



NIBL Sahabhagita Fund

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

Financial Statements



For The

Fiscal Year: 2077/78 (2020/21)

Date: 14th Shrawan, 2078

Ref. No. – 77.78-01-002

14 Shrawan 2078

**INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF NIBL SAHABHAGITA FUND
Report on the Audit of Financial Statements**

A. Opinion on the Financial Statements

1. We have audited the accompanying financial statements of NIBL Sahabagita Fund ("the Mutual Fund") which comprise the statement of financial position as at 31 Ashadh 2078 (corresponding to 15 July 2021), the statement of profit or loss, the statement of other comprehensive income, the statement of changes in unit holders fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the financial statements referred to above, present fairly, in all material respects, the financial position of the Mutual Fund as of 31 Ashadh 2078 (15 July 2021), and its performances, changes in Unit Holders Fund and its cash flows for the year ended on that date in conformity with Nepal Financial Reporting Standards (NFRS) and comply with Securities Act 2063, Security Board Regulation 2064, Mutual Fund Regulations 2067 and Mutual Fund Guidelines 2069 and other prevailing legislations.

B. Basis for Opinion

3. We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Mutual Fund in accordance with the Handbook of The Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nepal (ICAN) and we have fulfilled our ethical responsibilities in accordance with the ICAN's Handbook of The Code of Ethics for Professional Accountants.
4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

C. Key Audit Matters

5. Key audit matters are those matters that, in our professional judgement, 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 in forming our opinion thereon, and we do not provide a separate on these matters.





Key Audit Matters	How the scope of our audit responded to the Key Audit Matter
Investment Decisions by the Fund Manager - The mutual fund manager makes investments on behalf of unitholders. The investment decisions as such shape a material portion of the scheme.	Our procedures included but were not limited to: - Evaluate the results and returns from the investments on an average. - On a sample basis, evaluate the performance of the investments in comparison to market returns.
Unit Transactions with Unitholders - Open-ended mutual funds issue and redeem units of the scheme as per the request.	Our procedures included but were not limited to: - Evaluate the process of new issue of units and redemption of units during the year. - Review the new units issued during the year on sample basis against the published net assets value. - On sample basis, review the units redeemed during the year as per the published net assets value.
Fees Payable to Supervisor, Manager and Depository - The material expenses for a mutual fund in Nepal largely relate to the fees payable to the supervisors, manager and depository. - Rule 23 of the Mutual Fund Regulations, 2067 (4th Amendment) issued by SEBON specifies the maximum limit of the fees so payable by a mutual fund scheme.	Our procedures included but were not limited to: - Review of the approved rates for the fees. - Evaluate the periodic gross net assets values factored to calculate the fees payable.

D. Other Information

6. The directors are responsible for the other information presented in the Mutual Fund's annual report. Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. We have nothing to report in this respect.

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

7. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Nepal Financial Reporting Standards (NFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the management is responsible for assessing the Mutual Fund's ability to continue as a 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 Mutual Fund or to cease operations or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Mutual Fund's financial reporting process.

F. Auditor's Responsibilities for the Audit of Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.
11. As part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also :
 - 11.1 Identify and assess the risks of material misstatement of the financial statements, 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 omission, misrepresentations, or the override of internal control. Evaluate appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the management.
 - 11.2 Conclude on the appropriateness of 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 entity'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 Mutual Fund to cease to continue as a going concern.
 - 11.3 Evaluate the overall presentation, structure and 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 presentation.
12. We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged 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 our independence and where applicable, related safeguards.

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

G. Report on Other Legal and Regulatory Requirements

15. On examination of the financial statements as aforesaid, we report that:
- 15.1 We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit as per NSA.
- 15.2 The statement of financial position as at 31 Ashadh 2078 (15 July 2021) , the statement of profit or loss, other comprehensive income, statement of changes in Unit Holders fund and statement of Cash flow for the year then ended on that date, and the attached summary of significant accounting policies and notes to accounts dealt and other explanatory information (thereafter referred to as "the financial statements") dealt with by this report are prepared in accordance with Securities Act 2063, Security Board Regulation 2064, Mutual Fund Regulations 2067 and Mutual Fund Guidelines 2069 and other prevailing legislations.
- 15.3 In our opinion, proper books of account as required by law have been kept by the Mutual 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 books of accounts.
- 15.4 In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the Mutual Fund, we have not come across the cases where the Board of Directors or the representative or any employee of the Mutual Fund has acted deliberately contrary to the provisions of the law relating to accounts or caused loss or damage to the Mutual Fund nor have we been informed of any such case by the management.

For and on behalf of,
M.B. Shrestha & Co.
Chartered Accountants
Kathmandu


CA. Maheswarendra Bdr. Shrestha
Proprietor





UDIN: 210729CA001178DiYk

NIBL Sahabhagita Fund

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

Statement of Financial Position as at 31st Ashad 2078 (15th July, 2021)

NPR

Particulars	Notes	FY 2077/78	FY 2076/77
Assets			
Current Assets			
Cash and Cash Equivalents	3.2	147,493,911	77,410,040
Other Current Assets	4.5	45,044,278	9,599,194
Financial Assets Held at Amortized Cost	13	118,497,000	32,513,000
Financial Assets Held at Fair Value Through Profit or Loss	4.6	240,780,842	108,911,072
Total		551,816,032	228,433,305
Liabilities			
Current Liabilities			
Accrued Expenses & Other Payables	5.2	2,697,684	1,966,590
Liabilities (Excluding Net Assets Attributable to Unitholders)		2,697,684	1,966,590
Unit Holder's Funds			
Net Assets Attributable to Unit Holders	6	549,118,347	226,466,715
Total		551,816,032	228,433,305
Outstanding Units		31,467,466	20,461,337
NAV per Unit		17.45	11.07

Schedules and Explanatory Notes forms integral part of Statement of Position

As per our Report of even date

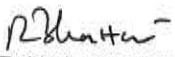

Sachin Tibrewal
Chairman


Deepak Kumar Shrestha
Director


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




Bandana Thapa
Director


Rabindra Bhattarai
Director


Ananda Kumar Bhattarai
Director


Shivanth Bahadur Pandé
Chief Executive Officer


Mekh Bahadur Thapa
Deputy Chief Executive Officer


Sachindra Dhungana
Assistant General Manager


Subhash Poudel
Head- Investment Banking


Poskar Basnet
Head- Mutual Fund


NIBL ACE CAPITAL
Managing shares, Managing investments,
Kathmandu, Nepal

Date : 29th July, 2021
Place : Kathmandu


NIBL MUTUAL FUND
NIBL Sahabhagita Fund

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 1st Shrawan 2077 to 31st Ashad 2078 (16th July 2020 to 15th July 2021)

In NPR

Particulars	Notes	Ashad End 2078	Ashad End 2077
Income			
Interest Income	7.2	9,038,895	9,598,446
Dividend Income	7.3	829,639	1,075,384
Net Gains/(Losses) on Financial Assets at Fair Value through Profit or loss	14(b)	183,895,187	16,123,997
Exit Load Incomes		227,738	-
Other Income		5,746	-
Total		193,997,205	26,797,827
Expenses and Losses			
Fund Management Fees	8.1	4,797,009	2,570,113
Depository Fees	8.1	767,521	645,174
Fund Supervisors Fees	8.1	410,168	396,209
Publication Expenses		153,890	160,986
Audit Fees		113,000	113,000
Bank Charges		5,450	3,095
Fund Management Quality Rating Expense		12,389	-
Book Building Registration Expenses-SEBON		10,000	-
Other Annual Operating Expenses		182,206	449,443
Total expenses		6,451,633	4,338,020
Net Gains/(Losses) for the Period		187,545,572	22,459,808
Other Comprehensive income		-	-
Net Surplus/(Deficit) for the period		187,545,572	22,459,808

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

Sachin Tibrewal
Chairman

Bandana Thapa
Director

Shivanth Bahadur Pandé
Chief Executive Officer

Subhash Poudel
Head- Investment Banking

Deepak Kumar Shrestha
Director

Rabindra Bhattarai
Director

Mekh Bahadur Thapa
Deputy Chief Executive Officer

Poskar Basnet
Head- Mutual Fund

As per our Report of even date

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



Ananda Kumar Bhattarai
Director

Sachindra Dhungana
Assistant General Manager



NIBL ACE CAPITAL
Managing shares, Managing investments,
Kathmandu, Nepal

NIBL MUTUAL FUND
NIBL Sahabhagita Fund

Date : 29th July, 2021
Place : Kathmandu

NIBL Sahabhagita Fund

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

Statement of Cash Flow

For the Period from 1st Shrawan 2077 to 31st Ashad 2078 (16th July 2020 to 15th July 2021)

In NPR


Particulars	Ashad End 2078	Ashad End 2077
A. Cash Flow from Operating Activities		
Surplus/ (Deficit) for the year	187,545,572	22,459,808
Adjustments For :		
Increase/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	(23,971,406)	(3,644,717)
Increase/(Decrease) in Liabilities	731,094	(1,350,287)
(Increase)/Decrease in Share	(107,898,365)	(87,039,730)
(Increase)/Decrease in Debenture	(24,484,000)	(12,513,000)
(Increase)/Decrease in Fixed Deposit	(61,500,000)	(15,000,000)
(Increase)/Decrease in Other Assets	(35,445,084)	(9,599,194)
Net Cash Generated / (used) in Operations (1)	(65,022,189)	(106,687,120)
B. Cash Flow from Financing Activities		
Issue of Unit Capital	152,393,167	4,872,617
Dividend Paid during the year	(17,287,106)	-
Net Cash Generated / (used) in financing (2)	135,106,061	4,872,617
C. Cash Flow from Investing Activities		
Net cash generated/ (used) in investing (3)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (1+2+3)	70,083,872	(101,814,503)
Cash and Cash Equivalents at beginning of the year/period	77,410,040	179,224,543
Cash and Cash Equivalents at end of period	147,493,911	77,410,040
Components of Cash and Cash Equivalents		
Balance with Banks	147,493,911	77,410,040

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

As per our Report of even date

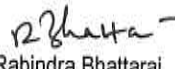

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Deepak Kumar Shrestha
Director

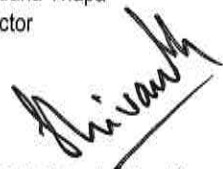

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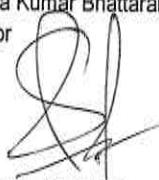

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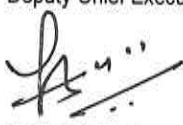

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NIBL MUTUAL FUND
NIBL Sahabhagita Fund

Date : 29th July, 2021
Place : Kathmandu

NIBL Sahabagita Fund

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

Statement of Change in Equity

For the Period from 1st Shrawan 2077 to 31st Ashad 2078 (16th July 2020 to 15th July 2021)

In NPR


Particular	Ashad End 2078	Ashad End 2077
Unit Holders' Fund at the Beginning of the Year/Period	226,466,715	199,134,291
Issue of Unit Capital	110,061,299	4,613,365
Unit Reserve Capital	42,331,868	259,251
Increase in Net Assets Attributable to Unit Holders:		
Net Gains/(Losses) for the Period	187,545,572	22,459,808
Other Comprehensive Income	-	-
Distribution to Unit Holders'	(17,287,106)	-
Unit Holders' Fund at the End of the Year/Period	549,118,347	226,466,715

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

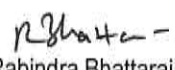
As per our Report of even date


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Poskar Basnet
Head- Mutual Fund


NIBL ACE CAPITAL
Managing shares, Managing Investments,
Kathmandu, Nepal

Date : 29th July, 2021
Place : Kathmandu


NIBL MUTUAL FUND
NIBL Sahabagita Fund

Notes to the Financial Statements as of Ashad End 2078 (15th July 2021)

1. General Information of the Scheme

Fund	: NIBL Mutual Fund
Scheme	: NIBL Sahabagita 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	: Dr. Bimal Prasad Koirala Dr. Shambhu Ram Simkhada Dr. Durgesh Man Singh CA. Jitendra Bahadur Rajbhandari Mr. Raju Nepal
Total Authorized Units of Scheme	: 50,000,000 (Fifty Million Units)
Outstanding Units of Scheme	: 31,467,466 (Thirty-One Million Four Hundred Sixty-Seven Thousand Four Hundred Sixty-Six Units)
Total Unit Capital	: NPR. 314,674,660 (NPR. Three Hundred Fourteen Million Six Hundred Seventy-Four Thousand Six Hundred Sixty)
Scheme type	: Open-ended

NIBL Sahabagita Fund (the Scheme) under NIBL Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as Nepal's first Open Ended Mutual Fund, a diversified investment scheme. The primary objective of the scheme is to explore and establish open ended Mutual Fund in Nepalese Capital Market and provide investor's with alternative investment instrument across the country with ease of investment and liquidity. This scheme also encourages the conversion of savings into investments regularly for long period of time. On the other side, the investment objective of the scheme is 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. The scheme is not required to be listed in Nepal Stock Exchange (NEPSE) and the units are traded on the Fund Managers' end.



Notes to the Financial Statements as of Ashad End 2078 (15th July 2021)

The Scheme's Financial Statements for the year 2077/78 were approved by the Board of Directors of the NIBL Ace Capital Limited held on 14th Shrawan, 2078 being the Fund Management and Depository Company. Similarly, the Fund Supervisors' consent on the approved Financial Statements has also been duly obtained.

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	6,500,000	65,000,000	21%
NIBL Ace Capital Limited	Fund Manager / Depository	1,071,270	10,712,700	3%
General Public		23,896,196	238,961,960	76%
Total		31,467,466	314,674,660	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, Mutual Fund regulation 2067 (Amendments 2076), other 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 ACE CAPITAL
Managing shares, Managing investments,
Kathmandu, Nepal


NIBL MUTUAL FUND
NIBL Sahabhagita Fund


M.B. Shrestha & Co.
Auditor
Chartered Accountants

Notes to the Financial Statements as of Ashad End 2078 (15th July 2021)

2.3. Reporting Pronouncements

The fund has, for the preparation of financial statements, adopted the NFRS pronounced by ASB. 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. 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.

2.6. Presentation currency

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

2.7. 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 judgments 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.


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NIBL MUTUAL FUND
NIBL Sahabhagita Fund



Notes to the Financial Statements as of Ashad End 2078 (15th July 2021)

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 are revised and 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.

2.8. Financial Periods

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

2.9. Discounting

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

2.10. 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;

NIBL MUTUAL FUND
NIBL Sahabhagita Fund

NIBL ACE CAPITAL
Managing shares, Managing Investments,
Kathmandu, Nepal



Notes to the Financial Statements as of Ashad End 2078 (15th July 2021)

Particulars	31 Ashad 2078	31 Ashad 2077
Cash at Bank	147,493,911	77,410,040
Total	147,493,911	77,410,040

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 9; Financial Instruments: Recognition and Measurement, the Fund's interest receivables are classified as 'Financial Assets measured at Amortized Cost'. 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.

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.

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Managing shares, Managing Investments,
Kathmandu, Nepal



Notes to the Financial Statements as of Ashad End 2078 (15th July 2021)

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.

4.3 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.



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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.

4.4 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

4.5 Other Current Assets

S.N.	Particulars	Ashad End 2078	Ashad End 2077
1	Dividend Income Receivable	16,237	5,808
2	Interest Receivables	2,487,128	648,136
3	Broker Receivables	42,209,343	8,898,461
4	Prepaid Expenses	23,969	12,389
5	Other Receivables	307,600	34,400
	Total Amount	45,044,278	9,599,194

4.6 Financial Assets Held at Fair Value Through Profit or Loss

Particulars	Ashad End 2078	Ashad End 2077
Financial Assets Held for Trading		
Equity Security	240,780,842	108,911,072
Total Financial Assets held for Trading (A)	240,780,842	108,911,072
Designated Financial Assets at Fair Value Through Profit or		


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Loss		
Total Designated at Fair Value Through Profit or Loss (B)	-	-
Total Financial Assets Held at Fair Value Through Profit or Loss (A+B)	240,780,842	108,911,072

Comparative Investment in Listed Shares

S.N.	Name of Companies	Ashad End 2078			Ashad End 2077		
		Unit	Value per Unit	Value Amount (NPR)	Unit	Value per Unit	Value Amount (NPR)
1	Prabhu Bank Limited	18,070	457	8,257,990	16,080	230	3,698,400
2	Kumari Bank Limited	-	-	-	13,675	186	2,543,550
3	Siddhartha Bank Limited	7,956	504	4,009,824	11,436	296	3,385,056
4	Global IME Bank Limited	14,138	441	6,234,858	17,198	239	4,110,322
5	Neco Insurance Co. Ltd.	5,738	1,348	7,734,824	4,774	607	2,897,818
6	Siddhartha Equity Fund	-	-	-	139,400	10.00	1,394,000
7	Sanima Bank Limited	3,021	485	1,465,185	10,514	330	3,469,620
8	Garima Bikas Bank Limited	-	-	-	5,000	223	1,115,000
9	Sanima Equity Fund	-	-	-	85,790	9.93	851,895
10	Gandaki Bikas Bank Limited	-	-	-	3,840	201	771,840
11	Nabil Bank Limited	5,500	1,359	7,474,500	8,860	765	6,777,900
12	Prime Commercial Bank Ltd.	15,258	479	7,308,582	16,586	255	4,229,430
13	Forward Community Microfinance Bittiya Sanstha Ltd.	-	-	-	227	1,599	362,973
14	Machhapuchhre Bank Limited	-	-	-	5,707	220	1,255,540
15	Prime Life Insurance Company Limited	4,143	954	3,952,422	5,637	531	2,993,247
16	Shree Investment Finance Co. Ltd.	-	-	-	2,889	159	459,351
17	NIC Asia Bank Ltd.	8,342	994	8,291,948	4,622	553	2,555,966
18	Mega Bank Nepal Ltd.	-	-	-	8,948	208	1,861,184
19	Chhimek Laghubitta Bikas Bank Limited	5,000	1,738	8,690,000	7,735	1,090	8,431,150
20	NIC Asia Growth Fund	-	-	-	12,900	10.19	131,451
21	Mahalaxmi Bikas Bank Ltd.	-	-	-	4,000	183	732,000
22	Deprosc Laghubitta Bittiya Sanstha Limited	6,973	1,686	11,756,478	3,000	866	2,598,000
23	Agriculture Development Bank Limited	9,073	479	4,345,967	14,398	385	5,543,230
24	Sabaiko Laghubitta Bittiya Sanstha Limited	-	-	-	898	832	747,136
25	Adhikhola Laghubitta Bittiya Sanstha Limited	600	465	279,000	600	465	279,000
26	Sana Kisan Bikas Bank Ltd	-	-	-	136	1,301	176,936
27	Nepal Bank Limited	-	-	-	12,249	249	3,050,001


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28	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	-	-	-	6,312	1,015	6,406,680
29	Laxmi Bank Limited	-	-	-	15,556	209	3,251,204
30	Bank of Kathmandu Ltd.	-	-	-	7,900	219	1,730,100
31	Sunrise Bank Limited	-	-	-	8,419	234	1,970,046
32	Swabalamban Laghubitta Bittiya Sanstha Limited	-	-	-	13	1,233	16,029
33	NMB Bank Limited	7,270	440	3,198,800	13,477	397	5,350,369
34	Jyoti Bikas Bank Limited	-	-	-	5,500	166	913,000
35	Shine Resunga Development Bank Ltd.	-	-	-	11,030	222	2,448,660
36	Miteri Development Bank Limited	-	-	-	185	307	56,795
37	Premier Insurance Co. Ltd.	6,281	1,170	7,348,770	5,989	616	3,689,224
38	ICFC Finance Limited	-	-	-	2,574	173	445,302
39	Life Insurance Co. Nepal	4,335	2,342	10,152,570	6,433	1,330	8,555,890
40	Nepal Reinsurance Company Limited	-	-	-	5,030	504	2,535,120
41	NIC ASIA Laghubitta Bittiya Sanstha Limited	-	-	-	6,486	532	3,450,552
42	Surya Life Insurance Company Limited	6,536	922	6,026,192	-	-	-
43	Samaj Laghubitta Bittiya Sanstha Limited	120	166	19,945	-	-	-
44	First Micro Finance Development Bank Ltd.	5,328	823	4,384,944	-	-	-
45	Everest Bank Limited	10,970	738	8,095,860	-	-	-
46	Sanjen Jalavidhyut Company Limited	14,614	449	6,561,686	-	-	-
47	Rasuwigadhi Hydropower Company Limited	10,146	474	4,809,204	-	-	-
48	Nepal Doorsanchar Comapany Limited	5,024	1,314	6,601,536	-	-	-
49	National Life Insurance Co. Ltd.	9,234	1,151	10,628,334	-	-	-
50	Mero Microfinance Bittiya Sanstha Ltd.	1,510	1,546	2,334,460	-	-	-
51	Nepal Infrastructure Bank Limited	41,890	492	20,609,880	-	-	-
52	Kumari Equity Fund	250,000	11	2,625,000	-	-	-
53	Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	2,000	1,225	2,450,000	-	-	-
54	Nerude Laghubita Bikas Bank Limited	2,900	1,600	4,640,000	-	-	-
55	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited Promoter Share	16,298	600	9,778,800	-	-	-
Total				190,067,559			107,240,967

Comparative Investment in Unlisted Shares

S.N.	Name of Company	Ashad End 2078			Ashad End 2077		
		Unit	Value per Unit	Value Amount (NPR)	Unit	Value per Unit	Value Amount (NPR)
1	Right Entitlement-Shikhar Insurance	-	-	-	2,753.00	286.16	787,798.48
2	Sadhana Laghubitta- IPO	-	-	-	965.00	258.40	249,356.00


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3	Ajod Insurance Ltd.-IPO	-	-	-	4,092.00	154.68	632,950.56
4	Jeevan Bikas Laghubitta Bittiya Sanstha Ltd- IPO	685	547.05	374,729	-	-	-
5	Manakamana Smart Laghubitta Bittiya Sanstha-IPO	135	513.29	69,294	-	-	-
6	Union Life Insurance Co. Ltd.-IPO	2,073	116.93	242,396	-	-	-
7	Mailing Khola Hydropower Co.Ltd.-IPO	237	113.35	26,864	-	-	-
8	Citizen Unit Scheme	100,000	100.00	10,000,000	-	-	-
9	Citizen Unit Scheme	100,000	100.00	10,000,000	-	-	-
10	Citizen Unit Scheme	300,000	100.00	30,000,000	-	-	-
	Total			50,713,283			1,670,105

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 2078	Ashad End 2077
Provision For Audit Fee	113,000	113,000
Provision For Reporting Expense	17,372	21,000
TDS Liability	279,489	43,689
Business Payables- Brokers	-	-
Unit Transactions Payables	20,960	31,768
Fund Management Fee Payable- NIBL Ace Capital	1,695,967	1,298,434
Depository Fee Payables- NIBL Ace Capital	271,355	240,896
Supervisor Fee Payables	140,498	106,647
Exit Load Payables- NIBL Ace Capital	-	41,157
Other Payables	-	70,000
Software AMC Payable- PCS	89,044	-
Provision For Software AMC- CDSC	20,000	-
Provision For Unit Dematerialization AMC- CDSC	50,000	-
Total	2,697,684	1,966,590

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


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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.niblcapi.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 2078	Ashad End 2077
Unit Holders' Fund at the Beginning of the Year/Period	226,466,715	199,134,291
Issue of Unit Capital	4,613,365	4,613,365
Unit Reserve Capital	259,251	259,251
Increase in Net Assets Attributable to Unit Holders:		
Net Gains/(Losses) for the Period	187,545,572	22,459,808
Other Comprehensive Income		-
Distribution to Unit Holders'	(17,287,106)	-
Unit Holders' Fund at the End of the Year/Period	549,118,347	226,466,715

Unit Reserve Capital reflects the net difference between the face value and traded daily NAV of unit transactions of the Scheme.


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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

S.N.	Particulars	Ashad End 2078	Ashad End 2077
1	Interest Income on Debentures	718,608	567,655
2	Interest Income on Fixed Deposit	3,875,914	2,167,298
3	Interest Income on Call Deposits	4,444,372	6,863,493
	Total Amount	9,038,895	9,598,446

7.3 Dividend Income

Particulars	Ashad End 2078	Ashad End 2077
Dividend Income Realized	829,639	1,075,384
Total	829,639	1,075,384

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 of the period 1st Shrawan 2077 to 31st Ashad 2078 are as follows:


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- Fund Management Fees : 1.25% of Net Assets Value (NAV)
- Depository Fees : 0.2% of NAV
- Fund Supervisor Fees : 0.12% of NAV

Total Fund Management, Depository & Fund Supervisor's Fees are calculated and recognized as per the Mutual Fund Regulation 2067 and Mutual Fund Guidelines, 2069.

The total fees are presented in Nepalese currency and charged as under:

Particulars	Ashad End 2078	Ashad End 2077
Fund Management Fee	4,797,009	2,570,113
Depository Fee	767,521	645,174
Fund Supervisor Fee	410,168	396,209
Total	5,974,698	3,611,496

9. Income Tax

Income Tax Act, 2058 has not specifically charged corporate tax liability on Mutual Fund. 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 Fund is not considered. However, the Office of the Auditor's General in its 56th Annual Report has raised concern on taxability of the mutual fund. Further, the finance ordinance of FY 2078/79 has included Mutual Fund under Section 10 of the Income Tax Act, 2058 as tax exempt entities. TDS on return from mutual fund (i.e.; dividend) paid to individual is deducted at 5% which is final and to entity is tax deducted at 15% (which is not final). Therefore, the fund management is of the view that return from the fund is duly taxed as per the principal of income tax and is not subject to further tax liability for FY 2077/78.

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.


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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.

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.


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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);

[Handwritten signatures and stamps are present in this section]

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- (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:

$$V_r = n / m \times (P_{ex} - P_{of})$$

Where,

V_r = Value of Rights

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n = Number of rights offered

m = Number of original shares held

Pex = Ex-right price

Pof = Rights offer price

Valuation of total Right Entitlement = $V_r \times \text{No. of shares held before Ex-date}$

13. Financial Assets Held at Amortized Cost

Particulars	Ashad End 2078	Ashad End 2077
Debentures	36,997,000	12,513,000
Fixed Deposit	81,500,000	20,000,000
Total	118,497,000	32,513,000

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.



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b. Explanatory notes

Particulars	Ashad End 2078	Ashad End 2077
Net Realized Gains/(Losses) on Financial Assets at Fair Value Through Profit or loss	159,923,781	12,479,281
Net Unrealized Gains/(Losses) on Financial Assets at Fair Value Through Profit or Loss	23,971,406	3,644,717
Total	183,895,187	16,123,997

Computation of Unrealized Gains for FY 2077/78:

Name of Companies	Type	2077-78				
		Unit	Value per Unit	Value Amount	Cost Price	Total Cost
Listed Companies						
Prabhu Bank Limited	Ordinary	18,070	457	8,257,990	441	7,967,164
Siddhartha Bank Limited	Ordinary	7,956	504	4,009,824	387	3,079,557
Global IME Bank Limited	Ordinary	14,138	441	6,234,858	419	5,918,947
Neco Insurance Co. Ltd.	Ordinary	5,738	1,348	7,734,824	1,420	8,147,520
Sanima Bank Limited	Ordinary	3,021	485	1,465,185	322	974,027
Nabil Bank Limited	Ordinary	5,500	1,359	7,474,500	1,086	5,975,312
Prime Commercial Bank Ltd.	Ordinary	15,258	479	7,308,582	428	6,525,025
Prime Life Insurance Company Limited	Ordinary	4,143	954	3,952,422	773	3,204,110
NIC Asia Bank Ltd.	Ordinary	8,342	994	8,291,948	867	7,231,463
Chhimek Laghubitta Bikas Bank Limited	Ordinary	5,000	1,738	8,690,000	1,555	7,773,616
Deprosc Laghubitta Bittiya Sanstha Limited	Ordinary	6,973	1,686	11,756,478	1,486	10,360,267
Agriculture Development Bank Limited	Ordinary	9,073	479	4,345,967	425	3,854,559
Adhikhola Laghubitta Bittiya Sanstha Limited	Ordinary	600	465	279,000	100	60,000
NMB Bank Limited	Ordinary	7,270	440	3,198,800	372	2,702,942
Premier Insurance Co. Ltd.	Ordinary	6,281	1,170	7,348,770	1,147	7,204,515
Life Insurance Co. Nepal	Ordinary	4,335	2,342	10,152,570	2,099	9,098,972
Surya Life Insurance Company Limited	Ordinary	6,536	922	6,026,192	878	5,740,207
Samaj Laghubitta Bittiya Sanstha Limited	Ordinary	120	166	19,945	100	12,000
First Micro Finance Development Bank Ltd.	Ordinary	5,328	823	4,384,944	673	3,583,716


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 M.B. Shrestha & Co.
 Auditor
 Chartered Accountants

Notes to the Financial Statements as of Ashad End 2078 (15th July 2021)

Everest Bank Limited	Ordinary	10,970	738	8,095,860	727	7,973,649
Sanjen Jalavidhyut Company Limited	Ordinary	14,614	449	6,561,686	436	6,375,337
Rasuwadaghi Hydropower Company Limited	Ordinary	10,146	474	4,809,204	476	4,832,663
Nepal Doorsanchar Company Limited	Ordinary	5,024	1,314	6,601,536	1,348	6,773,693
National Life Insurance Co. Ltd.	Ordinary	9,234	1,151	10,628,334	1,227	11,332,213
Mero Microfinance Bittiya Sanstha Ltd.	Ordinary	1,510	1,546	2,334,460	1,138	1,718,073
Nepal Infrastructure Bank Limited	Ordinary	41,890	492	20,609,880	120	5,007,450
Kumari Equity Fund	Ordinary	250,000	11	2,625,000	10	2,500,000
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	Ordinary	2,000	1,225	2,450,000	1,243	2,485,722
Nerude Laghubita Bikas Bank Limited	Ordinary	2,900	1,600	4,640,000	1,751	5,076,975
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited Promoter Share	Promoter	16,298	600	9,778,800	552	8,992,161
Sub-Total (A)				190,067,559		162,481,856
Unlisted Companies						
Jeevan Bikas Laghubitta Bittiya Sanstha Ltd- IPO	Ordinary	685	547.05	374,729	100.00	68,500
Manakamana Smart Laghubitta Bittiya Sanstha-IPO	Ordinary	135	513.29	69,294	100.00	13,500
Union Life Insurance Co. Ltd.-IPO	Ordinary	2,073	116.93	242,396	100.00	207,300
Mailung Khola Hydropower Co.Ltd.-IPO	Ordinary	237	113.35	26,864	100.00	23,700
Citizen Unit Scheme	MF	100,000	100.00	10,000,000	100.00	10,000,000
Citizen Unit Scheme	MF	100,000	100.00	10,000,000	100.00	10,000,000
Citizen Unit Scheme	MF	300,000	100.00	30,000,000	100.00	30,000,000
Sub-Total (B)				50,713,283		50,313,000
Grand Total				240,780,842		212,794,856
Unrealised Gain/(Loss)						27,985,986
Less: Previous Year Unrealised Gain/(Loss)						4,014,580
Unrealised Gain/(Loss) This Year						23,971,406

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


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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

- Fund Sponsor: Nepal Investment Bank Limited.
- Fund Manager and Depository: NIBL Ace Capital Limited, a subsidiary of the Sponsor.
- Shareholders holding substantial interest in the Fund Manager: Nepal Investment Bank Limited.
- 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 has earned interest amounting to NPR 1,75,278.08 (NPR. One Lakh Seventy-Five Thousand Two Hundred Seventy-Eight and paisa Eight Only) from Nepal Investment Bank Limited.
- Fund Management and Depository Fee incurred by NIBL Sahabhagita Fund during the year amounts to NPR. 5,564,530 (NPR. Fifty-Five Lakh Sixty-Four Thousand Five Hundred and Thirty 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. 1,967,321 (NPR. Nineteen Lakh Sixty-Seven Thousand Three Hundred Twenty-One Only).
- The Scheme has a Call/Current account bank balance of NPR. 22,893,082 (NPR. Two Crore Twenty-Eight Lakh Ninety-Three Thousand and Eighty-Two Only) as on Balance Sheet date with the Fund Sponsor - Nepal Investment Bank Limited.

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Notes to the Financial Statements as of Ashad End 2078 (15th July 2021)

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 proposed 50% Cash Dividend (including applicable withholding tax) for fiscal year 2077/78 to its outstanding unit-holders as of 29th July, 2021 (14th Shrawan, 2078) which is also the Announcement/Book Closure Date.

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M.B. Shrestha & Co.
Auditor
Chartered Accountants

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Notes to the Financial Statements as of Ashad End 2078 (15th July 2021)

On Behalf of NIBL Ace Capital Limited

(Fund Management Company)

As per our Report of even date

Sachin Tibrewal
Chairman

Deepak Kumar Shrestha
Director

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

Bandana Thapa
Director

Rabindra Bhattarai
Director

Ananda Kumar Bhattarai
Director

Shivanth Bahadur Pandé
Chief Executive Officer

Mekh Bahadur Thapa
Deputy Chief Executive Officer

Sachindra Dhungana
Assistant General Manager

Subhash Poudel
Head- Investment Banking

Poskar Basnet
Head- Mutual Fund



Date: 29th July, 2021

Place: Kathmandu