



# **NIBL Sahabhagita Fund**

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

## **Financial Statements**



**For The**

**Fiscal Year: 2078/79 (2021/22)**

**Date: 9<sup>th</sup> Bhadra, 2079**

## **INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF NIBL SAHABHAGITA FUND**

### **Report on the Audit of Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of NIBL Sahabagita Fund ("the Mutual Fund" which comprise the statement of financial position as at Ashad 32, 2079 [July 16, 2022], the statement of profit or loss, the statement of other comprehensive income, the statement of changes in unit holders fund & the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Mutual Fund as at Ashad 32, 2079 (July 16, 2022) and its financial performance, changes in Unit Holders Fund and its cash flows for the year then ended on that date in accordance with Nepal Financial Reporting Standards (NFRSs) and comply with Securities Act 2063, Security Board Regulation 2064, Mutual Fund Regulations 2067, Mutual Fund Guidelines 2069 and other prevailing legislations.

#### **Basis of Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Mutual Fund in accordance with the Institute of Chartered Accountant of Nepal's code of ethics for professional accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>S.N</b>	<b>Key Audit Matters</b>	<b>Our Audit Approach and Response</b>
<b>1.</b>	<b>Investment Decision by the Fund Manager</b> <ul style="list-style-type: none"><li>The mutual fund manager makes investments on the behalf of unitholders. The investment decisions as such shape a material portion of the scheme.</li></ul>	<b>Our audit procedures included but not limited to:</b> <ul style="list-style-type: none"><li>Evaluate the results and returns from the investments on an average.</li><li>On sample basis, evaluate the performance of the investments in comparison to market returns.</li></ul>

S.N	Key Audit Matters	Our Audit Approach and Response
2.	<b>Unit Transactions with Unitholders</b>	<p>Our audit procedures included but not limited to:</p> <ul style="list-style-type: none"> <li>- Open- ended mutual fund and redeem units of the scheme as per the request.</li> <li>- Evaluate the process of new issue of the units and redemption of the units during the year.</li> <li>- Review of the new units issued during the year on sample basis against the published net assets value.</li> <li>- On sample basis, review the units redeemed during the year as per the published net assets value.</li> </ul>
3.	<b>Fees Payable to Supervisor, Manager and Depository</b>	<p>Our audit procedures included but not limited to:</p> <ul style="list-style-type: none"> <li>- The material expenses for the mutual fund in Nepal largely relate to the fees payable to the supervisors, manager and depository.</li> <li>- Review of the approved rates for the fees.</li> <li>- Rule 23 of the Mutual Fund Regulations, 2067 (4<sup>th</sup> Amendment) issued by SEBON specifies the maximum limit of the fees so payable by a mutual fund scheme.</li> <li>- Evaluate the periodic gross net assets values factored to calculate the fees payable.</li> </ul>

### Other Information

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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards (NFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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





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

- 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 evidences that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mutual Fund'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 evidences 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.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements, including the disclosures, represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Mutual Fund to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Mutual Fund audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those 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 on our independence, and where applicable, related safeguards.

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

### **Report on Other Legal and Regulatory Requirements**

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit as per NSA.

The financial statement including the statement of comprehensive income, statement of changes in Unit Holders fund, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of Securities Act 2063, Security Board Regulations 2064, Mutual Fund Regulations 2067, Mutual Fund Guidelines 2069 and other prevailing legislations.





In our opinion, proper books of account as required by law have been kept by the Mutual Funds, in so far as appears from our examination of those books of account and the financial statements dealt by this report, are in agreement with the books of accounts.

To the best of our knowledge and according to the explanation given to us and from the examination of the books of accounts of the mutual fund, we have not come across any case where the board of directors or any employee of the Mutual Fund have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused any loss or damage to the Mutual Fund or its property and violated any directives or regulations issued by SEBON.

For N. B. S. M. & Associates  
Chartered Accountants

CA. Rajesh Kumar Sah  
Partner

Date : August 25, 2022

Place: Kathmandu, Nepal

UDIN : 220825CA00546o2Jyz



# NIBL Sahabhagita Fund

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

Statement of Financial Position as at 32nd Ashad 2079 (16th July, 2022)

NPR

Particulars	Notes	FY 2078/79	FY 2077/78
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3.2	187,267,866	147,493,911
Other Current Assets	4.5	8,565,047	45,044,278
Financial Assets Held at Amortized Cost	13	154,954,810	118,497,000
Financial Assets Held at Fair Value Through Profit or Loss	4.6	330,995,826	240,780,842
<b>Total</b>		<b>681,783,550</b>	<b>551,816,032</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accrued Expenses & Other Payables	5.2	3,206,000	2,697,684
<b>Liabilities (Excluding Net Assets Attributable to Unitholders)</b>		<b>3,206,000</b>	<b>2,697,684</b>
<b>Unit Holder's Funds</b>			
Net Assets Attributable to Unit Holders	6	678,577,550	549,118,347
<b>Total</b>		<b>681,783,550</b>	<b>551,816,032</b>
<b>Outstanding Units</b>		<b>63,294,535</b>	<b>31,467,466</b>
<b>NAV per Unit</b>		<b>10.72</b>	<b>17.45</b>

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

CA. Rajesh Kumar San  
Partner  
N. B. S. M. & Associates,  
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  
Deputy General Manager

Subhash Poudel  
Head- Investment Banking

Poskar Basnet  
Head- Mutual Fund

NIBL MUTUAL FUND  
NIBL Sahabhagita Fund

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

Date : 25th August, 2022  
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 1st Shrawan 2078 to 32nd Ashad 2079 (16th July 2021 to 16th July 2022)

In NPR

Particulars	Notes	Ashad End 2079	Ashad End 2078
<b>Income</b>			
Interest Income	7.2	16,668,009	9,038,895
Dividend Income	7.3	307,671	829,639
Net Gains/(Losses) on Financial Assets at Fair Value through Profit or loss	14(b)	(90,179,988)	183,895,187
Exit Load Incomes		231,597	227,738
Other Income		70,006	5,746
<b>Total</b>		<b>(72,902,706)</b>	<b>193,997,205</b>
<b>Expenses and Losses</b>			
Fund Management Fees	8.1	6,417,366	4,797,009
Depository Fees	8.1	1,026,779	767,521
Fund Supervisors Fees	8.1	616,067	410,168
Publication Expenses		195,880	153,890
Audit Fees		113,000	113,000
Bank Charges		4,804	5,450
Fund Management Quality Rating Expense		-	12,389
Book Building Registration Expenses-SEBON		-	10,000
Book Building Registration Expenses-NEPSE		10,000	-
Book Building Registration Renewal Fee-NEPSE		5,000	-
Communication Expenses		122,011	-
Annual Operating Expenses		319,440	182,206
DP & Other Expenses		11,750	-
<b>Total expenses</b>		<b>8,842,096</b>	<b>6,451,633</b>
<b>Net Gains/(Losses) for the Period</b>		<b>(81,744,802)</b>	<b>187,545,572</b>
<b>Other Comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Net Surplus/(Deficit) for the period</b>		<b>(81,744,802)</b>	<b>187,545,572</b>


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

  
Sachin Tibrewal  
Chairman

  
Deepak Kumar Shrestha  
Director

As per our Report of even date

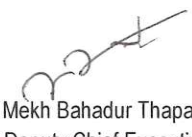
  
CA. Rajesh Kumar Sah  
Partner  
N. B. S. M. & Associates,  
Chartered Accountants

  
Bandana Thapa  
Director

  
Rabindra Bhattarai  
Director

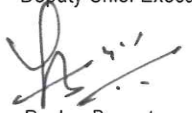
  
Ananda Kumar Bhattarai  
Director

  
Shivanth Bahadur Pandé  
Chief Executive Officer

  
Mekh Bahadur Thapa  
Deputy Chief Executive Officer

  
Sachindra Dhungana  
Deputy General Manager

  
Subhash Poudel  
Head- Investment Banking

  
Poskar Basnet  
Head- Mutual Fund

 **NIBL MUTUAL FUND**  
NIBL Sahabhagita Fund

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

Date : 25th August, 2022

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 2078 to 32nd Ashad 2079 (16th July 2021 to 16th July 2022)

In NPR

Particular	Ashad End 2079	Ashad End 2078
Unit Holders' Fund at the Beginning of the Year/Period	549,118,347	226,466,715
Issue of Unit Capital	318,270,686	110,061,299
Unit Reserve Capital	50,634,599	42,331,868
<u>Increase in Net Assets Attributable to Unit Holders:</u>		
Net Gains/(Losses) for the Period	(81,744,802)	187,545,572
Other Comprehensive Income	-	-
Distribution to Unit Holders'	(157,701,280)	(17,287,106)
<b>Unit Holders' Fund at the End of the Year/Period</b>	<b>678,577,550</b>	<b>549,118,347</b>

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


As per our Report of even date

  
Sachin Tibrewal  
Chairman

  
Deepak Kumar Shrestha  
Director

  
CA. Rajesh Kumar San  
Partner  
N. B. S. M. & Associates,  
Chartered Accountants

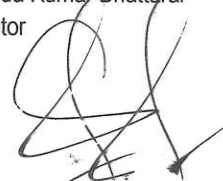
Bandana Thapa  
Director

  
Rabindra Bhattarai  
Director


  
Ananda Kumar Bhattarai  
Director

  
Shivanth Bahadur Pandé  
Chief Executive Officer

  
Mekh Bahadur Thapa  
Deputy Chief Executive Officer

  
Sachindra Dhungana  
Deputy General Manager

  
Subhash Poudel  
Head- Investment Banking

  
Poskar Basnet  
Head- Mutual Fund

 NIBL MUTUAL FUND  
NIBL Sahabagita Fund

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

Date : 25th August, 2022

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 2078 to 32nd Ashad 2079 (16th July 2021 to 16th July 2022)

In NPR

Particulars	Ashad End 2079	Ashad End 2078
<b>A. Cash Flow from Operating Activities</b>		
Surplus/ (Deficit) for the year	(81,744,802)	187,545,572
<b>Adjustments For :</b>		
Increase/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	126,972,556	(23,971,406)
Increase/(Decrease) in Liabilities	508,316	731,094
(Increase)/Decrease in Share	(217,187,539)	(107,898,365)
(Increase)/Decrease in Debenture	(17,957,810)	(24,484,000)
(Increase)/Decrease in Fixed Deposit	(18,500,000)	(61,500,000)
(Increase)/Decrease in Other Assets	36,479,231	(35,445,084)
<b>Net Cash Generated / (used) in Operations (1)</b>	<b>(171,430,050)</b>	<b>(65,022,189)</b>
<b>B. Cash Flow from Financing Activities</b>		
Issue of Unit Capital	368,905,285	152,393,167
Dividend Paid during the year	(157,701,280)	(17,287,106)
<b>Net Cash Generated / (used) in financing (2)</b>	<b>211,204,005</b>	<b>135,106,061</b>
<b>C. Cash Flow from Investing Activities</b>		
<b>Net cash generated/(used) in investing (3)</b>	<b>-</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)</b>	<b>39,773,955</b>	<b>70,083,872</b>
Cash and Cash Equivalents at beginning of the year/period	147,493,911	77,410,040
<b>Cash and Cash Equivalents at end of period</b>	<b>187,267,866</b>	<b>147,493,911</b>
<b>Components of Cash and Cash Equivalents</b>		
Balance with Banks	187,267,866	147,493,911

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

As per our Report of even date

Sachin Tibrewal  
Chairman

Deepak Kumar Shrestha  
Director

CA. Rajesh Kumar Sah  
Partner  
N. B. S. M. & Associates,  
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  
Deputy General Manager

Subhash Poudel  
Head- Investment Banking

Poskar Basnet  
Head- Mutual Fund

NIBL MUTUAL FUND  
NIBL Sahabhagita Fund

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

Date : 25th August, 2022

Place : Kathmandu

Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

1. General Information of the Scheme

<b>Fund</b>	<b>: NIBL Mutual Fund</b>
<b>Scheme</b>	<b>: NIBL Sahabagita Fund</b>
<b>Fund Sponsor</b>	<b>: Nepal Investment Bank Limited (NIBL)</b> (Licensed by NRB as Class A bank)
<b>Fund Management</b>	<b>: NIBL Ace Capital Limited</b> (A subsidiary of Nepal Investment Bank Limited)
<b>Fund Supervisors</b>	<b>: Dr. Bimal Prasad Koirala</b> <b>Dr. Shambhu Ram Simkhada</b> <b>Dr. Durgesh Man Singh</b> <b>CA. Jitendra Bahadur Rajbhandari</b> <b>Mr. Raju Nepal</b>
<b>Total Authorized Units of Scheme</b>	<b>: 100,000,000 (One Hundred Million Units)</b>
<b>Outstanding Units of Scheme</b>	<b>: 63,294,535 (Sixty-Three Million Two Hundred Ninety-Four Thousand Five Hundred Thirty-Five Only)</b>
<b>Total Unit Capital</b>	<b>: NPR. 632,945,350 (NPR. Six Hundred Thirty-Two Million Nine Hundred Forty-Five Thousand Three Hundred Fifty)</b>
<b>Scheme type</b>	<b>: Open-ended</b>

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 24<sup>th</sup> 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. The Scheme's Financial Statements for the year 2078/79 were approved by the Board of Directors of the NIBL Ace Capital Limited held on 9<sup>th</sup> Bhadra, 2079 being the Fund Management and Depository Company. Similarly, the Fund Supervisors' consent on the approved Financial Statements has also been duly obtained.

NIBL MUTUAL FUND  
NIBL Sahabagita Fund

NIBL ACE CAPITAL  
Managing shares, Managing investments  
Kathmandu, Nepal





Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

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	12,910,254	129,102,541	20%
NIBL Ace Capital Limited	Fund Manager / Depository	1,526,641	15,266,411	2%
General Public		48,857,640	488,576,397	77%
<b>Total</b>		<b>63,294,535</b>	<b>632,945,349</b>	<b>100%</b>

## 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.

### 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

NIBL MUTUAL FUND  
NIBL Sahabagita Fund

NIBL ACE CAPITAL  
Managing shares, Managing investment  
Kathmandu, Nepal



**Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)**

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.

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

NIBL MUTUAL FUND  
NIBL Sahabhagita Fund

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

Page 3 of 21





Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

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;

Particulars	32 Ashad 2079	31 Ashad 2078
Cash at Bank	187,267,866	147,493,911
<b>Total</b>	<b>187,267,866</b>	<b>147,493,911</b>

**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

NIBL MUTUAL FUND  
NIBL Sahabhagita Fund

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

**Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)**

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, fixed deposits and debentures are classified as "Financial Assets measured at Amortized Cost". Equity securities 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 and unquoted 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.

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

NIBL  MUTUAL FUND  
NIBL Sahabagita Fund



**Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)**

assets or financial liabilities at fair value through profit or loss' category is presented in the statement of 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.

NIBL MUTUAL FUND  
NIBL Sahabagita Fund

NIBL ACE CAPITAL  
Managing shares, Managing Investments  
Kathmandu, Nepal



Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

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 2079	Ashad End 2078
1	Dividend Income Receivable	45,619	16,237
2	Interest Receivables	5,635,973	2,487,128
3	Broker Receivables	1,008,157	42,209,343
4	Prepaid Expenses	80,498	23,969
5	Other Receivables	137,000	307,600
6	IPO Application Advance	1,657,800	-
	<b>Total Amount</b>	<b>8,565,047</b>	<b>45,044,278</b>

4.6 Financial Assets Held at Fair Value Through Profit or Loss

Particulars	Ashad End 2079	Ashad End 2078
Financial Assets Held for Trading		
Equity Security	330,995,826	240,780,842
<b>Total Financial Assets held for Trading (A)</b>	<b>330,995,826</b>	<b>240,780,842</b>
Designated Financial Assets at Fair Value Through Profit or Loss		
<b>Total Designated at Fair Value Through Profit or Loss (B)</b>	<b>-</b>	<b>-</b>
<b>Total Financial Assets Held at Fair Value Through Profit or Loss (A+B)</b>	<b>330,995,826</b>	<b>240,780,842</b>

Comparative Investment in Listed Shares

S.N.	Name of Companies	Ashad End 2079			Ashad End 2078		
		Unit	Value per Unit	Value Amount	Unit	Value per Unit	Value Amount
	<b>Listed Companies</b>						
1	Prabhu Bank Limited	22,479	207.00	4,653,153	18,070	457.00	8,257,990
2	Siddhartha Bank Limited	26,942	303.00	8,163,426	7,956	504.00	4,009,824
3	Global IME Bank Limited	22,154	251.40	5,569,516	14,138	441.00	6,234,858
4	Neco Insurance Co. Ltd.	12,747	694.00	8,846,418	5,738	1,348.00	7,734,824
5	Sanima Bank Limited	-	-	-	3,021	485.00	1,465,185
6	Garima Bikas Bank Limited	17,113	387.00	6,622,731	-	-	-
7	Nabil Bank Limited	9,803	824.00	8,077,672	5,500	1,359.00	7,474,500

NIBL MUTUAL FUND  
NIBL Sahabagita Fund

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

Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

8	Prime Commercial Bank Ltd.	29,648	265.00	7,856,720	15,258	479.00	7,308,582
9	Machhapuchhre Bank Limited	25,300	254.00	6,426,200	-	-	-
10	Prime Life Insurance Company Limited	12,007	569.00	6,831,983	4,143	954.00	3,952,422
11	NIC Asia Bank Ltd.	32,342	696.00	22,510,032	8,342	994.00	8,291,948
12	Mega Bank Nepal Ltd.	32,550	226.00	7,356,300	-	-	-
13	Chhimek Laghubitta Bikas Bank Limited	9,364	1,100.00	10,300,400	5,000	1,738.00	8,690,000
14	Deprosc Laghubitta Bittiya Sanstha Limited	10,082	940.00	9,477,080	6,973	1,686.00	11,756,478
15	Agriculture Development Bank Limited	-	-	-	9,073	479.00	4,345,967
16	Adhikhola Laghubitta Bittiya Sanstha Limited	114	1,370.00	156,180	600	465.00	279,000
17	NMB Bank Limited	19,498	261.00	5,088,978	7,270	440.00	3,198,800
18	Jyoti Bikas Bank Limited	5,220	302.20	1,577,484	-	-	-
19	Premier Insurance Co. Ltd.	13,383	576.00	7,708,608	6,281	1,170.00	7,348,770
20	Life Insurance Co. Nepal	9,232	1,415.00	13,063,280	4,335	2,342.00	10,152,570
21	Nepal Reinsurance Company Limited	15,014	735.00	11,035,290	-	-	-
22	Surya Life Insurance Company Limited	20,299	387.00	7,855,713	6,536	922.00	6,026,192
23	Samaj Laghubitta Bittiya Sanstha Limited	120	166.21	19,945	120	166.21	19,945
24	First Micro Finance Development Bank Ltd.	-	-	-	5,328	823.00	4,384,944
25	Everest Bank Limited	-	-	-	10,970	738.00	8,095,860
26	Sanjen Jalavidhyut Company Limited	14,584	260.00	3,791,840	14,614	449.00	6,561,686
27	Rasuwaadhi Hydropower Company Limited	18,146	273.00	4,953,858	10,146	474.00	4,809,204
28	Mountain Energy Nepal Ltd.	10,190	800.00	8,152,000	-	-	-
29	Nepal Doorsanchar Comapany Limited	-	-	-	5,024	1,314.00	6,601,536
30	National Life Insurance Co. Ltd.	19,734	577.00	11,386,518	9,234	1,151.00	10,628,334
31	Mero Microfinance Bittiya Sanstha Ltd.	2,214	847.00	1,875,258	1,510	1,546.00	2,334,460
32	Nepal Infrastructure Bank Limited	8,030	240.00	1,927,200	41,890	492.00	20,609,880
33	Kumari Equity Fund	-	-	-	250,000	10.50	2,625,000
34	Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	5,525	756.00	4,176,900	2,000	1,225.00	2,450,000
35	Nerude Laghubitta Bikas Bank Limited	3,523	880.00	3,100,240	2,900	1,600.00	4,640,000
36	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited Promoter Share	21,105	600.00	12,663,000	16,298	600.00	9,778,800
37	Nepal Bangladesh Bank	6,141	399.00	2,450,259	-	-	-
38	Kamana Sewa Bikas Bank Limited	14,074	349.90	4,924,493	-	-	-
39	Soaltee Hotel Limited	10,000	202.50	2,025,000	-	-	-
40	Manushi Laghubitta Bittiya Sanstha Ltd.	127	1,002.00	127,254	-	-	-
41	Sahas Urja Ltd.	7,010	460.00	3,224,600	-	-	-
42	Himalayan General Insurance Ltd.	10,665	520.00	5,545,800	-	-	-
43	Citizens Investment Trust	2,429	2,515.00	6,108,935	-	-	-
44	Nepal Credit Commercial Bank Ltd.	21,075	210.90	4,444,718	-	-	-
45	Century Commercial Bank Limited	23,809	183.00	4,357,047	-	-	-
46	Shivam Cements Ltd.	1,500	760.00	1,140,000	-	-	-
47	Rastra Utthan Laghubitta Sanstha Ltd.	425	926.00	393,550	-	-	-
48	Himalayan Distillery Limited	1,660	3,410.00	5,660,600	-	-	-
49	Upakar Laghubitta Bittiya Sanstha Ltd.	126	2,699.00	340,074	-	-	-
50	Civil Bank Limited	17,028	213.00	3,626,964	-	-	-
51	Mountain Hydro Nepal Limited	10,000	272.00	2,720,000	-	-	-
52	CYC Nepal Laghubitta Bittiya Sanstha Ltd.	211	1,698.20	358,320	-	-	-

NIBL MUTUAL FUND  
NIBL Sahabagita Fund

NIBL ACE CAPITAL  
Managing shares Managing Investments  
Kathmandu, Nepal





Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

	Total		258,671,536		190,067,559
--	-------	--	-------------	--	-------------

Comparative Investment in Unlisted Shares

S.N.	Name of Companies	Ashad End 2079			Ashad End 2078		
		Unit	Value per Unit	Value Amount	Unit	Value per Unit	Value Amount
	<b>Unlisted Companies</b>						
1	Jeevan Bikas Laghubitta Bittiya Sanstha Ltd- IPO	-	-	-	685	547.05	374,729
2	Manakamana Smart Laghubitta Bittiya Sanstha-IPO	-	-	-	135	513.29	69,294
3	Union Life Insurance Co. Ltd.-IPO	-	-	-	2,073	116.93	242,396
4	Mailung Khola Hydropower Co.Ltd.-IPO	-	-	-	237	113.35	26,864
5	Citizen Unit Scheme	100,000	100.00	10,000,000	100,000	100.00	10,000,000
6	Citizen Unit Scheme	100,000	100.00	10,000,000	100,000	100.00	10,000,000
7	Citizen Unit Scheme	300,000	100.00	30,000,000	300,000	100.00	30,000,000
8	Citizen Unit Scheme	130,000	100.00	13,000,000	-	-	-
9	Citizen Unit Scheme	34,000	100.00	3,400,000	-	-	-
10	Bindhyabasini Hydropower Development Co. Ltd.-IPO	900	155.41	139,869	-	-	-
11	Adarsha Laghubitta Sanstha-IPO	40	203.17	8,127	-	-	-
12	NIC Asia Flexi Cap Fund-IPO	500,000	10.00	5,000,000	-	-	-
13	Himalayan Hydropower Ltd.-IPO	1,378	100.80	138,902	-	-	-
14	Upper Solu Hydro Electric Co. Ltd.-IPO	1,370	111.58	152,865	-	-	-
15	Upper Hewakhola Hydrpower Co. Ltd.-IPO	1,050	110.75	116,288	-	-	-
16	Swet Ganga Hydropower & Construction Ltd.-IPO	1,673	112.26	187,811	-	-	-
17	Rapti Hydro & General Construction Ltd.-IPO	1,775	101.65	180,429	-	-	-
	<b>Total</b>			<b>72,324,290</b>			<b>50,713,283</b>

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 2079	Ashad End 2078
Provision For Audit Fee	111,500	113,000
Provision For Reporting Expense	20,000	17,372
TDS Liability	66,254	279,489
Business Payables- Brokers	-	-
Unit Transactions Payables	422,935	20,960
Fund Management Fee Payable- NIBL Ace Capital	1,889,348	1,695,967

NIBL MUTUAL FUND  
NIBL Sahabagita Fund

NIBL ACE CAPITAL  
Managing shares, managing investments  
Kathmandu, Nepal



Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

Depository Fee Payables- NIBL Ace Capital	302,296	271,355
Supervisor Fee Payables	156,519	140,498
Other Payables	5,000	-
Unit Purchase Advance	11,000	
Software AMC Payable- PCS	97,948	89,044
Provision For Software AMC & Unit Dematerization- CDSC	118,200	70,000
Provision For Qualified Institutional Investor AMC- NEPSE	5,000	-
<b>Total</b>	<b>3,206,000</b>	<b>2,697,684</b>

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.

Provision for reporting expenses includes cost payable for monthly NAV report publication for the month of Ashad-2079 and audited financials publication for fiscal year 2078-79 as per prevailing regulation.

Provision for Software AMC & Unit dematerization fee includes Software Annual Maintenance Charge and Unit dematerization fees for FY 2078-79 payable to CDS and Clearing Ltd. as per CDSC Bylaws 2068.

Provision for Qualified Institutional Investor AMC includes fees payable to Nepal Stock Exchange Ltd. for FY 2078-79 as per Book Building Guidelines 2077.

## 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](http://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

NIBL MUTUAL FUND  
NIBL Sahabhagita Fund

NIBL ACE CAPITAL  
Managing shares, Managing investments  
Kathmandu, Nepal



Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

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 2079	Ashad End 2078
Unit Holders' Fund at the Beginning of the Year/Period	549,118,347	226,466,715
Issue of Unit Capital	318,270,686	110,061,299
Unit Reserve Capital	50,634,599	42,331,868
<u>Increase in Net Assets Attributable to Unit Holders:</u>		
Net Gains/(Losses) for the Period	(81,744,802)	187,545,572
Other Comprehensive Income	-	-
Distribution to Unit Holders'	(157,701,280)	(17,287,106)
<b>Unit Holders' Fund at the End of the Year/Period</b>	<b>678,577,550</b>	<b>549,118,347</b>

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

## 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 2079	Ashad End 2078
1	Interest Income on Debentures	4,156,480	718,608
2	Interest Income on Fixed Deposit	6,733,294	2,746,325



Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

3	Interest income on fixed income instruments	3,601,634	1,129,589
4	Interest Income on Call Deposits	2,176,602	4,444,372
	<b>Total Amount</b>	<b>16,668,009</b>	<b>9,038,895</b>

## 7.3 Dividend Income

Particulars	Ashad End 2079	Ashad End 2078
Dividend Income Realized	307,671	829,639
<b>Total</b>	<b>307,671</b>	<b>829,639</b>

## 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 1<sup>st</sup> Shrawan 2078 to 32<sup>nd</sup> Ashad 2079 are as follows:

- 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 2079	Ashad End 2078
Fund Management Fee	6,417,366	4,797,009
Depository Fee	1,026,779	767,521
Fund Supervisor Fee	616,067	410,168
<b>Total</b>	<b>8,060,211</b>	<b>5,974,698</b>

## 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 56<sup>th</sup> 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 2078/79.

NIBL MUTUAL FUND  
NIBL Sahabagita Fund

NIBL ACE CAPITAL  
Managing shares, Managing Investments  
Kathmandu, Nepal



Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

**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.

**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.

Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

**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:



**Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)**

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:

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

NIBL MUTUAL FUND  
NIBL Sahabhagita Fund

NIBL ACE CAPITAL  
Managing shares, Managing Investments  
Kathmandu, Nepal



Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

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

13. Financial Assets Held at Amortized Cost

Particulars	Ashad End 2079	Ashad End 2078
Debentures	54,954,810	36,997,000
Fixed Deposit	100,000,000	81,500,000
<b>Total</b>	<b>154,954,810</b>	<b>118,497,000</b>

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.

Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

b. Explanatory notes

Particulars	Ashad End 2079	Ashad End 2078
Net Realized Gains/(Losses) on Financial Assets at Fair Value Through Profit or loss	36,792,568	159,923,781
Net Unrealized Gains/(Losses) on Financial Assets at Fair Value Through Profit or Loss	(126,972,556)	23,971,406
<b>Total</b>	<b>(90,179,988)</b>	<b>183,895,187</b>

Computation of Unrealized Gains for FY 2078/79:

S/No.	Name of Companies	Fiscal Year 2078-79				
		Unit	Value per Unit	Value Amount	Cost Price	Total Cost
	<b>Listed Companies</b>					
1	Prabhu Bank Limited	22,479	207.00	4,653,153	396.90	8,921,965
2	Siddhartha Bank Limited	26,942	303.00	8,163,426	430.86	11,608,172
3	Global IME Bank Limited	22,154	251.40	5,569,516	399.81	8,857,455
4	Neco Insurance Co. Ltd.	12,747	694.00	8,846,418	1,224.63	15,610,400
6	Garima Bikas Bank Limited	17,113	387.00	6,622,731	528.56	9,045,279
7	Nabil Bank Limited	9,803	824.00	8,077,672	1,133.06	11,107,370
8	Prime Commercial Bank Ltd.	29,648	265.00	7,856,720	395.96	11,739,438
9	Machhapuchhre Bank Limited	25,300	254.00	6,426,200	335.12	8,478,475
10	Prime Life Insurance Company Limited	12,007	569.00	6,831,983	707.46	8,494,523
11	NIC Asia Bank Ltd.	32,342	696.00	22,510,032	915.94	29,623,292
12	Mega Bank Nepal Ltd.	32,550	226.00	7,356,300	301.28	9,806,512
13	Chhimek Laghubitta Bikas Bank Limited	9,364	1,100.00	10,300,400	1,290.11	12,080,590
14	Deprosc Laghubitta Bittiya Sanstha Limited	10,082	940.00	9,477,080	1,246.27	12,564,880
16	Adhikhola Laghubitta Bittiya Sanstha Limited	114	1,370.00	156,180	84.03	9,580
17	NMB Bank Limited	19,498	261.00	5,088,978	350.66	6,837,160
18	Jyoti Bikas Bank Limited	5,220	302.20	1,577,484	385.71	2,013,417
19	Premier Insurance Co. Ltd.	13,383	576.00	7,708,608	946.25	12,663,700
20	Life Insurance Co. Nepal	9,232	1,415.00	13,063,280	1,873.19	17,293,283
21	Nepal Reinsurance Company Limited	15,014	735.00	11,035,290	1,143.05	17,161,816
22	Surya Life Insurance Company Limited	20,299	387.00	7,855,713	797.08	16,179,916
23	Samaj Laghubitta Bittiya Sanstha Limited	120	166.21	19,945	100.00	12,000
26	Sanjen Jalavidhyut Company Limited	14,584	260.00	3,791,840	431.29	6,290,004
27	Rasuwa Gadhi Hydropower Company Limited	18,146	273.00	4,953,858	443.92	8,055,449
28	Mountain Energy Nepal Ltd.	10,190	800.00	8,152,000	1,200.06	12,228,600
30	National Life Insurance Co. Ltd.	19,734	577.00	11,386,518	988.84	19,513,707
31	Mero Microfinance Bittiya Sanstha Ltd.	2,214	847.00	1,875,258	1,125.20	2,491,190
32	Nepal Infrastructure Bank Limited	8,030	240.00	1,927,200	110.69	888,813
34	Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	5,525	756.00	4,176,900	1,084.58	5,992,279
35	Nerude Laghubita Bikas Bank Limited	3,523	880.00	3,100,240	1,441.09	5,076,975

NIBL MUTUAL FUND  
NIBL Sahabagita Fund

NIBL ACE CAPITAL  
Managing shares, Managing Investments  
Kathmandu, Nepal



Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

36	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited Promoter Share	21,105	600.00	12,663,000	426.07	8,992,161
37	Nepal Bangladesh Bank	6,141	399.00	2,450,259	406.44	2,495,937
38	Kamana Sewa Bikas Bank Limited	14,074	349.90	4,924,493	563.49	7,930,578
39	Soaltee Hotel Limited	10,000	202.50	2,025,000	276.29	2,762,925
40	Manushi Laghubitta Bittiya Sanstha Ltd.	127	1,002.00	127,254	100.00	12,700
41	Sahas Urja Ltd.	7,010	460.00	3,224,600	605.91	4,247,409
42	Himalayan General Insurance Ltd.	10,665	520.00	5,545,800	735.11	7,839,911
43	Citizens Investment Trust	2,429	2,515.00	6,108,935	3,097.19	7,523,066
44	Nepal Credit Commercial Bank Ltd.	21,075	210.90	4,444,718	241.82	5,096,329
45	Century Commercial Bank Limited	23,809	183.00	4,357,047	220.80	5,257,072
46	Shivam Cements Ltd.	1,500	760.00	1,140,000	1,481.27	2,221,909
47	Rastra Utthan Laghubitta Sanstha Ltd.	425	926.00	393,550	100.00	42,500
48	Himalayan Distillery Limited	1,660	3,410.00	5,660,600	3,686.32	6,119,284
49	Upakar Laghubitta Bittiya Sanstha Ltd.	126	2,699.00	340,074	100.00	12,600
50	Civil Bank Limited	17,028	213.00	3,626,964	212.17	3,612,850
51	Mountain Hydro Nepal Limited	10,000	272.00	2,720,000	292.92	2,929,223
52	CYC Nepal Laghubitta Bittiya Sanstha Ltd.	211	1,698.20	358,320	100.00	21,100
	<b>Sub-Total (A)</b>			<b>258,671,536</b>		<b>357,763,796</b>
	<b>Unlisted Companies</b>					
1	Citizen Unit Scheme	100,000	100.00	10,000,000	100.00	10,000,000
2	Citizen Unit Scheme	100,000	100.00	10,000,000	100.00	10,000,000
3	Citizen Unit Scheme	300,000	100.00	30,000,000	100.00	30,000,000
4	Citizen Unit Scheme	130,000	100.00	13,000,000	100.00	13,000,000
5	Citizen Unit Scheme	34,000	100.00	3,400,000	100.00	3,400,000
6	Bindhyabasini Hydropower Development Co. Ltd.-IPO	900	155.41	139,869	100.00	90,000
7	Adarsha Laghubitta Sanstha-IPO	40	203.17	8,127	100.00	4,000
8	NIC Asia Flexi Cap Fund-IPO	500,000	10.00	5,000,000	10.00	5,000,000
9	Himalayan Hydropower Ltd.-IPO	1,378	100.80	138,902	100.00	137,800
10	Upper Solu Hydro Electric Co. Ltd.-IPO	1,370	111.58	152,865	100.00	137,000
11	Upper Hewakhola Hydrpower Co. Ltd.-IPO	1,050	110.75	116,288	100.00	105,000
12	Swet Ganga Hydropower & Construction Ltd.-IPO	1,673	112.26	187,811	100.00	167,300
13	Rapti Hydro & General Construction Ltd.-IPO	1,775	101.65	180,429	100.00	177,500
	<b>Sub-Total (B)</b>			<b>72,324,290</b>		<b>72,218,600</b>
	<b>Grand Total</b>			<b>330,995,826</b>		<b>429,982,396</b>
					<b>Unrealized Gain/(Loss)</b>	<b>(98,986,570)</b>
					<b>Less: Previous Year Unrealized Gain/(Loss)</b>	<b>27,985,986</b>
					<b>Unrealized Gain/(Loss) This Year</b>	<b>(126,972,556)</b>

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

*Shivam*  
NIBL MUTUAL FUND  
NIBL Sahabagita Fund

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

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.

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

- 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 129,102,541 (at par value of NPR 10 per unit)
- Unit Holding of NIBL Ace Capital Limited (Fund Management) amounts to NPR 15,266,411 (at par value of NPR 10 per unit)
- NIBL Sahabhogita Fund has earned interest amounting to NPR 2,95,270.87 (NPR. Two Lakh Ninety-Five Thousand Two Hundred Seventy and paisa Eighty-Seven Only) from Nepal Investment Bank Limited.
- Fund Management and Depository Fee incurred by NIBL Sahabhogita Fund during the year amounts to NPR. 7,444,144 (NPR. Seven Million Four Hundred Forty-Four Thousand One Hundred Forty-Four Only). The amount is payable to NIBL Ace Capital Limited.
- Fund management and depository fee payable by NIBL Sahabhogita Fund to NIBL Ace Capital Limited NPR. 2,191,644 (NPR. Two Million One Hundred Ninety-One Thousand Six Hundred Forty-Four Only).
- The Scheme has a Call/Current account bank balance of NPR. 20,948,593 (NPR. Twenty Million Nine Hundred Forty-Eight Thousand Five Hundred Ninety-Three Only) as on Balance Sheet date with the Fund Sponsor - Nepal Investment Bank Limited.

## 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.

regulations/guidelines on mutual funds.

*(Handwritten signatures)*

NIBL MUTUAL FUND  
NIBL Sahabagita Fund

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

*(Handwritten signature)*

Page 19 of 21

*(Circular stamp: W.B.S.M. & Associates Chartered Accountants Kathmandu Nepal)*



Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

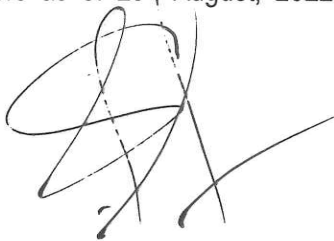
---

**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 7.2% Cash Dividend (including applicable withholding tax) for fiscal year 2078/79 to its outstanding unit-holders as of 25<sup>th</sup> August, 2022 (9<sup>th</sup> Bhadra, 2079) which is also the Announcement/Book Closure Date.



NIBL  MUTUAL FUND  
NIBL Sahabagita Fund

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



Notes to the Financial Statements as of Ashad End 2079 (16<sup>th</sup> July 2022)

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

As per our Report of even date

Sachin Tibrewal  
Chairman

Deepak Kumar Shrestha  
Director

CA. Rajesh Kumar Sah  
Proprietor  
N.B.S.M. & Associates,  
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  
Deputy General Manager  
Subhash Poudel  
Head- Investment Banking  
Poskar Basnet  
Head- Mutual Fund

NIBL MUTUAL FUND  
NIBL Sahabagita Fund

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

Date: 25<sup>th</sup> August, 2022  
Place: Kathmandu





नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्था  
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NEPAL  
(Established under the Nepal Chartered Accountants Act, 1997)

## UDIN Document

Fiscal Year: 2078/79

<b>Date / Time:</b> 2022-08-25 17:18:24	<b>UDIN Number:</b> 220825CA00546o2Jyz
<b>Member Name:</b> RAJESH KUMAR SAH	<b>Date of Signing Document:</b> 2022-08-25
<b>Document Type:</b> Audit	<b>Audit Type:</b> Statutory Audit
<b>Office Type:</b> Others	<b>Office Name:</b> NIBL Sahabhagita Fund
<b>Type of Audit Opinion:</b> Unqualified Opinion	<b>Quarter:</b>
<b>PAN No:</b> 201388813	

### Financial figures

S.N.	Heading	Amount
1	Total Asset/Liabilities	NRs.681783550
2	Turnover	NRs.16668009

**Status:** Active Document

**Document Description:** Mutual Fund

The UDIN System has been developed by the Institute of Chartered Accountants of Nepal (ICAN) to facilitate its members for verification and certification of the documents and for securing documents and authenticity thereof by Authorities, Regulators and Stakeholders. However, ICAN assumes no responsibility of verification and certification of document(s) carried out by the Members and the concerned member(s) shall alone be responsible therefore.

To verify UDIN, please go to [www.udin.ican.org.np](http://www.udin.ican.org.np)

