

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 31, 2080 [July 16, 2023], 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 31, 2080 (July 16, 2023) 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.

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



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

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, FCA
Partner

Date : July 27, 2023

Place: Kathmandu, Nepal

UDIN : 230728CA00546MzaWy

NIBL Sahabagita Fund

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

Statement of Financial Position as at 31st Ashad 2080 (16th July, 2023)


In NPR

Particulars	Notes to Account	Current Year	Previous Year
Assets			
Current Assets			
Cash and Cash Equivalents	3.2	517,457,251	187,267,866
Other Current Assets	4.5	29,347,509	8,565,047
Financial Assets Held at Amortized Cost	13	425,568,810	154,954,810
Financial Assets Held at Fair Value Through Profit or Loss	4.6	1,027,484,342	330,995,826
Total		1,999,857,912	681,783,550
Liabilities			
Current Liabilities			
Accrued Expenses & Other Payables	5.2	12,344,158	3,206,000
Liabilities (Excluding Net Assets Attributable to Unitholders)		12,344,158	3,206,000
Unit Holder's Funds			
Net Assets Attributable to Unit Holders	6	1,987,513,754	678,577,550
Total		1,999,857,912	681,783,550
Outstanding Units		186,154,193	63,294,535
NAV per Unit		10.68	10.72


Schedules and Explanatory Notes forms integral part of Statement of Position


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

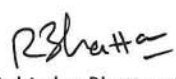
As per our Report of even date



Sachin Tibrewal
Chairman



Deepak Kumar Shrestha
Director

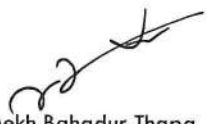

CA. Rajesh Kumar Sah, FCA
Partner
N. B. S. M. & Associates,
Chartered Accountants



Srijana Pandey
Director

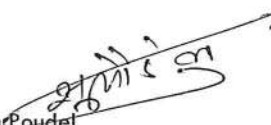

Rabindra Bhattarai
Director


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
Mutual Fund Executive


NIMB ACE CAPITAL
Managing shares. Managing investments.
(Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd.)


NIBL MUTUAL FUND
NIBL Sahabagita Fund

Date : 27th July, 2023

Place : Kathmandu

NIBL Sahabagita Fund


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


Statement of Profit or Loss and Other Comprehensive Income**For the Period from 1st Shrawan 2079 to 31st Ashad 2080 (17th July 2022 to 16th July 2023)***In NPR*


Particulars	Notes to Account	Current Year	Previous Year
Income			
Interest Income	7.2	46,980,245	16,668,009
Dividend Income	7.3	2,340,118	307,671
Underwriting Incomes	7.4	325,000	-
Net Gains/(Losses) on Financial Assets at Fair Value through Profit or loss	14(b)	70,594,493	(90,179,988)
Exit Load Incomes		364,621	231,597
Other Income		9,835	70,006
Total		120,614,312	(72,902,706)
Expenses and Losses			
Fund Management Fees	8.1	15,091,756	6,417,366
Depository Fees	8.1	2,414,681	1,026,779
Fund Supervisors Fees	8.1	1,448,809	616,067
Scheme Listing & Registration Charge- SEBON		1,000,000	-
Publication Expenses		304,035	195,880
Audit Fees		113,000	113,000
Certification Charges		56,500	-
Bank Charges		13,092	4,804
Book Building Expenses-NEPSE		5,000	15,000
Communication Expenses		510,395	122,011
Annual Operating Expenses		419,440	319,440
DP & Other Expenses		14,831	11,750
Total expenses		21,391,539	8,842,096
Net Gains/(Losses) for the Period		99,222,773	(81,744,802)
Other Comprehensive income		-	-
Net Surplus/(Deficit) for the period		99,222,773	(81,744,802)


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

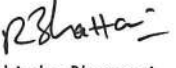
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Sachin Tibrewal
Chairman


Deepak Kumar Shrestha
Director



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



Srijana Pandey
Director


Rabindra Bhattarai
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Deputy General Manager


Subhash Poudel
Head Investment Banking


Poskar Basnet
Mutual Fund Executive
**NIMB ACE CAPITAL**

Managing shares, Managing investments.

(Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd.)

 **NIBL MUTUAL FUND**
NIBL Sahabagita Fund
Date : 27th July, 2023
Place : Kathmandu

NIBL Sahabagita Fund

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

Statement of Cash Flow


For the Period from 1st Shrawan 2079 to 31st Ashad 2080 (17th July 2022 to 16th July 2023)

In NPR


Particulars	Current Year	Previous Year
A. Cash Flow from Operating Activities		
Surplus/ (Deficit) for the year	99,222,773	(81,744,802)
Adjustments For :		
Increase/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	(21,977,200)	126,972,556
Increase/(Decrease) in Liabilities	9,138,158	508,316
(Increase)/Decrease in Share	(674,511,315)	(217,187,539)
(Increase)/Decrease in Debenture	(85,114,000)	(17,957,810)
(Increase)/Decrease in Fixed Deposit	(185,500,000)	(18,500,000)
(Increase)/Decrease in Other Assets	(20,782,462)	36,479,231
Net Cash Generated / (used) in Operations (1)	(879,524,046)	(171,430,050)
B. Cash Flow from Financing Activities		
Issue of Unit Capital	1,260,138,183	368,905,285
Dividend Paid during the year	(50,424,752)	(157,701,280)
Net Cash Generated / (used) in financing (2)	1,209,713,431	211,204,005
C. Cash Flow from Investing Activities		
Net cash generated/ (used) in investing (3)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (1+2+3)	330,189,385	39,773,955
Cash and Cash Equivalents at beginning of the year/period	187,267,866	147,493,911
Cash and Cash Equivalents at end of period	517,457,251	187,267,866
Components of Cash and Cash Equivalents		
Balance with Banks	517,457,251	187,267,866


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

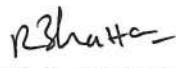
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NIBL MUTUAL FUND
NIBL Sahabagita Fund

Date : 27th July, 2023

Place : Kathmandu

NIBL Sahabagita Fund

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

Statement of Change in Unitholder's Fund**For the Period from 1st Shrawan 2079 to 31st Ashad 2080 (17th July 2022 to 16th July 2023)**

In NPR

Particular	Current Year	Previous Year
Unit Holders' Fund at the Beginning of the Year/Period	678,577,550	549,118,347
Issue of Unit Capital	1,228,596,581	318,270,686
Unit Reserve Capital	31,541,602	50,634,599
Increase in Net Assets Attributable to Unit Holders:		
Net Gains/(Losses) for the Period	99,222,773	(81,744,802)
Other Comprehensive Income	-	-
Distribution to Unit Holders'	(50,424,752)	(157,701,280)
Unit Holders' Fund at the End of the Year/Period	1,987,513,754	678,577,550

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

As per our Report of even date

Sachin Tibrewal
Chairman

Deepak Kumar Shrestha
Director

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NIBL MUTUAL FUND
NIBL Sahabagita Fund

Date : 27th July, 2023

Place : Kathmandu

NIBL Sahabhagita Fund**Fund Sponsored by Nepal Investment Mega Bank Limited and Fund Managed by NIMB Ace Capital Limited****Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)**

1. General Information of the Scheme

Fund	: NIBL Mutual Fund
Scheme	: NIBL Sahabhagita Fund
Fund Sponsor	: Nepal Investment Mega Bank Limited (NIMB) (Then Nepal Investment Bank Ltd.) (Licensed by NRB as Class A bank)
Fund Management	: NIMB Ace Capital Limited (Then NIBL Ace Capital Ltd.) (A subsidiary of Nepal Investment Mega Bank Limited)
Fund Supervisors	: Dr. Bimal Prasad Koirala Dr. Shambhu Ram Simkhada Dr. Durgesh Man Singh CA. Jitendra Bahadur Rajbhandari Mr. Raju Nepal
Total Authorized Units of Scheme	: 200,000,000 (Two Hundred Million Units)
Outstanding Units of Scheme	: 186,154,193 (One Hundred Eighty-Six Million, One Hundred Fifty-Four Thousand, One Hundred Ninety Three) NPR. 1,861,541,930 (One Billion, Eight Hundred Sixty-One Million, Five Hundred Forty-One Thousand, Nine Hundred Thirty)
Total Unit Capital	: Million, Five Hundred Forty-One Thousand, Nine Hundred Thirty)
Scheme type	: Open-ended

NIBL Sahabhagita Fund (the Scheme) under NIBL Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as Nepal's 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 investors with alternative investment instrument across the country with ease of investment and liquidity. This scheme also encourages the conversion of savings into investments regularly for long period of time. On the other side, the investment objective of the scheme is to provide steady returns to unit-holders over the long period of time.

The Scheme commenced its operation on 24th Ashad, 2076 (Scheme allotment date) B.S. The scheme is not required to be listed in Nepal Stock Exchange (NEPSE) and the units are traded on the Fund Managers' end. The Scheme's Financial Statements for the year 2079/80 were approved by the Board of Directors of the NIMB Ace Capital Limited (Then NIBL Ace Capital Ltd.) held on 11th Shrawan, 2080 being the Fund Management and Depository Company. Similarly, the Fund Supervisors' consent on the approved Financial Statements has also been duly obtained.



**NIMB ACE CAPITAL**
Managing shares. Managing investments
(Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd.)

**NIBL MUTUAL FUND**
NIBL Sahabhagita Fund

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Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

The Unit Capital of the Scheme comprises of the following:

Holder	Status	No. of Units	Holding Amount @ 10 Each	Holding (%)
Nepal Investment Mega Bank Ltd.	Fund Sponsor	26,218,237	262,182,365	14%
NIMB Ace Capital Limited	Fund Manager/Depository	2,503,201	25,032,012	1%
General Public		157,432,755	1,574,327,553	85%
Total		186,154,193	1,861,541,930	100%

2. Summary of Significant Accounting Policies

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

2.1. Statement of Compliance:

The Financial Statements are presented in Nepalese Rupees, rounded to the nearest Rupee. The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS). Further the financial statements are in compliance with Securities Act, 2063, Mutual Fund regulation 2067 (Amendments 2076), other regulation and other relevant laws.

2.2. Basis of Preparation

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

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

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

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

2.3. Reporting Pronouncements

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

2.4. Accounting Conventions

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

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

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 is recognized in the period in which the estimates are revised and applied prospectively.

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

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

2.8. Financial Periods

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

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)**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**3.1. Accounting policy**

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.

3.2. Explanatory notes

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

Particulars	31 Ashad 2080	32 Ashad 2079
Cash at Bank	517,457,251	187,267,866
Total	517,457,251	187,267,866

4. Financial Instruments**Accounting policy****4.1**

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

In Accordance with NFRS 9; Financial Instruments: Recognition and Measurement, the Fund's interest receivables, 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

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

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 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.

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

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.

4.4 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 2080	Ashad End 2079
1	Dividend Income Receivable	33,846	45,619
2	Interest Receivables	14,796,704	5,635,973
3	Broker Receivables	14,501,264	1,008,157
4	Prepaid Expenses	15,695	80,498
5	Other Receivables	-	137,000
6	IPO Application Advance	-	1,657,800
	Total Amount	29,347,509	8,565,047

4.6 Financial Assets Held at Fair Value Through Profit or Loss

Particulars	Ashad End 2080	Ashad End 2079
Financial Assets Held for Trading		
Equity Security	1,027,484,342	330,995,826
Total Financial Assets held for Trading (A)	1,027,484,342	330,995,826
Designated Financial Assets at Fair Value Through Profit or Loss		
Total Designated at Fair Value Through Profit or Loss (B)	-	-
Total Financial Assets Held at Fair Value Through Profit or Loss (A+B)	1,027,484,342	330,995,826

NIBL Sahabagita Fund
Fund Sponsored by Nepal Investment Mega Bank Limited and Fund Managed by NIMB Ace Capital Limited
Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)
Comparative Investment in Listed Shares

S.N.	Name of Companies	Ashad End 2080			Ashad End 2079		
		Unit	Value per Unit	Value Amount	Unit	Value per Unit	Value Amount
	Listed Companies						
1	Prabhu Bank Limited	88,550	163	14,398,230	22,479	207	4,653,153
2	Siddhartha Bank Limited	62,667	253	15,854,751	26,942	303	8,163,426
3	Global IME Bank Limited	75,818	186	14,102,148	22,154	251	5,569,516
4	Neco Insurance Co. Ltd.	31,934	891	28,456,387	12,747	694	8,846,418
5	Garima Bikas Bank Limited	100,124	405	40,550,220	17,113	387	6,622,731
6	Nabil Bank Limited	60,546	599	36,279,163	9,803	824	8,077,672
7	Prime Commercial Bank Ltd.	97,823	195	19,075,485	29,648	265	7,856,720
8	Machhapuchhre Bank Limited	89,158	232	20,666,824	25,300	254	6,426,200
9	Prime Life Insurance Company Limited	-	-	-	12,007	569	6,831,983
10	NIC Asia Bank Ltd.	82,534	794	65,515,489	32,342	696	22,510,032
11	Mega Bank Nepal Ltd.	-	-	-	32,550	226	7,356,300
12	Chhimek Laghubitta Bikas Bank Limited	18,157	1,000	18,157,000	9,364	1,100	10,300,400
13	Deprosc Laghubitta Bittiya Sanstha Limited	13,746	826	11,354,196	10,082	940	9,477,080
14	Adhikhola Laghubitta Bittiya Sanstha Limited	-	-	-	114	1,370	156,180
15	NMB Bank Limited	77,042	226	17,411,492	19,498	261	5,088,978
16	Jyoti Bikas Bank Limited	25,377	298	7,562,346	5,220	302	1,577,484
17	Premier Insurance Co. Ltd.	-	-	-	13,383	576	7,708,608
18	Life Insurance Co. Nepal	15,723	1,555	24,449,265	9,232	1,415	13,063,280
19	Nepal Reinsurance Company Limited	32,817	740	24,284,580	15,014	735	11,035,290
20	Surya Life Insurance Company Limited	-	-	-	20,299	387	7,855,713
21	Samaj Laghubitta Bittiya Sanstha Limited	120	166	19,945	120	166	19,945
22	Sanjen Jalavidhyut Company Limited	14,584	297	4,329,990	14,584	260	3,791,840
23	Rasuwadhi Hydropower Company Limited	31,618	300	9,485,400	18,146	273	4,953,858
24	Mountain Energy Nepal Ltd.	14,515	995	14,442,425	10,190	800	8,152,000
25	National Life Insurance Co. Ltd.	46,599	645	30,056,355	19,734	577	11,386,518
26	Mero Microfinance Bittiya Sanstha Ltd.	2,435	661	1,609,535	2,214	847	1,875,258
27	Nepal Infrastructure Bank Limited	-	-	-	8,030	240	1,927,200
28	Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	5,525	633	3,497,325	5,525	756	4,176,900
29	Nerude Laghubita Bikas Bank Limited	4,298	688	2,957,024	3,523	880	3,100,240
30	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited Promoter Share	25,116	600	15,069,600	21,105	600	12,663,000
31	Nepal Bangladesh Bank	-	-	-	6,141	399	2,450,259
32	Kamana Sewa Bikas Bank Limited	66,578	327	21,771,006	14,074	350	4,924,493
33	Soaltee Hotel Limited	23,971	485	11,625,935	10,000	203	2,025,000

NIBL Sahabagita Fund

Fund Sponsored by Nepal Investment Mega Bank Limited and Fund Managed by NIMB Ace Capital Limited

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

34	Manushi Laghubitta Bittiya Sanstha Ltd.	-	-	-	127	1,002	127,254
35	Sahas Urja Ltd.	44,500	484	21,533,550	7,010	460	3,224,600
36	Himalayan General Insurance Ltd.	-	-	-	10,665	520	5,545,800
37	Citizens Investment Trust	-	-	-	2,429	2,515	6,108,935
38	Nepal Credit Commercial Bank Ltd.	-	-	-	21,075	211	4,444,718
39	Century Commercial Bank Limited	-	-	-	23,809	183	4,357,047
40	Shivam Cements Ltd.	25,899	652	16,873,199	1,500	760	1,140,000
41	Rastra Utthan Laghubitta Sanstha Ltd.	-	-	-	425	926	393,550
42	Himalayan Distillery Limited	-	-	-	1,660	3,410	5,660,600
43	Upakar Laghubitta Bittiya Sanstha Ltd.	-	-	-	126	2,699	340,074
44	Civil Bank Limited	-	-	-	17,028	213	3,626,964
45	Mountain Hydro Nepal Limited	-	-	-	10,000	272	2,720,000
46	CYC Nepal Laghubitta Bittiya Sanstha Ltd.	-	-	-	211	1,698	358,320
47	Kumari Bank Limited	31,784	165	5,244,360	-	-	-
48	Muktinath Bikas Bank Ltd.	102,722	407	41,807,854	-	-	-
49	Forward Microfinance Laghubitta Bittiya Sanstha Limited	1	1,321	1,321	-	-	-
50	Mahalaxmi Bikas Bank Ltd.	27,046	326	8,803,473	-	-	-
51	Nepal Bank Limited	83,464	249	20,782,536	-	-	-
52	Sunrise Bank Ltd.	26,986	173	4,671,277	-	-	-
53	Citizens Mutual Fund -1	36,777	9.38	344,968	-	-	-
54	Miteri Development Bank Limited	392	404	158,407	-	-	-
55	ICFC Finance Limited	20,000	525	10,500,000	-	-	-
56	Sadhana Laghubitta Bittiya Sanstha Limited	1	741	741	-	-	-
57	First Micro Finance Laghubitta Bittiya Sanstha Limited	16,000	736	11,780,800	-	-	-
58	Api Power Company Ltd.	4,759	197	937,523	-	-	-
59	Arun Kabeli Power Ltd.	40,026	235	9,386,097	-	-	-
60	NIC Asia Flexi CAP Fund	500,000	10.17	5,085,000	-	-	-
61	Himalayan Everest Insurance Limited	33,912	600	20,347,200	-	-	-
62	Global IME Balanced Fund-1	250,000	9.34	2,335,000	-	-	-
63	Ridi Power Company Limited	25,035	243	6,083,505	-	-	-
64	NMB Sulav Investment Fund - 2	500,000	9.99	4,995,000	-	-	-
65	Lumbini Bikas Bank Ltd.	7,000	413	2,891,000	-	-	-
66	Goodwill Finance Limited	35,966	483	17,371,578	-	-	-
67	SuryaJyoti Life Insurance Company Limited	42,801	610	26,108,610	-	-	-
68	Sanima Growth Fund	750,000	9.99	7,492,500	-	-	-
69	Nepal Investment Mega Bank Limited	29,527	174	5,131,793	-	-	-
70	Himalayan Bank Limited	23,392	213	4,977,818	-	-	-
71	Ngadi Group Power Ltd.	10,673	234	2,496,415	-	-	-
72	Siddhartha Premier Insurance Limited	25,290	779	19,688,265	-	-	-
73	Sunrise Focused Equity Fund	1,500,000	9.68	14,520,000	-	-	-
74	Prabhu Smart Fund	1,000,000	9.90	9,900,000	-	-	-
75	Himalayan Life Insurance Limited	29,208	507	14,808,456	-	-	-

NIBL Sahabagita Fund
Fund Sponsored by Nepal Investment Mega Bank Limited and Fund Managed by NIMB Ace Capital Limited
Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

76	RBB Mutual Fund 2	650,000	10.00	6,500,000	-	-	-
77	IGI Prudential insurance Limited	17,964	560	10,059,840	-	-	-
78	Taragaon Regency Hotel Limited	15,000	790	11,854,500	-	-	-
79	Prabhu Insurance Ltd.	13,722	747	10,250,334	-	-	-
80	NLG Insurance Company Ltd.	9,995	840	8,395,800	-	-	-
81	Reliance Finance Ltd.	13,000	386	5,016,700	-	-	-
82	Prabhu Select Fund	37,850	8.85	334,973	-	-	-
83	Central Finance Co. Ltd.	13,000	393	5,109,000	-	-	-
84	Nabil Equity Fund	100	9.61	961	-	-	-
85	Siddhartha Investment Growth Scheme 3	350,000	10.00	3,500,000	-	-	-
Total				851,062,469			258,671,536

Comparative Investment in Unlisted Shares

S.N.	Name of Companies	Ashad End 2080			Ashad End 2079		
		Unit	Value per Unit	Value Amount	Unit	Value per Unit	Value Amount
	Unlisted Companies						
1	0087 Citizen Unit Scheme	100,000	100	10,000,000	100,000	100	10,000,000
2	0101 Citizen Unit Scheme	100,000	100	10,000,000	100,000	100	10,000,000
3	0144 Citizen Unit Scheme	300,000	100	30,000,000	300,000	100	30,000,000
4	0205 Citizen Unit Scheme	130,000	100	13,000,000	130,000	100	13,000,000
5	0214 Citizen Unit Scheme	34,000	100	3,400,000	34,000	100	3,400,000
6	0226 Citizen Unit Scheme	64,000	100	6,400,000	-	-	-
7	0244 Citizen Unit Scheme	50,000	100	5,000,000	-	-	-
8	0253 Citizen Unit Scheme	100,000	100	10,000,000	-	-	-
9	0257 Citizen Unit Scheme	50,000	100	5,000,000	-	-	-
10	0270 Citizen Unit Scheme	100,000	100	10,000,000	-	-	-
11	0274 Citizen Unit Scheme	250,000	100	25,000,000	-	-	-
12	0291 Citizen Unit Scheme	100,000	100	10,000,000	-	-	-
13	Bindhyabasini Hydropower Development Co. Ltd.-IPO	-	-	-	900	155	139,869
14	Adarsha Laghubitta Sanstha-IPO	-	-	-	40	203	8,127
15	NIC Asia Flexi Cap Fund-IPO	-	-	-	500,000	10.00	5,000,000
16	Himalayan Hydropower Ltd.-IPO	-	-	-	1,378	101	138,902
17	Upper Solu Hydro Electric Co. Ltd.-IPO	-	-	-	1,370	112	152,865
18	Upper Hewakhola Hydrpower Co. Ltd.-IPO	-	-	-	1,050	111	116,288
19	Swet Ganga Hydropower & Construction Ltd.-IPO	-	-	-	1,673	112	187,811
20	Rapti Hydro & General Construction Ltd.-IPO	-	-	-	1,775	102	180,429
21	Nabil Flexi Cap Fund-IPO	500,000	9.90	4,950,000	-	-	-
22	Kumari Sunaulo Lagani Yojana	1,000,000	10.59	10,590,000	-	-	-
23	Citizens Super 30 Mutual Fund-IPO	950,000	10.00	9,500,000	-	-	-
24	Nepal Republic Media Ltd.-IPO	9,834	111	1,091,377	-	-	-
25	Ghorahi Cement Industry Ltd.-IPO	6,400	465	2,977,920	-	-	-
26	Three Star Hydropower Ltd.-IPO	788	158	124,599	-	-	-
27	Upper Syange Hydropower Ltd.-IPO	693	109	75,336	-	-	-
28	Kutheli Bukhari Small Hydropower Ltd.-IPO	134	262	35,050	-	-	-
29	IME Life Insurance Co. Ltd.-IPO	13,194	435	5,742,029	-	-	-
30	Arun Kabeli-Right Entitlement	30,026	118	3,535,562	-	-	-
Total				176,421,873			72,324,290

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

5. Payables

5.1 Accounting policy

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

5.2 Explanatory notes

Accrued Expenses and Other Payables

Particulars	Ashad End 2080	Ashad End 2079
Provision For Audit Fee	111,500	111,500
Provision For Reporting Expense	20,000	20,000
TDS Liability	188,250	66,254
Business Payables- Brokers	414,369	-
Unit Transactions Payables	3,796,225	422,935
Fund Management Fee Payable- NIMB Ace Capital	5,478,131	1,889,348
Depository Fee Payables- NIMB Ace Capital	876,501	302,296
Supervisor Fee Payables	453,823	156,519
Other Payables	74,111	5,000
Unit Purchase Advance	600,100	11,000
Software AMC Payable- PCS	97,948	97,948
Provision For Software AMC & Unit Dematerization- CDSC	167,450	118,200
Provision For Qualified Institutional Investor AMC- NEPSE	10,000	5,000
Sundry Creditors- Initiative Solutions Pvt. Ltd.	55,750	-
Total	12,344,158	3,206,000

Fund management fee and depository fee includes fee payable to NIMB Ace Capital Limited (Then NIBL Ace Capital Ltd.) 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-2080 and audited financials publication for fiscal year 2079-80 as per prevailing regulation.

Provision for Software AMC & Unit dematerization fee includes Software Annual Maintenance Charge and Unit dematerization fees for FY 2079-80 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 2079-80 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.

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

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

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

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

Particular	Ashad End 2080	Ashad End 2079
Unit Holders' Fund at the Beginning of the Year/Period	678,577,550	549,118,347
Issue of Unit Capital	1,228,596,581	318,270,686
Unit Reserve Capital	31,541,602	50,634,599
Increase in Net Assets Attributable to Unit Holders:		
Net Gains/(Losses) for the Period	99,222,773	(81,744,802)
Other Comprehensive Income	-	-
Distribution to Unit Holders'	(50,424,752)	(157,701,280)
Unit Holders' Fund at the End of the Year/Period	1,987,513,754	678,577,550

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.

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

Explanatory notes

7.2 Interest Income

S.N.	Particulars	Ashad End 2080	Ashad End 2079
1	Interest Income on Debentures	8,830,895	4,156,480
2	Interest Income on Fixed Deposit	17,896,324	6,733,294
3	Interest income on fixed income instruments	9,699,485	3,601,634
4	Interest Income on Call Deposits	10,553,541	2,176,602
	Total Amount	46,980,245	16,668,009

7.3 Dividend Income

Particulars	Ashad End 2080	Ashad End 2079
Dividend Income Realized	2,340,118	307,671
Total	2,340,118	307,671

7.4 Underwriting Income

Particulars	Ashad End 2080	Ashad End 2079
Underwriting Income	325,000	-
Total	325,000	-

8. Expenses

8.1. Fund Management, Depository and Supervisor Fees

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

The management participation fees of the fund of the period 1st Shrawan 2079 to 31st Ashad 2080 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 2080	Ashad End 2079
Fund Management Fee	15,091,756	6,417,366
Depository Fee	2,414,681	1,026,779
Fund Supervisor Fee	1,448,809	616,067
Total	18,955,246	8,060,211

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

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

Fund Scheme. Accordingly, Mutual Fund Scheme is not considered as tax-entity and corporate tax on Fund is not considered. However, the Office of the Auditor's General in its 56th Annual Report has raised concern on taxability of the mutual fund. Further, the finance ordinance of FY 2078/79 has included Mutual Fund under Section 10 of the Income Tax Act, 2058 as tax exempt entities. TDS on return from mutual fund (i.e. dividend) paid to individual is deducted at 5% which is final and to entity is tax deducted at 15% (which is not final). Therefore, the fund management is of the view that return from the fund is duly taxed as per the principal of income tax and is not subject to further tax liability for FY 2079/80.

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 NIMB Ace Capital Ltd. (Then NIMB Ace Capital Ltd.), 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.

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

b. Foreign Exchange Rate Risk

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

c. Cash Flow and Fair Value Interest Rate Risk

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

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

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

11.2. Credit Risk

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

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

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

11.3. Liquidity Risk

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

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

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

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

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

12. Fair Value Measurement

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

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

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Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

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 during the period is valued at last traded price of the stock at NEPSE considering it as level two input.

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

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

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

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

Where,

V_r = Value of Rights

n = Number of rights offered

m = Number of original shares held

P_{ex} = Ex-right price

P_{of} = Rights offer price

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

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 2080	Ashad End 2079
Debentures	140,068,810	54,954,810
Fixed Deposit	285,500,000	100,000,000
Total	425,568,810	154,954,810

Note (a):

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

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

a. Accounting policy

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

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

b. Explanatory notes

Particulars	Ashad End 2080	Ashad End 2079
Net Realized Gains/(Losses) on Financial Assets at Fair Value Through Profit or loss	48,617,293	36,792,568
Net Unrealized Gains/(Losses) on Financial Assets at Fair Value Through Profit or Loss	21,977,200	(126,972,556)
Total	70,594,493	(90,179,988)

Computation of Unrealized Gains for FY 2079/80:

Name of Companies	Fiscal Year 2079-80				
	Unit	Value per Unit	Value Amount	Cost Price	Total Cost
Listed Companies					
Prabhu Bank Limited	88,550	163	14,398,230	247	21,854,276
Siddhartha Bank Limited	62,667	253	15,854,751	338	21,192,324

NIBL Sahabagita Fund

Fund Sponsored by Nepal Investment Mega Bank Limited and Fund Managed by NIMB Ace Capital Limited

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

Global IME Bank Limited	75,818	186	14,102,148	248	18,771,561
Neco Insurance Co. Ltd.	31,934	891	28,456,387	874	27,911,250
Garima Bikas Bank Limited	100,124	405	40,550,220	386	38,623,708
Nabil Bank Limited	60,546	599	36,279,163	716	43,378,218
Prime Commercial Bank Ltd.	97,823	195	19,075,485	265	25,889,962
Machhapuchhre Bank Limited	89,158	232	20,666,824	258	22,968,658
NIC Asia Bank Ltd.	82,534	794	65,515,489	812	67,004,524
Chhimek Laghubitta Bikas Bank Limited	18,157	1,000	18,157,000	1,007	18,284,062
Deprosc Laghubitta Bittiya Sanstha Limited	13,746	826	11,354,196	1,034	14,210,336
NMB Bank Limited	77,042	226	17,411,492	266	20,504,408
Jyoti Bikas Bank Limited	25,377	298	7,562,346	295	7,494,389
Life Insurance Co. Nepal	15,723	1,555	24,449,265	1,718	27,018,528
Nepal Reinsurance Company Limited	32,817	740	24,284,580	831	27,267,661
Samaj Laghubitta Bittiya Sanstha Limited	120	166	19,945	100	12,000
Sanjen Jalavidhyut Company Limited	14,584	297	4,329,990	431	6,290,004
Rasuwa Gadhi Hydropower Company Limited	31,618	300	9,485,400	388	12,281,949
Mountain Energy Nepal Ltd.	14,515	995	14,442,425	1,069	15,510,817
National Life Insurance Co. Ltd.	46,599	645	30,056,355	664	30,936,143
Mero Microfinance Bittiya Sanstha Ltd.	2,435	661	1,609,535	1,023	2,491,190
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	5,525	633	3,497,325	1,085	5,992,279
Nerude Laghubitta Bikas Bank Limited	4,298	688	2,957,024	1,181	5,076,975
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited Promoter Share	25,116	600	15,069,600	358	8,992,161
Kamana Sewa Bikas Bank Limited	66,578	327	21,771,006	367	24,431,237
Soaltee Hotel Limited	23,971	485	11,625,935	498	11,942,604
Sahas Urja Ltd.	44,500	484	21,533,550	524	23,336,874
Shivam Cements Ltd.	25,899	652	16,873,199	693	17,938,211
Kumari Bank Limited	31,784	165	5,244,360	214	6,790,823
Muktinath Bikas Bank Ltd.	102,722	407	41,807,854	400	41,125,945
Forward Microfinance Laghubitta Bittiya Sanstha Limited	1	1,321	1,321	0.00	0.00
Mahalaxmi Bikas Bank Ltd.	27,046	326	8,803,473	321	8,675,679
Nepal Bank Limited	83,464	249	20,782,536	274	22,871,457
Sunrise Bank Ltd.	26,986	173	4,671,277	187	5,056,217
Citizens Mutual Fund -1	36,777	9.38	344,968	8.96	329,364
Miteri Development Bank Limited	392	404	158,407	379	148,688
ICFC Finance Limited	20,000	525	10,500,000	542	10,846,196
Sadhana Laghubitta Bittiya Sanstha Limited	1	741	741	0.00	0.00
First Micro Finance Laghubitta Bittiya Sanstha Limited	16,000	736	11,780,800	731	11,701,475
Api Power Company Ltd.	4,759	197	937,523	203	963,943
Arun Kabeli Power Ltd.	40,026	235	9,386,097	363	14,525,872
NIC Asia Flexi CAP Fund	500,000	10.17	5,085,000	10.00	5,000,000
Himalayan Everest Insurance Limited	33,912	600	20,347,200	639	21,682,283
Global IME Balanced Fund-1	250,000	9.34	2,335,000	10.00	2,500,000
Ridi Power Company Limited	25,035	243	6,083,505	380	9,507,858
NMB Sulav Investment Fund - 2	500,000	9.99	4,995,000	10.00	5,000,000
Lumbini Bikas Bank Ltd.	7,000	413	2,891,000	411	2,876,817
Goodwill Finance Limited	35,966	483	17,371,578	504	18,131,672
SuryaJyoti Life Insurance Company Limited	42,801	610	26,108,610	706	30,209,633

NIBL Sahabagita Fund
Fund Sponsored by Nepal Investment Mega Bank Limited and Fund Managed by NIMB Ace Capital Limited
Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

Sanima Growth Fund	750,000	9.99	7,492,500	10.00	7,500,000
Nepal Investment Mega Bank Limited	29,527	174	5,131,793	322	9,503,951
Himalayan Bank Limited	23,392	213	4,977,818	258	6,029,679
Ngadi Group Power Ltd.	10,673	234	2,496,415	276	2,949,340
Siddhartha Premier Insurance Limited	25,290	779	19,688,265	794	20,070,364
Sunrise Focused Equity Fund	1,500,000	9.68	14,520,000	10.00	15,000,000
Prabhu Smart Fund	1,000,000	9.90	9,900,000	10.00	10,000,000
Himalayan Life Insurance Limited	29,208	507	14,808,456	564	16,484,392
RBB Mutual Fund 2	650,000	10.00	6,500,000	10.00	6,500,000
IGI Prudential Insurance Limited	17,964	560	10,059,840	574	10,306,716
Taragaon Regency Hotel Limited	15,000	790	11,854,500	800	11,993,109
Prabhu Insurance Ltd.	13,722	747	10,250,334	760	10,421,978
NLG Insurance Company Ltd.	9,995	840	8,395,800	865	8,647,895
Reliance Finance Ltd.	13,000	386	5,016,700	388	5,045,207
Prabhu Select Fund	37,850	8.85	334,973	9.26	350,366
Central Finance Co. Ltd.	13,000	393	5,109,000	407	5,284,784
Nabil Equity Fund	100	9.61	961	10.09	1,009
Siddhartha Investment Growth Scheme 3	350,000	10.00	3,500,000	10.00	3,500,000
Sub-Total (A)			851,062,469		935,139,020
Unlisted Companies					
0087 Citizen Unit Scheme	100,000	100	10,000,000	100	10,000,000
0101 Citizen Unit Scheme	100,000	100	10,000,000	100	10,000,000
0144 Citizen Unit Scheme	300,000	100	30,000,000	100	30,000,000
0205 Citizen Unit Scheme	130,000	100	13,000,000	100	13,000,000
0214 Citizen Unit Scheme	34,000	100	3,400,000	100	3,400,000
0226 Citizen Unit Scheme	64,000	100	6,400,000	100	6,400,000
0244 Citizen Unit Scheme	50,000	100	5,000,000	100	5,000,000
0253 Citizen Unit Scheme	100,000	100	10,000,000	100	10,000,000
0257 Citizen Unit Scheme	50,000	100	5,000,000	100	5,000,000
0270 Citizen Unit Scheme	100,000	100	10,000,000	100	10,000,000
0274 Citizen Unit Scheme	250,000	100	25,000,000	100	25,000,000
0291 Citizen Unit Scheme	100,000	100	10,000,000	100	10,000,000
Nabil Flexi Cap Fund-IPO	500,000	9.90	4,950,000	10.00	5,000,000
Kumari Sunaula Lagani Yojana	1,000,000	10.59	10,590,000	10.00	10,000,000
Citizens Super 30 Mutual Fund-IPO	950,000	10.00	9,500,000	10.00	9,500,000
Nepal Republic Media Ltd.-IPO	9,834	111	1,091,377	100	983,400
Ghorahi Cement Industry Ltd.-IPO	6,400	465	2,977,920	435	2,784,000
Three Star Hydropower Ltd.-IPO	788	158	124,599	100	78,800
Upper Syange Hydropower Ltd.-IPO	693	109	75,336	100	69,300
Kutheli Bukhari Small Hydropower Ltd.-IPO	134	262	35,050	100	13,400
IME Life Insurance Co. Ltd.-IPO	13,194	435	5,742,029	237	3,125,791
Arun Kabeli-Right Entitlement	30,026	118	3,535,562	-	-
Sub-Total (B)			176,421,873		169,354,691
Grand Total			1,027,484,342		1,104,493,711
Unrealized Gain/(Loss)					(77,009,370)
Less: Previous Year Unrealized Gain/(Loss)					(98,986,570)
Unrealized Gain/(Loss) This Year					21,977,200

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

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 Mega Bank Limited (Then Nepal Investment Bank Ltd.)
- b. Fund Manager and Depository: NIMB Ace Capital Limited- a subsidiary of the Sponsor (Then NIBL Ace Capital Ltd.)
- c. Shareholders holding substantial interest in the Fund Manager: Nepal Investment Mega Bank Limited (Then Nepal Investment Bank Ltd.)
- 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 Mega Bank Limited (Fund Sponsor) amounts to NPR. 262,182,365 (at par value of NPR 10 per unit)
- Unit Holding of NIMB Ace Capital Limited (Fund Manager) amounts to NPR. 25,032,012 (at par value of NPR. 10 per unit)
- NIBL Sahabagita Fund has earned interest amounting to NPR 19,45,055 (NPR. One Million Nine Hundred Forty-Five Thousand Fifty-Five Only) including Fixed Deposit investment from Nepal Investment Mega Bank Limited.
- Fund Management and Depository Fee incurred by NIBL Sahabagita Fund during the year amounts to NPR. 17,506,437 (Seventeen Million Five Hundred Six Thousand Four Hundred Thirty-Seven Only). The amount is payable to NIMB Ace Capital Limited (Then NIMB Ace Capital Ltd.)
- Fund management and depository fee payable by NIBL Sahabagita Fund to NIMB Ace Capital Limited (Then NIBL Ace Capital Ltd.) NPR. 6,354,632 (Six Million Three Hundred Fifty-Four Thousand Six Hundred Thirty-Two Only).
- The Scheme has a Call/Current account bank balance of NPR. 113,087,052 (One Hundred Thirteen Million Eighty-Seven Thousand Fifty-Two Only) as on Balance Sheet date with the Fund Sponsor - Nepal Investment Mega Bank Limited (Then NIBL Ace Capital Ltd.)

NIBL Sahabagita Fund**Fund Sponsored by Nepal Investment Mega Bank Limited and Fund Managed by NIMB Ace Capital Limited****Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)****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.

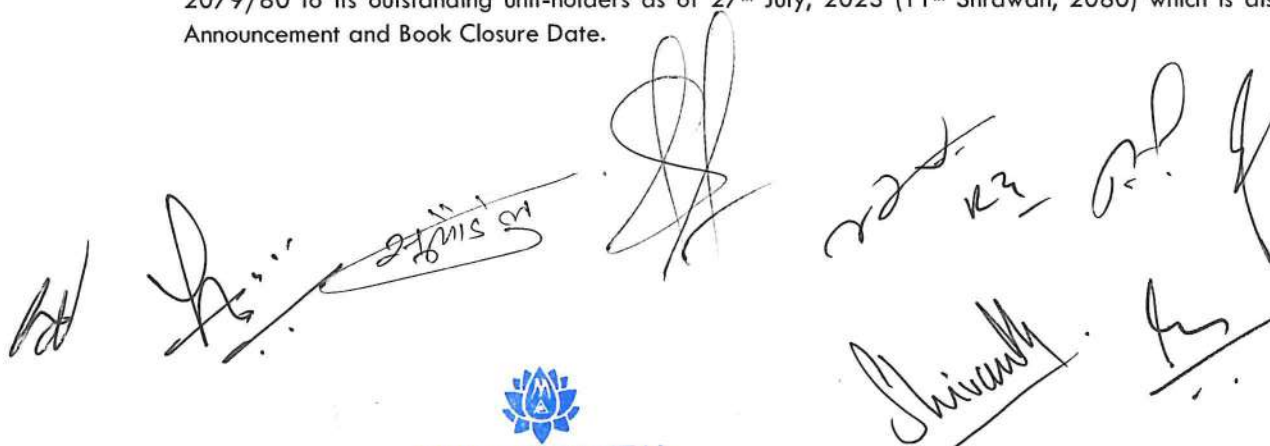
18. Contingent Liability

The Fund have the following contingent liability in respect of underwriting commitments;

Underwriting Commitment to	For	Ashad End 2080	Ashad End 2079
Sun Nepal Life Insurance Co. Ltd.	IPO	12,99,99,872	-
Total Underwriting Commitment		12,99,99,872	

19. Proposed Dividend

The scheme has proposed 4% Cash Dividend (including applicable withholding tax) for fiscal year 2079/80 to its outstanding unit-holders as of 27th July, 2023 (11th Shrawan, 2080) which is also the Announcement and Book Closure Date.




NIMB ACE CAPITAL
Managing shares. Managing investments.
(Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd.)

 **MUTUAL FUND**
NIBL Sahabagita Fund



NIBL Sahabhagita Fund

Fund Sponsored by Nepal Investment Mega Bank Limited and Fund Managed by NIMB Ace Capital Limited

Notes to the Financial Statements as of Ashad End 2080 (16th July 2023)

On Behalf of NIMB Ace Capital Limited

(Fund Management Company)

As per our Report of even date

Sachin Tibrewal
Chairman

Deepak Kumar Shrestha
Director

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



Srijana Pandey
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
Mutual Fund Executive



NIMB ACE CAPITAL

Managing shares. Managing investments.

(Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd)

NIBL MUTUAL FUND
NIBL Sahabhagita Fund

Date: 27th July, 2023

Place: Kathmandu