NIBL ACE CAPITAL

Managing shares. Managing investments.

NIBL Samriddhi Fund-II

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

Financial Statements

For The

Fiscal Year: 2078/79 (2021/22)

Date: 9th Bhadra, 2079

S. R. PANDEY & CO.
Chartered Accountants

2nd Floor, House No. 2979/33
Nabil Galli, Maharajgunj
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INDEPENDENT AUDITOR'S REPORT TO
THE FUND MANAGER AND UNIT HOLDERS OF NIBL SAMRIDDHI FUND- II

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **NIBL Samriddhi Fund- II ("the Scheme"),** which comprise the Statement of Financial Position as at Ashad 32, 2079, (July 16, 2022), the Statement of Profit or Loss (including Other Comprehensive Income), the Statement of Change in Unit Holders' Fund and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid the financial statements presents fairly, in all material respects, the financial position of the Scheme, as at Ashad 32, 2079 (July 16, 2022), and its financial performance, changes in Unit Holders' Fund, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards (NFRS) and other prevailing laws.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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 financial statement as a whole, and in forming the auditor opinion thereon, and the auditor does not provide a separate opinion on these matters.

We have determined that there are no any key audit matters to communicate in our report.

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Scheme'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 Scheme or to cease operations, or has no realistic alternative but to do so.

The Board of Directors / Scheme managers are responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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

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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 evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Scheme'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 Scheme to cease to continue as a going concern.

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.

Report on Other Legal and Regulatory Requirements

Based on our examination, we would like to further report that:

i. The Financial Statement dealt by this report are prepared in accordance with Nepal Financial Reporting Standards (NFRS); Securities Act, 2063; Securities Board Regulations, 2064; Mutual Fund Regulations, 2067; Mutual Fund Guidelines, 2069 and other prevailing laws and are in agreement with the books of account maintained by the Scheme.
ii. During our examination of the books of account of the Scheme, we have not come across the cases where any office holder or any employee of the Scheme has acted contrary to the provisions of law or caused loss or damage to the Scheme.
iii. The Fund manager has maintained the required internal control system.
iv. We have not come across any cases where the Scheme has conducted any activities against the interest of unit holders and the capital market.
v. The Scheme has effective internal audit system.
vi. The Scheme has invested its funds according to Mutual Fund Regulations 2067.
vii. The operations of the Scheme were found satisfactory.

For, S. R. Pandey & Co.
Chartered Accountants

Arun Raut, FCA
Partner

S.R. PANDEY & CO. Chartered Accountants Kathmandu

Place: Kathmandu
Date: 25th August, 2022
UDIN: 220829CA00485ZsX7Y

NIBL Samriddhi Fund-II

(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	32 Ashad 2079	31 Ashad 2078
Assets			
Current Assets			
Cash and Cash Equivalents	3.2	84,798,821	543,679,283
Other Current Assets	4.6	20,571,176	22,949,961
Financial Assets Held at Amortized Cost	13	340,344,323	280,922,000
Financial Assets Held at Fair Value Through Profit or Loss	4.7	844,468,930	659,027,045
Total		**1,290,183,250**	**1,506,578,289**
Liabilities			
Current Liabilities			
Accrued Expenses & Other Payables	5.2	6,630,304	7,302,880
Liabilities (Excluding Net Assets Attributable to Unitholders)		**6,630,304**	**7,302,880**
Unit Holder's Funds			
Net Assets Attributable to Unit Holders		1,283,552,946	1,499,275,409
Total		**1,290,183,250**	**1,506,578,289**

NAV per Unit		**8.56**	**10.00**

Schedules and Explanatory Notes forms integral part of Statement of Position

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

As per our Report of even date

Sachin Tibrewal
Chairman

Deepak Kumar Shrestha
Director

Arun Raut, FCA
Partner
For: S. R. Pandey & Co.
Chartered Accountants

S.R. PANDEY & CO. Chartered Accountants Kathmandu

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

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Date : 25th August, 2022
Place : Kathmandu

NIBL Samriddhi Fund-II

(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)

NPR

Particulars	Notes	32 Ashad 2079	31 Ashad 2078
Income			
Interest Income	7.2	43,099,117	6,020,508
Dividend Income	7.3	1,797,937	8,415
Net Profit/(Loss) on Financial Assets Held at Fair Value through Profit and Loss	14b	(233,737,127)	6,381,954
Other Income		901	-
Total		**(188,839,172)**	**12,410,877**
Expenses and Losses			
Fund Management fees		21,672,686	4,311,423
Depositary Fees		2,889,691	574,856
Fund Supervisors Fees		1,733,815	344,914
Publication Expenses		128,841	39,084
Listing Fees		50,000	50,000
DP Expense		300	50
Audit Fees		113,000	113,000
Bank Charges		10,424	1,495
Book Building Registration Expenses- SEBON		-	10,000
Book Building Registration & AMC Expenses- NEPSE		15,000	-
Other Expenses		94	-
Annual Service Charges on Software		99,440	15,067
Pre-operating Expenses		-	7,505,580
CDS Dematerialisation Registration Fee		170,000	170,000
Total expenses		**26,883,291**	**13,135,468**
Net Gains/(Losses) for the Period		**(215,722,463)**	**(724,591)**
Other Comprehensive income		-	-
Net Surplus/(Deficit) for the period		**(215,722,463)**	**(724,591)**

On Behalf of NIBL Ace Capital Limited
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(Sponsored by Nepal Investment Bank Ltd. and Managed by NIBL Ace Capital Ltd.)

Statement of Cash Flows

For the Period from 1st Shrawan 2078 to 32nd Ashad 2079 (16th July 2021 to 16th July 2022)

NPR

Particulars	32 Ashad 2079	31 Ashad 2078
A. Cash Flow from Operating Activities		
Surplus/ (Deficit) for the year	(215,722,463)	(724,591)
Adjustments for:		
Increase/Decrease in Unrealised (gain)/loss on financial assets held at Fair Value Through Profit or Loss	315,070,143	2,217,925
Increase/(Decrease) in Liabilities	(672,576)	7,302,880
(Increase)/Decrease in Share	(500,512,028)	(661,244,970)
(Increase)/Decrease in Debenture	(59,422,323)	(60,922,000)
(Increase)/Decrease in Fixed Deposit	-	(220,000,000)
(Increase)/Decrease in Other Assets	2,378,785	(22,949,961)
Net cash generated/(used) in Operations (1)	***(458,880,462)***	***(956,320,717)***
B. Cash Flow from Financing Activities		
Issue of Unit Capital	-	1,500,000,000
Dividend Paid during the year	-	-
Net cash generated/(used) in financing (2)	-	***1,500,000,000***
C. Cash Flow from Investing Activities	-	-
Net cash generated/(used) in investing (3)	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)	**(458,880,462)**	**543,679,283**
Cash and Cash Equivalents at beginning of the year/period	543,679,283	-
Cash and Cash Equivalents at end of period	**84,798,821**	**543,679,283**
Components of Cash and Cash Equivalents		
Balance with Banks	**84,798,821**	**543,679,283**

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NIBL Samriddhi Fund-II

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Statement in Changes in Unit holders' Fund

For the Period from 1st Shrawan, 2078 to 32nd Asadh, 2079 (16th July, 2021 to 16th July, 2022)

In NPR

Particular	Unit Capital	Realized Profit	Unrealized Profit	Total
Opening Balance	-			-
Issue of Unit Capital	1,500,000,000			1,500,000,000
Net Profit (Loss) Upto Last Year	-			-
Net Profit (Loss) During the year	-	1,493,334	(2,217,925)	(724,591)
Dividend Paid	-			-
Balance as on 31/03/2078	**1,500,000,000**	**1,493,334**	**(2,217,925)**	**1,499,275,409**
Opening Balance	1,500,000,000	-	-	1,500,000,000
Issue of Unit Capital	-	-	-	-
Net Profit (Loss) Upto Last Year	-	1,493,334	(2,217,925)	(724,591)
Net Profit (Loss) During the year	-	99,347,680	(315,070,143)	(215,722,463)
Dividend Paid	-	-	-	-
Balance as on 32/03/2079	**1,500,000,000**	**100,841,014**	**(317,288,068)**	**1,283,552,946**

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

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Chairman

Deepak Kumar Shrestha
Director

As per our Report of even date

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NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

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Date : 25th August, 2022
Place : Kathmandu

Notes to the Financial Statements as of 32nd Ashad 2079 (16th July 2022)

1. General Information of the Scheme

Fund	:	**NIBL Mutual Fund**
Scheme	:	**NIBL Samriddhi Fund- II**
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 Units of Scheme	:	150,000,000 (One Hundred Fifty Million Units)
Total Unit Capital	:	NPR 1,500,000,000 (NPR One Billion Five Hundred Million)
Scheme type	:	Close-ended

NIBL Samriddhi Fund- II (the Scheme) under NIBL Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as a closed-end, diversified investment scheme. The objective of the Fund is to generate returns by investing in a mix of securities comprising of equity, equity related instruments & fixed income instruments as allowed by prevailing rules/regulations on mutual fund. The Scheme commenced its operation on 24th Baishakh 2078 (Scheme allotment date) B.S. with maturity period of 10 years (i.e. 23rd Baishakh 2088 B.S.). It was listed in NEPSE on 11th Ashad 2078. The Scheme's Financial Statements for the year 2078/79 were approved by the Board of Directors of the NIBL Ace Capital Limited on 9th Bhadra, 2079 being the Fund Management and Depository Company. Similarly, the Fund Supervisors' consent on the approved Financial Statements has also been duly obtained on 9th Bhadra, 2079.

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

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

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

S.R. PANDEY & CO. Chartered Accountants Kathmandu

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

The Unit Capital of the Scheme comprises of the following:

Holder	Status	No. of Units	Holding Amount @ 10 Each	Holding (%)
Nepal Investment Bank	Fund Sponsor	29,000,000	290,000,000	19.33%
NIBL Ace Capital Limited	Fund Manager / Depository	1,000,000	10,000,000	0.67%
General Public		120,000,000	1,200,000,000	80.00%
Total		**150,000,000**	**1,500,000,000**	**100%**

2. Summary of Significant Accounting Policies

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

2.1. Statement of Compliance

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

2.2. Basis of Preparation

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

Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the fund to exercise judgment in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied. The financial statements are prepared on the basis of fair value measurement of assets and liabilities.

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

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

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

2.3. Reporting Pronouncements

The fund has, for the preparation of financial statements, adopted the NFRS pronounced by Accounting Standard Board, Nepal and Pronounced by Institute of Chartered Accountant of Nepal (ICAN) as effective on

NIBL MUTUAL FUND
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September 13, 2013. NFRS conform, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.4. Accounting Conventions

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

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

2.5. Accounting Policies and accounting estimates

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

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

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

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

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

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

2.6. Reporting Periods

The fund follows the Nepalese financial year based on the Nepalese calendar as reporting period.

2.7. Presentation Currency

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

2.8. Comparatives

The comparatives comprise of the previous year figure for period from Baisakh 24, 2078 to Ashad 31, 2078.

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2.9. 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	84,798,821	543,679,283
Total	**84,798,821**	**543,679,283**

4. Financial Instruments

Accounting policy

4.1 The Fund's Principal financial assets comprise asset held at fair value through profit and loss, loans and receivables and cash and cash equivalents. 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 and loans and receivables. They comprise:

- **Financial instruments classified as fair value through profit or loss**

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

NIBL ACE CAPITAL
Managing shares, Managing Investments
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S.R. PANDEY & CO. Chartered Accountants Kathmandu

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.

4.3 Recognition / De- recognition

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

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

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

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

4.4 Measurement

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

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

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

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

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

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

b. Financial Assets Measured at Amortized Cost

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

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

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

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

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

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

4.5 Offsetting Financial Instruments

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

Explanatory note

4.6 Other Current Assets

S.N.	Particulars	32 Ashad 2079	31 Ashad 2078
1	Dividend Income Receivable	196,094	8,415
2	Interest Receivables	15,202,797	1,411,053
3	Broker Receivables	1,233,455	-
4	9% Shangrila Development Bank Debenture 2087- IPO Advance	-	20,000,000
5	IPO Application Refund Receivable	3,714,500	1,435,800
6	Other Receivable	224,330	94,693
	Total Amount	**20,571,176**	**22,949,961**

4.7 Financial Assets Held at Fair Value Through Profit or Loss

Particulars	32 Ashad 2079	31 Ashad 2078
Financial Assets Held for Trading		
Equity Security	844,468,930	659,027,045

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

NIBL ACE CAPITAL
Managing shares, Managing Investments
Kathmandu, Nepal

S.R. PANDEY & CO. Chartered Accountants Kathmandu

Total Financial Assets held for Trading (A)	**844,468,930**	**659,027,045**
Designated Financial Assets at Fair Value Through Profit or Loss		-
Total Designated at Fair Value Through Profit or Loss (B)		-
Financial Assets Held at Fair Value Through Profit/Loss (A+B)	**844,468,930**	**659,027,045**

Comparative Investment in Listed Shares

Name	Fiscal Year 2078-79			Fiscal Year 2077-78		
	Unit	Value per unit	Value Amount	Unit	Value per unit	Value Amount
LISTED						
Nabil Bank Limited	20,085	824.00	16,550,040	31,229	1,359.00	42,440,211
Civil Bank Ltd	16,168	213.00	3,443,784	21,160	286.00	6,051,760
Shivam Cements Ltd	32,723	760.00	24,869,480	14,806	1,458.00	21,587,148
Nepal Reinsurance Company Limited	20,335	735.00	14,946,225	-	-	-
NMB Microfinance Bittiya Sanstha Ltd.	10,341	750.10	7,756,784	8,511	1,429.00	12,162,219
Forward Microfinance Laghubitta Bittiya Sanstha Limited	9,628	2,385.00	22,962,780	7,545	2,770.00	20,899,650
Premier Insurance Company (Nepal) Limited	26,950	576.00	15,523,200	15,578	1,170.00	18,226,260
Surya Life Insurance Company Limited	28,122	387.00	10,883,214	9,179	922.00	8,463,038
NIC Asia Bank Ltd.	53,433	696.00	37,189,368	26,059	994.00	25,902,646
Sanima Bank Limited	-	-	-	20,100	485.00	9,748,500
Prime Life Insurance Company Limited	22,350	569.00	12,717,150	10,958	954.00	10,453,932
Deprosc Laghubitta Bittiya Sanstha Limited	17,182	940.00	16,151,080	11,804	1,686.00	19,901,544
First Micro Finance Laghubitta Bittiya Sanstha Limited	-	-	-	10,489	823.00	8,632,447
Shikhar Insurance Co. Ltd.	34,843	807.00	28,118,301	9,494	1,952.00	18,532,288
Sabaiko Laghubitta Bittiya Sanstha Limited	5,110	1,074.90	5,492,739	13,344	1,815.00	24,219,360
Global IME Laghubitta Bittiya Sanstha Ltd.	17,487	1,299.00	22,715,613	8,662	2,815.00	24,383,530
Kumari Bank Limited	-	-	-	21,664	371.00	8,037,344
Mero Microfinance Bittiya Sanstha Ltd.	17,997	847.00	15,243,459	10,000	1,546.00	15,460,000
Nepal Credit And Commercial Bank Limited	40,200	210.90	8,478,180	15,000	367.00	5,505,000
Nepal Bangladesh Bank Limited	22,252	399.00	8,878,548	16,619	436.00	7,245,884
Prudential Insurance Co. Ltd.	9,501	348.00	3,306,348	8,880	810.00	7,192,800
Nepal Life Insurance Co. Ltd.	18,637	747.00	13,921,839	11,349	1,919.00	21,778,731
Neco Insurance Limited	29,251	694.00	20,300,194	14,281	1,348.00	19,250,788
Life Insurance Corporation (Nepal) Limited	15,454	1,415.00	21,867,410	9,379	2,342.00	21,965,618
Agricultural Development Bank Limited	-	-	-	18,240	479.00	8,736,960
Prabhu Bank Limited	30,059	207.00	6,222,213	21,839	457.00	9,980,423
Prime Commercial Bank Ltd.	42,393	265.00	11,234,145	22,446	479.00	10,751,634
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited Promoter Share	99,356	600.00	59,613,600	76,723	600.00	46,033,800
National Life Insurance Co. Ltd.	30,991	577.00	17,881,807	11,861	1,151.00	13,652,011
Prabhu Select Fund	1,468,090	9.61	14,108,345	1,468,090	10.14	14,886,433
Sanjen Jalavidhyut Company Limited	23,475	260.00	6,103,500	10,220	449.00	4,588,780
Rasuwagadhi Hydropower Company Limited	33,159	273.00	9,052,407	9,025	474.00	4,277,850
Sanima Mai Hydropower Ltd.	5,571	306.00	1,704,726	11,191	513.00	5,740,983
Nepal Bank Limited	19,722	298.00	5,877,156	11,300	443.00	5,005,900

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

NIBL ACE CAPITAL
Managing Shares, Managing Investments
Kathmandu, Nepal

S.R. PANDEY & CO.
Chartered Accountants
Kathmandu

Mountain Energy Nepal Limited	13,260	800.00	10,608,000	4,500	890.00	4,005,000
Citizen Investment Trust	4,947	2,515.00	12,441,705	-	-	-
Standard Chartered Bank Limited	14,374	396.30	5,696,416	-	-	-
Mahalaxmi Bikas Bank Ltd.	14,540	378.00	5,496,120	-	-	-
Machhapuchhre Bank Limited	44,346	254.00	11,263,884	-	-	-
Kamana Sewa Bikas Bank Limited	18,221	349.90	6,375,528	-	-	-
Garima Bikas Bank Limited	17,560	387.00	6,795,720	-	-	-
Muktinath Bikas Bank Ltd.	21,248	439.90	9,346,995	-	-	-
Prabhu Insurance Ltd.	18,598	428.00	7,959,944	-	-	-
Soaltee Hotel Limited	19,800	202.50	4,009,500	-	-	-
Vijaya laghubitta Bittiya Sanstha Ltd.	8,213	940.00	7,720,220	-	-	-
Swabalamban Laghubitta Bittiya Sanstha Limited	10,553	1,169.00	12,336,457	-	-	-
Laxmi Laghubitta Bittiya Sanstha Ltd.	4,369	1,275.00	5,570,475	-	-	-
Swarojgar Laghu Bitta Bikas Bank Ltd.	10,000	851.00	8,510,000	-	-	-
Global IME Bank Limited	17,820	251.40	4,479,948	-	-	-
Century Commercial Bank Ltd.	45,725	183.00	8,367,675	-	-	-
Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	10,000	1,065.00	10,650,000	-	-	-
Ridi Hydropower Development Company Ltd.	5,000	838.00	4,190,000	-	-	-
Manushi Laghubitta Bittiya Sanstha Limited	591	1,002.00	592,182	-	-	-
Sahas Urja Limited	9,720	460.00	4,471,200	-	-	-
United Insurance Co. (Nepal) Ltd.	12,000	350.00	4,200,000	-	-	-
Himalayan General Insurance Co. Ltd	11,733	520.00	6,101,160	-	-	-
Siddhartha Bank Limited	29,433	303.00	8,918,199	-	-	-
Himalayan Distillery Limited	4,465	3,410.00	15,225,650	-	-	-
Nabil Balanced Fund-3	16,670	9.43	157,198	-	-	-
NMB Bank Limited	22,606	261.00	5,900,166	-	-	-
Mega Bank Nepal Ltd.	20,058	226.00	4,533,108	-	-	-
Chhimek Laghubitta Bittiya Sanstha Limited	12,482	1,100.00	13,730,200	-	-	-
Samata Gharelu Laghubitta Bittiya Sanstha Limited	3,253	799.00	2,599,147	-	-	-
NIC ASIA Laghubitta Bittiya Sanstha Limited	4,500	859.90	3,869,550	-	-	-
Rastra Utthan Laghubitta Sanstha Limited	1,605	926.00	1,486,230	-	-	-
Rastriya Beema Company Limited	800	13,400.00	10,720,000	-	-	-
Balephi Hydropower Limited	3,412	239.70	817,856	-	-	-
Upakar Laghubitta Bittiya Sanstha Limited	441	2,699.00	1,190,259	-	-	-
CYC Nepal Laghubitta Bittiya Sanstha Limited	738	1,698.20	1,253,272	-	-	-
River Falls Power Limited	5,005	222.00	1,111,110	-	-	-
Sub-Total (A)			**691,808,709**			**505,700,472**

Comparative Investment in Listed Shares

Name	Fiscal Year 2078-79			Fiscal Year 2077-78		
	Unit	Value per unit	Value Amount	Unit	Value per unit	Value Amount
UNLISTED						
Jeevan Bikas Laghubitta Bittiya Sanstha-IPO	-	-	-	3,194	547.05	1,747,278
Manakamana Smart Laghubitta Bittiya Sanstha-IPO	-	-	-	629	513.29	322,859

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

NIBL ACE CAPITAL
Managing shares, Managing Investments
Kathmandu, Nepal

S.R. PANDEY & CO. Chartered Accountants Kathmandu

Union Life Insurance Co. Ltd.-IPO	-	-	-	9,675	116.93	1,131,298
Mailung Khola Hydropower Company Ltd.-IPO	-	-	-	1,104	113.35	125,138
Citizen Unit Scheme	700,000	100.00	70,000,000	700,000	100.00	70,000,000
Citizen Unit Scheme	200,000	100.00	20,000,000	200,000	100.00	20,000,000
Citizen Unit Scheme	600,000	100.00	60,000,000	600,000	100.00	60,000,000
Bindhyabasini Hydropower Development Co. Ltd.-IPO	2,750	155.41	427,378	-	-	-
Adarsha Laghubitta Bittiya Sanstha Ltd.-IPO	123	203.17	24,990	-	-	-
Himalayan Hydropower Ltd.-IPO	3,477	100.80	350,482	-	-	-
Upper Solu Hydro Electric Co. Ltd.-IPO	3,458	111.58	385,844	-	-	-
Upper Hewakhola Hydropower Co. Ltd.-IPO	2,650	110.75	293,488	-	-	-
Swet Ganga Hydropower & Construction Ltd.- IPO	4,221	112.26	473,849	-	-	-
Rapti Hydro & General Construction Ltd.-IPO	4,479	101.65	455,290	-	-	-
Mandakini Hydrpower Ltd.-IPO	2,038	122.13	248,901	-	-	-
Sub-Total (B)			**152,660,221**			**153,326,573**
Grand Total (A+B)			**844,468,930**			**659,027,045**

Valuations:

Valuations of shares of Global IME Bank Limited, Civil Bank Limited, Nepal Bangladesh Bank Limited, Mega Bank Limited, Prime Life Insurance Company Limited, Prabhu Insurance Company Limited, Himalayan General Insurance Company Limited and CYC Nepal Laghubitta Bittiya Sanstha Limited has been valued at last trading price during FY 2078/79 due to trading halted because of Merger and acquisition process.

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

S.N.	Particulars	32 Ashad 2079	31 Ashad 2078
1	Reporting Expenses Payables	22,000	22,000
2	Brokers Payables	-	1,843,969
3	Pre-Operating Expenses Payable	-	66,837
4	Audit Fee Payables	111,500	113,000
5	TDS Liability	154,510	136,072
6	Software AMC (PCS) Payables	97,948	14,841
7	Fund Management Fee Payable - NIBL Ace Capital	5,049,736	4,246,751
8	Depository Fee Payables - NIBL Ace Capital	673,298	566,234
9	Supervisor Fee Payables	348,611	293,177
10	CDS Fees Payables	167,450	-
11	DP Fee Payables	250	-

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

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

12	Book Building Resitration at NEPSE AMC	5,000	-
	Total	**6,630,304**	**7,302,880**

Fund management fee and depository fee includes fee payable to NIBL Ace Capital Limited for fund management and depository services.

6. Net Assets Attributable to Unit holders

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

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

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

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	For the Year Ended on 32nd Ashad 2079	For the Year Ended on 31st Ashad 2078
Unit Holders' Fund at the Beginning of the Year/Period	1,499,275,409	1,500,000,000
Increase / (Decrease) in Net Assets Attributable to Unit Holders		
Net Gains/(Losses) for the Period	(215,722,463)	(724,591)
Other Comprehensive income	-	-
Distribution to Unit Holders'	-	-
Unit Holders' Fund at the End of the Year/Period	**1,283,552,946**	**1,499,275,409**

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

NIBL ACE CAPITAL
Managing shares, Managing investments
Kathmandu, Nepal

S.R. PANDEY & CO.
Chartered Accountants
Kathmandu

7. Investment Income

7.1 Accounting Policy

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

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

Dividend income is recognized on the ex-dividend date.

Explanatory notes

7.2 Interest Income

Particulars	FY 2078/79	FY 2077/78
Interest income on Debentures, Fixed and Call Deposit	43,099,117	6,020,508
Total		**6,020,508**

7.3 Dividend Income

Particulars	FY 2078/79	FY 2077/78
Dividend Income Realized	1,797,937	8,415
Total	**1,797,937**	**8,415**

8. Expenses

All expenses, including management fees supervisor fees and depository fees, are recognized in profit or loss on accruals basis.

The management participation fees of the fund of the period 1st Shrawan 2078 to 32nd Ashad 2079 are as follows:

Fund Management Fees : 1.5% of Net Assets Value (NAV)

Depository Fees : 0.2% of NAV

Fund Supervisor Fees : 0.12% of NAV

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

NIBL ACE CAPITAL
Managing shares, Managing investments
Kathmandu, Nepal

S.R. PANDEY & CO.
Chartered Accountants
Kathmandu

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

Total Fund Management, Depository & Fund Supervisor's Fees calculated on the basis of 365 days a year is presented in Nepalese currency and charged as under:

Particulars	FY 2078/79	FY 2077/78
Fund Management Fee	21,672,686	4,311,423
Depository Fee	2,889,691	574,856
Fund Supervisor Fee	1,733,815	344,914
Total	**26,296,192**	**5,231,193**

9. Income Tax

The finance act 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.

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

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

NIBL ACE CAPITAL
Managing shares, Managing investments
Kathmandu, Nepal

S.R. PANDEY & CO.
Chartered Accountants
Kathmandu

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

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

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

Investment Threshold

As per the Mutual Fund Regulation, 2067 in fixed deposit at bank cannot be made more that 15% of total fund size or Net Asset Value (NAV) of the scheme.

b. Foreign Exchange Rate Risk

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

c. Cash Flow and Fair Value Interest Rate Risk

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

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

11.2. Credit Risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. However, there is no investment in debt securities.

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

In accordance with the Fund's policy, the Management Company monitors the Fund's credit position on a daily basis. The Fund can maximize the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant sector concentrations within the equity portfolio.

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

NIBL ACE CAPITAL
Managing shares, Managing Investments
Kathmandu, Nepal

S.R. PANDEY & CO.
Chartered Accountants
Kathmandu

For FY 2078/79

Sector	Value	Cost	Proportionate Exposure	Growth%
Commercial Banks	147,032,830	204,027,659	17.41%	-27.93%
Development Banks	28,014,363	38,614,031	3.32%	-27.45%
Hotels	4,009,500	5,505,193	0.47%	-27.17%
Hydropower	40,694,030	57,631,422	4.82%	-29.39%
Investment	12,441,705	16,439,323	1.47%	-24.32%
Life Insurance	77,271,420	139,173,578	9.15%	-44.48%
Manufacturing & Processing	40,095,130	69,123,329	4.75%	-41.99%
Microfinance	219,469,037	264,934,156	25.99%	-17.16%
Mutual Fund	164,265,543	164,847,600	19.45%	-0.35%
Non-Life Insurance	96,229,147	175,825,595	11.40%	-45.27%
Others	14,946,225	25,635,112	1.77%	-41.70%
Total	**844,468,930**	**1,161,756,998**	**100.00%**	**-27.31%**

For FY 2077/78

Sector	Value	Cost	Proportionate Exposure	Growth%
Commercial Banks	139,406,262	132,571,476	21%	5.16%
Hydropower	18,737,751	17,590,778	3%	6.52%
Insurance Companies	140,646,764	149,310,336	21%	-5.80%
Microfinance	173,762,687	174,343,363	26%	-0.33%
Mutual Fund	164,886,433	164,680,900	25%	0.12%
Others	21,587,148	22,748,118	3%	-5.10%
Total	**659,027,045**	**661,244,970**	**100%**	

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.

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

NIBL ACE CAPITAL
Managing thoughts, Managing investments
Kathmandu, Nepal

S.R. PANDEY & CO. Chartered Accountants Kathmandu

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

12. Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

Listed stocks that are not trading due to suspension by NEPSE citing Merger, Acquisition, Natural calamity and/or any other reasons is valued at the Closing Price available of particular stock of the last day of its trading on NEPSE

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.

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NIBL Samriddhi Fund-II

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Kathmandu

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

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

Vr = n / m x (Pex – Pof)

Where

Vr = Value of Rights

n = Number of rights offered

m = Number of original shares held

Pex = Ex-right price

Pof = Rights offer price

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

13. Financial Assets Held at Amortized Cost

Particulars	32 Ashad 2079	31 Ashad 2078
Debentures	120,344,323	60,922,000
Fixed Deposit	220,000,000	220,000,000
Total	**340,344,323**	**280,922,000**

Comparative Investment in Fixed Deposit

Name of Bank	32 Ashad 2079		31 Ashad 2078	
	Principal Amount	Interest Rate	Principal Amount	Interest Rate
Lumbini Bikas Bank Ltd	-	0.00%	20,000,000	8.50%
Garima Bikas Bank Ltd	-	0.00%	30,000,000	8%
Goodwill Finance Ltd	-	0.00%	20,000,000	8.00%
Kamana Sewa Bikas Bank Ltd	-	0.00%	20,000,000	8%
Kumari Bank Ltd	-	0.00%	30,000,000	7.53%
Kumari Bank Ltd	-	0.00%	40,000,000	7.00%
Shangrila Development Bank Ltd	-	0.00%	20,000,000	7.50%
Muktinath Bikas Bank	-	0.00%	20,000,000	7.75%
Jyoti Bikas Bank Ltd	-	0.00%	20,000,000	8.25%
Central Finance Ltd.	10,000,000	8.25%	-	0.00%
Shine Resunga Development Bank Ltd.	20,000,000	8.00%	-	0.00%
Goodwill Finance Ltd	10,000,000	11.10%	-	0.00%
Goodwill Finance Ltd	10,000,000	11.10%	-	0.00%
Garima Bikas Bank Ltd	10,000,000	11.10%	-	0.00%
Shine Resunga Development Bank Ltd.	20,000,000	11.00%	-	0.00%
Kamana Sewa Bikas Bank Ltd	20,000,000	11.10%	-	0.00%

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Kathmandu, Nepal

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

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Shangrila Development Bank Ltd	20,000,000	11.10%	-	0.00%
Jyoti Bikas Bank Ltd	20,000,000	11.10%	-	0.00%
Lumbini Bikas Bank Ltd	20,000,000	11.10%	-	0.00%
Muktinath Bikas Bank	20,000,000	11.10%	-	0.00%
Kumari Bank Ltd	40,000,000	10.13%	-	0.00%
Total	**220,000,000**		**220,000,000**	

Comparative Investment in Debenture

Name of Debenture	32 Ashad 2079		31 Ashad 2078	
	Investment Amount	Interest Rate	Investment Amount	Interest Rate
8.5% NMB Debenture 2087/88	6,352,000	8.50%	6,352,000	8.50%
8.5% Prabhu Bank Debenture 2087	20,000,000	8.50%	20,000,000	8.50%
8.5% RBBL Debenture	14,570,000	8.50%	14,570,000	8.50%
9% Jyoti Bikas Bank Debenture 2087	20,000,000	9.00%	20,000,000	9.00%
9% SADBL Debenture 2087	15,135,000	9.00%	-	0.00%
8.5% Machhapuchhre Debenture 2087	7,500,000	8.50%	-	0.00%
10.25% Civil Bank Debenture 2088	4,286,000	10.25%	-	0.00%
8.75% Garima Debenture 2085	7,500,000	8.75%	-	0.00%
8.5% Everest Bank Ltd. Debenture 2086	3,000,000	8.50%	-	0.00%
8.5% Global IME Bank Debenture 2086/87	21,001,323	8.50%	-	0.00%
10% Prime Debenture 2088	1,000,000	10.00%	-	0.00%
Total	**120,344,323**		**60,922,000**	

Note a:

The investment in debentures are recognized on cost. They are classified based on maturity period using the effective interest rate and classified as held to maturity. Interest on the debentures are recognized daily as per accrual basis. The interest are received on half yearly basis. The debentures are listed on the stock exchange. 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.

Note b:

The investment in fixed deposit are 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

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NIBL Samriddhi Fund-II

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Chartered Accountants
Kathmandu

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

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

b. Explanatory notes

Particulars	32 Ashad 2079	31 Ashad 2078
Net Realized Gains/(Losses) on Financial Assets at Fair Value Through Profit or loss	81,333,016	8,599,879
Net Unrealized Gains/(Losses) on Financial Assets at Fair Value Through Profit or Loss	(315,070,143)	(2,217,925)
Total	**(233,737,127)**	**6,381,954**

Computation of Unrealized Gains/loss for FY 2078/79:

Name	Unit	Value per unit	Value Amount	Cost Price	Total Cost	Gain/(Loss)
LISTED						
Nabil Bank Limited	20,085	824.00	16,550,040	1,129.82	22,692,336	(6,142,296)
Civil Bank Ltd	16,168	213.00	3,443,784	213.77	3,456,207	(12,423)
SHIVAM CEMENTS LTD	32,723	760.00	24,869,480	1,587.69	51,954,063	(27,084,583)
Nepal Reinsurance Company Limited	20,335	735.00	14,946,225	1,260.64	25,635,112	(10,688,887)
NMB Microfinance Bittiya Sanstha Ltd.	10,341	750.10	7,756,784	1,282.22	13,259,461	(5,502,677)
Forward Community Microfinance Bittiya Sanstha Ltd.	9,628	2,385.00	22,962,780	2,110.98	20,324,477	2,638,303
Premier Insurance Co. Ltd.	26,950	576.00	15,523,200	1,097.15	29,568,315	(14,045,115)
Surya Life Insurance Company Limited	28,122	387.00	10,883,214	860.02	24,185,499	(13,302,285)
NIC Asia Bank Ltd.	53,433	696.00	37,189,368	933.47	49,878,137	(12,688,769)
Prime Life Insurance Company Limited	22,350	569.00	12,717,150	835.11	18,664,646	(5,947,496)
Deprosc Laghubitta Bittiya Sanstha Limited	17,182	940.00	16,151,080	1,481.82	25,460,668	(9,309,588)
Shikhar Insurance Co. Ltd.	34,843	807.00	28,118,301	1,590.41	55,414,690	(27,296,389)
SABAIKO LAGHUBITTA BITTIYA SANSTHA LIMITED	5,110	1,074.90	5,492,739	1,385.48	7,079,788	(1,587,049)
Global IME Laghubitta Bittiya Sanstha Ltd.	17,487	1,299.00	22,715,613	2,133.36	37,306,116	(14,590,503)
Mero Microfinance Bittiya Sanstha Ltd.	17,997	847.00	15,243,459	1,470.83	26,470,494	(11,227,035)
Nepal Credit And Commercial Bank Limited	40,200	210.90	8,478,180	289.70	11,646,073	(3,167,893)
Nepal Bangladesh Bank Limited	22,252	399.00	8,878,548	375.05	8,345,602	532,946
Prudential Insurance Co. Ltd.	9,501	348.00	3,306,348	768.67	7,303,100	(3,996,752)
Nepal Life Insurance Co. Ltd.	18,637	747.00	13,921,839	1,731.49	32,269,858	(18,348,019)
Neco Insurance Co. Ltd.	29,251	694.00	20,300,194	1,214.71	35,531,489	(15,231,295)
Life Insurance Co. Nepal	15,454	1,415.00	21,867,410	2,041.09	31,543,042	(9,675,632)
Prabhu Bank Limited	30,059	207.00	6,222,213	418.11	12,568,007	(6,345,794)
Prime Commercial Bank Ltd.	42,393	265.00	11,234,145	416.42	17,653,185	(6,419,040)
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited Promoter Share	99,356	600.00	59,613,600	425.92	42,317,938	17,295,662
National Life Insurance Co. Ltd.	30,991	577.00	17,881,807	1,049.03	32,510,534	(14,628,727)
Prabhu Select Fund	1,468,090	9.61	14,108,345	10.00	14,680,900	(572,555)
SANJEN JALAVIDHYUT COMPANY LIMITED	23,475	260.00	6,103,500	437.72	10,275,412	(4,171,912)

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

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Kathmandu, Nepal

S.R. PANDEY & CO. Chartered Accountants Kathmandu

RASUWAGADHI HYDROPOWER COMPANY LTD.	33,159	273.00	9,052,407	448.78	14,881,122	(5,828,715)
Sanima Mai Hydropower Ltd.	5,571	306.00	1,704,726	456.64	2,543,950	(839,224)
Nepal Bank Limited	19,722	298.00	5,877,156	420.77	8,298,509	(2,421,353)
Mountain Energy Nepal Limited	13,260	800.00	10,608,000	1,262.57	16,741,626	(6,133,626)
Citizen Investment Trust	4,947	2,515.00	12,441,705	3,323.09	16,439,323	(3,997,618)
Standard Chartered Bank Limited	14,374	396.30	5,696,416	555.12	7,979,282	(2,282,866)
Mahalaxmi Bikas Bank Ltd.	14,540	378.00	5,496,120	452.49	6,579,253	(1,083,133)
Machhapuchhre Bank Limited	44,346	254.00	11,263,884	349.91	15,517,090	(4,253,206)
Kamana Sewa Bikas Bank Limited	18,221	349.90	6,375,528	549.79	10,017,813	(3,642,285)
Garima Bikas Bank Limited	17,560	387.00	6,795,720	527.65	9,265,512	(2,469,792)
Muktinath Bikas Bank Ltd.	21,248	439.90	9,346,995	600.12	12,751,452	(3,404,457)
Prabhu Insurance Ltd.	18,598	428.00	7,959,944	942.70	17,532,297	(9,572,353)
Soaltee Hotel Limited	19,800	202.50	4,009,500	278.04	5,505,193	(1,495,693)
Vijaya laghubitta Bittiya Sanstha Ltd.	8,213	940.00	7,720,220	1,567.76	12,876,020	(5,155,800)
Swabalamban Laghubitta Bittiya Sanstha Limited	10,553	1,169.00	12,336,457	1,516.47	16,003,298	(3,666,841)
Laxmi Laghubitta Bittiya Sanstha Ltd.	4,369	1,275.00	5,570,475	1,956.92	8,549,786	(2,979,311)
Swarojgar Laghu Bitta Bikas Bank Ltd.	10,000	851.00	8,510,000	1,230.97	12,309,710	(3,799,710)
Global IME Bank Limited	17,820	251.40	4,479,948	379.79	6,767,850	(2,287,902)
Century Commercial Bank Ltd.	45,725	183.00	8,367,675	259.79	11,878,958	(3,511,283)
Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	10,000	1,065.00	10,650,000	1,589.11	15,891,084	(5,241,084)
Ridi Hydropower Development Company Ltd.	5,000	838.00	4,190,000	835.22	4,176,078	13,922
Manushi Laghubitta Bittiya Sanstha Limited	591	1,002.00	592,182	100.00	59,100	533,082
Sahas Urja Limited	9,720	460.00	4,471,200	603.32	5,864,235	(1,393,035)
United Insurance Co. (Nepal) Ltd.	12,000	350.00	4,200,000	743.14	8,917,678	(4,717,678)
Himalayan General Insurance Co. Ltd	11,733	520.00	6,101,160	723.12	8,484,314	(2,383,154)
Siddhartha Bank Limited	29,433	303.00	8,918,199	454.25	13,370,027	(4,451,828)
Himalayan Distillery Limited	4,465	3,410.00	15,225,650	3,845.30	17,169,266	(1,943,616)
Nabil Balanced Fund-3	16,670	9.43	157,198	10.00	166,700	(9,502)
NMB Bank Limited	22,606	261.00	5,900,166	354.20	8,007,010	(2,106,844)
Mega Bank Nepal Ltd.	20,058	226.00	4,533,108	297.61	5,969,387	(1,436,279)
Chhimek Laghubitta Bittiya Sanstha Limited	12,482	1,100.00	13,730,200	1,338.62	16,708,690	(2,978,490)
Samata Gharelu Laghubitta Bittiya Sanstha Limited	3,253	799.00	2,599,147	1,318.27	4,288,331	(1,689,184)
NIC ASIA Laghubitta Bittiya Sanstha Limited	4,500	859.90	3,869,550	1,275.22	5,738,495	(1,868,945)
Rastra Utthan Laghubitta Sanstha Limited	1,605	926.00	1,486,230	100.00	160,500	1,325,730
Rastriya Beema Company Limited	800	13,400.00	10,720,000	16,342.14	13,073,711	(2,353,711)
Balephi Hydropower Limited	3,412	239.70	817,856	100.00	341,200	476,656
Upakar Laghubitta Bittiya Sanstha Limited	441	2,699.00	1,190,259	100.00	44,100	1,146,159
CYC Nepal Laghubitta Bittiya Sanstha Limited	738	1,698.20	1,253,272	100.00	73,800	1,179,472
River Falls Power Limited	5,005	222.00	1,111,110	100.00	500,500	610,610
Sub-Total (A)			**691,808,709**		**1,009,437,398**	**(317,628,689)**
UNLISTED						
Citizen Unit Scheme	700,000	100.00	70,000,000	100.00	70,000,000	-
Citizen Unit Scheme	200,000	100.00	20,000,000	100.00	20,000,000	-
Citizen Unit Scheme	600,000	100.00	60,000,000	100.00	60,000,000	-
Bindhyabasini Hydropower Development Co. Ltd.-IPO	2,750	155.41	427,378	100.00	275,000	152,378
Adarsha Laghubitta Bittiya Sanstha Ltd.-IPO	123	203.17	24,990	100.00	12,300	12,690
Himalayan Hydropower Ltd.-IPO	3,477	100.80	350,482	100.00	347,700	2,782
Upper Solu Hydro Electric Co. Ltd.-IPO	3,458	111.58	385,844	100.00	345,800	40,044
Upper Hewakhola Hydropower Co. Ltd.-IPO	2,650	110.75	293,488	100.00	265,000	28,488
Swet Ganga Hydropower & Construction Ltd.- IPO	4,221	112.26	473,849	100.00	422,100	51,749

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Kathmandu, Nepal

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

S.R. PANDEY & CO.
Chartered Accountants
Kathmandu

Rapti Hydro & General Construction Ltd.-IPO	4,479	101.65	455,290	100.00	447,900	7,390
Mandakini Hydrpower Ltd.-IPO	2,038	122.13	248,901	100.00	203,800	45,101
Sub-Total (B)			**152,660,221**		**152,319,600**	**340,621**
Grand Total			**844,468,930**		**1,161,756,998**	
Unrealised Gain / (Loss)					**(317,288,068)**	
Less: Previous year unrealised gain/(loss)					**(2,217,925)**	
Unrealised Gain / (Loss) This Year					**(315,070,143)**	

Computation of Unrealized Gains/loss for FY 2077/78:

Name	Unit	Value per unit	Value Amount	Cost Price	Total Cost	Gain/(Loss)
LISTED						
Nabil Bank Limited	31229	1,359.00	42,440,211	1,297.90	40,532,032	1,908,179
Civil Bank Ltd	21160	286.00	6,051,760	246.37	5,213,142	838,618
Shivam Cements Ltd	14806	1,458.00	21,587,148	1,536.41	22,748,118	(1,160,970)
NMB Microfinance Bittiya Sanstha Ltd.	8511	1,429.00	12,162,219	1,557.92	13,259,461	(1,097,242)
Forward Community Microfinance Bittiya Sanstha Ltd.	7545	2,770.00	20,899,650	2,849.76	21,501,427	(601,777)
Premier Insurance Co. Ltd.	15578	1,170.00	18,226,260	1,262.63	19,669,210	(1,442,950)
Surya Life Insurance Company Limited	9179	922.00	8,463,038	937.40	8,604,408	(141,370)
NIC Asia Bank Ltd.	26059	994.00	25,902,646	905.25	23,589,881	2,312,765
Sanima Bank Limited	20100	485.00	9,748,500	444.04	8,925,211	823,289
Prime Life Insurance Company Limited	10958	954.00	10,453,932	972.45	10,656,095	(202,163)
Deprosc Laghubitta Bittiya Sanstha Limited	11804	1,686.00	19,901,544	1,824.13	21,532,033	(1,630,489)
First Micro Finance Development Bank Ltd.	10489	823.00	8,632,447	857.43	8,993,616	(361,169)
Shikhar Insurance Co. Ltd.	9494	1,952.00	18,532,288	2,080.48	19,752,101	(1,219,813)
Sabaiko Laghubitta Bittiya Sanstha Limited	13344	1,815.00	24,219,360	1,815.33	24,223,731	(4,371)
Global IME Laghubitta Bittiya Sanstha Ltd.	8662	2,815.00	24,383,530	2,772.51	24,015,489	368,041
Kumari Bank Limited	21664	371.00	8,037,344	354.97	7,690,158	347,186
Mero Microfinance Bittiya Sanstha Ltd.	10000	1,546.00	15,460,000	1,811.74	18,117,367	(2,657,367)
Nepal Credit And Commercial Bank Limited	15000	367.00	5,505,000	374.95	5,624,234	(119,234)
Nepal Bangladesh Bank Limited	16619	436.00	7,245,884	403.11	6,699,280	546,604
Prudential Insurance Co. Ltd.	8880	810.00	7,192,800	822.42	7,303,100	(110,300)
Nepal Life Insurance Co. Ltd.	11349	1,919.00	21,778,731	2,090.18	23,721,476	(1,942,745)
Neco Insurance Co. Ltd.	14281	1,348.00	19,250,788	1,433.00	20,464,706	(1,213,918)
Life Insurance Co. Nepal	9379	2,342.00	21,965,618	2,455.43	23,029,435	(1,063,817)
Agriculture Development Bank Limited	18240	479.00	8,736,960	465.28	8,486,754	250,206
Prabhu Bank Limited	21839	457.00	9,980,423	466.24	10,182,276	(201,853)
Prime Commercial Bank Ltd.	22446	479.00	10,751,634	475.13	10,664,839	86,795
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited Promoter Share	76723	600.00	46,033,800	551.57	42,317,938	3,715,862
National Life Insurance Co. Ltd.	11861	1,151.00	13,652,011	1,276.65	15,142,305	(1,490,294)
Prabhu Select Fund	1468090	10.14	14,886,433	10.00	14,680,900	205,533
Sanjen Jalavidhyut Company Limited	10220	449.00	4,588,780	421.60	4,308,797	279,983
Rasuwagadhi Hydropower Company Limited	9025	474.00	4,277,850	445.61	4,021,600	256,250
Sanima Mai Hydropower Ltd.	11191	513.00	5,740,983	480.33	5,375,340	365,643
Nepal Bank Limited	11300	443.00	5,005,900	439.26	4,963,668	42,232
Mountain Energy Nepal Limited	4500	890.00	4,005,000	838.81	3,774,641	230,359
Sub-Total (A)						**(4,084,299)**

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

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Managing shares, Managing Investments.
Kathmandu, Nepal

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			505,700,472		**509,784,770**	
UNLISTED						
Jeevan Bikas Laghubitta Bittiya Sanstha-IPO	3194	547.05	1,747,278	100.00	319,400	1,427,878
Manakamana Smart Laghubitta Bittiya Sanstha-IPO	629	513.29	322,859	100.00	62,900	259,959
Union Life Insurance Co. Ltd.-IPO	9675	116.93	1,131,298	100.00	967,500	163,798
Mailung Khola Hydropower Company Ltd.-IPO	1104	113.35	125,138	100.00	110,400	14,738
Citizen Unit Scheme	700000	100.00	70,000,000	100.00	70,000,000	-
Citizen Unit Scheme	200000	100.00	20,000,000	100.00	20,000,000	-
Citizen Unit Scheme	600000	100.00	60,000,000	100.00	60,000,000	-
Sub-Total (B)			**153,326,573**		**151,460,200**	**1,866,373**
Grand Total			**659,027,045**		**661,244,970**	**(2,217,925)**
Unrealized Gain /(Loss)					**(2,217,925)**	
Less: Previous Year Unrealized Gain /(Loss)					**-**	
Unrealized Gain /Loss This Year					**(2,217,925)**	

15. Impairment

Accounting policy

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

16. Related Party Transactions

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

Related Parties

a. Fund Sponsor: Nepal Investment Bank Limited.

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

c. Shareholders holding substantial interest in the Fund Manager: Nepal Investment Bank Limited.

d. Subsidiaries of Major Shareholders of Fund Manager with whom the Fund transacted: None

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

- Unit Holding of Nepal Investment Bank Limited (Fund Sponsor) amounts to NPR 290,000,000 (at par value of NPR 10 per unit)
- Unit Holding of NIBL Ace Capital Limited (Fund Management) amounts to NPR 10,000,000 (at par value of NPR 10 per unit)
- NIBL Samriddhi Fund- II have earned interest amounting to NPR. 1,16,530.26 (NPR. One Lakh Sixteen Thousand Five Hundred Thirty and paisa Twenty-Six Only) from Nepal Investment Bank Limited.

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

NIBL ACE CAPITAL
Managing Stores, Managing Investments
Kathmandu, Nepal

S.R. PANDEY & CO.
Chartered Accountants
Kathmandu

- Fund Management and Depository Fee incurred by NIBL Samriddhi Fund- II during the year amounts to NPR. 24,562,378 (NPR. Twenty-Four Million Five Hundred Sixty-Two Thousand Three Hundred Seventy-Eight Only).
- Fund management and depository fee payable at year end by NIBL Samriddhi Fund-II to NIBL Ace Capital Limited NPR 5,723,034 (NPR. Five Million Seven Hundred Twenty-Three Thousand Thirty-Four Only).
- The Scheme has a current/call account bank balance of NPR. 2,599,579 (NPR. Two Million Five Hundred Ninety-Nine Thousand Five Hundred Seventy-Nine Only) as on Balance Sheet date with the Fund Sponsor - Nepal Investment Bank Limited earning interest at the rate of 3.03%.
- Depository Participant (DP) Fee for transaction expenses NPR. 300 (NPR. Three-Hundred Only) has been paid to NIBL Ace Capital Limited during the year.

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. Event after Reporting Date

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

There are no material events that has occurred subsequent to 32nd Ashad 2079 till the signing of this financial statement.

20. Proposed Dividend

The Scheme has not proposed any cash dividend for fiscal year 2078/79 to its unit-holders.

NIBL MUTUAL FUND
NIBL Samriddhi Fund-II

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On Behalf of NIBL Ace Capital Limited

(Fund Management Company)

As per our report of even date
For: S.R Pandey & Co.
Chartered Accountants

Sachin Tibrewal
Chairman

Deepak Kumar Shrestha
Director

Arun Raut, FCA
Partner

S.R. PANDEY & CO. Chartered Accountants Kathmandu

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 Samriddhi Fund-II

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Date : 25th August, 2022
Place : Kathmandu