NIBL ACE CAPITAL

Managing shares. Managing investments.

NIBL Sahabhagita Fund

(Sponsored by Nepal Investment Bank Ltd. and Managed by NIBL Ace Capital Ltd.)

Financial Statements

For The

Fiscal Year: 2075/76 (2018/19)

Date: 16th Shrawan, 2076

M.B. SHRESTHA & CO.

Chartered Accountants
Sankhamul Road
New Baneshwar

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Kathmandu, Nepal.

INDEPENDENT AUDITOR'S REPORT TO THE FUND MANAGER AND UNIT HOLDERS OF NIBL SAHABHAGITA FUND

Report on the Financial Statements

We have audited the accompanying financial statements of NIBL Sahabhagita Fund (herein after called Fund), which comprise the Statement of Financial Position (NFRS) as at Ashadh 31, 2076 corresponding to July 16, 2019 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Unit holder's Fund and Statement of Cash Flow for the period from Ashad 24, 2076 to Ashad 31, 2076 (corresponding to July 09, 2019 to July 16, 2019), and a summary of significant accounting policies and notes to accounts.

Management's Responsibility for the Financial Statements

Fund Managers are responsible for the preparation and the presentation of these financial statements in accordance with Nepal Financial Reporting Standards and for such internal control as management determines necessary to enable the preparation of the financial statements that are free from material mis-statement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material mis-statement of the financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

M.B. Shrestha & Co. Auditor Chartered Accountants

Report on Requirement of Other Legislations

On examination of the financial statements as aforesaid, we report that

a) The Statement of Financial Position, the Statement of Profit or Loss, Statement of Changes in Unit holder's Fund and Statement of Cash Flow and the attached summary of significant accounting policies and notes to accounts dealt with by this report are prepared as per Nepal Financial Reporting Standards; Securities Act 2063; Securities Board Regulation 2064; Mutual Fund Regulation 2067; Mutual Fund Guidelines 2069;

b) We have obtained informations and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit.

c) In our opinion, proper books of account as required by the aforesaid legislations have been kept by the Fund, in so far as appears from our examination of those books of account and the financial statements dealt with by this report, are in agreement with the book of accounts.

d) The investments of fund under the scheme are invested as per section 36 of the Mutual Fund Regulation 2067.

e) The operation of the scheme has been satisfactory.

f) During the audit of the scheme, we have not come across any actions committed against the interest of Unit holders.

Opinion on the Financial Statements

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements referred to above, read together with the notes attached thereto give a true and fair view of the financial position of NIBL Sahabhagita Fund as of Ashadh 31, 2076 (July 16, 2019), and of the results of its financial performances and its cash flows for the period from Ashad 24, 2076 to Ashad 31, 2076 (corresponding to July 09, 2019 to July 16, 2019) in accordance with NFRS in so far as applicable in compliance with Securities Act 2063; Securities Board Regulation 2064; Mutual Fund Regulation 2067; Mutual Fund Guidelines 2069 and the prevailing legislations.

Maheswarendra Bdr. Shrestha, FCA
M.B.Shrestha & Co.
Chartered Accountants
Date: Shrawan 19, 2076 (August 4, 2019)

M.B. Shrestha & Co. Auditor Chartered Accountants

NIBL Sahabhagita Fund

(Sponsored by Nepal Investment Bank Ltd. and Managed by NIBL Ace Capital Ltd.)

Statement of Financial Position as at 31st Ashad 2076 (16th July, 2019)

NPR

Particulars	Notes	FY 2075/76	FY 2074/75
Assets			
Current Assets			
Cash and Cash Equivalents	3.2	179,224,543	-
Other Current Assets	4.6	-	-
Financial Assets Held at Amortized Cost		5,000,000	-
Financial Assets Held at Fair Value Through Profit or Loss	4.7	18,226,625	-
Total		**202,451,168**	**-**
Liabilities			
Current Liabilities			
Accrued Expenses & Other Payables	5.2	3,316,878	-
Liabilities (Excluding Net Assets Attributable to Unitholders		**3,316,878**	**-**
Unit Holder's Funds			
Net Assets Attributable to Unit Holders	6	199,134,291	-
Total		**202,451,168**	**-**

NAV per Share **9.96** **-**

Schedules and Explanatory Notes forms integral part of Statement of Position

As per our Report of even date

Shivanth Bahadur Pandé
Chief Executive Officer

Sachin Tibrewal
Chairman

Maheswarendra Bdr. Shrestha, FCA
Proprietor
M.B Shrestha & Co.
Chartered Accountants

M.B. Shrestha & Co. Auditor Chartered Accountants

Deepak Kumar Shrestha
Director

Bandana Thapa
Director

Rabindra Bhattarai
Director

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NIBL MUTUAL FUND
NIBL Sahabhagita Fund

Mekh Bahadur Thapa
Deputy Chief Executive Officer

Poskar Basnet
Scheme Manager

Date : 2076/ 04 /16
Place : Kathmandu

NIBL Sahabhagita Fund

(Sponsored by Nepal Investment Bank Ltd. and Managed by NIBL Ace Capital Ltd.)

Statement of Profit or Loss and other Comprehensive Income

For the Period from 24th Ashad 2076 to 31st Ashad 2076 (09th July 2019 to 16th July 2019)

In NPR

Particulars	Notes	Ashad End 2076	Ashad End 2075
Income			
Interest Income	7.2	286,638	-
Dividend Income	7.3	-	-
Net Realised Gains/(losses) on financial Assets at Fair Value Through Proift or loss	14(b)	-	-
Other Income		-	-
Total		**286,638**	**-**
Expenses and Losses			
Fund Management Fees	8.1	54,567	-
Depositary Fees	8.1	17,461	-
Fund Supervisors Fees	8.1	13,096	-
Publication Expenses		35,000	-
Audit Fees		113,000	-
Bank Charges		175	-
Pre-operating Expenses	8.2	1,288,912	-
Total expenses		**1,522,211**	**-**
Net Gains/(Losses) for the Period		**(1,235,573)**	**-**
Other Comprehensive income			
-Net Unrealised Gain/(Loss) on financial assets	14(b)	369,863	-
Net Surplus/(Deficit) for the period		**(865,709)**	**-**

On Behalf of NIBL Ace Capital Limited
(Fund Management Company)

As per our Report of even date

Shivanth Bahadur Pandé
Chief Executive Officer

Sachin Tibrewal
Chairman

Maheswarendra Bdr. Shrestha, FCA
Proprietor
M.B Shrestha & Co.
Chartered Accountants

M.B. Shrestha & Co. Auditor Chartered Accountants

Deepak Kumar Shrestha
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Deputy Chief Executive Officer

Poskar Basnet
Scheme Manager

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NIBL MUTUAL FUND
NIBL Sahabhagita Fund

Date : 2076/ 04 /16
Place : Kathmandu

NIBL Sahabhagita Fund

(Sponsored by Nepal Investment Bank Ltd. and Managed by NIBL Ace Capital Ltd.)

Satement of Cash Flow

For the Period from 24th Ashad 2076 to 31st Ashad 2076 (09th July 2019 to 16th July 2019)

In NPR

Particulars	Ashad End 2076	Ashad End 2075
A. Cash Flow from Operating Activities		
Surplus/ (Deficit) for the year	(865,709)	-
Adjustments For :		
Increase/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	(369,863)	-
Increase/(Decrease) in Liabilities	3,316,878	-
(Increase)/Decrease in Share	(17,856,762)	-
(Increase)/Decrease in Debenture	-	-
(Increase)/Decrease in Fixed Deposit	(5,000,000)	-
(Increase)/Decrease in Other Assets	-	-
Net cash generated/(used) in Operations (1)	***(20,775,457)***	-
B. Cash Flow from Financing Activities		
Issue of Unit Capital	200,000,000	
Dividend Paid during the year	-	-
Net cash generated/(used) in financing (2)	***200,000,000***	-
C. Cash Flow from Investing Activities	-	-
Net cash generated/(used) in investing (3)	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)	**179,224,543**	-
Cash and Cash Equivalents at beginning of the year/period	-	-
Cash and Cash Equivalents at end of period	**179,224,543**	-
Components of Cash and Cash Equivalents		
Balance with Banks	**179,224,543**	-

On Behalf of NIBL Ace Capital Limited
(Fund Management Company)

As per our Report
of even date

Shivanth Bahadur Pandé
Chief Executive Officer

Sachin Tibrewal
Chairman

Maheswarendra Bdr. Shrestha, FCA
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NIBL MUTUAL FUND
NIBL Sahabhagita Fund

Mekh Bahadur Thapa
Deputy Chief Executive Officer

Poskar Basnet
Scheme Manager

Date : 2076/ 04 /16
Place : Kathmandu

NIBL Sahabhagita Fund

(Sponsored by Nepal Investment Bank Ltd. and Managed by NIBL Ace Capital Ltd.)

Satement of Change in Equity

For the Period from 24th Ashad 2076 to 31st Ashad 2076 (09th July 2019 to 16th July 2019)

In NPR

Particular	Ashad End 2076	Ashad End 2075
Unit Holders' Fund at the Beginning of the Year/Period	-	-
Issue of Unit Capital	200,000,000	
Increase in Net Assets Attributable to Unit Holders:		
Net Gains/(Losses) for the Period	(1,235,573)	-
Other Comprehensive Income	369,863	-
Distribution to Unit Holders'	-	-
Unit Holders' Fund at the End of the Year/Period	**199,134,291**	**-**

On Behalf of NIBL Ace Capital Limited

(Fund Management Company)

As per our Report of even date

Shivanth Bahadur Pandé
Chief Executive Officer

Sachin Tibrewal
Chairman

Maheswarendra Bdr. Shrestha, FCA
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NIBL MUTUAL FUND
NIBL Sahabhagita Fund

Date : 2076/ 04 /16
Place : Kathmandu

Notes to the Financial Statements as of Ashad End 2076 (16th July 2019)

1. General Information of the Scheme

Fund	:	**NIBL Mutual Fund**
Scheme	:	**NIBL Sahabhagita Fund**
Fund Sponsor	:	**Nepal Investment Bank Limited (NIBL)**
		(Licensed by NRB as Class A bank)
Fund Management	:	**NIBL Ace Capital Limited**
		(A subsidiary of Nepal Investment Bank Limited)
Fund Supervisors	:	Mr. Madhukar S.J.B. Rana
		Dr. Bimal Prasad Koirala
		Dr. Shambhu Ram Simkhada
		Dr. Durgesh Man Singh
		CA. Jitendra Bahadur Rajbhandari
Total Units of Scheme	:	20,000,000 (Twenty Million units)
Total Unit Capital	:	NPR 2,00,000,000 (NPR Two Hundred Million)
Scheme type	:	Open-ended

NIBL Sahabhagita Fund (the Scheme) under NIBL Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as Nepal's very first Open Ended mutual fund, a diversified investment scheme. The objective of the scheme is to diligently manage the fund with the aim to encourage the conversion of savings into investments in shares and fixed income securities and conservation of capital regularly and to provide steady returns to unit-holders over the long period of time. The Scheme commenced its operation on 24th Ashad, 2076 (Scheme allotment date) B.S. It is not listed in Nepal Stock Exchange (NEPSE). The Scheme's Financial Statements for the year 2075/76 were approved by the Board of Directors of the NIBL Ace Capital Limited on 16th Shrawan, 2076 being the Fund Management and Depository Company. Similarly, the Fund Supervisors' consent on the approved Financial Statements has also been duly obtained.

Nepal Investment Bank Ltd. (NIBL) is the Fund Sponsor and NIBL Ace Capital Ltd (NIBL Ace Capital), a subsidiary of NIBL duly licensed by Securities Board of Nepal (SEBON), has been appointed as the Fund Manager of the Scheme by the Sponsor after obtaining due approval from

NIBL MUTUAL FUND

M.B. Shrestha & Co.

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SEBON. Further, the Fund Manager is also providing Depository services to the unit holders of the Scheme in line with the prevailing regulations on mutual fund.

The Unit Capital of the Scheme comprises of the following:

Holder	Status	No. of Units	Holding Amount @ 10 Each	Holding (%)
Nepal Investment Bank	Fund Sponsor	65,00,000	65,000,000	33%
NIBL Ace Capital Limited	Fund Manager / Depository	1,071,270	10,712,700	5%
General Public		12,428,730	124,287,300	62%
Total		**20,000,000**	**200,000,000**	**100%**

2. Summary of Significant Accounting Policies

The Principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

2.1. Statement of Compliance:

The Financial Statements are presented in Nepalese Rupees, rounded to the nearest Rupee. The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS). Further the financial statements are in compliance with Securities Act, 2063 and its regulation and other relevant laws.

2.2. Basis of Preparation

The fund while complying with the reporting standards makes critical accounting judgment as having potentially material impact on the financial statements. The significant accounting policies that relate to the financial statements as a whole along with the judgment made are described herein.

Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the fund to exercise judgment in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities.

The statement of financial position is presented on liquidity basis. Assets and liabilities are presented in decreasing order of liquidity. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unit-holders.

NIBL MUTUAL FUND
NIBL Sahabhagita Fund

M.B. Shrestha & Co. Auditor

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2.3. Reporting Pronouncements

The fund has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on September 13, 2013. NFRS conform, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.4. Accounting Conventions

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The financial statements have been prepared on a going concern basis where the accounting policies and judgments as required by the standards are consistently used and in case of deviations disclosed specifically.

2.5. New reporting standards in issue but not yet effective

NFRS 9 – Financial Instruments has been issued but is not effective until further notified. For the reporting of financial instruments, NAS 32 Financial Instruments, Presentation, NAS 39 Financial Instruments Recognition and Measurements and NFRS 7 Financial Instruments – Disclosures have been applied.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

A significant impact on classification and measurement including impairment of financial instruments will arise as a result of application of NFRS 9.

2.6. Presentation

The financial statements have been presented in the nearest Nepalese Rupees.

For presentation of the statement of financial position assets and liabilities have been bifurcated into current and non- current distinction.

The statement of profit or loss has been prepared using classification 'by nature' method.

The cash flows from operation within the statement of cash flows have been derived using the indirect method.

2.7. Presentation currency

Financial statements are denominated in Nepalese Rupees, which is the functional and presentation currency of the fund.

2.8. Accounting Policies and accounting estimates

The fund, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further the fund is required to make judgment in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate.

Accounting policies have been included in the relevant notes for each item of the financial statements.

NFRS requires the fund to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements.

The fund applies estimates in preparing and presenting the financial statements. The estimates and underlying assumptions are reviewed periodically. Revision to accounting estimates are recognized in the period in which the estimates is revised and are applied prospectively.

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

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.9. Financial Periods

The fund follows the Nepalese financial year based on the Nepalese calendar.

2.10. Discounting

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

2.11. Limitation of NFRS implementation

If the information is not available and the cost to develop would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective section.

3. Cash and Cash Equivalents

Accounting policy

3.1. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

Explanatory notes

3.2. The carrying amount of cash and cash equivalents are representative of their fair values as at the respective reporting date;

Particulars	31st Ashad, 2076
Cash at Bank	179,224,543
Total	**179,224,543**

4. Financial Instruments

Accounting policy

4.1 The Fund's principal financial assets comprise assets held at fair value through profit and loss, assets measured at amortized cost, loans and receivables. The main purpose of these financial instruments is to generate a return on the investment made by unit-holders. The Funds' principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

In accordance with NFRS 39; Financial Instruments: Recognition and Measurement, the Fund's interest receivables are classified as 'loans and receivables'. Equity securities / debentures are classified as fair value through profit and loss. The amount attributable to unit-holders is classified as equity and is carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortized cost.

4.2 Classification

The Fund's investments are classified as fair value through profit or loss, fair value at amortized cost and loans and receivables. They comprise:

Financial Assets and Liabilities Held at Fair Value through Profit or Loss

Financial assets, held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized through profit or loss. This classification includes quoted equity securities held for trading. The dividend income from the quoted equity securities is recorded in the profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable.

4.3 Recognition / De- recognition

The Fund recognizes financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognizes changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognized when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged or expired.

Realized gains and realized losses on de-recognition are determined using the weighted average method and are included in the profit or loss in the period in which they arise. The realized gain is the difference between an instrument's weighted average cost and disposal amount.

4.4 Measurement

a. Financial Assets and Liabilities Held at Fair Value through Profit or Loss

At initial recognition, the Fund measures a financial asset at its fair value.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category is presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Fund is the closing price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques.

b. Financial Assets Measured at Amortized Cost

Financial assets at this category are measured initially at fair value plus transaction costs and subsequently amortized using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognized in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognized on a financial asset carried at amortized cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

Receivables may include amounts for dividends, interest and trade receivables. Dividends are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(6) above.

Receivable are recognized and carried at amortized cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Recoverability of receivable is reviewed on an ongoing basis at an individual portfolio level, Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognized when there is objective evidence that the Fund will not be able to collect the receivable. Financial difficulties of the debtor, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

4.5 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Explanatory note

4.6 Loans and Receivables- Current

S.N.	Particulars	Ashad End 2076	Ashad End 2075
1	Dividend Income Receivable	-	-
2	Interest Receivables	-	-
3	**Broker Receivables**		-
a)	Kohinoor Investment -Broker No. 35	-	-
c)	South Asian Bulls -Broker No. 43	-	-
e)	Vision Securities -Broker No. 34	-	-
7	Other Receivables	-	-
	Total Amount	-	-

4.7 Financial Assets Held at Fair Value Through Profit or Loss

Particulars	Ashad End 2076	Ashad End 2075
Financial Assets Held for Trading		
Equity Security	18,226,625	-
Total Financial Assets held for Trading (A)	**18,226,625**	**-**
Designated Financial Assets at Fair Value Through Profit or Loss		
Total Designated at Fair Value Through Profit or Loss (B)	**-**	**-**
Total Financial Assets Held at Fair Value Through Profit or Loss (A+B)	**18,226,625**	**-**

Comparative Investment in Listed Shares

Name of Company	Ashad End 2076			Ashad End 2075		
	Unit	Value per Unit	Value Amount (NPR)	Unit	Value per Unit	Value Amount (NPR)
Prabhu Bank Limited	6000	266	1,596,000	-	-	-
Kumari Bank Limited	2000	220	440,000	-	-	-
Siddhartha Bank Limited	3080	318	979,440	-	-	-
Global IME Bank Limited	4745	295	1,399,775	-	-	-
Kailash Bikas Bank Ltd.	1000	238	238,000	-	-	-
Muktinath Bikas Bank Ltd.	3410	370	1,261,700	-	-	-
Chilime Hydropower Company Limited	1505	521	784,105	-	-	-
Neco Insurance Co. Ltd.	2120	495	1,049,400	-	-	-
Siddhartha Equity Fund	73400	10.09	740,606	-	-	-
Sanima Bank Limited	3000	348	1,044,000	-	-	-
Garima Bikas Bank Limited	2275	224	509,600	-	-	-
Sanima Equity Fund	8700	9.4	81,780	-	-	-
Shikhar Insurance Co. Ltd.	700	771	539,700	-	-	-
Gandaki Bikas Bank Limited	1840	216	397,440	-	-	-
Nabil Bank Limited	2000	800	1,600,000	-	-	-
Prime Commercial Bank Ltd.	2500	278	695,000	-	-	-
Forward Community Microfinance Bittiya Sanstha Ltd.	227	1328	301,456	-	-	-
Siddhartha Insurance Ltd.	1417	455	644,735	-	-	-
NMB Sulav Investment Fund-1	50000	10.82	541,000	-	-	-
Machhapuchhre Bank Limited	1000	264	264,000	-	-	-
Prime Life Insurance Company Limited	699	439	306,861	-	-	-

Shree Investment Finance Co. Ltd.	1010	157	158,570	-	-	-
Nepal Life Insurance Co. Ltd.	1994	901	1,796,594	-	-	-
NIC Asia Bank Ltd.	1026	448	459,648	-	-	-
Total			**17,829,410**			-

Comparative Investment in Unlisted Shares

Name of Company	Ashad End 2076			Ashad End 2075		
	Unit	Value per Unit	Value Amount (NPR)	Unit	Value per Unit	Value Amount (NPR)
Ghodighoda Laghubitta- IPO	199	162	32,228.05	-	-	-
Aadhikhola Laghubitta- IPO	600	279	167,406.00	-	-	-
Sabaiko Laghubitta- IPO	795	249	197,581.35	-	-	-
Total			**397,215**			

5. Payables

Accounting policy

5.1 Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

Explanatory notes

5.2 Accrued Expenses and Other Payables

Particulars	Ashad End 2076	Ashad End 2075
Pre-operating Expenses Payables	1,272,725	-
Provision For Audit Fee	111,500	-
Provision For Reporting Exp.	35,000	-
TDS Liability	20,732	-
Business Payables- Brokers	1,794,842	
Fund Management Fee Payable- NIBL Ace Capital	53,748	-
Depository Fee Payables- NIBL Ace Capital	17,199	-
Supervisor Fee Payables	10,477	-
Supervisor's SEBON Fee Payable	655	-
Total	**3,316,878**	**-**

Fund management fee and depository fee includes fee payable to NIBL Ace Capital Limited for fund management and depository services. Supervisor's SEBON Fee Payable is an amount payable to SEBON which is equal to 5% of Supervisor fee.

6. Net Assets Attributable to Unit-holders

Unit-holders' funds have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit-holders, as at the statement of financial position date.

The Fund Manager calculates the NAV per unit of the Scheme by deducting the Schemes' expenses over market value of the total investment plus investment income divided by number of units on a weekly basis in accordance with the prevailing regulations/guidelines on mutual funds and publishes the same on its official website: ***www.niblcapital.com***. The said information is also shared with the Board members of the Fund Manager & the Fund Supervisors via e-mail. Further, the NAV per unit calculated on a monthly basis is published on a national daily newspaper and uploaded on the website of the Fund Manager with prior notification of the same forwarded to the Fund Supervisors & SEBON in writing.

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund. The Fund considers its net assets attributable to unit-holders as capital (which includes unit capital, realized and unrealized gain), notwithstanding net assets attributable to unit-holders are classified as a liability. The amount of net assets attributable to unit-holders can change significantly on a daily basis.

Distribution to unit holders is recognized in the statement of changes in unit-holders' funds. Income not distributed is included in net assets attributable to unit-holders.

Particular	Ashad End 2076	Ashad End 2075
Unit Holders' Fund at the Beginning of the Year/Period	-	-
Issue of Unit Capital	200,000,000.00	
Increase in Net Assets Attributable to Unit Holders:		
Net Gains/(Losses) for the Period	(1,235,572.80)	-
Other Comprehensive Income	369,863.44	-
Distribution to Unit Holders'	-	-
Unit Holders' Fund at the End of the Year/Period	**199,134,290.64**	**-**

7. Investment Income

Accounting Policy

7.1 Interest income is recognized in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/ (losses) on financial instruments.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or

receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognized on the ex-dividend date.

Explanatory notes

7.2 Interest Income

Particulars	Ashad End 2076	Ashad End 2075
Interest income on Debentures	-	-
Interest income on Fixed Deposit	3,013.70	-
Interest income on Call Deposits	283,624.39	
Total Amount	**286,638.09**	-

7.3 Dividend Income

Particulars	Ashad End 2076	Ashad End 2075
Dividend Income Realized	-	-
Total	-	-

8. Expenses

8.1. Fund Management, Depository and Supervisor Fees

Fund Management, Depository and Supervisors fees, are recognized in profit or loss on accruals basis.

The management participation fees of the fund are as follows:

- Fund Management Fees : 1.25% of Net Assets Value (NAV)*
- Depository Fees : 0.4% of NAV *
- Fund Supervisor Fees : 0.30% of NAV *

* NAV for this purpose is computed on the basis of half yearly average of weekly NAV or NAV of end of Half year, whichever is lower.

Total Fund Management, Depository & Fund Supervisor's Fees calculated and recognized as per the mutual fund guidelines, 2069. The total fees charged on the basis of 8 days period (24th Ashad to 31st Ashad 2076) is presented in Nepalese currency and charged as under:

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Particulars	Ashad End 2076	Ashad End 2075
Fund Management Fee	54,567	-
Depository Fee	17,461	-
Fund Supervisor Fee	13,096	-
Total	**85,124**	**-**

8.2. Pre- operating Expenses

All pre-operating expenses including issue & sales management expenses are recognized in profit or loss on first fiscal year of the scheme instantly and charged as under:

Particulars	Ashad End 2076	Ashad End 2075
Scheme Application & Registration Fee	545,000	-
Prospectus Printing & Processing Expenses	14,690	-
Scheme Projection Expenses	45,200	-
Issue Software Charge	51,075	-
Issue Management Fee	400,000	-
Pre-Operating Other Expenses	50	-
Scheme Allotment Meeting Expenses	47,059	-
Issue Notice Publication Expenses	185,838	-
Total	**1,288,912**	**-**

9. Income Tax

Income Tax Act, 2058 has not specifically charged corporate tax liability on Mutual Fund Scheme. TDS is not applicable on withholding tax on interest, dividend income and gain on disposal of shares of Mutual Fund Scheme. Accordingly, Mutual Fund Scheme is not considered as tax-entity and corporate tax on Scheme is not considered.

10. Distributions

The distributions, if any to unit-holders are recognized in statement of changes in unit-holders' funds.

11. Financial Risk Management

The Fund's activities are exposed to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the NIBL Ace Capital, the fund management company. The fund supervisors provide principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure and mitigate different types of risk to which it is exposed.

11.1. Market Risk

a. Price Risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Paragraph below sets out how this component of price risk is managed and measured. Investments are classified in the statement of financial position as at fair value through profit or loss and loans and receivables. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management company.

All of the Fund's equity investments in companies are listed in NEPSE. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Management Company.

Investment Threshold

As per the Mutual Fund Regulation, 2067 investment in bank deposit cannot be made more that 10% of total fund size of the scheme.

b. Foreign Exchange Rate Risk

The Fund is not exposed to the fluctuations in exchange rates as all investments and transactions of the fund are made in investments denominated in NPR.

c. Cash Flow and Fair Value Interest Rate Risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates.

Financial instruments with fixed rates expose the Fund to fair value interest rate risk. The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain assets that use interest rates as an input in their valuation model.

11.2. Credit Risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. However, there is no investment in debt securities.

Credit risk on cash and cash equivalents, other receivable balances.

11.3. Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market or can be readily disposed.

The Fund's listed securities are considered readily realizable, as all are listed on the Nepal Stock Exchange.

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the period.

In accordance with the Fund's policy, the Management Company monitors the Fund's liquidity position on a regular basis.

12. Fair Value Measurement

The Fund measures and recognizes the following assets and liabilities at fair value on a recurring basis:

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period:

NFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

i. **Fair value in an active market (level 1)**

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from NEPSE and are traded frequently.

ii. **Fair value in an inactive or unquoted market (level 2 and level 3)**

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques.

Equities which are listed but no transactions are made within last 30 days is valued at 180 days Average Market price provided by NEPSE and Equities which are listed but no transactions are made within last 180 days is valued at last traded price of the stock at NEPSE considering it as level two input.

The Fair value of IPO Investments after allotment till listing is valued applying the valuation model as specified below:

I) 50% of the Latest Net worth Published by the Company.

II) 50% based on the Earnings Capitalization, based on the projections of the company by considering latest interest rate of the Government Bonds after applicable tax deductions as discount factor which is considered as level 3 input.

After the book closure date and till the rights are listed, right entitlements are valued as difference between the right price and ex-right price. This is explained with the help of following formula:

$$Vr = n / m \times (Pex - Pof)$$

Where,

Vr = Value of Rights

n = Number of rights offered

m = Number of original shares held

Pex = Ex-right price

Pof = Rights offer price

Valuation of total Right Entitlement = Vr × No. of shares held before Ex-date

13. Financial Assets Held at Amortized Cost

Particulars	Ashad End 2076	Ashad End 2075
Debentures	-	-
Fixed Deposit	50,00,000	-
Total	**50,00,000**	**-**

Note (a):

The investment on fixed deposit is recognized on cost. The maturity period of the fixed deposits are not more than one year from the reporting date. They are classified based on maturity period using the effective interest rate and classified as held to maturity Interest on the fixed deposits are recognized daily as per accrual basis. The interest are received on quarterly and on maturity as per the deals executed with the banks. As there are no other associated costs, premium or discount the investment and the investment are settled with receiving the principal and interest the intrinsic coupon rate has been used as effective interest rate.

14. Net Gain/Losses on financial assets held at fair value through profit or loss

a. Accounting policy

Realized gain is the difference between the cost price and realized price on the sale of the shares after deducting the selling expenses.

Unrealized gain is the difference between the cost price and the closing market price available at the end of the reporting period or the latest trading price if the closing price as on the year end is not available.

b. Explanatory notes

Particulars	Ashad End 2076	Ashad End 2075
Net Realized Gains/(Losses) on Financial Assets at Fair Value Through Profit or loss	-	-
Net Unrealized Gains/(Losses) on Financial Assets at Fair Value Through Profit or Loss	369,863	-
Total	**369,863**	**-**

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Computation of Unrealized Gains for FY 2075/76:

Name of Company	Fiscal Year 2075-76					
	Unit	Value per unit	Value Amount	Cost Price	Total Cost	Gain/(Loss)
Listed Companies						
Prabhu Bank Limited	6,000	266	1,596,000	268	1,610,768	(14,768)
Kumari Bank Limited	2,000	220	440,000	213	426,472	13,528
Siddhartha Bank Limited	3,080	318	979,440	324	996,519	(17,079)
Global IME Bank Limited	4,745	295	1,399,775	301	1,429,345	(29,570)
Kailash Bikas Bank Ltd.	1,000	238	238,000	233	233,339	4,661
Muktinath Bikas Bank Ltd.	3,410	370	1,261,700	368	1,255,292	6,408
Chilime Hydropower Company Limited	1,505	521	784,105	514	772,952	11,153
Neco Insurance Co. Ltd.	2,120	495	1,049,400	475	1,006,811	42,589
Siddhartha Equity Fund	73,400	10.09	740,606	9.71	712,775	27,831
Sanima Bank Limited	3,000	348	1,044,000	347	1,040,936	3,064
Garima Bikas Bank Limited	2,275	224	509,600	222	504,981	4,619
Sanima Equity Fund	8,700	9.4	81,780	9.65	83,969	(2,189)
Shikhar Insurance Co. Ltd.	700	771	539,700	761	532,441	7,259
Gandaki Bikas Bank Limited	1,840	216	397,440	210	385,561	11,879
Nabil Bank Limited	2,000	800	1,600,000	791	1,581,151	18,849
Prime Commercial Bank Ltd.	2,500	278	695,000	277	691,473	3,527
Forward Community Microfinance Bittiya Sanstha Ltd.	227	1,328	301,456	1,324	300,656	800
Siddhartha Insurance Ltd.	1,417	455	644,735	444	629,844	14,891
NMB Sulav Investment Fund-1	50,000	10.82	541,000	10.63	531,430	9,571
Machhapuchhre Bank Limited	1,000	264	264,000	265	264,511	(511)
Prime Life Insurance Company Limited	699	439	306,861	435	304,228	2,633
Shree Investment Finance Co. Ltd.	1,010	157	158,570	156	157,491	1,079
Nepal Life Insurance Co. Ltd.	1,994	901	1,796,594	895	1,785,339	11,255
NIC Asia Bank Ltd.	1,026	448	459,648	447	459,078	570
Sub-Total (A)			**17,829,410**		**17,697,362**	**132,048**
Unlisted Companies						
Ghodighoda Laghubitta- IPO	199	162	32,228	100	19,900	12,328
Aadhikhola Laghubitta- IPO	600	279	167,406	100	60,000	107,406
Sabaiko Laghubitta- IPO	795	249	197,581	100	79,500	118,081
Sub-Total (B)			**397,215**		**159,400**	**237,815**
Grand Total (A+B)			**18,226,625**		**17,856,762**	**369,863**

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15. Impairment

Accounting policy

The fund assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets.

16. Related Party Transactions

(As identified by the management and relied upon by the auditors)

Related Parties

a. Fund Sponsor: Nepal Investment Bank Limited.

b. Fund Manager and Depository: NIBL Ace Capital Limited, a subsidiary of the Sponsor.

c. Shareholders holding substantial interest in the Fund Manager:

Nepal Investment Bank Limited.

d. Subsidiaries of Major Shareholders of Fund Manager with whom the Fund transacted:

None

The Scheme has entered into transactions with related parties which are required to be disclosed in accordance with Accounting Standard - on 'Related Party Disclosures'.

- Unit Holding of Nepal Investment Bank Limited (Fund Sponsor) amounts to NPR 65,000,000 (at par value of NPR 10 per unit)
- Unit Holding of NIBL Ace Capital Limited (Fund Management) amounts to NPR 10,712,700 (at par value of NPR 10 per unit)
- NIBL Sahabhagita Fund have earned interest amounting to NPR 229,246 (NPR Two Hundred Twenty Nine Thousand Two Hundred and Forty Six only) from Nepal Investment Bank Limited.
- Fund Management and Depository Fee incurred by NIBL Sahabhagita Fund during the year amounts to NPR 72,028 (NPR Seventy Two Thousand and Twenty Eight only). The amount is payable to NIBL Ace Capital Limited.
- Fund management and depository fee payable by NIBL Sahabhagita Fund to NIBL Ace Capital Limited NPR 70,948 (NPR Seventy Thousand Nine Hundred Forty Eight only).
- The Scheme has a call account bank balance of NPR 114,167,251 (NPR. One Hundred Fourteen Million One Hundred Sixty-Seven Thousand and Two Hundred Fifty-One only) as on Balance Sheet date with the Fund Sponsor - Nepal Investment Bank Limited.

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17. Reporting

The Fund Manager has been reporting its Fund Management Activities to its Board and the Fund Supervisor on regular basis while the statutory reports are also forwarded in line with the prevailing regulations/guidelines on mutual funds.

18. Contingent Liability

There is no contingent liability in respect of underwriting commitments, uncalled liability on partly paid shares and other commitments.

19. Proposed Dividend

The Scheme has not proposed any cash dividend to its unit-holders during the reporting period.

On Behalf of NIBL Ace Capital Limited

(Fund Management Company)

As per our Report of even date

Shivanth Bahadur Pandé
Chief Executive Officer

Sachin Tibrewal
Chairman

Maheswarendra Bdr. Shrestha, FCA
Proprietor
M.B Shrestha & Co.,
Chartered Accountants

M.B. Shrestha & Co. Auditor Chartered Accountants

Deepak Kumar Shrestha
Director

Bandana Thapa
Director

Rabindra Bhattarai
Director

Mekh Bahadur Thapa
Deputy Chief Executive Officer

Poskar Basnet
Scheme Manager

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NIBL MUTUAL FUND
NIBL Sahabhagita Fund

Date: 2076/04/16
Place: Kathmandu