129,676,814)
Net interest income	109,259,847	13,016,888	122,276,736
Fees & Commission Income	21,685,492	(1,294,547)	20,390,945
Fees & Commission Expense	(12,289)	(0)	(12,289)
Net Fee & Commission Income	21,673,203	(1,294,548)	20,378,656
Net Interest, Fee & Commission Income	130,933,051	11,722,340	142,655,391
Net Trading Income	-	(505,319)	(505,319)
Other Operating Income	-	446,412	446,412
Total Operating Income	130,933,051	11,663,434	142,596,485
Impairment Charge/ (reversal) for loans & other losses	(53,286,424)	(0)	(53,286,424)
Net Operating Income	77,646,627	11,663,434	89,310,060
Personnel Expenses	(94,157,643)	1,063,920	(93,093,723)
Other Operating expenses	(39,113,786)	586,381	(38,527,405)
Depreciation & amortization	(2,776,083)	(231,781)	(3,007,863)
Operating Profit	(58,400,885)	13,081,954	(45,318,931)
Non Operating Income	31,447	3,553	35,000
Non Operating Expense	0	-	-
Profit before income tax	(58,369,438)	13,085,507	(45,283,931)
Income Tax Expense	-	(5,614,339)	(5,614,339)
Current tax	-	-	-
Deferred tax	-	(5,614,339)	(5,614,339)
Net profit for the year	(58,369,438)	1,856,830	(50,898,270)
Profit attribute to:			
Equity holder of the Financial Institution			
Net profit for the year	(58,369,438)	1,856,830	(50,898,270)
Earnings per share			
Basis EPS			
Diluted EPS			
Other comprehensive income			
Net profit for the year			
Other comprehensive income			
a) Items that will not be reclassified to profit or loss			
Gains/(losses) from investments in equity instruments measured at fair value			
Gains/(losses) on Revaluation			
Actuarial gains/(losses) on defined benefit plans			
Income tax relating to above items			
Net other comprehensive income that will not be reclassified to profit or loss			(50,898,270)

[Handwritten signature]

[Handwritten signature]


[Handwritten signature]


[Handwritten signature]


b) Items that are or may be reclassified to profit or loss			
Gains/(losses) on cash flow hedge			
Exchange gains/(losses) (arising from translating financial assets of foreign operation)			
Income tax relating to above items			
Reclassify to profit or loss			
Net other comprehensive income that are or may be reclassified to profit or loss			
Other comprehensive income for the year, net of income tax			
Total Comprehensive income for the year			
Total comprehensive income for the period			(50,898,270)

5.11.5. Reconciliation of Statement of Financial Position as on 31-03-2082

(Amount in NPR)

Particular	GAAP Amount	Adjustment	NFRS
Cash & Cash Equivalents	157,391,802	23,000,000.00	134,391,802.32
Statutory Balances and Due from Nepal Rastra Bank	-	-	-
Placement with Banks & Financial Institutions	-	(23,000,000.00)	23,000,000.00
Derivative Financial Instruments	-	-	-
Other Trading Assets	-	-	-
Loan and Advances to MFIs & Cooperatives	-	-	-
Loan & advances to customers	1,825,182,518	6,107,256.34	1,819,075,261.37
Investment Securities	1,000,000	-	1,000,000.00
Current Tax Assets	3,682,331	-	3,682,330.94
Investment Property	-	-	-
Property, plant & equipments	10,136,918	(4,188,427.51)	14,325,345.17
Goodwill and Intangible assets	-	(760,867.00)	760,867.00
Deferred tax assets	13,134,012	6,018,092.57	7,115,919.43
Other assets	35,920,139	11,963,113.55	23,957,025.25
Total Assets	2,046,447,720	19,139,167.95	2,027,308,551.48
Liabilities & Equity			
Due to Bank & Financial Institutions	-	-	-
Due to Nepal Rastra Bank	-	-	-
Derivative Financial Instrument	-	-	-
Deposits from Customers	711,205,392	(0.33)	711,205,392.33
Borrowing	1,075,117,563	(0.30)	1,075,117,563.30
Current Tax Liabilities	-	-	-
Provisions	20,709,214	-	20,709,214.32
Deferred Tax Liabilities	-	-	-
Other liabilities	39,959,824	(4,945,405.88)	44,905,230.07
Debt Securities Issued	-	-	-
Subordinated Liabilities	-	-	-
Total Liabilities	1,846,991,994	(4,945,406.51)	1,851,937,400.02
Equity	170,805,000	-	170,805,000.00

Share Premium	-	-	-
Retained Earnings	(54,785,383)	49,359,020.59	(104,144,403.68)
Reserve	83,436,110	(25,274,445.24)	108,710,555.14
Total Shareholders Equity	199,455,727	24,084,575.35	175,371,151.46
Non Controlling Interest			
Total Equity	199,455,727	24,084,575.35	175,371,151.46
Total Liabilities & equity	2,046,447,720	19,139,167.95	2,027,308,551.48

5.11.9. Reconciliation of Statement of Cash Flows as on 32-03-2082

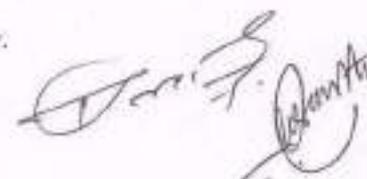
Particulars	For the year ended (the latest period presented under previous GAAP)		
	Previous GAAP	Effect of Transition to NFRSs	Amount as per
Net cash flows from operating activities	(19,731,399.59)	23,680,442.66	3,949,043.07
Net cash flows from investing activities	(6,470,899.81)	223,917.90	(6,246,981.91)
Net cash flows from financing activities	-	(904,359.52)	(904,359.52)
Net increase/(decrease) in cash and cash equivalent	(26,202,299.40)	23,000,001.04	(3,202,298.36)
Cash and cash equivalent at the beginning of the period	160,594,101.40	0.72	160,594,100.68
Cash and cash equivalent at the end of the period	134,391,802.00	23,000,001.76	157,391,803.32

5.12 Proposed Dividend

The Microfinance has not proposed any dividend in this fiscal year.









5.13 Variation Between Audited and Unaudited Financial Statements

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
Assets			In amount	In %	
Cash and cash equivalent	157,392	157,392	0	0.00%	
Due from NRB and placements with BFIs	-	-	-	N/A	
Loan and advances	1,825,183	1,819,075	(6,107)	-0.33%	Adjusted with loan loss reserve balance and staff loan amortization, AIR
Investments Securities	1,000	1,000	-	0.00%	
Investment in subsidiary and associates	-	-	-	N/A	
Property And Equipment	10,137	14,325	4,188	41.32%	Due to Reclassification/regrouping of Intangible asset
Goodwill and intangible assets	-	761	761	N/A	Due to Reclassification/regrouping of Intangible asset
Other assets	52,786	34,755	(18,031)	-34.16%	netting of current tax/deferred tax, other asset provision and Reclassification
Total Assets	2,046,498	2,027,309	(19,189)	-0.94%	
Capital and Liabilities					
Paid up Capital	170,805	170,805	-	0.00%	
Reserves and surplus	28,727	4,566	(24,160)	-84.10%	NFRS remeasurement and Reversal of deferred tax reserve ie change in Profit
Deposits	711,205	711,205	0	0.00%	
Borrowings	1,075,118	1,075,118	0	0.00%	
Bond and Debenture	-	-	-	0.00%	
Other liabilities and provisions	60,643	65,614	4,971	8.20%	Actuarial valuation, operating lease and regrouping
Total Capital and Liabilities	2,046,498	2,027,309	(19,189)	-0.94%	
	0	-			
Statement of Profit or Loss					
Interest income	238,937	251,954	13,017	5.45%	Accrued interest recognised, Interest income from staff loan and Due to some adjustment made in interest income - bank
Interest expense	129,677	129,677	(0)	0.00%	
Net interest income	109,260	122,277	13,017	11.91%	
Fee and commission income	20,636	20,391	(245)	-1.19%	Due to some adjustment made in other operating income and other regrouping
Fee and commission expense	12	12	0	0.00%	
Net fee and commission income	20,624	20,379	(245)	-1.19%	

Net Interest, Fee and Commission Income	129,884	142,655	12,772	9.83%	
Net Trading Income	-	(505)	(505)		
Other operating income	921	446	(474)	-51.51%	Misc Income Included in Fees commission and discount. gain on sale of assets are reclassified
Total operating income	921	142,596	141,676	15,389.89%	
Impairment charge/(reversal) for loans and other losses	(9,011)	53,286	62,297	-691.38%	Additional provision made in other assets and regrouping of Provision
Net operating income	139,815	89,310	(50,505)	-36.12%	
Operating Expense					
Personnel expenses	94,057	93,094	(963)	-1.02%	Actuarial valuation, staff loan amortization, staff bonus and other reclassification
Other operating expenses	39,025	38,527	(497)	-1.27%	Lease expenses and regrouping of Expenses
Depreciation & Amortisation	2,776	3,008	232	8.35%	
Operating profit	3,957	(45,319)	(49,276)	-1245.35%	
Non Operating Income	35	35	-	0.00%	
Non Operating Expense	4	-	(4)	-100.00%	
Profit before tax	3,988	(45,284)	(49,272)	-1235.44%	Effect due to change in operating profit after some necessary adjustments
Income tax expenses		(5,614)	(5,614)	100.00%	Effect due to change in operating profit after some necessary adjustments
Profit /(loss) for the period	3,988	(50,898)	(54,886)	-1376%	
Other comprehensive income			-	N/A	
Total comprehensive income	3,988	(50,898)	(54,886)	(14)	
Distributable Profit	3,988	(50,898)	(54,886)	(14)	
Net profit/(loss) as per profit or loss	3,988	(50,898)	(54,886)	(14)	
Add/Less: Regulatory adjustment as per NRB Directive	-		-		
Free profit/(loss) after regulatory adjustments	3,988	(50,898)	(54,886)	(14)	


 The bottom of the page features several handwritten signatures in black ink. There are two circular official stamps: one on the left with a scale of justice and the text 'INDEPENDENT MEMBER OF THE ACCOUNTING AND TAX PROFESSION', and one on the right with the text 'ASSOCIATES & Chartered Accountants'.

सामुदायिक लघुवित्त वित्तीय संस्था लिमिटेड

प्रमुख सुचकाङ्क

कम्तीमा विगत ५ वर्षका परिमूचकहरू

क्र. सं.	विवरण	सूचकाङ्क	सा.सं. २०८१/०८२	सा.सं. २०८०/०८१	सा.सं. २०७९/०८०	सा.सं. २०७८/०७९	सा.सं. २०७७/०७८
१	शुद्ध नाफा/कुल आम्दानी प्रतिशत	इतिहास	-१८.११%	-२१.००	-२.०४	१३.०२	८.४४
२	प्रति शेयर आम्दानी	रु.	-२९.८०	-२४.४६	-३.२०	२२.८२	१३.१०
३	प्रति शेयर बजार मूल्य	रु.	१,४२२.८२	२०४४.००	४४२.००	१,७६०.००	१,४१८.००
४	मूल्य आम्दानी अनुपात (P/E Ratio)	अनुपात	-४१.१०	-२९.८०	-२८९.१४	७९.१२	११४.८०
५	शेयर पुर्जीमा लाभ/श. (वीनस) प्रतिशत	इतिहास	-	-	-	-	-
६	शेयर पुर्जीमा नश्वर लाभ/श. अनुपात	इतिहास	-	-	-	-	-
७	व्याज आम्दानी/कर्जा तथा सापट	इतिहास	१२.९६%	१२.७४%	१४.७२%	१३.०९	१४.२१
८	कर्मचारी खर्च/कुल सञ्चालन खर्च	इतिहास	७०.७२%	७४.७९	७७.४२	७४.७२	८८.२०
९	कुल निक्षेप तथा सापटीमा व्याज खर्च	इतिहास	३.३९%	८.९८	१०.८६	३.०४	२.८०
१०	सट्टी घटवट आम्दानी/कुल आम्दानी	इतिहास	-	-	-	-	-
११	कर्मचारी वीनस/कुल कर्मचारी खर्च	इतिहास	-	-	-	६.४४	३.०१
१२	शुद्ध नाफा/कर्जा सापट	इतिहास	-२.६२%	-२.७९	-०.२९	१.८९	१.२९
१३	शुद्ध नाफा/कुल सम्पति	इतिहास	-२.४१%	-२.४४	-०.३४	१.८९	१.१७
१४	कुल कर्जा निक्षेप	इतिहास	२७४.९३%	२६४.९३	२१३.८६	२७७.००	२४२.८०
१५	कुल सञ्चालन खर्च/कुल सम्पति	इतिहास	६.६४%	६.६०	३.७३	४.२०	४.८०
१६	ब्रिडिम भारत सम्पत्तिमा पुर्जीकोषको उपयोज्यता	इतिहास					
	(क) प्राथमिक पुर्जी	इतिहास	४.४७%	८.०३	११.४८	१०.२१	१०.८०
	(ख) पुरक पुर्जी	इतिहास	९.६४%	१.२१	९.६४	१.२०	१.२४
	(ग) कुल पुर्जी कोष	इतिहास	६.१२%	९.२४	१३.१२	११.४३	१२.०४
१७	तरलता (CRR)	इतिहास	०.७९	२०.६४	०.७४	०.६२	०.८३
१८	निरिकष कर्जा/कुल कर्जा	इतिहास	८.९६%	३.९०	९.३८	४.०६	६.८६
१९	व्याज दर अन्तर (Weighted Average Interest Rate Spread) %	इतिहास	४.६१%	४.४०	३.९९	३.४६	८.६६
२०	बुद्धि नेटवर्क (प्रति शेयर)	रु.	१०२.६०	१९६.२२	१४०.६९	१६८.८०	१४९.८४
२१	कुल शेयर	संख्या	१,३०८,०४०	१,३०८,०४०	१,४४०,०००	१,३२०,०००	१,३२०,०००
२२	कुल कर्मचारी	संख्या	१८०	१८६	१४२	१४४	१४४
२३	आधार दर		१३.९४				
२४	Cost of Funds		३.३४				




SAMUDAYIK LAGHUBITTA BITTIYA SANSTHA LIMITED
Statement of Capital Fund (Ashadh 2082)

Particulars	Current Year	Previous Year
Paid up Equity Share Capital	170,805,000	170,805,000
Irredeemable Non-cumulative preference shares	-	-
Share Premium	-	-
Proposed Bonus Equity Shares	-	-
Statutory General Reserves	22,128,884	22,128,884
Retained Earnings	(104,144,404)	(61,557,121)
Un-audited current year cumulative profit		
Special Reserve Fund		
Capital Adjustment Reserves	4,395,000	4,395,000
Dividend Equalization Reserves	-	-
Capital Redemption Reserves Fund	-	-
Deferred Tax Reserve	-	-
Other Free Reserves	2,208,457	16,590,645
Less: Goodwill		
Less: Intangible Assets	760,867	-
Less: Fictitious Assets	-	-
Less: Deferred Tax Assets	-	13,134,032
Less: Investment in equity of licensed Financial Institutions	-	-
Less: Investment in equity of institutions with financial interest	-	-
Less: Investment in equity of institutions in excess of limits	-	-
Less: Investments arising out of underwriting commitments	-	-
Less: Purchase of Land & Building in excess of limit & utilized	-	-
Less: Reciprocal crossholdings	-	-
Less: Other Deductions	-	-
Total Tier 1 Capital	94,632,070	139,228,376

Particulars		
Cumulative and/or Redeemable Preference Share	-	
Subordinated Term Debt	-	
Hybrid Capital Instruments	-	
General loan loss provision	20,093,841	18,031,699
Exchange Equalization Reserves	-	
Investments Adjustment Reserves	-	
Assets Revaluation Reserves	-	
Special Reserve Fund		
Additional Loan loss provision	14,803,780	1,844,458
Total Tier 2 Capital	34,897,621	19,876,156

Particulars		
Core Capital (Tier 1)	94,632,070	139,228,376
Supplementary Capital (Tier 2)	34,897,621	19,876,156
Total Capital Fund	129,529,691	159,104,532

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



[Handwritten signature]



Samudayik Laghubitta Bitta Samithi Limited
Statement of Risk Weighted Assets (RWA) (Achadh 2082)

A. On-Balance-Sheet Items

S.N.	Description	Weight (%)	Current period		Immediate Previous Year Ending	
			Amount (NPR.)	RWA	Amount (NPR.)	RWA
1	Cash Balance	0	419,792	-	2271,829	-
2	Gold (Tradable)	0				
3	NRB Balance	0				
4	Investment in Govt. Bond	0				
5	Investment in NRB Bond	0				
6	Loan against Over FD	0				
7	Loan against Govt. Bond	0				
8	Accrued interest on Govt. bond	0				
9	Investment in Youth and Small Entrepreneurs Self-employment Fund	0				
10	Balance on domestic banks and financial institutions	20	157,391,802	31,478,360	158,322,472	31,664,484
11	Loan against other banks and financial institutions FD	20				
12	Foreign bank balance	20				
13	Money at call	20				
14	Loan against internationally rated bank guarantee	20				
15	Investment in internationally rated Banks	20				
16	Inter-bank lending	20				
17	Investment in shares/debt securities	100				
18	Other investments	100	1,000,000	1,000,000	1,000,000	1,000,000
19	Loans & advances, bills purchase/discount	100	1,000,517,002	1,000,517,002	1,548,550,286	1,548,550,286
20	Fixed assets	100	11,847,194	11,847,194	11,847,194	11,847,194
21	Net interest receivables (Total IR - I - Interest suspense)	100				
22	Net Non-Banking Asset	100				
23	Other assets (Except advance tax payment)	100	21,987,025	21,987,025	22,430,966	22,430,966
24	Real estate/residential housing loans exceeding the limits	100				
Total On-Balance-sheet Items (A)			2,197,292,733	2,071,059,586	1,744,832,647	1,615,493,000

B. Off-Balance-Sheet Items

S.N.	Description	Weight (%)				
1	Bill collection	0				
2	Forward foreign exchange contract	10				
3	LC with maturity less than six months (Outstanding value)	20				
4	Guarantee against international rated bank's counter guarantee	20				
5	LC with maturity more than six months (Outstanding value)	50				
6	Bid bond, performance bond and underwriting	50				
7	Loan sale with repurchase agreement	50				
8	Advance payment guarantee	100				
9	Financial and other guarantee	100				
10	Irrevocable loan commitment	100				
11	Possible liabilities for income tax	100				
12	All types of possible liabilities including acceptance	100				
13	Redeemed bills	100				
14	Unpaid portion of partly paid share investment	100				
15	Unpaid guarantee claims	200				
16	Amount to be maintained for operational risk (2% of Total Assets)	2	43,947,895	43,947,895	17,444,226	17,444,226
Total Off-Balance-sheet Items (B)						
Total Risk Weighted Assets (A) + (B)			2,241,240,628	2,115,007,481	1,762,276,873	1,632,937,226

C. Total Capital Fund (A+B)

B. Minimum capital Fund to be maintained based on Risk Weighted Assets

1	Minimum Capital Fund Required (8.0% of RWA)		169,200,588.34	180,634,981
2	Minimum Core Capital Required (4.0% of RWA)		84,600,294	85,317,491
3	Capital Fund maintained (in %)		6.32%	9.74%
4	Core Capital maintained (in %)		4.47%	8.33%

[Handwritten signature]

