

वार्षिक प्रतिवेदन

२०७५/०७६

ANNUAL REPORT 2018/2019

Gurkhas Finance Ltd.

गोर्खाज फाइनान्स लि.

सञ्चालक समिति



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अध्यक्ष



चोक बहादुर मगर
सञ्चालक



राज गोविन्द राजकर्णिकार
सञ्चालक



खड्ग बहादुर गुरुङ्ग
सञ्चालक



डेकिन्द्र कुमार राई
सञ्चालक



भुवन रेग्मी
सञ्चालक



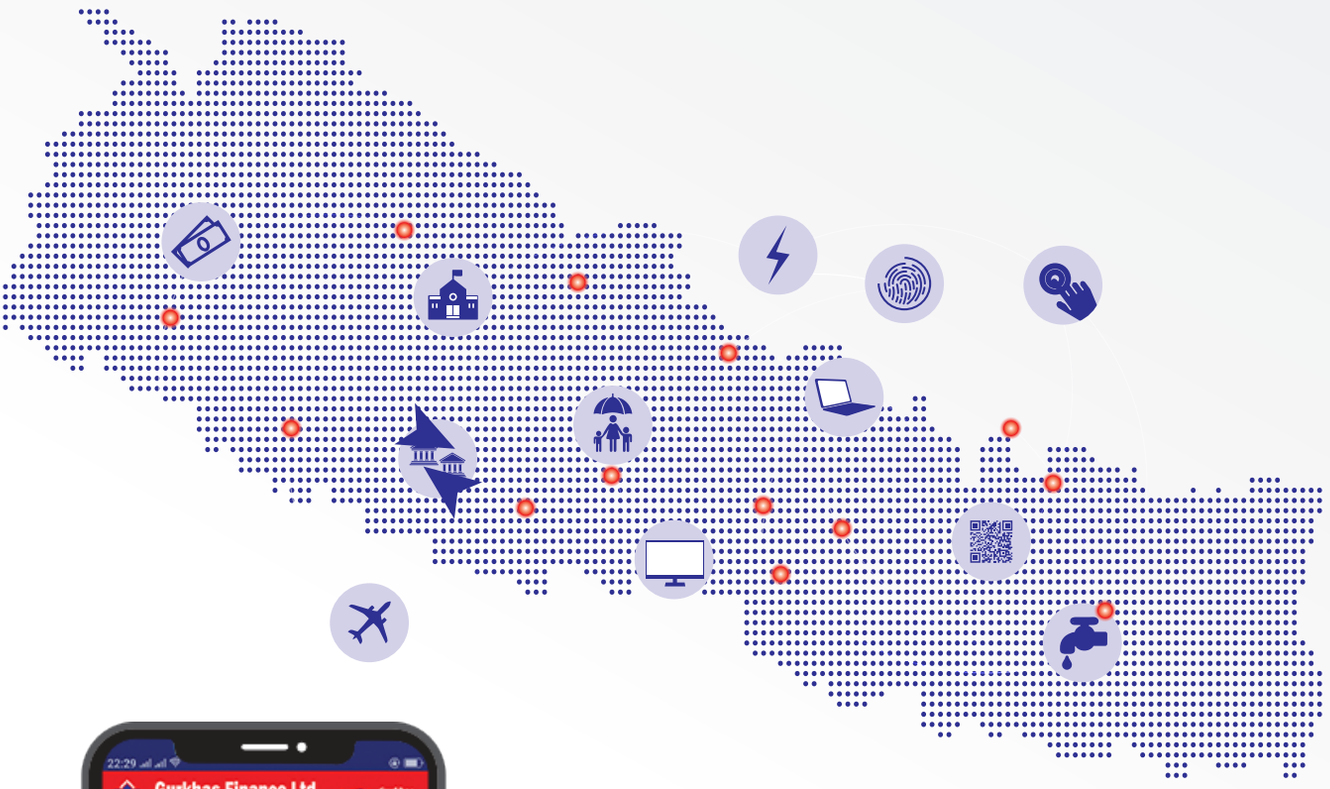
प्रद्युम्न कुमार भट्टराई
सञ्चालक

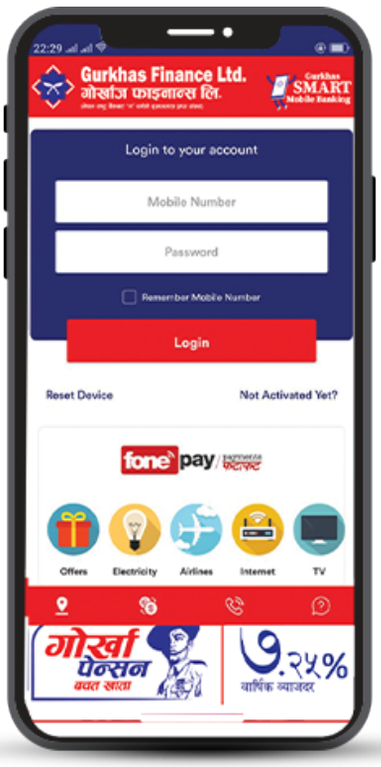
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एन. बि. एस. एम. एण्ड एसोसिएट्स्
चार्टर्ड एकाउण्टेण्ट्स

मुकुन्द श्रेष्ठ
कम्पनी सचिव

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जहिलेपनि
जहाँपनि





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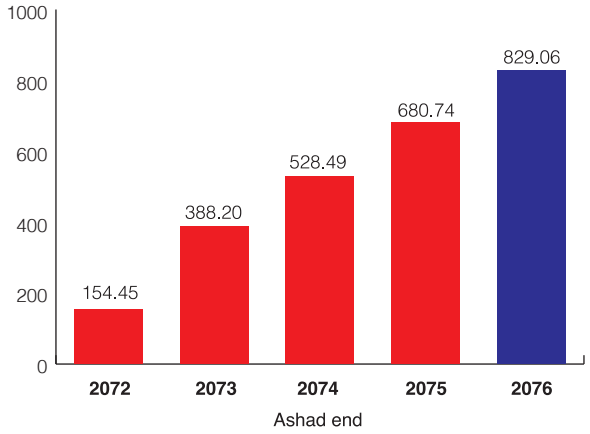
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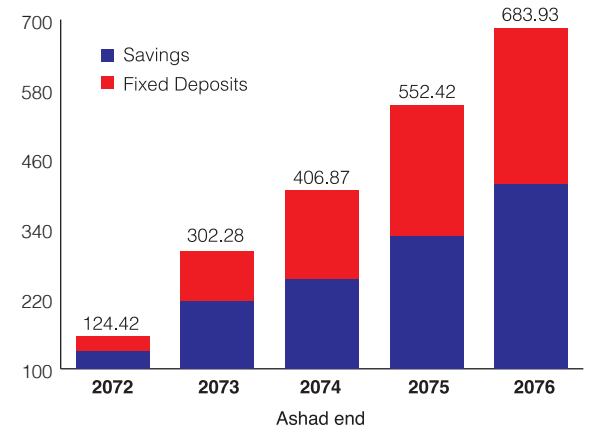
Financial highlights from last 5 years

1. Business

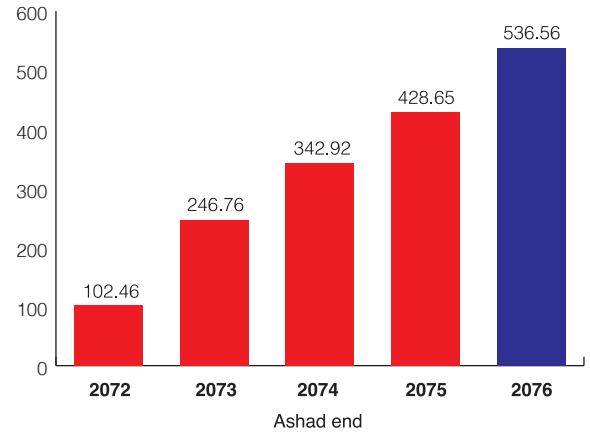
A. Total Assets (in Crore)



B. Total Deposits (in Crore)

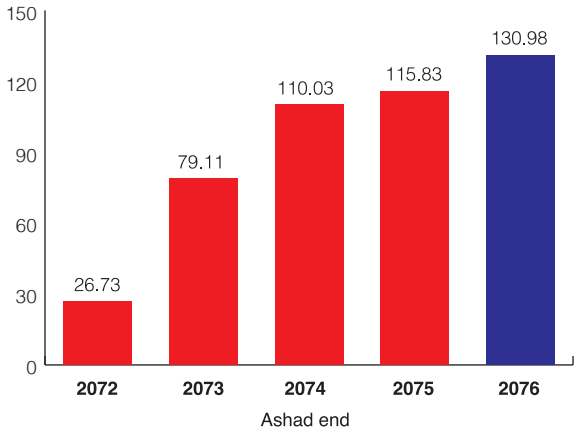


C. Total Loan and Advances (in Crore)

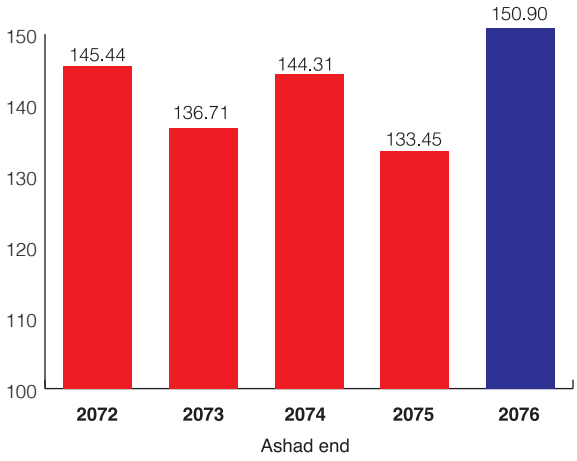


2. Capital

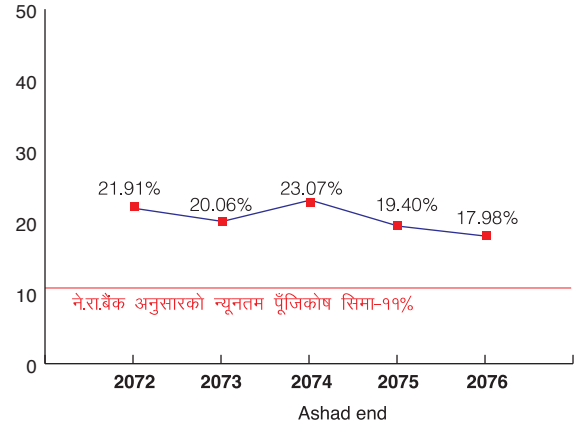
A. Total Share Capital and Reserves (in Crore)



B. Net Worth Per Share (NPR)



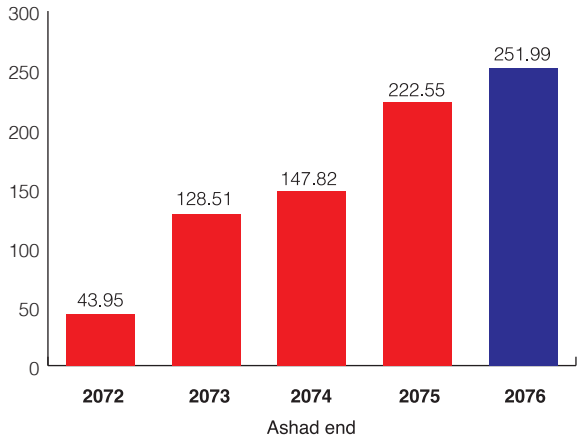
C. Capital Adequacy Ratio



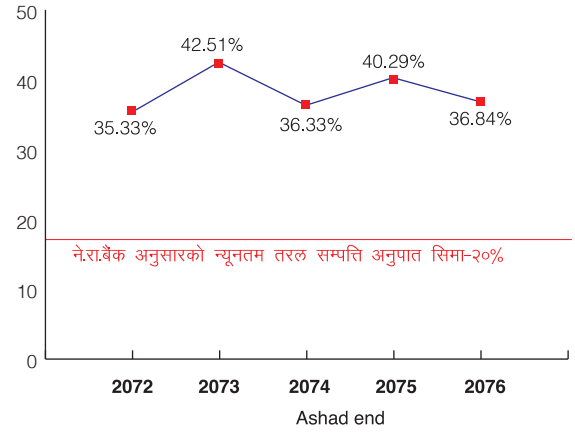
Financial highlights from last 5 years

3. Liquidity

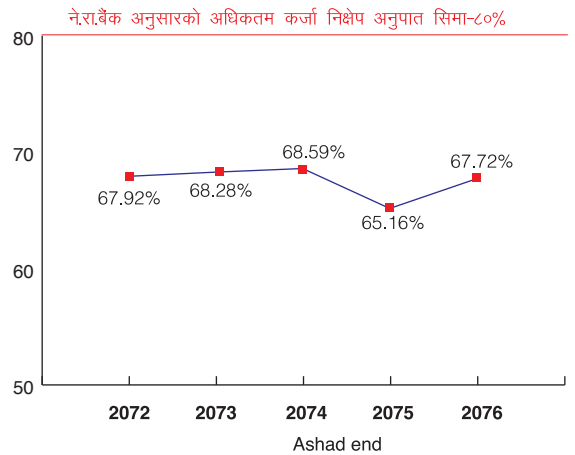
A. Total Liquid Assets (in Crore)



B. Liquidity Ratio

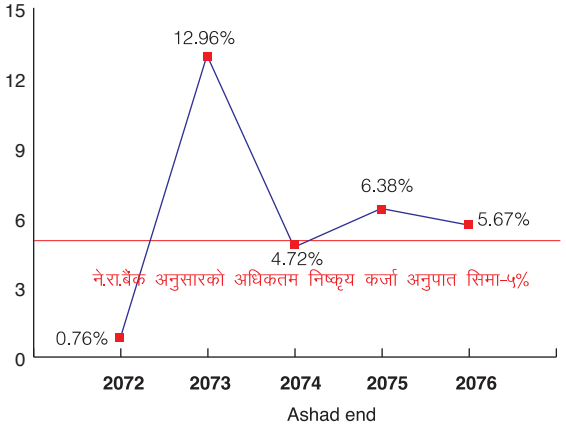


C. Credit Deposit Ratio



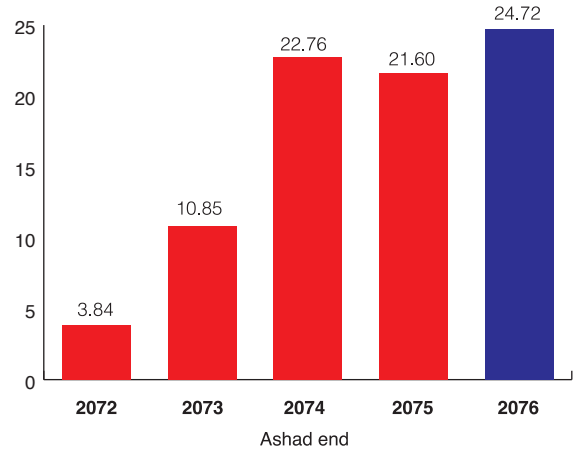
4. Assets Quality

A. Non Performing Assets

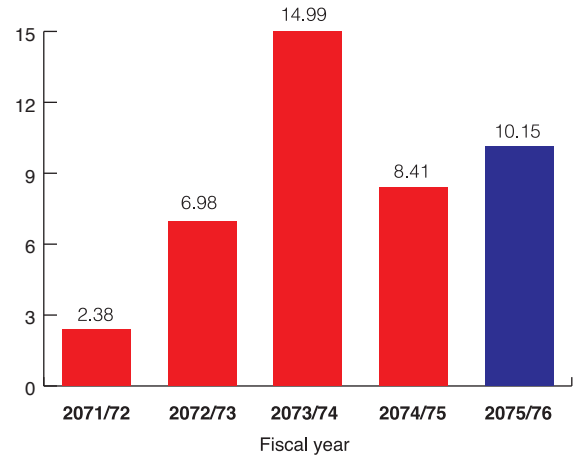


5. Financial Operating Efficiency

A. Net Interest Income (in Crore)

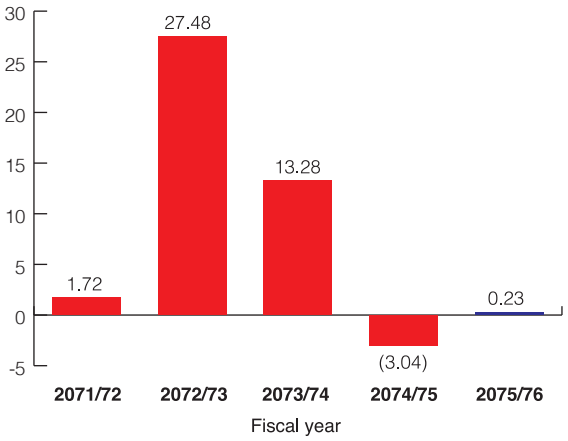


B. Operating Profit Before Provision (in Crore)

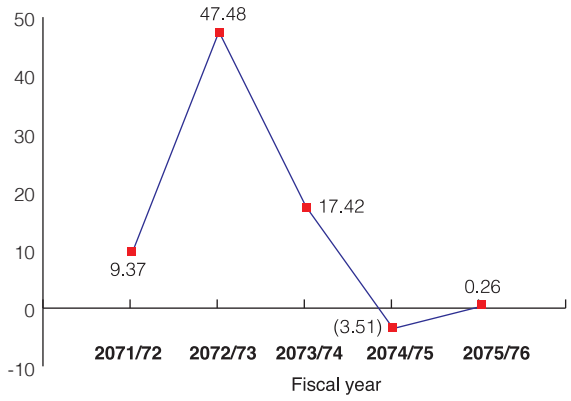


Financial highlights from last 5 years

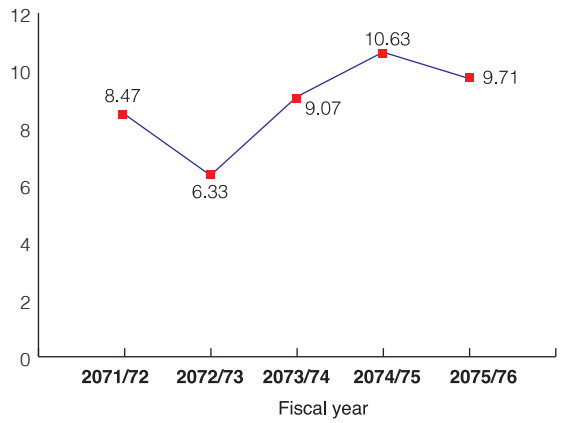
C. Net Profit (in Crore)



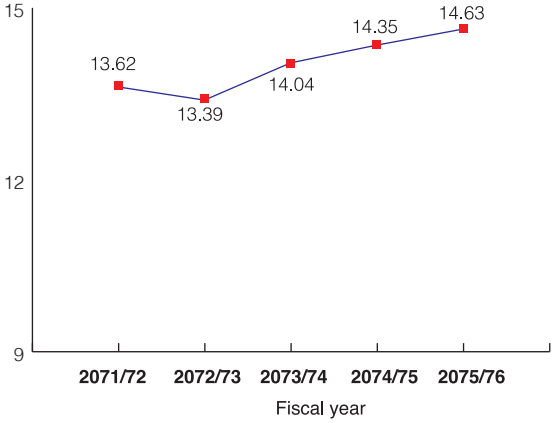
D. Net Profit per share (NPR)



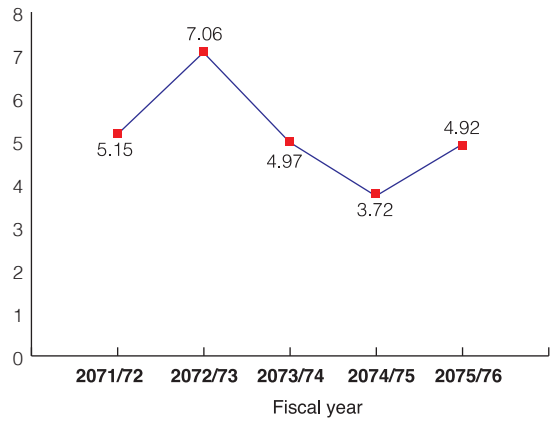
E. Cost of Fund



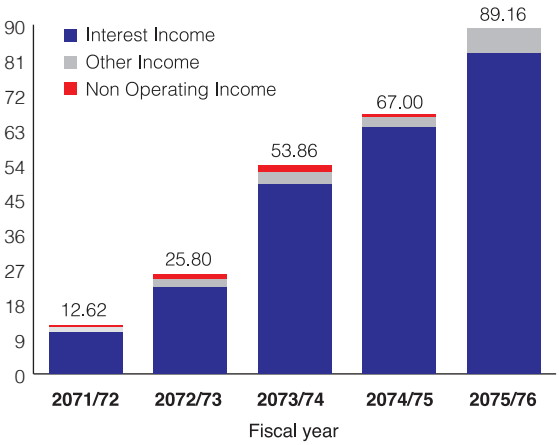
F. Rate of Return



G. Spreade Rate of Interest



H. Source of Income (in Crore)



विषय-सूची

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पच्चीसौं वार्षिक साधारण सभा सम्वन्धी सूचना

(प्रथम पटक प्रकाशित मिति २०७७ आश्विन ०९)

यस संस्थाको मिति २०७७/०६/०७ गते बुधबार बसेको संचालक समितिको ४०४औं बैठकको निर्णय अनुसार कम्पनीको पच्चीसौं वार्षिक साधारणसभा देहायको मिति, समय र स्थानमा भर्चुअल (भिडियो कन्फरेन्स) माध्यमबाट निम्न लिखित विषयहरु उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा सम्पूर्ण शेयरधनी महानुभावहरुको भर्चुअल माध्यमबाट उपस्थितिको लागि अनुरोध छ ।

सभा हुने मिति, समय र स्थान :

मितिः २०७७ साल कार्तिक महिना ५ गते बुधबार (तदनुसार अक्टुम्बर २१, २०२०)
समयः विहान ११:०० बजे ।
स्थानः होटेल क्राउन इम्पेरियल, सोल्टीमोड, काठमाण्डौ ।

छलफलका विषयहरूः

क) सामान्य प्रस्ताव

१) आ.व. २०७५/७६ को संचालक समितिको प्रतिवेदन उपर छलफल गरी पारित गर्ने ।

२) लेखापरीक्षकको प्रतिवेदन सहित २०७६ आषाढ मसान्तको वासलात तथा २०७५ श्रावण १ देखि २०७६ आषाढमसान्त सम्मको नाफा नोक्सान हिसाब र सोहि अवधिको नगद प्रवाह विवरण लगायत सम्पूर्ण वित्तीय विवरणहरू उपर छलफल गरी पारित गर्ने ।

३) आ.व. २०७६/७७ को लेखापरीक्षणको लागि लेखापरीक्षक नियुक्त गरी निजको पारिश्रमिक निर्धारण गर्ने । (वर्तमान लेखापरीक्षक श्री एनविएसएम एण्ड एशोसियट्स, नारायणचौर, काठमाण्डौ पुनः नियुक्तीको लागि योग्य रहेको ।)

४) यस संस्थाको सञ्चालक समितिमा रिक्त हुन गएको समुह क अन्तर्गत संस्थापक शेयरधनीहरूको तर्फबाट प्रतिनिधित्व गर्ने सञ्चालक १ र समुह ख अन्तर्गत सर्वसाधारण शेयरधनीहरूको तर्फबाट प्रतिनिधित्व गर्ने सञ्चालक १ मा संचालक समितिले बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को परिच्छेद ४, दफा १४(२) 'ख' बमोजिम संचालक समितिद्वारा नियुक्त गरिएको संचालकलाई बाँकी कार्यकालको लागि अनुमोदन गर्ने ।

५) संस्थाको संचालक समितिले बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को परिच्छेद ४, दफा १७ बमोजिम नियुक्त गरेको स्वतन्त्र संचालकको नियुक्तीको जानकारी सम्बन्धमा ।

ख) विशेष प्रस्ताव

१) संस्थाको प्रबन्धपत्र, नियमावली सम्बन्धमा नियमनकारी निकायबाट आवश्यक हेरफेर गर्न निर्देशन भएमा सोहि बमोजिम गर्न संचालक समितिलाई अख्तियारी प्रदान गर्ने ।

२) यस वित्तीय संस्था र अन्य कुनै उपयुक्त बैंक तथा वित्तीय संस्था एक आपसमा गाभ्ने /गाभिने **(**Merger) **वा प्राप्ती** (Acquisition) गर्ने तथा रणनीतिक साझेदारीमा (Srategic partner) जान उपयुक्त देखिएमा यस वित्तीय संस्थाको चल अचल सम्पत्ति र दायित्व तथा कारोबारको मूल्याकंन (Due Diligence Audit) गर्न राष्ट्रिय वा अर्न्तराष्ट्रिय मान्यता प्राप्त मूल्याकंनकर्ता नियुक्ती गर्न तथा निजको पारिश्रमिक तोक्न, गाभ्ने वा गाभिने वा प्राप्ति गर्ने सम्बन्धी सम्झौता गर्न र सो प्रकृया पूरा गर्न आवश्यक पर्ने सम्पूर्ण कार्यको लागि संचालक समितिलाई पूर्ण अख्तियारी प्रदान गर्ने ।

ग) विविध ।

पूनश्चः

१. हाल कोभिड १९ महामारीको कारण नेपाल सरकारले जारी गरेको सुरक्षा मापदण्डको पूर्ण पालना गरी सभा सम्पन्न गर्नुपर्ने विषेश परिस्थितिले गर्दा शेयरधनी महानुभावहरूलाई भर्चुअल माध्यमबाट सभामा उपस्थितिका लागि हार्दिक अनुरोध गरिएको छ ।

२. भर्चुअल माध्यमबाट उपस्थित भएका शेयरधनीहरूलाई सभा हलमा उपस्थित भए सरह मान्यता दिइने व्यहोरा समेत जानकारी गराइन्छ ।

३. मिटिङ्ग आइडि र पासवर्ड लिनका लागि कम्पनीका सुचना प्रविधी विभागका प्रमुख श्री सुजन ध्वज जोशी – sujan@gurkhasfinance.com.np मा सम्पर्क गरी लिने व्यवस्था गरिएको जानकारी गराउदछौ । साथै, भर्चुअल माध्यमबाट आफ्नो मन्तव्य राख्न चाहनु हुने शेयरधनीले कम्तीमा २ दिन अगावै कम्पनी सचिवलाई जानकारी गराउनका लागि समेत अनुरोध छ ।

साधारण सभा सम्बन्धी थप जानकारीको लागि संस्थाको website:- www.gurkhasfinance.com.np मा हेर्न सकिने व्यहोरा जानकारी गराउदछु ।

साधारण सभा सम्बन्धी सामान्य जानकारी

१ संस्थाको पच्चीसौं वार्षिक साधारण सभा प्रयोजनको लागि यस वित्तीय संस्थाको शेयर नामसारी तथा दाखिला खारेज मिति २०७७/०६/१८ गते देखि २०७७/०७/०५ सम्म बन्द रहनेछ । नेपाल स्टक एक्सचेञ्ज लिमिटेडमा २०७७/०६/१५ गतेसम्म कारोबार भई सात कार्य दिन भित्र यस संस्थाको शेयर रजिष्ट्रार श्री एनआईविएल एस क्यापिटल लिमीटेड, लाजिम्पाट, काठमाण्डौमा नामसारीको लागि प्राप्त लिखतका आधारमा शेयरधनी दर्ता कितावमा कायम शेयरधनीहरूले मात्र सभामा भाग लिन, छलफल गर्न र मतदान गर्न सक्नेछ ।

२. साधारण सभामा भिडियो कन्फरेन्स मार्फत उपस्थित हुने शेयरधनीहरूले २४ घण्टा अगावै कम्पनीमा हितग्राही खाता खोलेको (DMAT) विवरण, शेयर प्रमाणपत्र वा आफ्नो परिचय खुल्ने प्रमाणपत्र सहित आफ्नो नाम टिपाइ आइडि कोड, र पासवर्ड लिनुहुन अनुरोध छ ।

३. शेयरधनी महानुभावहरूले सभामा भाग लिन साधारणसभा हुने दिन विहान १०:३० बजे भिडियो कन्फरेन्स खुल्ला गरिनेछ ।

४. साधारणसभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले प्रोक्सी फाराम सभा शुरू हुनु भन्दा ४८ घण्टा अगावै कम्पनीको शेयर रजिष्ट्रार श्री एनआईविएल एस क्यापिटल लिमीटेड, लाजिम्पाटमा दर्ता गराइसक्नुपर्नेछ । प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको व्यक्ति समेत यस संस्थाको शेयरधनी हुनु आवश्यक छ ।

५. साधारणसभामा भाग लिन र मतदान गर्नका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गरी सकेपछि सम्बन्धित शेयरधनी आफै साधारणसभामा उपस्थित हुन वा प्रतिनिधि फेरबदल गर्न चाहेमा साधारणसभा शुरू हुनुभन्दा कम्तीमा २४ घण्टा अगाडि नै सो को सुचना संस्थाको शेयर रजिष्ट्रार श्री एनआईविएल एस क्यापिटल लिमीटेड, लाजिम्पाटमा पठाउनु हुन अनुरोध छ । यस्तो जानकारी प्राप्त भएमा अधिल्लो प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ ।

६. कुनै शेयरधनीले एक भन्दा बढी प्रतिनिधि (प्रोक्सि) मुकरर गरेकोमा कार्यालयमा पहिलो दर्ता भएको प्रतिनिधि (प्रोक्सि) लाई मान्यता दिइनेछ ।

७. नाबालक वा विक्षिप्त शेयरधनीको हकमा संस्थाको शेयरधनी दर्ता पुस्तिकामा संरक्षकको रूपमा नाम दर्ता भएको व्यक्तिले मात्र साधारणसभामा भाग लिन वा प्रतिनिधि (प्रोक्सि) नियुक्ति गर्न सक्नेछ ।

८. संयुक्त रूपमा साधारण शेयर लिने शेयरधनीहरूको हकमा त्यस्तो शेयरधनीहरू मध्येबाट सर्वसम्मत रूपमा मनोनित प्रतिनिधिले वा सो बमोजिम कुनै प्रतिनिधि नियुक्त नभएमा शेयरधनीहरूको दर्ता कितावमा पहिलो नाम उल्लेख भएको शेयरधनीले मात्र साधारण सभामा भाग लिन सक्नेछ ।

९. कुनै शेयरधनीहरूलाई कम्पनीको सम्बन्धमा केही जिज्ञासा भए त्यस्तो बेहोरा लिखित रूपमा सभा शुरु हुनुभन्दा कम्तीमा सात दिनअघि कम्पनीको कार्यालयमा पठाउनुहुन अनुरोध गर्दछौं । तर यसलाई छलफल र पारित प्रस्तावको रूपमा पेश गरिने छैन ।

१०. अन्य थप जानकारीको लागि यस संस्थाको प्रधान कार्यालय डिल्लीबजार, काठमाण्डौ तथा शेयर रजिष्ट्रार श्री एनआईविएल एस क्यापिटल लिमिटेड, लाजिम्पाट, काठमाण्डौमा सम्पर्क राख्नुहुन अनुरोध छ ।

गोर्खाज फाइनान्स लिमिटेड

चारखाल रोड, डिल्लीबजार, काठमाण्डौं

फोनः ४४३७४०१/४४३०५२७

फ्याक्स : ४०११५२५

Email: info@gurkhasfinance.com.np

Web: www.gurkhasfinance.com.np

प्रवेश पत्र

गोर्खाज फाइनान्स लिमिटेडको मिति ...../...../..... गतेका दिन हुने २५ औं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश पत्र ।

शेयरधनीको नाम :

शेयरधनी नं :

शेयर संख्या :

दस्तखत :

कम्पनी सचिव

(दफा ७१ को उपदफा (३) संग सम्बन्धित)

प्रोक्सी फारम

श्री संचालक समिति
गोर्खाज फाइनान्स लिमिटेड
चारखाल, काठमाडौं ।

विषयः प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

.....जिल्ला.....न.पा/गा.वि.स वडा नं.....बस्ने म/हामी.....ले त्यस कम्पनीको शेयरधनीको हैसियतले मिति २०७७ साल ..... महिना ..... गते .....का दिन हुने वार्षिक साधारण सभामा म/हामी स्वयं उपस्थित भई छलफलमा सहभागी हुन नसक्ने भएकोले उक्त सभामा मेरो/हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नका लागि .....जिल्ला.....न.पा/गा.वि.स/वडा न..... वस्ने श्री.....लाई मेरो/हाम्रो प्रतिनिधि नियुक्त गरी पठाएको छु/पठाएका छौं ।

प्रतिनिधि नियुक्त भएको व्यक्तिको
हस्ताक्षर नमूना :
शेयरधनी भए शेयर प्रमाणपत्र नं :
शेयरधनी नभए नागरिकता प्र.प.नं :
मिति :

निवेदकको
हस्ताक्षर :
नाम :
ठेगाना :
शेयरधनी नं :
शेयर संख्या :

पच्चीसौं वार्षिक साधारणसभा कार्यक्रममा अध्यक्षद्वारा प्रस्तुत संक्षिप्त मन्तव्य

संसारभरीबाट कार्यक्रममा सहभागी हुनु भएका आदरणीय शेयरधनी महानुभावहरू, सञ्चालक मित्रहरू, अतिथि महानुभावहरू, प्रतिनिधि, पर्यवेक्षक एवं पत्रकार मित्रहरू,

सर्वप्रथम् यहाँहरू सबैलाई हार्दिक स्वागत तथा न्यानो अभिवादन अर्पण गर्दछु साथै आसन्न नेपालीहरूको महान चाड दशैं र तिहारको सुखद उपलक्ष्यमा हार्दिक शुभकामना प्रकट गर्दछु । आदरणीय शेयरधनी महानुभावहरू, म लामो मन्तव्यमा भन्दा पनि आफ्नो कर्तव्य इमान्दारीपूर्वक पूरा गर्ने कुरामा गम्भीर छु । यसर्थ मेरो मन्तव्यलाई यथासम्भव संक्षिप्तमा प्रस्तुत गर्ने अनुमति चाहन्छु ।

हाम्रो गौरवशाली वित्तीय संस्था गोर्खा फाइनान्स लिमिटेडले काठमाण्डौ फाइनान्स लिमिटेड देखि पूर्व गोर्खा डेभलपमेन्ट बैंक (नेपाल) लिमिटेडसँग मर्ज हुदै आजसम्म आईपुग्दा पच्चीसौं वर्ष पूरा गरी छब्बिसौं वर्षमा प्रवेश गरिरहँदा यसले धेरै उतारचढावहरू पार गरिसकेको छ । विगतमा भएका गल्ती तथा कमी कमजोरीहरूलाई अमूल्य पाठको रूपमा लिदैं संस्थामा संस्थागत सुशासन तथा उच्च वित्तीय अनुशासन कायम राख्न हामी सञ्चालकहरूले सक्दो प्रयास गरिरहेका छौं । प्रचलित बैंक तथा वित्तीय संस्था सम्बन्धी ऐन (BAFIA) एवं नियामक निकाय नेपाल राष्ट्र बैंकद्वारा जारी नीति, नियमहरूलाई अक्षरशः पालना गर्ने गराउने कार्यमा हामी सक्रिय एवं प्रतिवद्ध छौं ।

आदरणीय शेयरधनी महानुभावहरू, हाम्रो संस्था सातवटै प्रदेशमा जम्मा २३ वटा शाखा संचालन रहेको हाल अस्तित्वमा रहेको २२ वटा "ग" वर्गका वित्त कम्पनीहरूमा सर्वाधिक ठूलो कार्यक्षेत्र र शाखा संख्या भएको वित्त कम्पनी हो । यसको चुक्ता पूँजी ८६.७९ करोड, EPS (Earning Per Share) वृद्धी भई १ शेयर बराबर रू.१६७.४० नेटवर्थ पुगेको छ । यसै गरी आर्थिक वर्ष २०७६/०७७ मा यस संस्थाले ७ अर्ब ३१ करोड रूपैया निक्षेप संकलन गरी वित्त कम्पनीहरू माझ चौथो स्थान प्राप्त गर्न सफल भएको छ भने ५ अर्ब ८४ करोड रूपैया कर्जा प्रवाह गरेको छ । यसै गरी तरलता अनुपात ३३.३४ प्रतिशत रहेको छ भने हाल संस्थाको सञ्चित रकम सहित जगेडा कोषमा कुल ५८ करोड ५० लाख रूपैया सुरक्षित राखी सर्वाधिक धेरै जगेडा कोष भएको वित्त कम्पनीहरूको रूपमा दर्ज भएको छ । यस संस्थाको वित्तीय सूचकांक (Financial Indicator) हरूमा दिनानुदिन उल्लेख्य सुधारहरू आईरहेको कुरामा कुनै शंका छैन । यद्यपि विद्यमान विशेष परिस्थितिको कारण यस संस्थाले आ.व. २०७५/७६ मा २२ लाख ८५ हजार रूपैया मात्र खुद नाफा कमाउन सकेको छ । तथापि उठ्न बाँकी ब्याज रकम मात्रै (भाद्र मसान्त २०७७ को विवरण अनुसार) रू. ३८ करोड रहेकोले निराश हुनुपर्ने अवस्था भने पक्कै पनि छैन ।

शेयरधनी महानुभावहरू, संस्थागत सुशासनको मुख्य विशेषता भनेको जवाफदेहिता र पारदर्शिता हुन् । यसलाई लागू गर्न कुनै कसर बाँकी राखिएको छैन । किनकि बैंकिङ्ग व्यवसाय भनेको विश्वकै एकमात्र पारदर्शी व्यवसाय हो जहाँ कुनै पनि सूचना लुकाउनु जरूरी हुदैन । यस संस्थाले आधुनिक बैंकिङ्ग प्रणाली अन्तर्गत सेवाग्राहीहरूलाई अत्याधुनिक सूचनाप्रविधिहरूको उच्चतम् प्रयोग गरी सहज र सर्वसुलभ सेवा उपलब्ध गराउदै आएको छ । जस अन्तर्गत ABBS, IPS, Internet Banking, Mobile Banking, Chip-based ATM Service, ASBA, C-ASBA, Fast Remittance Service लगायत थुप्रै सुविधाहरू उपलब्ध छन् ।

प्रिय लगानीकर्ता मित्रहरू, संस्थागत सुशासन अन्तर्गत संस्थाले सकेसम्म सबै सरोकारवाला समूहहरूलाई सन्तुष्ट बनाउन सक्नुलाई नै पूर्ण सफलता ठान्नु पर्ने हुन्छ । यद्यपि हामीले हाम्रो लगानीकर्ताहरूलाई जे-जस्तो कारणले भएपनि वर्षौदेखि कुनै प्रकारको लाभांश (Divedend) वितरण गर्न नसकेकोमा हामी सञ्चालकहरू एकदमै दुखी एवं गम्भीर छौं । साथै, चालु आ.व. २०७७/०७८ तपाई हामी सबैको निम्ति अत्यन्तै सुखद र ऐतिहासिक हुने कुरामा विश्वस्त हुन हार्दिक अपिल गर्दछु । बाँकी तथ्यपरक (Data Based) जानकारीहरू संस्थागत प्रतिवेदनहरूमा अवश्य हेर्नुहुने नै छ । अन्तमा, अज्ञानतावश कुनै गल्ती वा कमीकमजोरीहरू भएको भए क्षमाप्रार्थी छु । तपाईहरू सबैको साथ, सहयोग र उचित सुझावहरूको निम्ति हार्दिक आभार व्यक्त गर्दछु । साथै, आगामी दिनहरूमा पनि यस्तै अमुल्य सहयोगहरूको अपेक्षा राख्दै अहिलेलाई बिदा चाहन्छु ।

धन्यवाद । नमस्कार । जय गोर्खाज ।

यादव चन्द्र राई

अध्यक्ष

गोर्खाज फाइनान्स लिमिटेडको

पच्चीसौं वार्षिक साधारण सभामा संचालक समितिको तर्फबाट प्रस्तुत वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

गोर्खाज फाइनान्स लिमिटेडको पच्चीसौं वार्षिक साधारणसभामा उपस्थित सम्पूर्ण शेयरधनी महानुभावहरू, विभिन्न संस्थाबाट पाल्नु भएका प्रतिनिधि, पर्यवेक्षक एवं अतिथिज्यूहरूलाई यस वित्तीय संस्थाका सञ्चालकहरू तथा मेरो व्यक्तिगत तर्फबाट पनि हार्दिक स्वागत अभिवादन गर्दछु ।

आजको यस सम्मानित साधारणसभामा यस वित्तीय संस्थाको संचालक समितिको अध्यक्षको हैसियतले म आर्थिक वर्ष २०७५/२०७६ को वासलात, नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण र तत् सम्बन्धी अनुसूचीहरूका साथै यस संस्थाले अवलम्बन गरेका र भविष्यका कार्यनीतिहरू समेतको विवरण संचालक समितिको तर्फबाट यहांहरू समक्ष प्रस्तुत गर्न गईरहेको छु । यस आर्थिक वर्षको प्रतिवेदन तयार गर्दा गत वर्ष सम्पन्न चौविसौं वार्षिक साधारणसभामा यहाँहरूबाट व्यक्त सल्लाह तथा सुझावहरूलाई समेत सम्भव भएसम्म समेटिएको व्यहोरा जानकारी गराउन चाहन्छु ।

(क) विगत वर्षको कारोबारको सिंहावलोकनः

समिक्षा अवधि आ.व. २०७५/७६ मा देशमा कायम असहज व्यवसायिक वातावरण, बैंक वित्तीय संस्थाहरू विचमा अत्यधिक प्रतिस्पर्धा, बैकिङ्ग क्षेत्रमा हुने छिटो छिटो नीतिगत परिवर्तन तथा विशेष गरी अत्यधिक कर्जा विस्तारका कारण वित्तीय क्षेत्रमा तरलताको अभाव हुन गई निक्षेपको लागतमा भएको वृद्धिले गर्दा संस्थाको कुल व्याज आयमा असर पर्न गएको छ । समिक्षा अवधि आ.व. २०७५/७६ मा यस संस्थाले निक्षेपमा करिब २३.८० प्रतिशत र कर्जा लगानीमा २६.९० प्रतिशतको वृद्धि हासिल गरी व्यवसायीक कारोवारमा अघिल्लो आर्थिक वर्षको तुलनामा उल्लेखनीय बृद्धि हासिल गर्न सफल रहेको छ ।

यस वित्तीय संस्थाले विगत वर्षमा गरेको कारोबारको वित्तीय झलक निम्न अनुसार रहेको छ ।

(रू. हजारमा)

विवरण	आर्थिक वर्ष		फरक	
	२०७४/०७५	२०७५/०७६	रकम	प्रतिशत
शेयर पूंजी	८६७,९९३	८६७,९९३		
नेट वर्थ	१,३५०,७१३	१,३०९,८३४	-४०,८७९	-३.०२
कुल सम्पत्ति	७,००८,२६८	८,२९०,५८१	१२८२,३१३	१८.२९
कुल निक्षेप	५,५२४,२३८	६,८३९,३०२	१३१५,०६४	२३.८०
कुल कर्जा सापट	४,२८६,५१६	५,३६५,५८९	१,०७९,०७३	२५.१७
कुल लगानी	४०६,०१९	३४६,१६१	-५९,८५७	-१४.७४
सम्भावित नोक्सानी व्यवस्था अघिको सञ्चालन मुनाफा	८१,८४९	१०१,५१५	१९६६६	२४.०२
पूँजी पर्याप्तता अनुपात (प्रतिशत)	२५.३८%	१७.९८%	-७.४%	-२९.१५
कर्जा निक्षेप अनुपात (प्रतिशत)	६५.१६%	६७.७२%	२.५६%	३.९२

(ख) राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट वित्तीय संस्थाको कारोबारलाई कुनै असर परेको भए सो कुराः

यस आर्थिक वर्षमा पनि राष्ट्रिय तथा अन्तराष्ट्रिय आर्थिक स्थिति एवम मौसमी अवस्थामा भएको घटनाक्रमले आर्थिक वर्ष २०७५/७६ देशको आर्थिक परिदृष्यमा मिश्रित असर परेको देखिएको छ । पछिल्लो समयमा चीन, भारत, अष्ट्रेलिया र अमेरिका विच देखिदै गएको अविश्वास र असमझदारीले विश्वकै आर्थिक वातावरणमा संकट पैदा गरि दिएको छ । त्यस्तै छिमेकी देश भारत तथा चीन विच बढेको दुरी, यी देशले अबलम्बन गरेको व्यापारिक रणनितीले समेत नेपाललाई प्रत्यक्ष तथा अप्रत्यक्ष रूपमा असर परेको छ । देशको अधिकतम व्यापार भारत केन्द्रित हुने र भारत सरकारको बराबर हुने निति परिवर्तनले व्यापार व्यवसायमा समस्या आइरहेको तथा भारतसंगको व्यापार घाटाले देशको अर्थतन्त्रमा नकारात्मक असर परेको छ ।

गत आर्थिक वर्षको २०७५ असारमा एकानब्बे दिने ट्रेजरी विलको औषत भारित व्याजदर ३.७४ प्रतिशत रहेकोमा २०७६ असारमा ४.९७ प्रतिशत कायम भएको छ भने अन्तर बैंक कारोबारको औषत भारित व्याजदर भने ४.५२ प्रतिशत कायम भएको छ । समीक्षा वर्षमा देशको कुल गार्हस्थ्य उत्पादन गत वर्ष भन्दा ५.९ प्रतिशतले वृद्धि हुने अनुमान केन्द्रिय तथ्यांक विभागले गरेको छ । आर्थिक वर्ष २०७४/७५ मा वार्षिक औषत उपभोक्ता मुद्रास्फिति दर ४.२ प्रतिशत रहेकोमा सो मा केही प्रतिशत वृद्धि हुन गई चालु आर्थिक २०७५/७६ मा सो दर यस वर्ष ४.६ प्रतिशत रहेको छ ।

समिक्षा अवधिमा समग्र देशको आर्थिक वृद्धिदर आधारभुत मूल्यमा ७.१ प्रतिशत रहेको छ भने गत आर्थिक वर्षमा उक्त वृद्धिदर ६.३ प्रतिशत रहेको थियो । समिक्षा वर्षमा बैदेशिक रोजगारीमा जाने नेपालीको संख्या गतवर्ष भन्दा ३२ प्रतिशतले घटे पनि विप्रषणको आप्रवाहमा १६ प्रतिशतले वृद्धि भएको छ । यो देशको आर्थिक पक्षको हिशाव लागि सकारात्मक हो भने आगामी वर्ष बैदेशिक रोजगारीमा जाने नेपालीको संख्या अझ घट्न गई विप्रेषण आप्रवाह घट्न सक्ने देखिन्छ । देशमा भित्रिने विप्रेषण आप्रवाहमा भारतको योगदान प्रमुख रहेको छ भने समिक्षा वर्षमा भारतको आर्थिक वृद्धिदरमा ह्रास आएको कारण भारतबाट आउने विप्रेषण आप्रवाह घट्न जाने अनुमान गर्न सकिन्छ । बैंक तथा वित्तीय संस्थाको निक्षेप संकलन र निजी क्षेत्रको कर्जा लागानीमा विप्रेषणको महत्वपूर्ण भुमिका रहेको हुन्छ । विप्रेषण नेपालको विदेशी विनिमयको संचितिको प्रमुख आधारको रूपमा रहेको र यसमा संकुचन आउदा देशको अर्थतन्त्रका विभिन्न क्षेत्र लगायत बैंक तथा वित्तीय संस्थाहरूको निक्षेपमा असर पर्न जान्छ ।

अघिल्लो आर्थिक वर्ष बैंक तथा वित्तीय संस्थाहरूको कुल निक्षेप संकलन दर १९.२ प्रतिशतले बढेकोमा समीक्षा वर्ष २०७५/७६ मा उक्त दरमा केही कमि आई बैंक तथा वित्तीय संस्थाहरूको कुल निक्षेप संकलन १८ प्रतिशतले मात्र वृद्धि भएको छ । त्यस्तै गत आर्थिक वर्ष बैंक तथा वित्तीय संस्थाहरूको कुल कर्जा प्रवाह २२.५ प्रतिशतले बढेकोमा यस आर्थिक वर्षमा निक्षेप १९.२ प्रतिशतले मात्र बढ्नुले देशको वित्तिय अवस्थामा अझै कसिलो रहेको अनुमान गर्न सकिन्छ ।

उपरोक्त अवस्थामा पनि संस्थाले समिक्षा अवधिमा शाखा विस्तारमा प्राथमिकता दिँदै पूँजीको आधार, निक्षेप संकलन तथा कर्जा लगानीलाई अघिल्लो आ.व.को तुलनामा उल्लेखनिय वृद्धि हासिल गर्न सफल रहेको व्यहोरा यहाँहरूलाई अवगत गराउन चाहन्छु ।

(ग) प्रतिवेदन तयार भएको मितिसम्म चालू वर्षको उपलब्धी र भविष्यमा गर्नुपर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा:

चालुवर्ष तथा गत आर्थिक वर्षको चैत्र मसान्तसम्मको तुलनात्मक वित्तीय विवरण निम्न अनुसार रहेको छ ।

(रू. हजारमा)

विवरण	२०७५ चैत्र मसान्त	२०७६ चैत्र मसान्त	फरक प्रतिशत
शेयर पूंजी	८६७,९९३	८६७,९९३	-
कुल सम्पत्ति	७,६५१,६१३	८,५८६,१५१	२३.८४
कुल निक्षेप	५,८२३,२१८	६,८२२,४४९	३०.५८
कुल कर्जा सापट (नेट)	५,१५८,६३९	५,६८१,००३	२०.१२
कुल लगानी	४०१,३१७	३०८,५६२	६.१२
पूँजी पर्याप्तता अनुपात (प्रतिशत)	१८.२६	१६.९१	(१६.१५)
कर्जा निक्षेप अनुपात (प्रतिशत)	७४.७२	७४.३५	(४.२४)
तरलता अनुपात (प्रतिशत)	३०.३०	२८.४४	५.०१
शाखा संख्या	२३	२३	१५.००
कर्मचारी संख्या	१७८	२०२	६.३२

प्रतिवेदन तयार गर्दा सम्मको वित्तीय स्थितिलाई विश्लेषण गर्दा आगामी आ.व. निश्चित रूपमा संस्थाले लगानीकर्ताहरूलाई प्रतिफल दिन सक्ने आधारहरू स्पष्ट देखिन्छ । साथै, आगामी आ.व.मा वित्तीय संस्थाको मुनाफा वृद्धिगरी उच्च प्रतिफल प्राप्तिको लागि निक्षेप संकलन, कर्जा प्रवाह तथा लगानीतर्फ व्यवस्थापनको सम्पूर्ण संयन्त्रको सक्रियताको लागि संचालक समितिले गहन पाइला चालिसकेको र भविष्यमा शाखा विस्तार गरी अझ सक्रियतापूर्वक आफ्नो व्यवसाय बढाउन तर्फ संस्था अघि बढि रहेको व्यहोरा समेत जानकारी गराउन चाहन्छु ।

प्रतिवेदन तयार गर्दासम्मको वित्तीय स्थितिलाई विश्लेषण गर्दा आगामी आ.व. निश्चित रूपमा संस्थाले लगानीकर्ताहरूलाई प्रतिफल दिन सक्ने आधारहरू स्पष्ट देखिन्छ । साथै, अर्को आ.व.मा वित्तीय संस्थाको मुनाफा वृद्धिगरी उच्च प्रतिफल प्राप्तिको लागि निक्षेप संकलन, कर्जा प्रवाह तथा लगानीतर्फ व्यवस्थापनको सम्पूर्ण संयन्त्रको सक्रियताको लागि संचालक समितिले गहन पाइला चालिसकेको र भविष्यमा शाखा विस्तार गरी उचित कर्मचारी उचित स्थान र व्यवस्थापन गरी अझ सक्रियतापूर्वक आफ्नो व्यवसाय बढाउन तर्फ संस्था अघि बढि रहेको व्यहोरा समेत जानकारी गराउन चाहन्छु ।

(घ) संस्थागत सामाजिक उत्तरदायित्व:

यस वित्तीय संस्था पनि समाजको एउटा हिस्सा भएको हुँदा संस्थाले संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत यस आ.व.मा निम्न लिखित कार्यहरू गरेको व्यहोरा यहाँहरू समक्ष सहर्ष जानकारी गराउन चाहन्छु ।

अ) यस वर्ष पनि यस वित्तीय संस्थाको देशको सातवटै प्रदेशमा रहेका शाखा कार्यालयहरूबाट संस्थागत सामाजिक उत्तरदायित्व बहन गर्ने सिलसिलामा स्थानिय स्तरबाट गरेको विभिन्न सामाजिक कार्यहरू, धार्मिक, सांस्कृतिक तथा कला संरक्षण सम्बन्धित कार्यहरू, रक्तदान, स्वास्थ्य, सरसफाई जस्ता कार्यहरूमा करिब रू. एक लाख बराबरको खर्च गरेको छ ।

आ) काठमाण्डौ, मातातिर्थ स्थित गरिब तथा निम्न वर्गका विधार्थी अध्ययन गर्ने श्री सेती देवी प्राथमिक विद्यालयलाई त्यहाँको जिर्ण भएको भवनका कोठाहरू मर्मत गर्नको लागि रू. विस हजार प्रदान गरेको ।

इ) क्रोध रहित समाजको परिकल्पना गरी विश्वमा शान्ति, भाइचारा र सदभाव कायम गर्न लागि रहेको संस्था World Without Anger (WWA) को कार्यक्रममा सो संस्थाले विश्व शान्ति, भाइचारा तथा सद्भावमा उल्लेख्य योगदान पुराए वापत देश भित्र तथा देश बाहिरका व्यक्ति, संघ सस्थालाई दिने प्रतिष्ठीत नगद पुरस्कार रू.पच्चीस हजार सहितको यस संस्थाको लोगो अंकित मेडल प्रायोजनमा सहयोग गरेको ।

(ङ) वित्तीय संस्थाको औद्योगिक वा व्यवसायिक सम्बन्ध:

कुनै पनि संस्थाको सफलता सो संस्थाका ग्राहकहरू, सम्बन्धित व्यवसायीहरू तथा प्रशासनिक निकायहरूसंगको सम्बन्धमा झल्किने गर्दछ । त्यस्तै गरी देशको आर्थिक विकासका मेरूडण्डका रूपमा रहेका उद्योग, कल कारखाना, व्यापार, व्यवसाय, प्रतिष्ठानका पूंजी तथा परामर्शदाताको रूपमा बैंक तथा वित्तीय संस्थाले मध्यस्थकर्ता भुमिका निर्वाह गरेको हुन्छ । साथै त्यस्ता उद्योग, प्रतिष्ठानहरूलाई समस्या पर्दा नियमक निकायका निर्देशन र परामर्श बमोजिम संस्थाले किस्ता भाखा थप, व्याज अनुदान, साहुलियत प्रदान गरी छुट विभिन्न बैंक तथा वित्तीय संस्थाहरूसंगको व्यवसायीक तथा आपसी सम्बन्ध समेतले संस्थाको उपलब्धिमा प्रमुख भुमिका खेलेको हुन्छ । यस संस्था पनि नेपाल वित्तीय संस्था संघको एउटा क्रियासिल सदस्य भएको नाताले पनि वित्तीय वातावरणमा सुधार गर्ने तथा एक आपसमा व्यवसायिक सम्बन्ध विस्तार तथा सुधार गर्नमा महत्वपूर्ण भुमिका खेलि आएकोछ । यस सम्बन्धमा यस वित्तीय संस्थासंग सम्बन्धित सम्पूर्ण पक्षहरूसंग सौहार्दपूर्ण सम्बन्ध रहिआएको र भविष्यमा पनि यो सौहार्दपूर्ण सम्बन्ध अझ दरीलो रहनेछ भन्ने कुरामा विश्वस्त छु ।

(च) संस्थागत सुशासन:

संस्थागत सुशासनलाई वित्तीय संस्थाको दीर्घकालीन सफलताको आधारको रूपमा लिएकाछौं । नेपाल राष्ट्र बैंकबाट बैंक वित्तीय संस्थाहरूलाई जारी गरिएको एकिकृत निर्देशनको संस्थागत सुशासन सम्बन्धी दिएका निर्देशनहरूको पूर्ण पालना गर्ने गरिएकोछ । उक्त निर्देशनले निर्देश गरे बमोजिमका विभिन्न समिति तथा उपसमितिको गठन गरी उक्त समिति तथा उपसमिति मार्फत संस्थागत सुशासन पालना गराउनुका साथै जोखिम व्यवस्थापन गर्ने गरीएको व्यहोरा जानकारी गराउन चाहन्छु ।

(छ) आन्तरीक नियन्त्रण प्रणाली:

प्रचलित कानून तथा नेपाल राष्ट्र बैंकले जारी गरेका निर्देशनहरूको पालना हुने गरी संस्थाको वित्तीय कृयाकलाप संचालन हुने संरचना बनाइएको छ । संस्थामा हाल सम्पत्ति शुद्धीकरण निवारण सम्बन्धी समिति, लेखापरिक्षण समिति तथा जोखिम व्यवस्थापन समितिले नियमित रूपमा प्रतिवेदन अध्ययन गरी आवश्यक नियन्त्रण कायम गर्ने कार्य गरी आएकोछ । त्यसैगरी, आन्तरीक तथा वाह्य लेखापरिक्षकको प्रतिवेदनको समिक्षा गरी लेखापरिक्षण समितिले संस्थाको आन्तरीक नियन्त्रण प्रणालीको प्रभावकारीताको आवश्यक व्यवस्थापन गर्दै आएकोछ । यस वाहेक व्यवस्थापन समिति, सम्पत्ति दायित्व व्यवस्थापन समिति, जोखिम व्यवस्थापन समिति तथा अनुपालना विभागले पनि आन्तरीक नियन्त्रण प्रणालीको प्रभावकारीताको निम्ति भुमिका खेलिरहेका हुन्छन् ।

(ज) मानव पूँजी तथा विकासः

यस वित्तीय संस्थाले मानव संशाधनलाई संस्थाको महत्वपूर्ण पूँजीको रूपमा लिएकोछ । गत आर्थिक वर्षमा कुल कर्मचारी संख्या १८५ रहेकोमा समीक्षा आर्थिक वर्षमा संस्थामा कुल १९७ कर्मचारी कार्यरत रहेका छन् र संस्थाले कर्मचारीहरूको क्षमता अभिवृद्धीको लागि आफ् नो केन्द्रीय कार्यालयको छैठौं तल्ला भाडामा लिई Training Hall को पनि व्यवस्था गरेको छ । जहाँ आन्तरिक तथा बाह्य श्रोतको व्यक्तिद्वारा समय समयमा तालिम दिने व्यवस्था गरिएको छ । साथै, विभिन्न तालिम प्रदायक संस्था र नेपाल राष्ट्र बैंकबाट आयोजना भएका तालिम तथा सेमिनार, गोष्ठीहरूमा पनि संस्थाको तर्फबाट सम्बन्धित विभाग तथा शाखा कार्यालयका कर्मचारीहरूलाई निरन्तर रूपमा सक्रिय सहभागिता गराउंदै आईरहेको छ । कर्मचारीहरूको वृत्ति विकासलाई संस्थाले महत्वपूर्ण कार्यको रूपमा लिनुका साथै ने.रा.बैंकबाट इजाजतपत्रप्राप्त संस्थाहरूलाई जारी गरिएको एकीकृत निर्देशन २०७५ को इ.प्रा.निर्देशन नं. ६/०७५ को बुँदा नं. ६ मा व्यवस्था भए अनुसार संस्थाले आफ्ना कर्मचारीहरूको दक्षता अभिवृद्धिका लागि तालिम तथा वृत्ति विकास गर्न पूर्ण रूपमा कटीबद्ध रहेको छ ।

(झ) सञ्चालक समितिमा भएको हेरफेर र सोको कारणः

हाल यस गोर्खाज फाइनान्स लि.मा हाल निम्नानुसारको संचालक समिति रहेको छ ।

१. श्री यादव चन्द्र राई	अध्यक्ष	संस्थापक
२. श्री राज गोविन्द राजकर्णिकार	सदस्य	सर्वसाधारण
३. श्री चोक बहादुर मगर	सदस्य	संस्थापक
४. श्री खड्ग बहादुर गुरूङ्ग	सदस्य	सर्वसाधारण
५. श्री डेकिन्द्र कुमार राई	सदस्य	संस्थापक
६. श्रीमति भुवन रेग्मी	सदस्य	सर्वसाधारण
७. श्री प्रद्युम्न कुमार भट्टराई	सदस्य	स्वतन्त्र

यस आर्थिक वर्ष व्यक्तिगत कारणले राजिनामा दिनु भएका पूर्व संस्थापक संचालक/अध्यक्ष श्री प्रेम बहादुर खापुङ्गको ठाउमा नियुक्त हुनु भएका श्री डेकिन्द्र कुमार राई तथा स्वास्थ्यका कारणले राजिनामा दिनु भएका पूर्व स्वतन्त्र संचालक श्री देवी प्रसाद लिम्बुको ठाउमा श्री प्रद्युम्न कुमार भट्टराई र संचालन समितिमा महिला सदस्यको रूपमा सर्वसाधारणको तर्फबाट नियुक्त हुनुभएका श्री भुवन रेग्मीलाई स्वागत गर्दै राजिनामा दिनुभएका पूर्व संचालकहरूलाई यस वित्तीय संस्थामा वहाँहरूले आफ्नो कार्यकालमा पुग्याउनु भएको योगदानको निम्ति उच्च मुल्यांकन गर्दै धन्यवाद ज्ञापन गर्दछु । साथै नवनियुक्त संचालकहरूको मनोनयनलाई पनि यसै साधारण सभा मार्फत अनुमोदन गरिदिनुहुन हार्दिक अनुरोध गर्दछु ।

(ञ) लेखापरिक्षकको नियुक्तीको सिफारीसः

यस संस्थाको लेखापरीक्षण समितिले सिफारिस गरी संचालक समितिले साधारणसभामा स्विकृतिको लागि पेश गरेको आ.व. २०७६/७७ को हिसाब किताब लेखापरीक्षणको कार्य गर्न वैधानिक लेखापरीक्षक (Statutory Auditor) मा सिए श्री निल बहादुर सारू मगर, एनविएसएम एण्ड एशोसियट्सलाई नियुक्ति गर्न तथा निजको पारिश्रमिक रू. ३,००,०००/- (अक्षरेपी तिन लाख मात्र) भ्याटबाहेक दिन गरेको प्रस्ताव पारित गरिदिनुहुन अनुरोध गर्दछु ।

यस वित्तीय संस्थालाई कामकारोबारको सिलसिलामा आवश्यक सहयोग गर्ने समस्त ग्राहकवर्ग, निक्षेपकर्ताहरू, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल राष्ट्र बैंक, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्स्चेञ्ज लिमिटेड, नेपाल क्लियरीङ्ग हाउस, शेयर रजीष्ट्रार एनआइबिएल एस क्यापिटल मार्केट्स लिमिटेड, अन्य बैंक तथा वित्तीय संस्थाहरू, पत्रकार, वित्त कम्पनी संघ, आन्तरिक लेखापरिक्षक, बाह्य लेखापरीक्षक चार्टर्ड एकाउन्टेन्ट सि.ए. श्री निल बहादुर सारू मगर ज्यू तथा एनविएसएम एण्ड एशोसियट्स परिवारलाई कृतज्ञता ज्ञापन गर्दै धन्यवाद दिन चाहन्छु । साथै, हालसम्म वित्तीय संस्थाका सम्पूर्ण शेयरधनी महानुभावहरूबाट पाएको विश्वास र सहयोगका लागि हार्दिक धन्यवाद ज्ञापन गर्दै भविष्यमा पनि यस्तै प्रकारको सद् भाव, विश्वास, सहयोग र सुझाव पाउने आशा राखेको छु ।

अन्त्यमा, सञ्चालक समितिका संचालकज्यूहरूबाट यस वित्तीय संस्थाको प्रगतिको लागि अमूल्य योगदान दिनु भएकोमा हार्दिक धन्यवाद दिन्छु । साथै, आफ्नो कर्तव्यपथमा रही इमान्दारी र लगनशीलतापूर्वक संस्थाको प्रगतीको निम्ति अहोरात्र खटिइ गोर्खाज फाइनान्स लिमिटेडलाई आजको अवस्थामा ल्याई पुग्याउनका लागि महत्वपूर्ण भूमिका निर्वाह गर्ने समस्त कर्मचारीवर्गलाई हार्दिक धन्यवाद दिन चाहन्छु ।

कम्पनी ऐन, २०६३ को दफा १०९ अनुसार थप विवरण

क. विगत वर्षको कारोबारको सिंहावलोकन,

संचालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

ख. राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर,

देशको राजनैतिक, आर्थिक, अवस्था र यस सम्बन्धमा सरकार तथा नियमक निकायहरूका निति, नियम तथा निर्देशनहरू त्यस्तै अन्तराष्ट्रिय दाता राष्ट्र तथा वित्तीय नियमक निकायहरूले जारी गरेको निति नियमहरूले पनि संस्था कारोबारलाई प्रत्यक्ष वा अप्रत्यक्ष रूपमा असर परेको हुन्छ ।

ग. प्रतिवेदन तयार भएको मितिसम्म चालू वर्षको उपलब्धि र भविष्यमा गर्नुपर्ने कुराको समबन्धमा सञ्चालक समितिको धारणा,

संचालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

घ. कम्पनीको औद्योगिक वा व्यवसायिक सम्बन्ध,

संचालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

ङ. सञ्चालक समितिमा भएको हेरफेर र सोको कारण,

आ.व २०७५/७६ को समीक्षा अवधिमा संस्थाका संस्थापक संचालक तथा निवर्तमान अध्यक्ष श्री प्रेम बहादुर खापुङले व्यक्तिगत कार्य व्यस्तता कारण राजिनामा दिनु भएपछि खाली भएको उक्त संस्थापक संचालक पदमा संचालक समितिले संस्थापक शेयरधनी श्री डेकिन्द्र कुमार राईलाई बांकी अवधिको लागि नियुक्ती गरेको छ । त्यस्तै, प्रतिवेदन तयार गर्दाको समयसम्म संस्थामा खाली रहेको महिला संचालक सदस्यमा सर्वसाधारण शेयरधनीको तर्फबाट श्रीमति भुवन रेग्मीलाई बाकी अवधिको लागि नियुक्ती गरेको छ । त्यस्तै स्वतन्त्र संचालक श्री देवी प्रसाद लिम्बुले व्यक्तिगत स्वास्थ्यका कारण राजिनामा दिनु भएपछि खाली रहेको उक्त स्थानमा श्री प्रद्युम्न कुमार भट्टराईलाई नियुक्ती गरेको छ ।

च. कारोबारलाई असर पार्ने मुख्य कुराहरू,

संस्थाको कारोबारलाई मूख्यतः बाह्य र आन्तरिक केही कुराहरूले असर पारेको हुन्छ ।

छ. लेखा परीक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिकृया,

संचालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

ज. लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम,

संस्थाले यस आर्थिक वर्ष २०७५/७६ मा कुनै लाभाशं सिफारिस गरेको छैन ।

झ. शेयर जफत भएको भए शेयर संख्या त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयर जफत हुनुभन्दा अगावै सो बापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर बापत रकम फिर्ता गरेको भए सोको विवरण,

संस्थाले यस आर्थिक वर्ष २०७५/७६ मा कुनै शेयर जफत गरेको छैन ।

ञ. विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन,

यस वित्तीय संस्थाको कुनै पनि सहायक कम्पनी नभएकोले सो सम्बन्धी कारोबार नभएको ।

ट. कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्ष २०७५/७६ मा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन,

यस संस्थाले गत आर्थिक वर्ष २०७५/७६ मा सम्पन्न गरेको प्रमुख कारोबार वार्षिक प्रतिवेदनमा उल्लेख गरिसकेको तथा यस वित्तीय संस्थाको कुनै पनि सहायक कम्पनी नभएको ।

ठ. विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी,

विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उल्लेख्य कुनै जानकारी उपलब्ध गराएको छैन ।

ड. विगत आर्थिक वर्षमा कम्पनीका सञ्चालक तथा पदाधिकारीहरूले लिएको शेयर स्वामित्वको विवरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी,

क्र.सं.	संचालक तथा पदाधिकारीहरूको नाम	समुह	पद	शेयर संख्या
१	यादव चन्द्र राई	संस्थापक	अध्यक्ष	७,०९८
२	राज गोविन्द राजकर्णिकार	सर्वसाधारण	सदस्य	१२,५६५
३	चोक बहादुर मगर	संस्थापक	सदस्य	१,८६४
४	खड्ग बहादुर गुरूङ्ग	सर्वसाधारण	सदस्य	२,२००
५	डेकिन्द्र कुमार राई	संस्थापक	सदस्य	१,५००
६	भुवन रेग्मी	सर्वसाधारण	सदस्य	११,७३२
७	प्रद्युम्न कुमार भट्टराई	स्वतन्त्र	सदस्य	०

विगत आर्थिक वर्षमा यस संस्थाका संचालक तथा पदाधिकारीहरू संस्थाको शेयर कारोबारमा संलग्नता नरहेको ।

ढ. विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्झौताहरूमा कुनै सञ्चालक तथा निजको नजीकको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराइएको जानकारीको व्यहोरा,

यस संस्थाले गरेको सम्झौताहरूमा कुनै पनि संचालक तथा निजको नजिकका नातेदारहरूको व्यक्तिगत स्वार्थ भएको जानकारी संस्थालाई प्राप्त नभएको ।

ण. कम्पनीले आफ्नो शेयर आफैंले खरिद गरेको भए त्यसरी आफ् नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अंकित मूल्य तथा त्यसरी शेयर खरिद गरेबापत कम्पनीले भुक्तानी गरेको रकम,

संस्थाले हालसम्म आफ्नो शेयर आफैंले खरिद नगरेको ।

त. **आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सोको विस्तृत विवरण ।**

आन्तारिक नियन्त्रण प्रणाली भएको सो को विवरण संचालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

थ. **विगत आर्थिक वर्षको कूल व्यवस्थापन खर्चको विवरण,**

संचालक समितिको वार्षिक प्रतिवेदनमा उल्लेख गरिएको छ ।

द. **लेखापरीक्षण समितिको सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेको काम कारबाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण,**

यस संस्थाको लेखापरिक्षण समितिमा संचालक श्री राजगोविन्द राजकर्णिकारको संयोजकत्वमा संचालक श्री देवी प्रसाद लिम्बु तथा आन्तरिक लेखापरिक्षण विभाग प्रमुख श्री विजय राई सहित तीन सदस्यीय एक लेखापरिक्षण समिति रहेको छ । लेखापरिक्षण समितिमा रहेका संचालकहरूलाई प्रति बैठक भत्ता वापत रू.५,०००/ को दरले भत्ता दिने गरेको छ । सो समितिले लेखापरिक्षणको सिलसिलामा विभिन्न सुझावहरू समितिमा दिने गरेको छ ।

ध. **सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठीत संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा,**

यस वित्तीय संस्थाका सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठीत संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी नभएको ।

न. **सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम,**

संचालक समिति बैठक भत्ता	६,२६,०००/-
प्रमुख कार्यकारी अधिकृतलाई प्रदान गरिएको तलब तथा भत्ता	४८,९०,०००/-
अन्य पदाधिकारीलाई प्रदान गरिएको तलब तथा भत्ता	४२,२९,२७३/-

प. **शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम,**

शेयरधनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम रू. ६०६,९२२/-

फ. **दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण,**

यस आर्थिक वर्ष २०७५/७६ मा कम्पनी ऐन, २०६३ को दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री नभएको ।

ब. **दफा १७५ बमोजिम सम्बद्ध कम्पनी बिच भएको कारोबारको विवरण,**

यस आर्थिक वर्ष २०७५/७६ मा कम्पनी ऐन, २०६३ को दफा १७५ बमोजिम सम्बद्ध कम्पनी बिच कुनै कारोबार नभएको ।

भ. **यस ऐन तथा प्रचलित कानूनबमोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा,**

प्रचलित कानून बमोजिम खुलाउनु पर्ने कुरा सञ्चालक समितिको वार्षिक प्रतिवेदनको उपयुक्त ठाउमा खुलाइएको छ ।

म. **अन्य आवश्यक कुराहरू ।**

थप अन्य आवश्यक कुराहरू नभएको ।

धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को नियम २६ को उप नियम २ संग सम्बन्धित अनुसूचि १५ बमोजिम वार्षिक विवरण

१. **संचालक समितिको प्रतिवेदन** : वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

२. **लेखापरीक्षकको प्रतिवेदनः** वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

३. **लेखापरीक्षण भएको वित्तीय विवरणः** वार्षिक प्रतिवेदनको सम्बन्धित शीर्षक अन्तर्गत राखिएको ।

४. **कानुनी कारवाही सम्वन्धी विवरणः**

क) समीक्षा अवधिमा संगठित संस्थाले वा संस्थाको विरूध्द कुनै मुद्धा दायर भएको भएः

यस संस्थाले प्रवाह गरेको कर्जासंग सम्बन्धित बाहेक अन्य मुद्धा दर्ता नभएको ।

ख) सस्थाका कुनै संस्थापक वा संचालकले वा संस्थापक वा संचालकको विरूद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्धा दायर गरेको वा भएको भए :

संस्थालाई यस किसिमको कुनै जानकारी प्राप्त नभएको ।

ग) कुनै संस्थापक वा संचालक विरूद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्धा दायर भएको भए :

संस्थालाई यस किसिमको कुनै जानकारी प्राप्त नभएको ।

५. **संगठित संस्थाको शेयर कारोबार तथा प्रगति विश्लेषण :**

क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणाः

नेपाल धितोपत्र बोर्डको रेखदेखमा धितोपत्र बजारमा खुल्ला प्रतिस्पर्धात्मक बजारले निर्धारण गरे बमोजिम धितोपत्र सम्बन्धी कारोबार हुने हुनाले व्यवस्थापनको सकारात्मक धारणा रहेको ।

ख) आ.व. २०७५/७६ मा संगठित संस्थाको शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार

शेयर संख्या र कारोबार दिन :

विवरण	पहिलो त्रैमास	दोश्रो त्रैमास	तेश्रो त्रैमास	चौथो त्रैमास
अधिकतम	रू. ११७	रू. १०८	रू. ११८	रू. १२७
न्यूनतम	रू. १०५	रू. १००	रू. ९८	रू. १०५
अन्तिम	रू. १०५	रू. १०८	रू. १११	रू. १२१
कारोबार दिन	५८	५०	५८	६४
कारोबार संख्या	३२६	२१०	४९९	९०३
कारोबार शेयर कित्ता	१४८९७५	५२५४७	२७१८९२	४८९८२१

६. **समस्या तथा चुनौती :**

क) आन्तरिक समस्या तथा चुनौती

- कम व्याजदर अन्तर
- आयको विविधिकरण कायम राख्ने
- कर्जामा व्याजदर घटाउन दवाब
- निक्षेप व्याजदर वृद्धिमा दवाब
- लगानी विविधिकरण
- पूंजी बजारको उतारचढावबाट पर्न सक्ने चुनौती

ख) वाह्य समस्या तथा चुनौती

- लगानीको क्षेत्र वृध्दि हुन नसक्नु
- बैंक तथा वित्तीय संस्था आपसमा अस्वस्थ प्रतिस्पर्धा
- दक्ष तथा अनुभवी जनसक्तीको अभाव
- प्राकृतिक विपत्तीबाट आइपर्ने समस्या

७. **संस्थागत सुशासन**

संस्थाले बैंक तथा वित्तीय संस्था सम्बन्धि ऐन, २०७३, नेपाल राष्ट्र बैंकबाट जारी गरीएका सस्थागत सुशासन सम्बन्धि निर्देशन तथा परीपत्रहरूको पुर्ण पालना गर्ने गरिएको छ । संस्थागत सुशासनलाई संस्थाले सदैव उच्च प्राथमिकतामा राख्दै निरन्तर पालना गर्दै जाने कुरामा संस्था प्रतिवद्ध छ ।

N. B. S. M. & Associates
Chartered Accountants
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Narayan Chaur, Naxal, Kathmandu, Nepal

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T +977.1.4415242
info@nbsm.com.np
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INDEPENDENT AUDITOR'S REPORT

The Shareholders of Gurkhas Finance Limited
Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of M/s Gurkhas Finance Limited, Kathmandu, Nepal (hereinafter the bank), which comprises the statement of financial position as at Ashad 31, 2076 [July 16, 2019] and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity & 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, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the bank as at Ashad 31, 2076 (July 16, 2019) and its financial performance and its cash flows for the year then ended on that date in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSA's). 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 Bank in accordance with the Institute of Chartered Accountant of Nepal's code for professional accountants (ICAN Code) 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 these requirements and the ICAN Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3.16 to the financial statement which describes that lease rentals have been recorded in books of accounts as per contractual agreements entered with lessor. However, para 33 of NAS 17, lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis. Our opinion is not modified in respect of this matter.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern andusing the going concern basis of accounting unless management either intends to liquidate the bank or to cease operations, or has no realistic alternative but to do so.

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

N. B. S. M. & Associates Kathmandu Nepal Chartered Accountants

In association with MOORE

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 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 NSA's 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 NSA's, 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 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 bank's internal control.

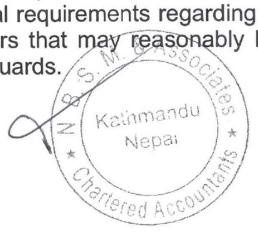
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 bank'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 bank 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, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

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.

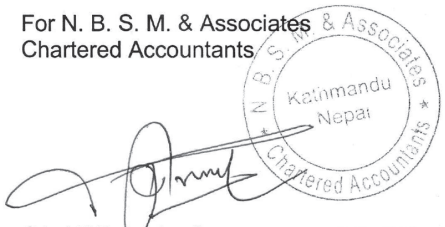


Report on Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper books of account as required by law have been kept by the organization in so for as it appears from our examination of those books of account of the bank. In our opinion the statement of financial position, statement of profit or loss, statement of other comprehensive income, statement of changes in equity & statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes have been prepared in accordance with the requirements of Companies Act, 2063 and are in agreement with the books of accounts maintained by the bank.

In our opinion, so far as appeared from our examination of the books, the Bank has maintained adequate capital funds and adequate provision for possible impairment of assets in accordance with the directives of Nepal Rastra Bank. To the best of our information and according to explanations given to us and so far appeared from our examination of the books of accounts of the Bank, we have not come across cases where Board of Directors or any employees of the Bank have acted contrary to the provisions of law or committed any misappropriation of relating to the accounts or caused loss or damage to the Bank and violated any directives of Nepal Rastra Bank or acted in a manner to jeopardise the interest and security of the Bank, its depositors and investors.

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



CA. Nil Bahadur Saru Magar, FCA, ISA
Partner

Date: Jestha 9, 2077
Place: Kathmandu, Nepal
UDIN: 200524CA00432YuOsu

Statement of Financial Position

As at 31 Asar 2076

Particulars	Note	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Assets				
Cash and cash equivalent	4.1	2,075,896,657	1,907,377,716	1,363,931,640
Due from Nepal Rastra Bank	4.2	293,135,948	167,749,425	86,980,656
Placement with Bank and Financial Institutions	4.3	-	-	-
Derivative financial instruments	4.4	-	-	-
Other trading assets	4.5	-	-	-
Loan and advances to B/FIs	4.6	216,057,482	163,786,835	120,718,342
Loans and advances to customers	4.7	4,959,912,797	3,914,907,779	3,176,092,792
Investment securities	4.8	346,161,468	406,019,124	299,081,138
Current tax assets	4.9	-	-	5,421,625
Investment in subsidiaries	4.10	-	-	-
Investment in associates	4.11	5,530,424	7,181,722	5,911,287
Investment property	4.12	89,417,419	157,067,120	142,411,902
Property and equipment	4.13	116,468,802	133,816,377	93,461,507
Goodwill and Intangible assets	4.14	1,876,654	429,941	716,153
Deferred tax assets	4.15	116,621,174	130,347,118	104,908,010
Other assets	4.16	69,502,488	19,585,200	63,272,209
Total Assets		**8,290,581,313**	**7,008,268,357**	**5,462,907,261**
Liabilities				
Due to Bank and Financial Institutions	4.17	-	-	-
Due to Nepal Rastra Bank	4.18	-	-	-
Derivative financial instruments	4.19	-	-	-
Deposits from customers	4.20	6,839,302,804	5,524,238,117	4,068,746,477
Borrowing	4.21	-	-	-
Current Tax Liabilities	4.9	23,364,660	2,103,790	-
Provisions	4.22	-	-	-
Deferred tax liabilities	4.15	-	-	-
Other liabilities	4.23	118,079,248	131,212,468	118,232,223
Debt securities issued	4.24	-	-	-
Subordinated Liabilities	4.25	-	-	-
Total liabilities		**6,980,746,712**	**5,657,554,375**	**4,186,978,700**
Equity				
Share capital	4.26	867,993,800	867,993,800	762,474,900
Share premium		22,399,272	22,399,272	8,258,511
Retained earnings		(202,256,261)	71,647,127	72,693,032
Reserves	4.27	621,697,790	388,673,783	432,502,118
Total equity attributable to equity holders		**1,309,834,601**	**1,350,713,982**	**1,275,928,561**
Non-controlling interest		-	-	-
Total equity		**1,309,834,601**	**1,350,713,982**	**1,275,928,561**
Total liabilities and equity		**8,290,581,313**	**7,008,268,357**	**5,462,907,261**
Contingent liabilities and commitment	4.28	21,267,308	-	-
Net assets value per share		**150.75**	**155.46**	**167.17**

Notes 1-5.11 form integral part of this financial statement

As per our attached report of even date

For and on Behalf of Board

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

CA. Nil Bahadur Saru Magar, FCA
Partner
Date: Jestha 09, 2077
Place: Kathmandu

Yadav Chandra Rai
Chairman

Raj Govinda Rajkarnikar
Director

Chok Bahadur Magar
Director

Khadga Bahadur Gurung
Director

Dekindra Kumar Rai
Director

Bhuwan Regmi
Director

Pradhumna Kumar Bhattarai
Director

Lal Bahadur Thing
Chief Executive Officer

Yan Singh Rai
Finance Officer

Statement of Profit or Loss

For the year ended on 31 Asar 2076

Particulars	Note	FY. 2075-76	FY. 2074-75 (Restated)
Interest income	4.29	829,382,093	629,571,278
Interest expense	4.30	582,182,770	420,012,244
Net interest income		**247,199,323**	**209,559,034**
Fee and commission income	4.31	34,236,522	27,872,184
Fee and commission expense	4.32	988,148	1,251,030
Net fee and commission income		**33,248,374**	**26,621,154**
Net interest, fee and commission income		**280,447,697**	**236,180,188**
Net trading income	4.33	-	-
Other operating income	4.34	28,046,634	6,586,557
Total operating income		**308,494,331**	**242,766,745**
Impairment charge/(reversal) for loans and other losses	4.35	28,568,447	75,795,562
Net operating income		**279,925,884**	**166,971,183**
Operating expense			
Personnel expenses	4.36	111,228,213	75,733,504
Other operating expenses	4.37	70,598,336	66,823,190
Depreciation & Amortisation	4.38	25,152,619	18,360,089
Operating Profit		**72,946,716**	**6,054,400**
Non operating income	4.39	-	19,438
Non operating expense	4.40	-	-
Profit before income tax		**72,946,716**	**6,073,838**
Income tax expense	4.41		
Current Tax		34,110,312	13,775,279
Deferred Tax		36,551,265	(6,655,537)
Profit for the period		**2,285,139**	**(1,045,904)**
Profit attributable to:			
Equity holders of the Bank		2,285,139	(1,045,904)
Non-controlling interest		-	-
Profit for the period		2,285,139	(1,045,904)
Earnings per share			
Basic earnings per share		0.26	(0.12)
Diluted earnings per share		0.26	(0.12)

Notes 1-5.11 form integral part of this financial statement

As per our attached report of even date

For and on Behalf of Board

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

CA. Nil Bahadur Saru Magar, FCA
Partner
Date: Jestha 09, 2077
Place: Kathmandu

Yadav Chandra Rai
Chairman

Raj Govinda Rajkarnikar
Director

Chok Bahadur Magar
Director

Khadga Bahadur Gurung
Director

Dekindra Kumar Rai
Director

Bhuwan Regmi
Director

Pradhumna Kumar Bhattarai
Director

Lal Bahadur Thing
Chief Executive Officer

Yan Singh Rai
Finance Officer

Statement of Other Comprehensive Income

For the year ended on 31 Asar 2076

Particulars	Note	FY. 2075-76	FY. 2074-75 (Restated)
Profit for the year		**2,285,139**	**(1,045,904)**
Other comprehensive income, net of income tax			
a) Items that will not be reclassified to profit or loss			
Gain/(loss) from investments in equity instruments measured at fair value		(74,494,660)	(58,596,884)
Gain/(loss) on revaluation		-	-
Actuarial gains/(losses) on defined benefit plans		(1,589,742)	(4,015,023)
Income tax relating to above items		22,825,321	18,783,572
Net other comprehensive income that will not be reclassified to profit or loss		**(53,259,081)**	**(43,828,335)**
b) Items that are or may be reclassified to profit or loss			
Gains/(losses) on cash flow hedge			
Exchange gain/(losses) arising from translating financial assets of foreign operation			
Income tax relating to above items			
Net other comprehensive income that are or may be reclassified to profit or loss		**-**	**-**
c) Share of other comprehensive income of associate accounted as per equity method			
Other comprehensive income for the period, net of income tax		**(53,259,081)**	**(43,828,335)**
Total comprehensive income for the period		**(50,973,943)**	**(44,874,239)**
Total comprehensive income attributable to:			
Equity holders of the Bank		(50,973,943)	(44,874,239)
Non-controlling interest		-	-
Total comprehensive income for the period		(50,973,943)	(44,874,239)

Notes 1-5.11 form integral part of this financial statement

As per our attached report of even date

For and on Behalf of Board

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

Yadav Chandra Rai
Chairman

Raj Govinda Rajkarnikar
Director

Chok Bahadur Magar
Director

Khadga Bahadur Gurung
Director

Dekindra Kumar Rai
Director

Bhuwan Regmi
Director

Pradhumna Kumar Bhattarai
Director

CA. Nil Bahadur Saru Magar, FCA
Partner
Date: Jestha 09, 2077
Place: Kathmandu

Lal Bahadur Thing
Chief Executive Officer

Yan Singh Rai
Finance Officer

Statement of Changes in Equity

For the year ended on 31 Asar 2076

Particulars	Attributable to Equity holders of the Bank										Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	General Reserve	Exchange Equalization	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total		
Balance at Sawan 1, 2074	**762,474,900**	**8,258,511**	**373,517,429**	**172,628**				**(99,137,102)**	**55,051,768**	**1,100,338,134**	**-**	**1,100,338,134**
Adjustment/Restatement										**-**	**-**	**-**
Proposed bonus shares transferred to retained earning										-	-	-
Reduction on fair value of shares at less than their cost								10,129,773		10,129,773	-	10,129,773
Equity method accounting of associates								(11,962,296)		(11,962,296)	-	(11,962,296)
Accrued interest income on loans accounted on accrual basis								30,364,879		30,364,879	-	30,364,879
Investment in shares measured at fair value						23,892,680				23,892,680	-	23,892,680
Deferred tax adjustment								16,329,528	(15,190,763)	1,138,764	-	1,138,764
Actuarial valuation adjustment of defined benefit plans								(1,963,358)	(453,011)	(2,416,370)	-	(2,416,370)
Loss allowance on investment property (nonbanking assets)								124,442,997		124,442,997	-	124,442,997
Investment adjusted reserve reversed						34,044,063		4,488,612	(38,532,675)	-	-	-
Adjusted/Restated balance at Sawan 1, 2074	**762,474,900**	**8,258,511**	**373,517,429**	**172,628**	**-**	**57,936,742**	**-**	**72,693,032**	**875,319**	**1,275,928,561**	**-**	**1,275,928,561**
Comprehensive income for the year												
Profit for the year								(1,045,904)		(1,045,904)	-	(1,045,904)
Other comprehensive income, net of tax	-	-	-	-	-	(41,017,819)	-	-	(2,810,516)	(43,828,335)	-	(43,828,335)
Remeasurements of defined benefit liability (assets)										-	-	-
Fair value reserve (Investment in equity instrument):						(41,017,819)			(2,810,516)	(43,828,335)	-	(43,828,335)
Net change in fair value						(41,017,819)			(2,810,516)	(43,828,335)	-	(43,828,335)
Net amount transferred to profit or loss										-	-	-
Net gain (loss) on revaluation										-	-	-
Cash flow hedges:										**-**	**-**	**-**
Effective portion of changes in fair value										-	-	-
Net Amount reclassified to profit or loss										-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(41,017,819)**	**-**	**(1,045,904)**	**(2,810,516)**	**(44,874,239)**	**-**	**(44,874,239)**
Transfer of equity on merger and acquisition										-	-	-
Transfer to reserve during the year									-	-	-	-
Transfer from reserve during the year								-		-	-	-
Transactions with owners, directly recognised in equity										**-**	**-**	**-**
Right share issued	105,518,900	14,140,761								119,659,661	-	119,659,661
Share based payments										-	-	-
Dividends to equity holders										-	-	-
Bonus shares issued	-							-		-	-	-
Cash dividend paid										-	-	-
Total contributions by and distributions	**105,518,900**	**14,140,761**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**119,659,661**	**-**	**119,659,661**
Balance at Asar end 2075	**867,993,800**	**22,399,272**	**373,517,429**	**172,628**	**-**	**16,918,923**	**-**	**71,647,128**	**(1,935,197)**	**1,350,713,982**	**-**	**1,350,713,982**

Balance at 1 Sawan 2075	**867,993,800**	**22,399,272**	**373,517,429**	**172,628**	**-**	**16,918,923**	**-**	**71,647,128**	**(1,935,197)**	**1,350,713,983**	**-**	**1,350,713,983**
Adjustment/Restatement										-	-	-
Adjusted/Restated balance at 1 Sawan 2075	**867,993,800**	**22,399,272**	**373,517,429**	**172,628**	**-**	**16,918,923**	**-**	**71,647,128**	**(1,935,197)**	**1,350,713,983**	**-**	**1,350,713,983**
Comprehensive income for the year										-	-	-
Profit for the year								2,285,139		2,285,139	-	2,285,139
Other comprehensive income, net of tax	-	-	-	-	-	(52,146,262)	-	-	(1,112,819)	(53,259,081)	-	(53,259,081)
Remeasurements of defined benefit liability (assets)									(1,112,819)	(1,112,819)	-	(1,112,819)
Fair value reserve (Investment in equity instrument):						(52,146,262)				(52,146,262)	-	(52,146,262)
Net change in fair value						(52,146,262)				(52,146,262)	-	(52,146,262)
Net amount transferred to profit or loss										-	-	-
Net gain (loss) on revaluation										-	-	-
Cash flow hedges:										-	-	-
Effective portion of changes in fair value										-	-	-
Net Amount reclassified to profit or loss										-	-	-
Total comprehensive income for the year	-	-	-	-	-	(52,146,262)		2,285,139	(1,112,819)	(50,973,943)	-	(50,973,943)
Transfer to reserve during the year										-	-	-
General reserve			457,028					(457,028)		-		-
Regulatory reserve					284,393,177			(284,393,177)		-		-
Corporate social responsibility reserve								(22,851)	22,851	-		-
Employee training fund								(1,410,033)	1,410,033	-		-
Transfer from reserve during the year								10,094,562		10,094,562		10,094,562
Transactions with owners, directly recognised in equity										-	-	-
Right share issued										-	-	-
Share based payments										-	-	-
Dividends to equity holders										-	-	-
Bonus shares issued										-	-	-
Cash dividend paid										-	-	-
Total contributions by and distributions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at Asar end 2076	**867,993,800**	**22,399,272**	**373,974,457**	**172,628**	**284,393,177**	**(35,227,339)**	**-**	**(202,256,262)**	**(1,615,133)**	**1,309,834,601**	**-**	**1,309,834,601**

Notes 1-5.11 form integral part of this financial statement

For and on Behalf of Board

As per our attached report of even date

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

CA. Nil Bahadur Saru Magar, FCA
Partner
Date: Jestha 09, 2077
Place: Kathmandu

Yadav Chandra Rai
Chairman

Raj Govinda Rajkarnikar
Director

Dekindra Kumar Rai
Director

Lal Bahadur Thing
Chief Executive Officer

Chok Bahadur Magar
Director

Bhuwan Regmi
Director

Yan Singh Rai
Finance Officer

Khadga Bahadur Gurung
Director

Pradhumna Kumar Bhattarai
Director

Statement of Cash Flow

For the year ended on 31 Asar 2076

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Cash flows from operating activities		
Interest received	763,230,739	620,104,692
Fees and other income received	34,236,522	27,872,184
Divided received		
Receipts from other operating activities	1,700,115	1,257,742
Interest paid	(598,401,597)	(398,697,916)
Commission and fees paid	(988,148)	(1,251,030)
Cash payment to employees	(110,872,351)	(75,586,356)
Other expense paid	(70,598,336)	(66,823,190)
Operating cash flows before changes in operating assets and liabilities	**18,306,946**	**106,876,126**
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	(125,386,523)	(80,768,769)
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	(52,798,634)	(43,503,528)
Loans and advances to customers	(959,248,208)	(845,646,121)
Other assets	(31,476,832)	46,002,355
Increase/(Decrease) in operating liabilities		
Due to bank and financial institutions	-	-
Due to Nepal Rastra Bank	-	-
Deposit from customers	1,315,064,688	1,455,491,639
Borrowings	-	-
Other liabilities	(4,921,732)	3,014,457
Net cash flow from operating activities before tax paid	**159,539,705**	**641,466,159**
Income taxes paid	(12,849,443)	(6,249,864)
Net cash flow from operating activities	**146,690,262**	**635,216,295**
Cash flows from investing activities		
Purchase of investment securities	70,178	(164,891,182)
Receipts from sale of investment securities	1,684,698	(814,179)
Purchase of property and equipment	(9,199,030)	(58,634,042)
Receipt from the sale of property and equipment	2,946,101	384,500
Purchase of intangible assets	(1,898,965)	-
Receipt from the sale of intangible assets		
Purchase of investment properties		
Receipt from the sale of investment properties	14,209,918	2,546,220
Interest received	9,300,000	6,998,068
Dividend received	4,715,779	2,980,735
Net cash used in investing activities	**21,828,679**	**(211,429,880)**
Particulars	**FY. 2075-76**	**FY. 2074-75 (Restated)**
Cash flows from financing activities		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipt from issue of subordinated liabilities	-	-
Repayment of subordinated liabilities		
Receipt from issue of shares	-	119,659,661
Dividends paid		-
Interest paid		-
Other receipt/payment		-
Net cash from financing activities	**-**	**119,659,661**

Net increase (decrease) in cash and cash equivalents	**168,518,941**	**543,446,076**
Cash and cash equivalents as at Sawan 1	**1,907,377,716**	**1,363,931,640**
Effect of exchange rate fluctuations on cash and cash equivalents held		
Cash and cash equivalent as at Ashad end	**2,075,896,657**	**1,907,377,716.06**

Notes 1-5.11 form integral part of this financial statement
As per our attached report of even date

For and on Behalf of Board

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

Yadav Chandra Rai
Chairman

Raj Govinda Rajkarnikar
Director

Chok Bahadur Magar
Director

Khadga Bahadur Gurung
Director

Dekindra Kumar Rai
Director

Bhuwan Regmi
Director

Pradhumna Kumar Bhattarai
Director

CA. Nil Bahadur Saru Magar, FCA
Partner
Date: Jestha 09, 2077
Place: Kathmandu

Lal Bahadur Thing
Chief Executive Officer

Yan Singh Rai
Finance Officer

Notes to Financial Statements

For the year ended on 31 Asar 2076

1. Reporting entity

Gurkhas Finance Limited (hereinafter referred to as "Finance Co.") is class "C" licenced financial institution licenced by Nepal Rastra Bank. Finance is now operating with corporate office at Dillibazzar, Kathmandu and 22 branches spread over the country.

Finance Co. was incorporated under Companies Act 2063 on as public limited company. Finance Co. is listed with Nepal Stock Exchange.

Finance Co. offers comprehensive banking services within the scope of provisions of Banking and Financial Institutions Act 2073.

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements are prepared in line with Nepal Financial Reporting Standards (to the extent of carve out pronounced by ICAN, as stated in note 2.1.1) as issued by Accounting Standards Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN). The financial statements are the first Finance Co. has prepared in line with NFRS. For all earlier periods, the financial statements were prepared in accordance with the Directives issued by Nepal Rastra Bank as well as Nepal Accounting Standards. The financial information of corresponding comparative period has been changed in line with NFRS and the opening statement of financial position on the date of transition to NFRS (1 Shrawan 2074) have also been recomputed. Reconciliation of changes for the financial statements on date of transition and for comparative period is integral part of financial statements.

Nepal Rastra Bank issued circular for reporting format of financial institutions in line with NFRS on November 30, 2017 along with treatment of certain items in the specified reserves. The financial statements are prepared in line with the stated circular, accordingly, are in compliance with regulatory requirement of Nepal Rastra Bank. The financial statements also comply the requirements of Companies Act 2063 and policy, procedures and directives of Securities Board of Nepal.

2.1.1 Use of Carve-out

ICAN has provided carve out on specific areas for alternative treatment of the items of financial statements required as per NFRS. Based on such, Finance Co. has used following carve out for preparation and presentation of financial statements in line with NFRS.

a) Impairment Loss on Loan and Advances

As per para 63 of NAS 39 Financial Instruments: Recognition and Measurement, impairment loss is calculated on incurred loss model. The carve out has allowed to use higher amount of loss calculated as per para 63 or as per NRB Directives 2/075. Finance Co. has used this carve out and presented the impairment loss calculated as per NRB Directives and disclosed the amount of impairment loss as per NAS 39.

b) Effective Interest Rate

As per the definition of effective interest rate (EIR) as per para 9 of NAS 39, all the initial points paid or received is required to be considered for calculation of EIR and the same EIR is used to calculate interest on loans and advances. As per the carve out, if calculation of EIR is impracticable or immaterial, then such could be ignored. Finance Co. has used the carve out and has not considered initial points paid or received on loans to be part of EIR, rather such amount has been accounted as income on accrual basis.

c) Interest income on amortized loan after impairment recognition

As per para AG63 of NAS 39, Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The carve out provides that interest income can be calculated on gross carrying amount of loan. Finance Co. has used the stated carve out in preparing the financial statements.

2.2 Reporting Period and Approval of Financial Statements

2.2.1 Reporting Period

The reporting period for this financial statements is fiscal year 2075-76, starting from 1 Shrawan 2075 and ending on 31 Ashad 2076. Financial information of following period/dates are provided on the financial statements.

1. Opening NFRS financial statements (statement of financial position on 1 Shrawan 2074)
2. Comparative NFRS financial statements (financial statements as on and for the period ended on 32 Ashad 2075)
3. NFRS financial statements for current period (financial statements as on and for the period ended on 31 Ashad 2076)

2.2.2 Approval of Financial Statements

The financial statements are authorised for issue by the Board of Directors on 2077/02/09 meeting no. 399. The financial statements are presented for approval to the upcoming annual general meeting of shareholders.

2.3 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupee, which is also the functional currency of Finance Co. Figures are rounded off to nearest Rupee, accordingly, minor rounding off error may exist.

2.4 Use of Estimates, Assumptions and Judgments

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions. The estimates and assumptions that might result in adjustment to the carrying amounts of assets and liabilities within the next financial year are on the following components:

1. Classification of financial assets

Classification of financial assets into Amortized cost or at fair value (either through profit or loss or through other comprehensive income) depends upon the intention of management whether to hold or trade the assets. At the reporting dates, the classification been based on the intention of management on particular group of financial assets. The classification of financial assets may change based on the economic circumstances and intention of management.

2. Fair value of financial assets

Fair value of financial statements is determined on three levels on the basis of available market on reporting date and the measurement may change depending on available market circumstances.

The fair value of financial instruments that are traded in an active market is the closing price on the reporting dates. Whenever the instruments are not actively traded in active market, they are determined using other techniques considering the observable market inputs to the extent possible.

The Finance Co. measures fair values using the following fair value hierarchy as provided in NFRS 13.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Finance Co. can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. Company has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities.

3. Impairment loss on financial assets

Impairment loss on financial assets is provided on the higher of loan loss provision as per NRB Directive 2075 and para 63 of NAS 39. On calculating loss as per para 63, estimates are made on amount of loans that are considered to require individual assessment, grouping of loans for collective assessment, parameters for assessing impairment, future cash flow estimates, historical data on similar types of loan or group of loans.

4. Useful life and salvage value of property and equipment

Management reconsiders the economic useful life and salvage value of property and equipment on each reporting dates based on the information available on such dates.

5. Impairment loss of non financial assets

Impairment loss is calculated if carrying amount exceeds the recoverable amount. For recoverable amount, value in use is estimated and an estimated discount rate is used to arrive the present value of value in use.

6. Current Tax and Deferred tax

Significant management judgment is required to arrive at the figure of current tax and deferred tax, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Finance Co. based its assumptions and estimates on parameters available when the financial statements were prepared.

7. Employee benefit obligations

Judgment is required to determine the estimated liability that shall arise on part of accumulated leave of staff which is generally paid out on retirement or termination of employment. Valuation of such is done by qualified actuary using assumption like interest rate, rate of increase in annual compensation, remaining service period etc. Factors considered may change depending on market changes or legal changes which are beyond the control of the company.

2.5 Changes in Accounting Policies

The financial statements are prepared as per NFRS for the first time. For first time preparation, NFRS 1 requires the financial statements of previous period be prepared in line with NFRS. This has resulted in changes in accounting policies. The changes in policies as well as impact on statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flow is separately presented.

2.6 New Standards in Issue but not Yet Effective

The financial statements are prepared in line with NFRS issued on 2013. NFRS has not been revised thereafter and accordingly, accounting standards issued by International Accounting Standard Boards and revision thereof have not been considered.

2.7 New Standards and Interpretation not Adopted

Finance has adopted all the applicable interpretation pronounced by ICAN.

2.8 Discounting

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

2.9 Going Concern

The financial statements are prepared on the assumption that Finance Co. is going concern entity.

2.10 Standalone Financial Statements

The presented financial statements is the standalone financial statement of Finance Co. Finance Co. does not have subsidiary, accordingly, preparation of consolidated financial statement is not required.

3. Significant Accounting Policies

The significant accounting policies adopted by Finance Co. while preparing financial statements are as follows:

Note No.	Accounting Policy	Information Note No.
3.1	Basis of Measurement	
3.2	Basis of Consolidation	
3.3	Cash and Cash Equivalent	4.1
3.4	Financial Assets and Financial Liabilities	
3.5	Trading Assets	4.5
3.6	Derivative Assets and Liabilities	4.4
3.7	Property and Equipment	4.13
3.8	Goodwill Intangible assets	4.14
3.9	Investment Property	4.12
3.10	Income tax	4.9
3.11	Deposits, debt securities issued and subordinated liabilities	4.17, 4.20, 4.24, 4.25
3.12	Provisions	4.22
3.13	Revenue	4.29, 4.31, 4.33, 4.34, 4.39
3.14	Interest expense	4.30
3.15	Employees Benefits	4.23
3.16	Leases	
3.17	Foreign currency translation	
3.18	Financial guarantee and loan commitment	
3.19	Share capital and reserves	4.26, 4.27
3.20	Earning per share including diluted	
3.21	Segment reporting	5.4
3.22	Events after reporting date	

3.1 Basis of Measurement

Financial statements are prepared on historical cost convention except for the following material items:

Particulars	Measurement Basis
Investment in shares and mutual fund schemes	Fair value
Non-banking assets	Lower of Market Value or Outstanding Receivable at the date of booking NBA
Loans to employees	Amortized cost
Property and equipment, investment property and intangible assets	Deemed cost as fair value

3.2 Basis of consolidation

Finance Co. does not have subsidiary companies, accordingly, consolidation of financial statements is not a requirement.

3.3 Cash and cash equivalent

Cash and cash equivalent comprises of cash, demand deposit and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In general, short term investments with original maturity of up to three months are considered as cash equivalent. Cash and cash equivalent are presented at amortized cost on the financial statements.

3.4 Financial assets and financial liabilities

Financial assets is any assets that is cash, equity instrument of another entity or any contractual right to receive cash or financial assets of another entity.

Financial liability is any liability with contractual obligation to deliver cash or other financial assets to another entity.

3.4.1 Recognition

The Finance Co. initially recognises financial assets or financial liability on the date of which the Finance becomes party to the contractual arrangement.

3.4.2 Classification and Measurement

Financial Assets: The classification and measurement of financial assets depend on how these are managed i.e. the Finance Co.'s business model and their contractual cash-flow characteristics. Based on these factors, financial assets are classified on following three categories:

i) At Amortized Cost
ii) At Fair Value through Profit or Loss (FVPL)
iii) At Fair Value through Other Comprehensive Income (FVOCI)

i) **At amortized cost:** Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments for which the Finance Co. has intent and ability to hold till maturity. They are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, such financial assets are measured at amortized cost using effective interest rate method less any impairment losses.

ii) **At fair value through profit or loss:** Financial assets are classified at fair value through profit or loss if the Finance Co. manages such instruments and makes purchases and sales decisions based on its fair value. Attributable transaction costs and changes in fair value are taken to profit or loss.

iii) **At fair value through other comprehensive income:** Financial assets at FVOCI are non-derivative financial assets that are not classified in any of the above category. Financial assets at FVOCI are measured at fair value. Subsequent to initial recognition, financial assets are measured at fair value, as far as such fair value is available, and changes therein are recognized in other comprehensive income and presented in the fair value reserve in equity. Finance Co. has opted to classify the investment made in shares and mutual fund schemes as financial assets at FVOCI on initial recognition.

Financial Liabilities: Finance Co. classifies its financial liabilities, other than financial guarantee and loan commitments, as measured at amortised cost or fair value through profit or loss. Financial liability is measured initially at fair value, or an item not at fair value through profit or loss, at transactions costs that are directly attributable to its acquisition or issue.

3.4.3 De-recognition

Financial Assets

Financial assets are partially or fully de-recognized in any of the following condition:

- termination of contractual rights to cash flow
- upon transfer of contractual cash flows in a transaction in which substantially all of the risk and rewards of the ownership of the financial assets are transferred or in which the Finance Co. neither transfer nor retains substantially all of the risk and rewards of the ownership and it does not retain control of the financial assets.

On derecognition of a financial assets, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the assets derecognised) and the sum of (i) the consideration received (including any new assets obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit or loss.

Financial Liabilities

Upon settlement or termination of any liability related to financial liability, financial liability is de-recognized. The difference between carrying amount and settlement amount is accounted through statement of profit or loss.

3.4.4 Determination of fair value

Fair 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. Fair value is initially considered based on quoted rate where the assets or liabilities are principally transaction, in the absence of which the most advantageous market is the active market.

When available, the Finance Co. measures the fair value of an instrument using the quoted price in an active market for that instrument. The market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Finance Co. uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Fair value of non-financial assets like property & equipment, investment property and intangible assets are considered the deemed cost of such assets in line with NFRS 1.

Fair Value Hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values.

Level 1: Fair value is determined based on quoted price of financial instruments in active market.

Level 2: Fair value is determined based on quoted price of similar financial instruments within consideration to significant observable inputs.

Level 3: Fair value is determined used using other method as the inputs for valuation are unobservable inputs for the asset or liability. Finance Co. has used its own data (accounting value) and considered if there exists factors that would otherwise result in changes to the book value of assets or liabilities for this level of valuation.

3.4.5 Impairment

At each reporting date, the Finance Co. assesses whether there is objective evidence that financial assets are impaired. The financial assets or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer
- default or delinquency by a borrower
- the restructuring of a loan or advance by the Finance Co. on terms that the Finance would not consider otherwise;
- indication that a borrower or issuer will enter bankruptcy
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its net worth below its book value is objective evidence of impairment.

The Finance Co. considers evidences of impairment for loans and advances and investment securities at both specific asset and at collective level. All individually significant loans and advances and investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities with similar risk characteristics.

In assessing the collective impairment, the Finance Co. uses the statistical modelling of historic trends of the probability of default, the time of recoveries and the amount of loss incurred and makes an adjustment if the current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historic trends. Default rates, loss rates and expected timing of future recoveries are regularly benchmarked against the actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss (through OCI for such investments measured at fair value through OCI on which there exists fair value reserve).

The Finance Co. writes off a loan or an investment security, either partially or in full and any related allowance for impairment losses, when the Finance determines that there is no realistic prospect of recovery.

3.4.6 Amortized cost measurement

The 'amortised cost' of a financial asset and financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between initial amount recognised and the maturity amount minus any reduction for impairment.

3.4.7 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

3.5 Trading assets

Trading assets are those assets that the Finance Co. acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

3.6 Derivatives assets and derivative liabilities

Derivative assets and liabilities are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. The changes in value of instruments are accounted through profit or loss.

3.7 Property and Equipment

Non-financial tangible assets that are held for service providing to customers and for administrative use of the Finance Co. are classified as Property and Equipment.

Recognition

Property and Equipment are recognized in books whenever it is probable that future economic benefits associated with such assets will flow to the entity and the amount of assets can be reliably measured.

Measurement

At initial recognition, items of property and equipment are measured at cost. Cost includes the purchase price and other directly attributable costs as well as the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Finance Co. Ongoing repair and maintenance are expensed off as incurred.

Subsequent to the initial measurement, there is option to measure the assets either on cost or on revaluation. Finance has measured all items at cost on subsequent measurement. On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its property and equipment measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS 1.

Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Assets not capitalized

Items of property and equipment with original cost up to Rs. 5,000 are directly accounted as expenses.

Capital Work in Progress

Assets in the course of construction are capitalized in the assets under capital work in progress (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.

Salvage Value

The Finance Co. has assessed the salvage value of all property, plant and equipment considering the expected realizable value on the end of life of such assets.

Depreciation

Depreciation is charged upon the assets is available for use and does not cease until the assets is disposed off, classified as held for sale or ceases to generate economic benefits.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write-off their carrying value over the expected useful economic lives.

Items of property and equipment are depreciated on Straight Line Method over their useful life.

Management of the Finance Co. has assessed useful life and salvage value of property and equipment, as follows:

Items	Estimated useful life (years)	Salvage Value
Building	50	5%
Leasehold Properties	Lease period	0
Computer & Accessories	5	0
Vehicle	10	5%
Furniture & Fixture	7	3%
Machinery	10	5%
Equipment & Others	3-5	0%

3.8 Goodwill and Intangible assets

Goodwill

Goodwill arises on the acquisition financial institutions when the aggregate of the fair value of the consideration transferred exceed the amount of the identifiable assets and liabilities acquired. If the amount of the identifiable assets and liabilities acquired is greater, the difference is recognised immediately in the Statement of profit or loss.

Goodwill is allocated to cash generating units (CGU) at the lowest level at which goodwill is monitored for internal management process. Impairment testing is performed annually, and whenever there is an indication that CGU may be impaired. If the present value of expected cash inflows is less than carrying amount, impairment loss is recognized and accounted through Statement of Profit or Loss. Goodwill is stated at cost less accumulated impairment losses.

Acquired Intangible Assets

Intangible assets are recognized whenever the cost of assets can be reliably measured, by the past experience it is demonstrated Finance Co. has control over such assets for the specified period and it is probable that future economic benefits could be derived from such assets. Finance has followed NAS 38 for accounting of intangible assets.

In the financial statements, software are presented as intangible assets.

Computer Software

Computer software are capitalised on the basis of the purchase cost of software or license and costs incurred to bring it to use. Cost of internally developed software includes directly attributable costs.

Intangible assets are amortized over the period of its estimated use, or in case of licenses, over the period of contractual right of use. Whenever there is no specific life or license period, such software are amortized over the period of five years.

At each reporting date, impairment test of intangible assets is done in order to oversee whether the carrying amount exceeds recoverable amount. Impairment loss is charged to Statement of Profit or Loss.

On transition to NFRS, the Finance Co. has elected to continue with the carrying value of all of its intangible assets measured as per the previous NAS and use that carrying value as the deemed cost as fair value in line with provisions of NFRS 1.

3.9 Investment Property

Investment property is land and building held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

Useful life of building held as investment property is considered to be same as that of property and equipment (i.e. 50 years) with 5% salvage value.

3.10 Income tax

Income tax expenses include current tax, deferred tax and any adjustments recognised in the period for current tax of prior periods.

Current Tax

Current tax is the amount of income tax payable in respect of taxable profit. This is calculated as per the provisions of Income Tax Act with the effective tax rate for current period. Taxable profit differs from the profit reported in the statement of profit or loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible. Income tax rate applicable for Finance Co. is 30% (previous year rate was 30%).

Deferred Tax

Deferred tax is calculated using balance sheet approach on temporary differences between tax base of assets and liabilities and carrying amount in the financial statements. Deferred tax is calculated using known future tax rate on each reporting date.

Deferred tax is recognized when it is probable that future taxable profit will be available to adjust the impact of temporary differences. Changes in deferred tax over period is recognized as deferred tax income/expenses in Statement of Profit or Loss.

In line with NRB Directives, deferred tax reserve is created to the amount equal to deferred tax assets and presented as part of regulatory reserve from current year.

Income tax on items of OCI

Income tax arising on the items of other comprehensive income is charged to statement of OCI itself.

3.11 Deposits, debt securities issued and subordinated liabilities

Deposit are financial liabilities and are generally repayable on demand except fixed period deposit accepted by Finance Co. from its customers.

The Finance Co. borrows money by issuing debt securities and subordinated debt. The borrowing is acknowledged or evidenced by issue of a negotiable instrument. The negotiable instrument can be certificate of deposit, commercial paper or debt note. Subordinated debt is issued to meet the capital requirements at Finance Co. level and to supply the capital to various operations. This debt generally consists of negotiable instruments and is usually listed on exchanges providing an active secondary market for the debt.

3.12 Provisions and Contingent Liabilities

Provision is a liability with uncertain timing and event. Provision is recognised if as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent Liabilities: Contingent liabilities are i) possible obligations arising from past events whose existence will be confirmed on happening or not happening or uncertain future events not wholly within the control of Finance Co., or ii) a present obligation arising from past events but are not recognized because outflow of resources to settle may not be required or such amount can not be reliably estimated.

Contingent liabilities are separately disclosed in financial statements.

3.13 Revenue Recognition

Revenue is recognized in line with NAS 18 Revenue when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

3.13.1 Interest income

Interest, in general, is recognized using effective interest rate on the particular assets. Finance Co. has opted to use the carve-out mentioned in Note 2.1.1 (c) and continued to use the actual interest rate to account for interest income. Interest income has been booked for all interest received during the year as well as on those loans having collective impairment as per NRB Directives less than 25%,, in line with circular issued by NRB. Interest on those loan with impairment of 25% or more have not been recognized.

Finance Co., in general, generates interest income from loan to customers, investment in debt securities and call deposits.

3.13.2 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided or significant act performed. the fees and commission income and expense that are integral to the effective interest rate on the financial assets and financial liability are included in the measurement of the effective interest rate. Finance Co. has opted to use carve-out as mentioned in Note 2.1.1 (c) on this matter and accounted all realized fee and commission income upfront.

Commission on guarantees issued that are for more than one year are immediately accounted as income. If the period of guarantee is more than one year, then proportionate amount of fee is accounted as income.

3.13.3 Dividend income

Dividend income is recognized when the right to receive dividend is established i.e. dividend is approved by general meeting of companies.

Dividend income if related to period earlier than the date of acquisition of shares and it amount related to pre and post acquisition could be segregated, then the pre-acquisition period dividend is adjusted to cost of investment.

3.13.4 Net trading income

Income derived from buying/selling of assets and liabilities classified as for trading purpose are accounted as net trading income. Gain and loss on trading assets and liabilities are recognized on mark to market basis and not on realization basis.

3.13.5 Other Operating Income

Income other than interest, fees & commission and trading income are accounted as other operating income. This primarily comprises of changes in foreign exchange rate, dividend income, gain on disposal of non-financial assets etc.

3.14 Interest expense

Interest on deposit accepted from customer and borrowings of the Finance Co. are accounted on accrual basis.

3.15 Employees Benefits

Employee expenses includes the amount paid to employees of Finance Co. in respect of their service. Payment in respect of services are for the current service and long term benefits. Long term benefits are in the form of defined contribution plan and defined benefit plan. Expenses under defined contribution plan are accounted as they incur and on defined benefit plan as per the actuarial valuation.

Short term employee benefits include salary, allowance, encashment of unused leave, provident fund, annual bonus based on profit of the Finance Co., subsidized loans etc. These are provided as the services are rendered by the employees and measured on undiscounted amount of payment made.

Long term employee benefits include accumulated leave not encashed during service period. These are generally paid on retirement or termination of service of the employee.

3.16 Leases

A lease is classified at the inception date as a finance lease or an operating lease. For arrangements entered into prior to 1 Shrawan 2074 the Finance Co. has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Finance Co. has not entered into finance lease.

Payment made under operating leases are recognised in profit or loss as per contractual rates with periodic adjustment on inflation. This method is more representative to the nature of expenses than the Straight line method.

3.17 Foreign Currency Transaction

Transaction in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange prevailing on that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payment during the year and the amortised cost in the foreign currency translated at the rate of exchange at the reporting date.

Non monetary assets and liabilities that measured at fair value in a foreign currency are translated into the functional currency at the rate of exchange prevailing at the date on which the fair value is determined. Non monetary items that are measured based on historical cost in the foreign currency are translated using the rate of exchange on the date of transactions. The resulting exchange gain or loss differences are generally recognised in Profit or Loss.

3.18 Financial guarantee and loan commitment

Financial guarantees are contract that require the Fund to make specified payments to reimburse the holder for a loss that incurs because a specified debtors fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below -market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below market interest rate included within other liabilities.

3.19 Share Capital and Reserves

3.19.1 Share Capital

Equity share capital is financial instruments issued by the company only to the extent that they do not meet the definition of financial liabilities.

All the issued shares are paid up and are listed with Nepal Stock Exchange for the purpose of trading by shareholders. All shares have right to vote on the basis of no. of shares held. Finance Co. does not have shares of other kind other than ordinary shares.

3.19.2 Reserves

Finance Co. has created various types of reserves as part of regulatory requirement.

a) General Reserve

General reserve is the statutory reserve. In this reserve, the amount transformed from appropriation of net profit according to the Banks and Financial Institutions Act, 2073 shall be included. No type of dividend (cash or bonus share) shall be distributed from the amount in general/statutory reserve. Approval of NRB shall be required in order to use the amount in this reserve.

b) Exchange Equalization Reserve

Exchange equalization reserve is a statutory reserve. Earning from foreign exchange revaluation gain on foreign currency other than Indian currency has to allocate 25 percent of such revaluation gain to this reserve as per provision of the Bank and Financial Institution Act. Any amount allocated to exchange equalization reserve as per the provision of the Bank and Financial Institutions Act, shall be presented under this heading.

c) Corporate Social Responsibility (CSR) Reserve

In line with clause 16 of Directive 16/075, Finance Co. is required to allocate 1% of its net profit for the year for CSR and is required to create CSR Reserve. The amount appropriated to this reserve is expensed off as prescribed in the same Directive in the next fiscal year.

d) Regulatory Reserve

This is specific reserve created in line with NRB Directive 4. All the adjustments made in NFRS that are different from earlier NRB Directives are included in this fund. This fund is not available for distribution of dividend.

e) Capital Reserve

The capital reserve represents the amount of those reserves which are in nature of capital and which shall not be available for distribution of cash dividend. The amount from share forfeiture due to non-payment of remaining amount for the unpaid shares, capital grants received in cash or kind, capital reserve arising out of merger and acquisition etc. should be presented under this heading.

f) Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognized. The cumulative amount of changes in fair value of those financial assets shall be presented under this account head.

g) Actuarial Gain Reserve

This reserve is for presenting the OCI component of defined benefit obligations. This is not an actual reserve.

h) Special Reserve

In line with circular no. 12/072/073, the interest capitalised on loan that have been restructured or rescheduled because of the borrower facing difficulty resulting from earthquake in 2072 is kept in this reserve. The reserve is required to be maintained till the loan is settled.

i) Assets Revaluation Reserve

Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, Investment Property) shall be presented under this heading. Revaluation reserves often serve as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation.

j Capital Redemption Reserve

This head shall include the statutory reserve created for making payment towards Redeemable Non-Convertible Preference Shares.

k) Dividend Equalization Reserve

For the purpose of maintaining uniformity in dividend payment, certain amount of profit during the year of profit making may be transferred shall be presented under this account head. Dividend may be distributed by debiting this account with the approval of the Board of Directors and endorsed by the General meeting.

l) Investment Adjustment Reserve

It is a regulatory reserve created as a cushion for adverse price movements in Finance Co.'s investments as directed by the Directives of Nepal Rastra Bank.

3.19.3 Share Premium

The amount of money collected on issue of shares in excess of its face value shall be presented under this heading. The outstanding amount in this account shall not be considered eligible for distribution of cash dividend.

3.19.4 Retained Earning

The accumulated profits which has not been distributed to shareholders and has been ploughed back in the licensed institutions' operations and is free for distribution of dividend to the shareholders shall be presented under this heading.

3.20 Investment in Associate

Whenever Finance Co. holds shares in any entity and it is demonstrated that Finance Co. has significant influence in such company, then such investment is treated as investment in associate. Significant influence is demonstrated by either holding more than 20% shares of such company or in cases where holding is less than 20% but there exists certain situations like being shareholder with influential stake, board representation, technical dependence, etc.

Investment in associate is accounted using equity method whereby the intial investment in measured at cost. Subsequently, the share of Finance Co. in net worth is calculated to arrive at the carrying amount of investment. Share on profit and OCI of the associate is added to cost of associate and distributions by associates reduce the carrying amount of investment.

When the company ceases to be associate, the whole amount is derecognized from associate and included under investment securities at fair value through OCI. The carrying amount of associate on the date of derecognition is the cost of shares and the same is revalued at fair value on reporting date with resultant increase or decrease in value taken to fair value reserve through other comprehensive income.

3.21 Earning per share including diluted

The Finance Co. measures earning per share on the basis of the earning attributable to the equity shareholders for the Period. The number of shares is taken as the weighted average number of shares for the relevant period as required by NAS 33 Earnings per Share. EPS for prior year have been restated because of issue of bonus share during the year as per NAS 33.

3.22 Segment reporting

Segment has been segregated based on the management function of Finance Co. and accordingly, the seven states of Nepal are considered as the segments. Income and expenses directly related to such segments are reported. Assets and liabilities specific to those are presented as segment assets and liabilities. Income tax is not segregated.

3.23 Events after Reporting Date

These are the events occurring between the reporting date and up to the date of approval of financial statements which are either adjustable or unadjustable.

Adjustable events are adjusted in the presented financial statements. There are no events that require additional disclosure in the financial statements.

Notes to Financial Statements

For the year ended on 31 Asar 2076

Cash and cash equivalent 4.1

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Cash in hand	253,035,635	221,353,572	182,327,613
Balances with B/FIs	5,330,569	11,311,072	3,951,527
Money at call and short notice	1,817,530,453	1,674,713,071	1,177,652,499
Other			
Total	**2,075,896,657**	**1,907,377,716**	**1,363,931,640**
Balances with bank include balance with problematic financial institution. Amount presented as balance with BFIs is net of loss allowance on such balance.	421,974	421,974	239,910

Due from Nepal Rastra Bank 4.2

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Statutory balances with NRB	293,135,948	167,749,425	86,980,656
Securities purchased under resale agreement	-	-	-
Other deposit and receivable from NRB	-	-	-
Total	**293,135,948**	**167,749,425**	**86,980,656**

Placements with Bank and Financial Institutions 4.3

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Placement with domestic B/FIs	-	-	-
Placement with foreign B/FIs	-	-	-
Less: Allowances for impairment	-	-	-
Total	**-**	**-**	**-**

Derivative financial instruments 4.4

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Held for trading	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Others	-	-	-
Held for risk management	-	-	-
Interest rate swap	-	-	-
Currency swap	-	-	-
Forward exchange contract	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Other trading assets 4.5

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Treasury bills	-	-	-
Government bonds	-	-	-
NRB Bonds	-	-	-
Domestic Corporate bonds	-	-	-
Equities	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**
Pledged			
Non-pledged			

Loan and advances to B/FIs 4.6

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Loans to microfinance institutions	218,239,881	165,441,247	121,937,719
Other	-	-	-
Less: Allowances for impairment	(2,182,399)	(1,654,412)	(1,219,377)
Total	**216,057,482**	**163,786,835**	**120,718,342**

Allowances for impairment 4.6.1

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Opening balance on Sawan 1	**1,654,412**	**1,219,377**	**407,811**
Impairment loss for the year:			
Charge for the year	527,987	435,035	811,566
Recoveries/reversal			
Amount written off			
Balance at Asar end	**2,182,399**	**1,654,412**	**1,219,377**

Loans and advances to customers 4.7

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Loan and advances measured at amortized cost	5,230,547,958	4,157,502,480	3,343,509,030
Less: Impairment allowances			
Collective impairment	(64,521,469)	(58,924,545)	(55,086,724)
Individual impairment	(206,113,693)	(183,670,156)	(112,329,514)
Net amount	**4,959,912,797**	**3,914,907,779**	**3,176,092,792**
Loan and advances measured at FVTPL	-	-	-
Total	**4,959,912,797**	**3,914,907,779**	**3,176,092,792**

Loan and advance is inclusive of staff loan and accrued interest on such loan net of interest suspense amount.

The above amount of impairment allowance is as per Directive issued by Nepal Rastra Bank.

We have selected around 15% of our outstanding loan for individual impairment test. The market value of collateral on valuation date was subjected to haircut to arrive at adjusted fair value of collateral on each reporting date and if the adjusted fair value is less than outstanding amount, individual impairment is considered along with other factors like repayment history of borrower, credit rating, additional information of customer regarding financial capability, restructuring/rescheduling of loan, etc. Collective assessment has been done using past default rate (probability of default) and a calculated percentage for non- recovery (loss given default) and the rates have been used to calculate impairment allowance as per NAS 39 using incurred loss model.

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Individual impairment	14,958,696	-	-
Collective impairment	2,844,536	4,374,417	17,114,460
Total	**17,803,232**	**4,374,417**	**17,114,460**

Loan classification and impairment allowance as per NRB Directive 2 is as follows:

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Performing loan	**4,843,279,808**	**3,847,689,969**	**3,145,608,089**
Good	4,441,063,042	3,336,498,847	2,577,342,014
Watch list	402,216,766	511,191,122	568,266,075
Non-performing loan	**304,069,945**	**273,385,264**	**161,699,168**
Substandard	92,302,893	96,031,852	48,314,108
Doubtful	57,458,165	35,382,439	26,268,146
Loss	154,308,887	141,970,973	87,116,914
Total	**5,147,349,753**	**4,121,075,233**	**3,307,307,257**
Add: loan to employees and Net AIR	**83,198,205**	**36,427,247**	**36,201,772**
Total loan	**5,230,547,958**	**4,157,502,480**	**3,343,509,030**

Impairment allowance			
Performing loan	**64,521,469**	**58,924,545**	**55,086,724**
Good	44,410,630	33,364,988	26,673,420
Watch list	20,110,838	25,559,556	28,413,304
Non-performing loan	**206,113,693**	**183,670,156**	**112,329,514**
Substandard	23,075,723	24,007,963	12,078,527
Doubtful	28,729,082	17,691,219	13,134,073
Loss	154,308,887	141,970,973	87,116,914
Additional	-	-	
Total	**270,635,161**	**242,594,700**	**167,416,238**

Analysis of loan and advances - By Product **4.7.1**

Product	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Term loans	178,245,565	56,173,597	54,024,590
Overdraft	94,057,054	-	-
Trust receipt/Import loans	-	-	-
Demand and other working capital loans	910,470,553	631,806,424	573,863,952
Personal residential loans	620,912,320	532,706,460	372,024,119
Real estate loans	178,525,595	238,205,765	273,901,347
Margin lending loans	218,087,407	278,939,669	370,627,473
Hire purchase loans	329,765,355	397,505,573	393,012,706
Deprived sector loans	21,851,776	27,133,224	5,000,000
Bills purchased	-	-	-
Staff loans	4,873,667	5,101,179	5,181,355
Other	2,593,364,866	1,955,780,892	1,260,819,841
Sub total	**5,150,154,159**	**4,123,352,783**	**3,308,455,382**
Interest receivable	80,393,800	34,149,697	35,053,648
Grand total	**5,230,547,959**	**4,157,502,480**	**3,343,509,030**

Analysis of loan and advances - By Currency **4.7.2**

Currency	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Nepalese rupee	5,230,547,958	4,157,502,480	3,343,509,030
Indian rupee			
United State dollar			
Great Britain pound			
Euro			
Japanese yen			
Chinese yuan			
Other			
Total	**5,230,547,958**	**4,157,502,480**	**3,343,509,030**

Analysis of loan and advances - By Collateral **4.7.3**

Collateral	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Secured			
Movable/immovable assets	4,970,420,864	3,884,477,030	3,133,613,394
Gold and silver			
Guarantee of domestic B/FIs			
Government guarantee			
Guarantee of international rated bank			
Collateral of export document			
Collateral of fixed deposit receipt	61,277,076	80,111,496	36,277,017
Collateral of Government securities			
Counter guarantee			
Personal guarantee			
Other collateral	198,850,018	192,913,953	173,618,617
Subtotal	**5,230,547,958**	**4,157,502,480**	**3,343,509,029**
Unsecured			
Grand Total	**5,230,547,958**	**4,157,502,480**	**3,343,509,029**

Allowances for impairment **4.7.4**

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Specific allowances for impairment			
Balance at Sawan 1	**183,670,156**	**112,329,514**	**281,222,679**
Impairment loss for the year:			
Charge for the year	23,375,777	71,340,642	7,549,668
Recoveries/reversal during the year	(932,240)	-	(176,442,833)
Write-offs			
Exchange rate variance on foreign currency			
Other movement			
Balance at Asar end	**206,113,693**	**183,670,156**	**112,329,514**
Collective allowances for impairment			
Balance at Sawan 1	58,924,545	55,086,724	26,918,395
Impairment loss for the year:			
Charge for the year	11,045,642	6,691,568	28,168,329
Recoveries/reversal during the year	(5,448,718)	(2,853,748)	
Other movement			
Balance at Asar end	**64,521,469**	**58,924,545**	**55,086,724**
Total allowances for impairment	**270,635,161**	**242,594,700**	**167,416,238**

Investment securities **4.8**

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Investment securities measured at amortized cost	152,209,041	151,809,041	27,331,753
Investment in equity measured at FVTOCI	193,952,427	254,210,083	271,749,384
Total	**346,161,468**	**406,019,124**	**299,081,138**

Investment securities measured at amortized cost **4.8.1**

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Debt securities			
Government bonds	152,209,041	151,809,041	27,331,753
Government treasury bills			
Nepal Rastra Bank bonds			
Nepal Rastra Bank deposits instruments			
Other			
Less: specific allowances for impairment			
Total	**152,209,041**	**151,809,041**	**27,331,753**
Accrued interest included in government bonds	1,809,041	1,809,041	331,753

Investment in equity measured at fair value through other comprehensive income **4.8.2**

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Equity instruments			
Quoted equity securities	160,527,027	221,802,683	270,341,984
Unquoted equity securities	33,425,400	32,407,400	1,407,400
Total	**193,952,427**	**254,210,083**	**271,749,384**

Notes to Financial Statements

For the year ended on 31 Asar 2076

4.8.3: Information relating to investment in equities

Particulars	No. of shares	As on Asar 31, 2076		Restated Asar 32, 2075		Opening Restated Shrawan 1, 2074	
	(Asar 31, 2076)	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity		**212,380,206**	**160,527,027**	**198,143,202**	**221,802,683**	**188,085,620**	**270,341,984**
First Microfinance Laghu Bitta Bittiya Sanstha Limited - Ordinary Share	25,008	14,707,183	9,378,000	-	-	-	-
Global Ime Sammunat Scheme -1	474,658	4,746,580	3,977,634	4,746,580	4,162,751	4,746,580	4,836,765
Laxmi Equity Fund - Mutual Fund	292,478	2,924,780	2,231,607	2,924,780	2,369,072	2,924,780	2,924,780
Lumbini General Insurance Company Limited - Ordinary Share	293	16,359	125,990	44,400	432,850	8,300	313,410
Life Insurance Corporation (Nepal) Limited - Ordinary Share	2,857	5,013,199	4,571,200	5,013,199	4,137,722	5,013,199	4,355,775
Mahila Sahayatra Microfinance Bittiya Sanstha Limited - Ordinary Share		-	-	-	-	-	-
Nabil Equity Fund - Mutual Fund	225,299	2,252,990	2,102,040	2,252,990	2,221,448	2,252,990	2,252,990
Nibl Pragati Fund - Mutual Fund	342,480	3,424,800	2,548,051	3,424,800	3,082,320	3,424,800	3,424,800
Nibl Samriddhi Fund-1- Mutual Fund	395,564	3,955,640	3,662,923	3,955,640	3,955,640	3,955,640	4,687,433
National Hydropower Company Limited	32,940	4,748,849	2,108,160	4,748,849	1,534,140	5,108,104	3,408,636
Nepal Life Insurance Company Limited - Ordinary Share	11,573	23,195,167	10,427,273	23,195,167	12,151,650	25,691,864	21,817,236
National Life Insurance Company Limited - Ordinary Share	6,061	4,073,462	3,545,685	3,873,062	2,023,068	36,910,786	63,077,500
National Life Insurance Company Limited - Promoter Share	56,749	33,254,713	22,699,600	31,379,713	21,875,000	-	-
Nmb Hybrid Fund L- 1 Mutual Fund	315,480	3,154,800	3,164,264	3,154,800	3,057,001	3,154,800	2,594,340
National Microfinance Bittiya Sanstha Limited - Promoter Share	113,161	7,500,000	7,500,000	7,500,000	83,025,000	7,500,000	66,825,000
Nlg Insurance Company Limited	23,829	29,893,368	18,157,698	29,893,368	21,808,500	31,093,962	28,635,255
Nlg Insurance Company Limited-Promoter Share	161	-	61,341				
Premier Insurance Company (Nepal) Limited - Ordinary Share	455	-	222,950	752,666	1,600,875	4,891,944	4,721,860
Primelife Insurance Company Limited - Ordinary Share	126	87,316	55,314	87,316	66,780	28,993	43,435
Siddhartha Equity Oriented Scheme- Mutual Fund	489,874	4,898,740	5,300,437	4,898,740	5,168,171	4,898,740	5,809,906
Swabalamban Laghubitta Bittiya Sanstha	9,957	12,322,228	8,712,375	12,322,228	9,877,840	9,863,841	9,258,462
Chilime Hydropower Company Limited - Ordinary Share	1,085	-	565,285	-	555,370	812,546	3,831,996
Soaltee Hotel Ltd.	6,688	1,690,165	1,631,872	1,690,165	1,477,440	-	-
Butwal Power Company Ltd.	1,390	246,386	568,510	246,386	228,500	-	-
Nirdhan Utthan Bank Ltd.	79	85,128	66,439	85,128	67,584	-	-
Oriental Hotel Ltd.	2,741	1,372,448	1,663,787	1,372,448	1,242,064	-	-
Citizens Mutual Fund	250,000	2,500,000	2,545,000	2,500,000	2,320,000	-	-
NIC Asia Growht Scheme	500,000	5,000,000	5,140,000	5,000,000	4,595,000	-	-
Sanima Equity Fund	500,000	5,000,000	4,700,000	5,000,000	4,780,000	-	-
Chhimek Bikas Bank Ltd.	500	528,231	475,000	528,231	438,500	-	-
Forward Community Microfinance Bittiya Sanstha Ltd.	3,900	7,552,545	5,179,200	7,552,545	4,468,860	-	-
Pms/Nibl Ace Capital Market Ltd.*		28,235,128	27,439,392	30,000,000	18,879,582	30,000,000	31,620,227
Citizen Investment Trust		-	-	-	-	4,720,041	4,547,360
Shikhar Insurance Company Limited - Ordinary Share		-	-	-	199,955	1,083,710	1,354,818

Investment in unquoted equity		**31,896,990**	**33,425,400**	**31,896,990**	**32,407,400**	**896,990**	**1,407,400**
Karja Suchana Kendra	17,964	294,500	1,796,400	294,500	798,400	294,500	798,400
Nepal Chalachitra Bikas Company	90	2,490	9,000	2,490	9,000	2,490	9,000
Prabhu Capital Ltd.-Ordinary Share	15,000	1,500,000	1,500,000	1,500,000	1,500,000	500,000	500,000
Nepal Clearing House Ltd.	1,200	100,000	120,000	100,000	100,000	100,000	100,000
General Insurance Company Nepal Ltd.	300,000	30,000,000	30,000,000	30,000,000	30,000,000	-	-
Total		**244,277,196**	**193,952,427**	**230,040,192**	**254,210,083**	**188,982,610**	**271,749,384**

* This is investment portfolio, hence there is no any specific shared held.

Notes to Financial Statements

For the year ended on 31 Asar 2076

Current tax assets 4.9

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Current tax assets	10,745,652	11,671,489	30,153,284
Current year income tax assets	10,745,652	6,249,864	16,755,870
Tax assets of prior periods		5,421,625	13,397,414
Current tax liabilities	34,110,312	13,775,279	24,731,659
Current year income tax liabilities	34,110,312	13,775,279	24,731,659
Tax liabilities of prior periods		-	-
Total	**(23,364,660)**	**(2,103,790)**	**5,421,625**

Investment in subsidiaries 4.10

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Investment in quoted subsidiaries			
Investment in unquoted subsidiaries			
Total investment	**-**	**-**	**-**
Less: Impairment allowances			
Net carrying amount	**-**	**-**	**-**

Investment in quoted subsidiaries 4.10.1

Particulars	As on Asar 31, 2076		Restated Asar 32, 2075		Opening Restated Shrawan 1, 2074	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Total	**-**	**-**	**-**	**-**	**-**	**-**

Investment in unquoted subsidiaries 4.10.2

Particulars	As on Asar 31, 2076		Restated Asar 32, 2075		Opening Restated Shrawan 1, 2074	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Total	**-**	**-**	**-**	**-**	**-**	**-**

Information relating to subsidiaries of the Bank 4.10.3

Particulars	Percentage of ownership held by the Bank		
	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Total	**-**	**-**	**-**

Non controlling interest of the subsidiaries 4.10.4

Particulars	As on Asar 31, 2076	
	... Ltd.	**... Ltd.**
Equity interest held by NCI (%)		
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asar end		
Dividend paid to NCI		

Particulars	Restated Asar 32, 2075	
	... Ltd.	... Ltd.
Equity interest held by NCI (%)		
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asar end		
Dividend paid to NCI		

Particulars	Opening Restated Shrawan 1, 2074	
	... Ltd.	... Ltd.
Equity interest held by NCI (%)		
Profit/(loss) allocated during the year		
Accumulated balances of NCI as on Asar end		
Dividend paid to NCI		

Investment in associates 4.11

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Investment in quoted associates	5,530,424	7,181,722	5,911,287
Investment in unquoted associates			
Total investment	**5,530,424**	**7,181,722**	**5,911,287**
Less: Impairment allowances			
Net carrying amount	**5,530,424**	**7,181,722**	**5,911,287**

Investment in quoted associates 4.11.1

Please refer Note 3.20 for accouting policy of investment in associate.

	As on Asar 31, 2076		Restated Asar 32, 2075		Opening Restated Shrawan 1, 2074	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	4,000,000	9,702,000	4,000,000	13,700,000	4,000,000	23,200,000
First Microfinance Development Bank Ltd.*	-	-	14,707,183	13,504,320	13,873,583	14,787,960
Total	**4,000,000**	**9,702,000**	**18,707,183**	**27,204,320**	**17,873,583**	**37,987,960**

Investment in First Microfinance Development Bank Ltd. is on promoter share whose quoted price was not available on reporting dates, accordingly, 50% of the price of ordinary shares have been considered to arrive at fair value.
*In line with Note 3.20, this company is not an associate as at Asar 31, 2076.

Investment in unquoted associates 4.11.2

	As on Asar 31, 2076		Restated Asar 32, 2075		Opening Restated Shrawan 1, 2074	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Total	**-**	**-**	**-**	**-**	**-**	**-**

Information relating to associates of the Bank 4.11.3

	Percentage of ownership held by the Bank		
	As onAsar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	3.64	3.31	3.31
First Microfinance Development Bank Ltd.		0.37	0.37
Total	**3.64**	**3.67**	**3.67**

4.11.4: Equity value of associates

	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.	5,530,424	4,333,971	4,250,106
First Microfinance Development Bank Ltd.		2,847,750	1,661,181
Total	**5,530,424**	**7,181,722**	**5,911,287**

Investment properties 4.12

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Investment properties measured at fair value			
Balance as on Sawan 1			
Addition/disposal during the year			
Net changes in fair value during the year			
Adjustment/transfer			
Net amount	**-**	**-**	**-**
Investment properties measured at cost			
Balance as on Sawan 1	157,067,120	142,411,902	105,897,644
Addition during the year	18,273,743	76,388,433	79,343,503
Disposal during the year	(85,923,444)	(61,733,215)	(42,829,245)
Adjustment/transfer			
Accumulated depreciation			
Accumulated impairment loss			
Net amount	**89,417,419**	**157,067,120**	**142,411,902**
Total	**89,417,419**	**157,067,120**	**142,411,902**

Investment property presented above comprise the following assets 4.12.1

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Own land and building	838,400	838,400	17,968,905
Assets booked as non-banking assets in line with NRB Directives	88,579,019	156,228,720	124,442,997
Total	**89,417,419**	**157,067,120**	**142,411,902**

Investment property comprise the following assets accounted as non-banking assets (NBA) as per NRB Directives. **4.12.2**

Name of Party	NBA Date	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Ramchandra Basnet	1/3/2008	190,000	190,000	190,000
Gyan Devi Shakya	2/16/2014	4,825,000	4,825,000	4,825,000
Lumbini Carpet Limited	9/1/2014	6,406,170	6,406,170	6,406,170
Sachin Kumar Sunuwar	10/16/2016	375,000	375,000	375,000
Chandra Bahadur Regmi	1/10/2017	196,000	196,000	196,000
Sadananda Mishra	4/13/2017	1,202,500	1,202,500	1,202,500
A and D Company Pvt. Ltd.	1/14/2018	44,961,670	44,961,670	-
Shree Siddakali Jewellers	1/14/2018	3,720,244	3,720,244	-
Aaita Raj Limbu	4/26/2018	4,376,845	4,376,845	-
Ramesh Khaling	4/22/2018	1,926,104	1,926,104	-
Padam Bahadur Gurung	4/24/2018	2,125,742	2,125,742	-
Sanjiv Rai	4/13/2019	3,382,520	-	-
Prem Kumar Limbu	7/16/2019	4,196,962	-	-
Prem Kumar Limbu	7/16/2019	3,910,401	-	-
Dawa Lama Tamang	7/16/2019	1,179,495	-	-
Hotel Maharaja	7/16/2019	5,604,365	-	-
Sudhir Bahadur Adhikary	5/21/2014	-	8,293,785	8,293,785
Subedi Developers	5/26/2014	-	21,733,229	21,733,229
Maa Baisnav Dariy Pvt. Ltd.	12/4/2016	-	1,815,000	1,815,000
Basanta Thapa Magar	10/16/2016	-	627,000	627,000
Kaushal K.C.	1/1/2017	-	303,000	303,000
Mundhum Housing and Investment Pvt. Ltd.	1/1/2017	-	4,063,000	4,063,000
Somi and Salima Developers Pvt. Ltd.	1/1/2017	-	14,551,200	24,155,400
Muna Housing Pvt. Ltd.	1/12/2017	-	14,742,400	14,742,400
Lumbini Infrastructure Pvt. Ltd.	1/13/2017	-	517,003	17,947,003
Bhakta Bahadur Angdembe	10/17/2017	-	5,332,328	-
Indra Limbu Subba	10/17/2017	-	5,423,682	-
Sagar Rai	10/17/2017	-	5,124,150	-
Binod Subba	3/22/2018	-	1,345,221	-
Kailash Poultry Farm	3/22/2018	-	2,052,445	-
Shreeram Pudasaini	6/12/2012	-	-	3,651,310
Sharmila Kakshapati	1/12/2017	-	-	450,000
Santoshi Rai International Pvt. Ltd.	1/12/2017	-	-	13,467,200
Total		**88,579,019**	**156,228,720**	**124,442,997**

Notes to Financial Statements

For the year ended on 31 Asar 2076

Property and Equipment **4.13**

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicle	Furniture & Fixture	Machinery	Equipment & Others	Total Asar end
Cost									
As on Sawan 1, 2074	**33,274,250**	**7,686,927**	**22,289,928**	**19,523,570**	**17,988,779**	**20,800,378**	**-**	**43,478,326**	**165,042,159**
Addition during the Year									
Acquisition		6,310,561	17,671,913	3,685,031	6,942,367	7,578,802		16,445,369	58,634,042
Capitalization									-
Disposal during the year					(1,262,900)				(1,262,900)
Adjustment/Revaluation									-
Balance as on Asar 32, 2075	**33,274,250**	**13,997,488**	**39,961,841**	**23,208,601**	**23,668,247**	**28,379,180**	**-**	**59,923,695**	**222,413,302**
Addition during the Year									-
Acquisition				1,085,340	4,308,267	1,039,276		2,766,147	9,199,030
Capitalization									-
Disposal during the year					(5,163,000)				(5,163,000)
Adjustment/Revaluation									-
Balance as on Asar 31, 2076	**33,274,250**	**13,997,488**	**39,961,841**	**24,293,941**	**22,813,513**	**29,418,456**	**-**	**62,689,842**	**226,449,332**
Depreciation and Impairment									
As on Sawan 1, 2074		2,638,682	1,590,508	15,907,730	13,016,460	13,143,223		25,284,049	71,580,652
Depreciation charge for the Year		462,764	5,245,026	1,574,928	2,292,616	2,817,625		5,680,917	18,073,877
Impairment for the year									-
Disposals					(1,057,604)				(1,057,604)
Adjustment									-
As on Asar 32, 2075	**-**	**3,101,447**	**6,835,534**	**17,482,658**	**14,251,471**	**15,960,848**	**-**	**30,964,966**	**88,596,924**
Impairment for the year									-
Depreciation charge for the Year		221,858	8,014,795	2,619,196	2,041,887	2,667,616		9,135,014	24,700,367
Disposals					(3,316,762)				(3,316,762)
Adjustment									-
As on Asar 31, 2076	**-**	**3,323,305**	**14,850,330**	**20,101,855**	**12,976,596**	**18,628,465**	**-**	**40,099,980**	**109,980,530**
Capital Work in Progress									**-**
Net Book Value									
As on Shrawan 1, 2074	**33,274,250**	**5,048,245**	**20,699,420**	**3,615,840**	**4,972,320**	**7,657,155**	**-**	**18,194,277**	**93,461,507**
As on Asar 32, 2075	**33,274,250**	**10,896,041**	**33,126,307**	**5,725,943**	**9,416,776**	**12,418,332**	**-**	**28,958,729**	**133,816,377**
As on Asar 31, 2076	**33,274,250**	**10,674,183**	**25,111,511**	**4,192,087**	**9,836,917**	**10,789,992**	**-**	**22,589,862**	**116,468,802**
Remaining value (residual value) of fully depreciated assets as at Asar 31, 2076					**13,932**	**27,173**		**16,399**	**57,504**

Notes to Financial Statements

For the year ended on 31 Asar 2076

Goodwill and Intangible Assets **4.14**

Particulars	Goodwill	Software		Other	Total Asar end
		Purchased	Developed		
Cost					
As on Sawan 1, 2074		**1,112,607**			**1,112,607**
Addition during the Year					
Acquisition					-
Capitalization					-
Disposal during the year					-
Adjustment/Revaluation					-
Balance as on Asar 32, 2075	**-**	**1,112,607**	**-**	**-**	**1,112,607**
Addition during the Year					
Acquisition		1,898,965			1,898,965
Capitalization					-
Disposal during the year					-
Adjustment/Revaluation					-
Balance as on Asar 31, 2076	**-**	**3,011,572**	**-**	**-**	**3,011,572**
Amortization and Impairment					
As on Sawan 1, 2074		**396,454**			**396,454**
Amortization charge for the Year		286,212			286,212
Impairment for the year					-
Disposals					-
Adjustment					-
As on Asar 32, 2075	**-**	**682,666**	**-**	**-**	**682,666**
Amortization charge for the Year					-
Impairment for the year		452,252			452,252
Disposals					-
Adjustment					-
As on Asar 31, 2076	**-**	**1,134,918**	**-**	**-**	**1,134,918**
Capital Work in Progress					
Net Book Value					
As on Shrawan 1, 2074	**-**	**716,153**	**-**	**-**	**716,153**
As on Asar 32, 2075	**-**	**429,941**	**-**	**-**	**429,941**
As on Asar 31, 2076	**-**	**1,876,654**	**-**	**-**	**1,876,654**

Notes to Financial Statements

For the year ended on 31 Asar 2076

Deferred Tax 4.15

Particulars	As on Asar 31, 2076		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs			
Loans and advances to customers	101,832,798		101,832,798
Investment properties		1,328,685	(1,328,685)
Investment securities	15,097,431		15,097,431
Property & equipment		8,959,395	(8,959,395)
Employees' defined benefit plan	8,177,951		8,177,951
Lease liabilities			-
Provisions			-
Other temporary differences	1,801,075		1,801,075
Deferred tax on temporary differences	**126,909,254**	**10,288,080**	**116,621,174**
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
Net Deferred tax asset/(liabilities) as on year end of Asar 2076	**126,909,254**	**10,288,080**	**116,621,174**
Deferred tax (asset)/liabilities as on Sawan 1, 2075			(130,347,118)
Origination/(Reversal) during the year			**(13,725,944)**
Deferred tax expense/(income) recognised in profit or loss			(36,551,265)
Deferred tax (expense)/income recognised in other comprehensive income			22,825,321
Deferred tax expense/(income) recognised in directly in equity			

Particulars	Restated Asar 32, 2075		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs			-
Loans and advances to customers	139,164,197	-	139,164,197
Investment properties	-	2,343,431	(2,343,431)
Investment securities	-	7,250,967	(7,250,967)
Property & equipment	-	9,982,275	(9,982,275)
Employees' defined benefit plan	7,175,364	-	7,175,364
Lease liabilities			-
Provisions			-
Other temporary differences	3,584,231	-	3,584,231
Deferred tax on temporary differences	**149,923,791**	**19,576,673**	**130,347,118**
Deferred tax on carry forward of unused tax losses			
Deferred tax due to changes in tax rate			
Net Deferred tax asset/(liabilities) as on year end of Ashad 32, 2075	**149,923,791**	**19,576,673**	**130,347,118**
Deferred tax (asset)/liabilities as on Sawan 1, 2074			(104,908,010)
Additional deferred tax assets for the year			**25,439,109**
Deferred tax income recognised in profit or loss			6,655,537
Deferred tax income recognised in other comprehensive income			18,783,572
Deferred tax expense/(income) recognised in directly in equity			

Particulars	Opening Restated Shrawan 1, 2074		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/(Liabilities)
Deferred tax on temporary differences on following items			
Loan and Advance to B/FIs			-
Loans and advances to customers	123,053,201	-	123,053,201
Investment properties	-	1,866,645	(1,866,645)
Investment securities	-	24,830,032	(24,830,032)
Property & equipment	-	-	-
Employees' defined benefit plan	4,890,825	-	4,890,825
Lease liabilities			-
Provisions			-
Other temporary differences	3,660,662	-	3,660,662
Deferred tax on temporary differences	**131,604,687**	**26,696,677**	**104,908,010**
Deferred tax on carry forward of unused tax losses			-
Deferred tax due to changes in tax rate			-
Net Deferred tax asset/(liabilities) as on year end of Ashad 31, 2074	**131,604,687**	**26,696,677**	**104,908,010**
Deferred tax (asset)/liabilities as on Ashad 31, 2073 (Previous GAAP)			**(128,405,130)**
Origination/(Reversal) during the year			
Deferred tax expense/(income) recognised in profit or loss			
Deferred tax expense/(income) recognised in other comprehensive income			
Deferred tax (expense)/income recognised in directly in equity			**(23,497,120)**

Other Assets 4.16

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Assets held for sale			
Other non banking assets			
Bills receivable			
Accounts receivable	7,950,078	9,744,788	57,227,779
Accrued income	19,018,215	1,753,488	-
Prepayments and deposit	4,312,628	2,606,516	1,618,506
Income tax deposit*	30,066,500	-	-
Deferred employee expenditure	2,311,394	1,460,493	1,287,895
Other			
Stationery stock	1,701,886	985,462	299,507
Shares related balances	112,750	112,750	602,275
Work advance	678,078	200,414	98,914
Charges recoverable from borrowers	3,350,960	2,721,289	2,137,333
Total	**69,502,488**	**19,585,200**	**63,272,209**

**** Please refer Note 4.28.5 for additional information.***

Due to Bank and Financial Institutions 4.17

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Money market deposits			
Interbank borrowing			
Other deposits from BFIs			
Settlement and clearing accounts			
Other deposits from BFIs			
Total	**-**	**-**	**-**

Due to Nepal Rastra Bank 4.18

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Refinance from NRB			
Standing Liquidity Facility			
Lender of last report facility from NRB			
Securities sold under repurchase agreements			
Other payable to NRB			
Total	**-**	**-**	**-**

Derivative financial instruments 4.19

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Held for trading			
Interest rate swap			
Currency swap			
Forward exchange contract			
Others			
Held for risk management			
Interest rate swap			
Currency swap			
Forward exchange contract			
Others			
Total	**-**	**-**	**-**

Deposits from customers 4.20

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Institutions customers:			
Term deposits	679,361,177	607,314,077	397,937,210
Call deposits			
Current deposits			
Other	2,571,547,214	1,964,019,254	1,737,147,837
Individual customers:			
Term deposits	1,984,697,971	1,864,891,638	1,129,763,176
Saving deposits	1,603,696,442	1,088,013,148	803,898,255
Current deposits			
Other			
Total	**6,839,302,804**	**5,524,238,117**	**4,068,746,477**

Currency wise analysis of deposit from customers 4.20.1

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Nepalese rupee	6,839,302,804	5,524,238,117	4,068,746,477
Indian rupee			
United State dollar			
Great Britain pound			
Euro			
Japanese yen			
Chinese yuan			
Other			
Total	**6,839,302,804**	**5,524,238,117**	**4,068,746,477**

Borrowing 4.21

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Domestic Borrowing			
Nepal Government			
Other Institutions			
Other			
Sub total	**-**	**-**	**-**
Foreign Borrowing			
Foreign Bank and Financial Institutions			
Multilateral Development Banks			
Other Institutions			
Sub total	**-**	**-**	**-**
Total	**-**	**-**	**-**

Provisions 4.22

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Provisions for redundancy			
Provision for restructuring			
Pending legal issues and tax litigation			
Onerous contracts			
Other			
Total	**-**	**-**	**-**

Movement in provision 4.22.1

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Balance at Sawan 1			
Provisions made during the year			
Provisions used during the year			
Provisions reversed during the year			
Unwind of discount			
Balance at Asar end	**-**	**-**	**-**

Other liabilities 4.23

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Liability for employees defined benefit obligation	16,368,716	15,996,792	10,523,838
Liability for long-service leave	10,891,121	7,921,088	5,778,911
Short-term employee benefits	-	-	611,806
Bills payable	-	-	-
Creditors and accruals	4,439,026	6,606,205	24,678,677
Interest payable on deposit	22,130,715	38,349,542	17,035,214
Interest payable on borrowing	-	-	-
Liabilities on deferred grant income	-	-	-
Unpaid Dividend	606,922	606,922	606,922
Liabilities under Finance Lease	-	-	-
Employee bonus payable	8,105,191	-	18,351,865
Other			
TDS payable	14,162,819	11,272,530	7,430,471
Bid money	22,349,636	20,042,169	24,444,047
ATM/POS payable	319,912	130,987	132,566
Retention	2,361,073	2,361,073	2,438,333
Share related	550,278	491,848	672,329
Commission	1,112,263	393,406	-
Remittance	-	-	168,930
Party payable on behalf of customer	-	24,539,440	1,103,200

Good for payment	2,200,000	195,000	270,300
Payable towards government social security allowance	8,131,200	610,400	-
Amount refundable to depositors	3,621,793	-	-
Other miscellaneous payable	728,583	1,695,066	3,984,816
Total	**118,079,248**	**131,212,468**	**118,232,223**

Defined benefit obligations **4.23.1**

The amounts recognised in the statement of financial position are as follows:

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Present value of unfunded obligations			
Present value of funded obligations	32,787,320	25,633,661	17,989,729
Total present value of obligations	**32,787,320**	**25,633,661**	**17,989,729**
Fair value of plan assets	16,418,604	9,636,869	7,465,891
Present value of net obligations	**16,368,716**	**15,996,792**	**10,523,838**
Recognised liability for defined benefit obligations	16,368,716	15,996,792	10,523,838

Plan assets **4.23.2**

Plan assets comprise:

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Equity securities			
Government bonds			
Bank deposit			
Other (with approved retirement fund)	16,418,604	9,636,869	7,465,891
Total	**16,418,604**	**9,636,869**	**7,465,891**
Actual return on plan assets	**-**	**-**	**-**

Movement in the present value of defined benefit obligations **4.23.3**

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Defined benefit obligations at Sawan 1	25,633,661	17,989,729	14,611,223
Actuarial losses	547,523	3,330,913	89,151
Benefits paid by the plan	(530,712)	(291,235)	(365,375)
Current service costs and interest	7,136,848	4,604,254	3,654,730
Defined benefit obligations at Asar end	32,787,320	25,633,661	17,989,729

Movement in the fair value of plan assets **4.23.4**

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Fair value of plan assets at Sawan 1	9,636,869	7,465,891	6,484,304
Contributions paid into the plan	7,312,447	2,462,213	1,346,962
Benefits paid during the year	(530,712)	(291,235)	(365,375)
Actuarial (losses) gains	(1,042,219)	(684,110)	(558,008)
Expected return on plan assets	1,042,219	684,110	558,008
Fair value of plan assets at Asar end	16,418,604	9,636,869	7,465,891

Amount recognised in profit or loss **4.23.5**

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Current service costs	4,204,150	5,107,384	2,500,447
Interest on obligation	1,852,450	2,029,464	1,154,283
Expected return on plan assets	(684,110)	(1,042,219)	(558,008)
Total	**5,372,490**	**6,094,629**	**3,096,722**

Amount recognised in other comprehensive income 4.23.6

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Actuarial (gain)/loss	4,015,023	1,589,742	89,151
Total	**4,015,023**	**1,589,742**	**89,151**

Actuarial assumptions 4.23.7

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Discount rate	6.50%	8%	8%
Expected return on plan asset	8%	8%	8%
Future salary increase	10%	10%	10%
Withdrawal rate	10%	10%	10%

Debt securities issued 4.24

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Debt securities issued designated as at fair value through profit or loss			
Debt securities issued at amortised cost			
Total	**-**	**-**	**-**

Subordinated Liabilities 4.25

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Redeemable preference shares			
Irredeemable cumulative preference shares			
Other			
Total	**-**	**-**	**-**

Share capital 4.26

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Ordinary shares	867,993,800	867,993,800	762,474,900
Convertible preference shares (equity component)			
Irredeemable preference shares (equity component)			
Perpetual debt (equity component only)			
Total	**867,993,800**	**867,993,800**	**762,474,900**

Ordinary shares 4.25.1

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Authorized Capital			
10,000,000 ordinary share of Rs. 100 each	1,000,000,000	1,000,000,000	1,000,000,000
Issued capital			
8,679,938 Ordinary share of Rs. 100 each	867,993,800	867,993,800	867,993,800
Subscribed and paid up capital			
8,679,938 Ordinary share of Rs. 100 each	867,993,800	867,993,800	
7,624,749 Ordinary share of Rs. 100 each			762,474,900
Total	**867,993,800**	**867,993,800**	**762,474,900**

Reconciliation of no. of ordinary shares

Opening	8,679,938	7,624,749	5,794,825
Issue during the year (right)	-	1,055,189	1,829,924
Closing	8,679,938	8,679,938	7,624,749

Ordinary share ownership **4.25.2**

Particulars	As on Asar 31, 2076		Restated Asar 32, 2075		Opening Restated Shrawan 1, 2074	
	Percent	Amount	Percent	Amount	Percent	Amount
Domestic ownership						
Nepal Government						
"A" class licensed institutions						
Other licensed institutions						
Other Institutions						
Public	49	425,316,962	49	425,316,962	49	373,612,701
Promoter	51	442,676,838	51	442,676,838	51	388,862,199
Other						
Foreign ownership						
Total	**100.00**	**867,993,800**	**100.00**	**867,993,800**	**100.00**	**762,474,900**

Shareholders holding more than 0.5% shares are as follows:

Name	Percentage
Dambar Bahadur Tamang (Bomjan)	3.26%
Keshari Chand Kucheriya	2.45%
Shree Krishna Securities Ltd.	2.09%
Tej Bahadur Tamang	1.62%
Nirmal Gurung	1.43%
Yurika Investment Pvt. Ltd.	0.88%
Mahendra Lal Rai	0.79%
Dharma Kumar Rai	0.79%
Yadap Rai	0.77%
Bhawani Prasad Rai	0.69%
Nirmal Pradhan	0.62%
Shree Prasad Rai	0.61%
Rajesh Bantawa Rai	0.82%
Binod Kumar Rai	0.56%
Rajendra Kumar Rai	0.53%
Jai Manakamana Multi-purpose Co-operative Society Ltd.	0.51%

Reserves **4.27**

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Statutory general reserve	373,974,457	373,517,429	373,517,429
Exchange equalisation reserve	172,628	172,628	172,628
Corporate social responsibility reserve	1,351,181	1,328,330	1,328,330
Capital redemption reserve			
Regulatory reserve	284,393,177		
Investment adjustment reserve	-	-	-
Capital reserve		-	-
Assets revaluation reserve			
Fair value reserve	(35,227,339)	16,918,923	57,936,742
Dividend equalisation reserve			
Actuarial gain/(loss) reserve	(4,376,347)	(3,263,527)	(453,011)
Special reserve	-	-	-
Other reserve - Training Fund	1,410,032	-	-
Total	**621,697,790**	**388,673,783**	**432,502,118**

Movement of corporate social responsibility reserve, fair value reserve, employee training fund and actuarial reserve for 2075-76: **Note 4.27.1**

Particulars	Corporate social responsibility reserve	Fair Value Reserve	Employee training fund	Actuarial gain/(loss) reserve
Opening	**1,328,330**	**16,918,923**	**-**	**(3,263,527)**
Addition for the year	22,851	(52,146,262)	1,410,033	(1,112,819)
Utilization during the year from reserve	-		-	
Closing	**1,351,181**	**(35,227,339)**	**1,410,033**	**(4,376,347)**

The composition and movement of regulatory reserve is as follows: **4.27.2**

Particulars	As on Asar 31, 2076
Interest income in NFRs	37,096,565
Loss on NBA	88,579,019
Deferred Tax Assets	100,319,236
Actuarial Loss	4,376,347
Others-Shares at fair value lower than cost	54,022,010
Total	**284,393,177**

1. Interest income represents the amount not received in cash for the stated period that has been accounted as interest income in NFRS.
2. Amount equivalent to non-banking assets was booked in investment property with corresponding impact to retained earning, in previous years. In current year, net non-banking assets remaining in books has been transferred from retained earning to regulatory reserve.
3. Amount equal to deferred tax assets (except for deferred tax on fair valuation on equity investments, which is netted with fair value reserve and on actuarial loss on defined benefit obligation) has been transferred from retained earning to regulatory reserve.
4. Actuarial loss on liability of defined benefit obligation recognized as per actuarial valuation has been included as part of regulatory reserve.
5. Loss on investment in shares on mark to market basis as per NRB Directives has been presented in regulatory reserve. For NFRS purpose, shares valuation has been done on fair value basis with resultant impact to fair value reserve.

Contingent liabilities and commitments **4.28**

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Contingent liabilities	-	-	-
Undrawn and undisbursed facilities	21,267,308	-	-
Capital commitment	-	-	-
Lease Commitment	-	-	-
Litigation			
Total	**21,267,308**	**-**	**-**

Contingent liabilities **4.28.1**

There are no such liabilities.

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Acceptance and documentary credit	-	-	-
Bills for collection	-	-	-
Forward exchange contracts	-	-	-
Guarantees	-	-	-
Underwriting commitment	-	-	-
Other commitments	-	-	-
Total	**-**	**-**	**-**

Undrawn and undisbursed facilities **4.28.2**

There are no such amount to be disclosed.

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Undisbursed amount of loans	-	-	-
Undrawn limits of overdrafts	21,267,308	-	-
Undrawn limits of credit cards	-	-	-
Undrawn limits of letter of credit	-	-	-
Undrawn limits of guarantee	-	-	-
Total	**21,267,308**	**-**	**-**

Capital commitments 4.28.3

There is no such amount to be disclosed.

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Capital commitments in relation to Property and Equipment			
Approved and contracted for	-	-	-
Approved but not contracted for	-	-	-
Sub total	**-**	**-**	**-**
Capital commitments in relation to Intangible assets			
Approved and contracted for	-	-	-
Approved but not contracted for	-	-	-
Sub total	**-**	**-**	**-**
Total	**-**	**-**	**-**

Lease commitments 4.28.4

Finance Co. does not have non-cancellable lease or the lease with minimum non-cancellable period, hence the disclosure on lease commitment is not required.

Particulars	As on Asar 31, 2076	Restated Asar 32, 2075	Opening Restated Shrawan 1, 2074
Operating lease commitments			
Future minimum lease payments under non cancellable operating lease, where the bank is lessee			
Not later than 1 year			
Later than 1 year but not later than 5 years			
Later than 5 years			
Sub total	**-**	**-**	**-**
Finance lease commitments			
Future minimum lease payments under non cancellable operating lease, where the bank is lessee			
Not later than 1 year			
Later than 1 year but not later than 5 years			
Later than 5 years			
Sub total	**-**	**-**	**-**
Grand total	**-**	**-**	**-**

Litigation 4.28.5

Income Tax

Finance Co. received tax assessment notice for fiscal year 2071-72 on which tax office had refused for set off of carry forward loss of Rs. 14.48 crores due to which the tax office demanded additional tax of Rs. 9.01 crore. Company has filed for administrative review against refusal of carry forward loss on 2076.03.16. Decision from IRD in this matter has not been obtained till the date of approval of financial statements.

Other Cases

There are five cases for and against Finance Co. in different courts. The total amount involved on legal cases of loans is Rs. 7.43 crore. As on date, Finance Co. does not expect additional liability to be created on these cases.

Interest income 4.29

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Cash and cash equivalent	99,078,453	62,902,657
Due from Nepal Rastra Bank		
Placement with bank and financial institutions		
Loan and advances to bank and financial institutions	20,742,320	10,518,300
Loans and advances to customers*	699,938,852	548,768,541
Investment securities	9,300,000	6,998,068
Loan and advances to staff	322,468	383,712
Other		
Total interest income	**829,382,093**	**629,571,278**

*Total adjustment on interest income from customer (except staff) in NFRS compared to earlier cash basis for the year is Rs. 20,917,820.

Interest expense — 4.30

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Due to bank and financial institutions	6,085,890	828,000
Due to Nepal Rastra Bank		
Deposits from customers	576,096,880	419,184,244
Borrowing		
Debt securities issued		
Subordinated liabilities		
Other		
Total interest expense	**582,182,770**	**420,012,244**

Fees and Commission Income — 4.31

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Loan administration fees	1,354,325	1,066,840
Service fees	28,995,317	24,668,639
Consortium fees		
Commitment fees		
DD/TT/Swift fees		
Credit card/ATM issuance and renewal fees	441,433	91,775
Prepayment and swap fees	890,241	302,467
Investment banking fees		
Asset management fees		
Brokerage fees		
Remittance fees	1,824,293	1,154,634
Commission on letter of credit		
Commission on guarantee contracts issued		
Commission on share underwriting/issue		
Locker rental	10,000	-
Other fees and commission income		
Hire purchase commission	211,000	332,095
Mobile banking related charges	482,601	198,595
Customer service related	27,313	57,139
Total fees and Commission Income	**34,236,522**	**27,872,184**

Fees and commission expense — 4.32

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
ATM management fees	988,148	857,624
VISA/Master card fees		
Guarantee commission	-	393,406
Brokerage		
DD/TT/Swift fees		
Remittance fees and commission		
Other fees and commission expense		
Total fees and Commission Expense	**988,148**	**1,251,030**

Net trading income — 4.33

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Changes in fair value of trading assets		
Gain/loss on disposal of trading assets		
Interest income on trading assets		
Dividend income on trading assets		
Gain/loss foreign exchange transaction		
Other		
Net trading income	**-**	**-**

Other operating income 4.34

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	1,684,698	(814,179)
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	4,715,779	2,376,631
Gain/loss on sale of property and equipment	1,099,863	179,204
Gain/loss on sale of investment property	14,209,918	2,546,220
Operating lease income	766,100	803,290
Gain/loss on sale of gold and silver		
Locker rent		
Other		
Equity method accounting of associate	1,196,452	1,040,939
Creditors written back	3,439,809	-
Penalty charge	274,862	
ASBA charge	185,550.00	
Others	473,603	454,452
Total	**28,046,634**	**6,586,557**

Impairment charge/(reversal) for loan and other losses 4.35

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Impairment charge/(reversal) on loan and advances to B/FIs	527,987	435,035
Impairment charge/(reversal) on loan and advances to customer	28,040,461	75,178,463
Impairment charge/(reversal) on financial Investment		
Impairment charge/(reversal) on placement with banks and financial institutions		182,064
Impairment charge/(reversal) on property and equipment		
Impairment charge/(reversal) on goodwill and intangible assets		
Impairment charge/(reversal) on investment properties		
Total	**28,568,447**	**75,795,562**

Personnel Expense 4.36

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Salary	43,626,065	35,300,382
Allowances	34,631,346	24,565,561
Gratuity expense	6,272,658	2,223,401
Provident fund	3,160,110	2,128,743
Uniform	-	1,286,536
Training & development expense	857,143	2,454,961
Leave encashment	8,443,697	4,684,781
Medical	4,986,897	2,928,154
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	243,416	160,987
Other expenses related to staff		-
Commission on gold loan	901,690	
Subtotal	**103,123,022**	**75,733,504**
Employees bonus	8,105,191	-
Grand total	**111,228,213**	**75,733,504**

Other operating expense 4.37

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Directors' fee	626,000	633,000
Directors' expense	362,329	292,556

Auditors' remuneration		
External Audit	339,000	339,000
Internal Audit	-	678,000
Other audit related expense	242,873	322,395
Professional and legal expense	120,050	152,500
Office administration expense*	47,673,020	47,524,325
Operating lease expense	21,235,064	16,881,415
Operating expense of investment properties	-	-
Corporate social responsibility expense	-	-
Onerous lease provisions	-	-
Other	-	-
Total	**70,598,336**	**66,823,190**

***Office Administration Expenses include the following:**

Particulars	**FY. 2075-76**	**FY. 2074-75 (Restated)**
Electricity and water expenses	4,649,071	4,006,238
Repair and maintenance expenses		
Building	10,500	-
Vehicles	311,409	377,609
Office equipment	337,517	660,378
Others	794,027	692,800
Insurance expenses	4,898,949	2,885,826
Postage, telex, telephone , fax expenses	4,077,638	4,551,740
Traveling expenses	2,819,936	2,881,750
Printing & stationery expenses	3,796,276	4,606,019
Books & periodicals expenses	152,468	176,255
Advertisement expenses	2,133,125	2,817,487
Donation expenses	179,400	355,202
AGM expenses	924,409	996,183
Fund transfer expenses	16,225	21,020
Refreshment expenses	858,495	969,806
Security expenses	9,768,378	8,549,838
Discount expenses	-	70,010
Membership & renewal expenses	2,483,037	2,094,884
Fuel expenses	1,053,556	1,047,189
Software expenses	577,764	2,991,675
Marketing expenses	675,271	469,033
Cleaning expenses	366,537	349,705
Miscellaneous expenses		
Office expenses	6,207,730	3,856,925
Festival and book closing expenses	244,142	247,373
ECC charges	337,140	352,911
Share related expenses	-	579,147
Others	20	917,324
Total	**47,673,020**	**47,524,325**

Depreciation & Amortisation — 4.38

Particulars	**FY. 2075-76**	**FY. 2074-75 (Restated)**
Depreciation on property and equipment	24,700,367	18,073,877
Depreciation on investment property	-	-
Amortisation of intangible assets	452,252	286,212
Total	**25,152,619**	**18,360,089**

Non operating income — 4.39

Particulars	**FY. 2075-76**	**FY. 2074-75 (Restated)**
Recovery of loan written off		19,438
Other income		
Total	**-**	**19,438**

Non operating expense 4.40

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Loan written off		
Redundancy provision		
Expense of restructuring		
Other expense		
Total	**-**	**-**

Income tax expense 4.41

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Current tax expense	**34,110,312**	**13,775,279**
Current year	34,110,312	13,775,279
Adjustments for prior years		
Deferred tax expense	**36,551,265**	**(6,655,537)**
Origination and reversal of temporary differences	36,551,265	(6,655,537)
Changes in tax rate		
Recognition of previously unrecognised tax losses		
Total income tax expense	**70,661,577**	**7,119,742**

Reconciliation of tax expense and accounting profit 4.41.1

Current Year		
Profit before tax	72,946,716	6,073,838
Tax amount at tax rate of 30%	21,884,015	1,822,151
Add: Tax effect of expenses that are not deductible for tax purpose	53,820	
Less: Tax effect on exempt income	(2,103,628)	
Add/less: Tax effect on other items	14,276,106	11,953,128
Total income tax expense	34,110,312	13,775,279
Effective tax rate (%)	46.76	226.80

Statement of Distributable Profit or Loss 4.42

Particulars	FY. 2075-76	FY. 2074-75 (Restated)
Opening retained earning as at Shrawan 1	**71,647,127**	**72,693,032**
Net profit or (loss) as per statement of profit or loss	**2,285,139**	**(1,045,904)**
Appropriations:		
a. General reserve	(457,028)	-
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(22,851)	-
e. Employees' training fund	(1,410,033)	-
f. Other	10,094,562	-
Profit or (loss) before regulatory adjustment	**82,136,916**	**71,647,128**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(37,096,565)	
b. Short loan loss provision in accounts (-)/reversal (+)		
c. Short provision for possible losses on investment (-)/reversal (+)	(54,022,010)	
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(88,579,019)	
e. Deferred tax assets recognised (-)/ reversal (+)	(100,319,236)	
f. Goodwill recognised (-)/ impairment of Goodwill (+)		
g. Bargain purchase gain recognised (-)/reversal (+)		
h. Actuarial loss recognised (-)/reversal (+)	(4,376,347)	
i. Other (+/-)		
Distributable profit or (loss)	**(202,256,261)**	**71,647,128**

5. Disclosure and Additional Information

5.1 Risk Management

The Finance Company's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity risk, operational risk and credit risk, which may adversely impact the fair value of its financial instruments and in overall, impact the financial performance and position of Finance Co. The Finance Co.'s Board and senior management has overall responsibility for the establishment and oversight of the Finance's risk management. The Finance Co.'s risk management policies are established to identify and analyses the risks faced by the Finance Co., to set appropriate risk limits (tolerance limit) and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit Risk

Credit risk refers to the probability of loss due to a borrower's failure to make payments on the loan provided by the Finance Co. This directly impacts the financial performance of Finance Co.. Motive of credit risk management is to gain a complete understanding of a Finance's overall credit risk by viewing risk at the individual, customer and portfolio levels so that mitigating measures could be applied at desired levels.

Credit policy, product papers are the primary documented matters that are directly linked to credit risk management. The policies and procedures to be followed are in documented form defining roles and responsibilities of the personnel involved that provides a degree to autonomy on the evaluation and analysis of individual borrower. Credit Administration Department as well as senior management function to supervise risk on overall level.

Each prospective borrower is thoroughly analysed on his/her past, current status and future endeavours in order to ensure that borrower has capacity of repayment, before a credit is approved. Sufficient adequate collateral is obtained for all approved credit. Depending on the risk assigned to borrower, subsequent monitoring is being done. For similar group of borrowers, credit portfolio is prepared based on sector of loan.

The tools being used by Finance Co. to assess overall credit risk is the ratio of non-performing loan to total loan on each loan sector.

b) Market Risk

Market risk is the risk of happening of potential loss on assets of the Finance Co. due to market factors. Market factors mainly comprise of interest rate, foreign exchange and collateral price. This risk is not entirely manageable as it encompasses factors that are not wholly within the control of Finance Co. and arises on transaction with customers. In general, management of this type of risk is by diversification.

Finance Co. has the objective of effective risk management by way of risk identification, measurement, monitoring, management and analysis.

Interest Rate Risk: Interest rate risk is the risk of increased volatility due to changes in interest rate. Our nation has seen frequent and high changes in interest rate on deposit in the recent year with interest rate skyrocketing on few months time. Managing this risk is itself a huge challenge because fund diversion from one to Finance to another Finance is of high probability. Finance Co. has been focusing on raising fixed term deposits with fixed interest rate in order to lock the available liquidity/deposit for specified period.

Foreign Exchange Risk: Foreign exchange risk is the risk of changes in exchange rates of convertible foreign currencies. This risk mainly arises from changes in exchange rate of US Dollars. Finance Co. does not have transaction in foreign currency.

Equity Price Risk: Finance Co. has secured its loan by way of obtaining lien over the collateral of borrower. The value of loan disbursed is directly pledged with the value of collateral. Decrease in price of collateral may result in cases of non-recovery of the due amount if borrower defaults in making payment. Collateral value may decline due to environmental factors, government decision, etc. Finance Co. properly analyses the collateral before considering it as security and conducts independent valuation of collateral. Revaluation is done on periodic basis based on the developments after previous valuation and necessary mitigate measures are taken if the value is found to have been declined.

c) Liquidity Risk

Liquidity risk is the risk that either Finance Co. does not have financial resource to meet its obligations when due or could access to those resources at excessively high cost. Liquidity risk is managed by complying with the Directives and circulars issued by regulatory authority on time to time basis. CRR and SLR are maintained as per regulatory requirement and periodic status of liquidity profile are prepared to analyse liquidity status. Assets Liability Management Committee is formed at Finance Co. to monitor the liquidity profile. Cash, highly liquid securities and investments form an integral part of managing liquidity risk.

d) Operational Risk

Operational risk is potential for loss resulting from inadequate or failed internal processes, people and systems or external events. Standard operating procedures are prepared and implemented in order to define the process, people and system involved in each operational matters with existence of four eyes on each transaction (maker and checker function). Finance Co. carries out internal audit from independent professionals on periodic basis in order to review the effectiveness of control system that has been designed to mitigate the operational risk which is monitored by the Audit Committee.

e) Information Technology Risk

Information technology risk refers to the risk arising from use of information technology. It includes hardware and software failure, human error on using IT, spam , virus, malicious attacks and also includes natural disaster. IT is integral part of operation of Finance Co. and Finance Co. has to rely heavily on IT. Finance Co. has in-house IT department for daily monitoring, evaluation of IT related issues. Finance Co.'s IT risk management comprises of investing in resources for identification, detection, recovery, respond and protection of IT assets.

f) Other Risk

The ever-changing environment gives rise to various new risks. Some of this include reputational risk, human resource risk, compliance risk etc. The risks are being evaluated and managed on daily/periodic basis by way of implementing mitigating measures. Nevertheless, the Risk Management Department/Compliance Department remains vigilant towards each risk.

5.2 Fair Value of Financial Assets and Liabilities and their Classification

The method of determination of fair value of financial assets and financial liabilities of the Finance at three levels (level one, level two and level three) has been disclosed in Note 3.4.4. Classification of financial assets and financial liabilities is done as mentioned in Note 3.4.2.

Fair value measurement is done for investment in shares. Fair value hierarchy of financial assets and liabilities at each reporting dates for the financial instruments presented in statement of financial position is as follows:

	As at Asar 31, 2076			
Particulars	**Classification**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash and cash equivalent				2,075,896,657
Due from Nepal Rastra Bank	AC			293,135,948
Loans and advances to customers	AC			4,959,912,797
Investment securities				
Quoted shares	FVOCI	160,527,027		
Unquoted shares	FVOCI			33,425,400
Other Investment	AC			152,209,041
Total Financial Assets	**AC**	**160,527,027**	**-**	**7,514,579,844**
Financial Liabilities				
Due to Nepal Rastra Bank				-
Due to Bank and Financial Institutions	AC			-
Deposits from customers	AC			6,839,302,804
Other Liabilities	AC			118,079,248
Total Financial Liabilities		**-**	**-**	**6,957,382,052**

	As at Asar 32, 2075			
Particulars	**Classification**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash and cash equivalent				1,907,377,716
Due from Nepal Rastra Bank	AC			167,749,425
Loans and advances to customers	AC		900	3,176,092,792
Investment securities			66,900	
Quoted shares	FVOCI	221,802,683		
Unquoted shares	FVOCI			32,407,400
Other Investment	AC			151,809,041
Total Financial Assets		**221,802,683**	**67,800**	**5,435,436,373**
Financial Liabilities				
Due to Nepal Rastra Bank	AC			-
Due to Bank and Financial Institutions				-
Deposits from customers	AC			5,524,238,117
Other Liabilities	AC			133,316,258
Total Financial Liabilities		**-**	**-**	**5,657,554,375**

	As at Shrawan 1, 2074			
Particulars	**Classification**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash and cash equivalent				1,363,931,640
Due from Nepal Rastra Bank	AC			86,980,656
Loans and advances to customers	AC			3,176,092,792

Investment securities				
Quoted shares	FVOCI	270,341,984		
Unquoted shares	FVOCI			1,407,400
Other Investment	AC			27,331,753
Total Financial Assets	**AC**	**270,341,984**	**-**	**4,655,744,240**
Financial Liabilities				
Due to Nepal Rastra Bank				-
Due to Bank and Financial Institutions	AC			-
Deposits from customers	AC			4,068,746,477
Other Liabilities	AC			118,232,223
Total Financial Liabilities		**-**	**-**	**4,186,978,700**

Note: AC = Amortized Cost, FVOCI = Fair Value Through OCI

5.3 Capital Management

5.3.1 Principle and Objective

The principle of capital management of the Finance Co. is to maintain strong capital base, meet the regulatory requirements and ensure reasonable return on capital to its shareholders. The Finance Co., through its senior management level and manages the capital to meet regulatory requirement at all times and the Board ensures that such management of capital has been carried out by the management. Finance Co. has issued ordinary equity shares and the paid up capital meets the requirement of NRB. Periodic review of core capital and capital fund is also being done to ensure the capital base remains strong. Capital Adequacy Framework (CAF) 2007 (Updated 2008) is a benchmark of managing capital base of the Finance Co.

Finance Co. has not issued preference capital or any other form of hybrid instruments that may be converted into capital.

5.3.2 Capital Structure and Capital Adequacy

Capital Fund of Finance Co. as per CAF 2007 is as follows (amount in '000):

Particulars	**As at Asar 31, 2076**	**As at Asar 32, 2075 (Restated)**
1.1 Risk Weighted Exposure (RWE)		
RWE for Credit Risk	5,340,253	4,857,475
RWE for Operational Risk	290,427	189,178
RWE for Market Risk	-	-
Total RWE before adjustment under Pillar II	**5,630,680**	**5,046,653**
Adjustments under Pillar II		
Total RWE		
1.2 Capital		
A. Core Capital (Tier I)	**945,490**	**1,205,211**
Paid up Equity Share Capital	867,994	867,994
Irredeemable Non-cumulative preference shares		
Share Premium	22,399	22,399
Proposed Bonus Equity Shares		
Statutory General Reserves	373,974	373,517
Retained Earnings	(202,256)	71,647
Un-audited current year cumulative profit/(loss)		
Capital Redemption Reserve		
Capital Adjustment Reserve		
Dividend Equalization Reserves		
Other Free Reserve		
Less: Goodwill		
Less: Deferred Tax Assets	(116,621)	(130,347)
Less: Fictitious Assets		
Less: Investment in equity in licensed Financial Institutions		
Less: Investment in equity of institutions with financial interests		
Less: Investment in equity of institutions in excess of limits		
Less: Investments arising out of underwriting commitments		
Less: Reciprocal crossholdings		
Less: Purchase of land & building in excess of limit and unutilized		
Less: Other Deductions		

Adjustments under Pillar II		
B. Supplementary Capital (Tier II)	**66,876**	**75,735**
Cumulative and/or Redeemable Preference Share		
Subordinated Term Debt		
Hybrid Capital Instruments		
General Loan Loss Provision	66,704	60,579
Exchange Equalization Reserve	173	173
Investment Adjustment Reserve	-	-
Assets Revaluation Reserve	-	
Other Reserves	-	14,984
Total Capital Fund (Tier I and Tier II)	**1,012,367**	**1,280,946**
1.3 Capital Adequacy Ratio		
Tier I Capital to Total RWE	16.79%	23.88%
Total Capital Fund to Total RWE	**17.98%**	**25.38%**

Notes to Financial Statements

For the year ended on 31 Asar 2076

5.3.3 Risk Exposure

Table of Risk Exposure at the reporting dates (amount in '000) is as follows:

a) Credit Risk

A. Balance Sheet Exposures	As at Asar 31, 2076						As at Asar 32, 2075 (Restated)	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e		
Cash Balance	253,035.64	-	-	253,035.64	0%	-	221,353.57	-
Balance With Nepal Rastra Bank	293,135.95	-	-	293,135.95	0%	-	167,749.43	-
Gold		-	-	-	0%	-	-	-
Investment in Nepalese Government Securities	152,209.04	-	-	152,209.04	0%	-	151,809.04	-
All Claims on Government of Nepal	-	-	-	-	0%	-	-	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-	-	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	1,822,861.02	-	-	1,822,861.02	20%	364,572.20	1,686,024.14	337,204.83
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	100%	-	-	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	50%	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-	-	-
Claims on Domestic Corporates	826,200.49	17,479.31	-	808,721.18	100%	808,721.18	576,273.18	576,273.18

Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	-	-	-	-	75%	-	-	-
Claims fulfilling all criterion of regularity retail except granularity	3,699,065.72	134,746.24	782,686.76	2,781,632.72	100%	2,781,632.72	1,943,466.24	1,943,466.24
Claims secured by residential properties	-	-	-	-	60%	-	-	-
Claims not fully secured by residential properties	-	-	-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	620,912.32	10,020.06	-	610,892.26	100%	610,892.26	517,098.82	517,098.82
Claims secured by Commercial real estate	-	-	-	-	100%	-	-	-
Past due claims (except for claims secured by residential properties)	-	-	-	-	150%	-	-	-
High Risk claims	302,609.32	78,276.85	-	224,332.47	150%	336,498.70	596,625.32	894,937.98
Investments in equity and other capital instruments of institutions listed in stock exchange	166,057.45	55,524.50	-	110,532.95	100%	110,532.95	228,984.40	228,984.40
Investments in equity and other capital instruments of institutions not listed in the stock exchange	33,425.40	-	-	33,425.40	150%	50,138.10	32,407.40	48,611.10
Staff loan secured by residential property	-	-	-	-	60%	-	-	-
Interest Receivable/claim on government securities		-	-	-	0%	-	-	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	-	-
Other Assets (as per attachment)	277,265.36	-	-	277,265.36	100%	277,265.36	310,898.64	310,898.64
TOTAL (A)	**8,446,777.70**	**296,046.96**	**782,686.76**	**7,368,043.99**		**5,340,253.48**	**6,432,690.19**	**4,857,475.20**
B. Off Balance Sheet Exposures								
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills Under Collection	-	-	-	-	0%	-	-	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-

Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Underwriting commitments	-	-	-	-	50%	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-	-	-
Advance Payment Guarantee	-	-	-	-	100%	-	-	-
Financial Guarantee	-	-	-	-	100%	-	-	-
Acceptances and Endorsements	-	-	-	-	100%	-	-	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	-	-	-	-	20%	-	-	-
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	20%	-	-	-
Other Contingent Liabilities	-	-	-	-	100%	-	-	-
Unpaid Guarantee Claims	-	-	-	-	200%	-	-	-
TOTAL (B)	**-**	**-**	**-**	**-**		**-**	**-**	**-**
Total RWE for credit Risk Before Adjustment (A) +(B)	**8,446,777.70**	**296,046.96**	**782,686.76**	**7,368,043.99**		**5,340,253.48**	**6,432,690.19**	**4,857,475.20**
Adjustments under Pillar II								
Total RWE for Credit Risk	**8,446,777.70**	**296,046.96**	**782,686.76**	**7,368,043.99**	**-**	**5,340,253.48**	**6,432,690.19**	**4,857,475.20**

Eligible Credit Risk Mitigants

Credit exposures	**Deposits with Bank**	**Deposits with other banks/FI**	**Gold**	**Govt.& NRB Securities**	**G'tee of Govt. of Nepal**	**Sec/G'tee of Other Sovereigns**	**G'tee of domestic banks**	**G'tee of MDBs**	**Sec/G'tee of Foreign Banks**	**Total**
	(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**(h)**	**(i)**	
Balance Sheet Exposures										
Claims on Foreign government and Central Bank (ECA -2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -3)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -7)	-	-	-	-	-	-	-	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-

Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Corporates	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	-	-	-	-	-	-	-	-	-	-
Claims fulfilling all criterion of regularity retail except granularity	61,277.08	-	721,409.68	-	-	-	-	-	-	782,686.76
Claims secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims not fully secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-
Past due claims (except for claims secured by residential properties)	-	-	-	-	-	-	-	-	-	-
High Risk claims	-	-	-	-	-	-	-	-	-	-
Investments in equity and other capital instruments of institutions listed in stock exchange	-	-	-	-	-	-	-	-	-	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Other Assets (as per attachment)	-	-	-	-	-	-	-	-	-	-
Total	**61,277.08**	**-**	**721,409.68**	**-**	**-**	**-**	**-**	**-**	**-**	**782,686.76**

Off Balance Sheet Exposures										
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-

Bid Bond, Performance Bond and Counter guarantee domestic counterparty	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Underwriting commitments	-	-	-	-	-	-	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	-	-	-	-	-
Advance Payment Guarantee	-	-	-	-	-	-	-	-	-	-
Financial Guarantee	-	-	-	-	-	-	-	-	-	-
Acceptances and Endorsements	-	-	-	-	-	-	-	-	-	-
Unpaid portion of Partly paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments (short term)	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments (long term)	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Unpaid Guarantee Claims	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Grand Total	**61,277.08**	**-**	**721,409.68**	**-**	**-**	**-**	**-**	**-**	**-**	**782,686.76**

b) Operational Risk

Amount in '000

Particulars	Fiscal Year		
	2072-73	2073-74	2074-75
Net Interest Income	105,289.40	490,507.20	209,559.03
Commission and Discount Income	136.53	381.88	27,872.18
Other Operating Income	19,843.98	30,126.63	6,586.56
Exchange Fluctuation Income			
Addition/Deduction in Interest Suspense during the period	(102,673.69)	(216,465.02)	9,689.05
Gross income (a)	**22,596.22**	**304,550.69**	**253,706.83**
Alfa (b)	**15%**	**15%**	**15%**
Fixed Percentage of Gross Income [c=(a×b)]	**3,389.43**	**45,682.60**	**38,056.02**
Capital Requirement for operational risk (d) (average of c)			**29,042.69**
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			**10**
Equivalent Risk Weight Exposure [f=(d×e)]			**290,426.87**
Pillar II Adjustments			
If Gross Income for the last three years is negative (6.4 a 8)			
Total Credit and Investment (net of Specific Provision) of related month			-
Capital Requirement for Operational Risk (5% of net credit and investment)			-
Risk Weight (reciprocal of capital requirement of 10%) in times			**10**
Equivalent Risk Weight Exposure (g)			**-**
Equivalent Risk Weight Exposure [h=f+g]			**290,426.87**

c) Market Risk

Currency	Open Position (FCY)	Exchange Rate	Open Position (NRs.)		Relevant Open Position of Previous Year
INR	-		-	-	-
USD	-		-	-	-
GBP	-		-	-	-
EUR	-		-	-	-
THB	-		-	-	-
CHF	-		-	-	-
(a) Total Open Position					**-**
(b) Fixed Percentage					**5%**
(c) Capital Charge for Market Risk (=a*b)					**-**
(d) Risk Weight (reciprocal of capital requirement of 10%) in times					**10**
(e) Equivalent Risk Weight Exposure (=c×d)					**-**

d) Non Performing Assets (Gross and Net)

Non Performing Assets	Gross Amount	Impairment Allowance	Net Amount
Restructured and Rescheduled			
Sub-Standard	92,302,893	23,075,723	69,227,170
Doubtful	57,458,165	28,729,082	28,729,082
Bad	154,308,887	154,308,887	-
Total	304,069,945	206,113,693	97,956,252

5.3.4 Compliance with Capital Requirement

Inline with NRB Directive 1/075, the following is the status of compliance with capital requirements at Ashad end 2076.

Particulars	Requirement	Position
Tier I Capital to RWE	5.5%	16.79%
Tier I and Tier II Capital to RWE	11.0%	17.98%

Notes to Financial Statements

5.4 Operating Segment Information

5.4.1 General Information

Finance Co.'s management has identified its operating segments based on the management of its branches and offices. In line with this, 7 different segments are identified based on 7 Provinces of Nepal on geographical separation basis. The operation, risk, transactions, etc. are more inclined on similar manner on a particular state. All the related income and expenses of such segments are presented in the segment information. Equity, staff bonus, NFRS adjustments and income tax are not segregated and are included in central account. Intra-segment transactions are eliminated. Finance has only presence in Bagmati Province, hence all income, expenses, assets and liabilities have been allocated in this segment and there does not exist unallocated portion.

In general, the sectors that derive revenue is classified in the following manner.

i) Customer banking: Revenue generated by way of providing financing services is categorized under this sector. This includes loans and deposit, service charges related to loans and deposit and related charges and income.

ii) Treasury: Revenue generated by way of making investment in government securities, corporate bonds, mutual fund units, shares etc. are grouped under this product.

iii) Others: Other revenue are included in this product and includes operational interest on staff loans, locker services, remittance commission and other incidental incomes.

5.4.2 Segment result and segment position for the year ended on Asar 31, 2076

Particulars	Province 1	Province 2	Bagmati	Gandaki	Province 5	Karnali	Far West	Total
Revenue from external customers	141,857,676	40,283,003	569,139,822	7,306,699	62,443,088.80	8,219,313.07	13,142,313.99	842,391,915
Intersegment revenues	(35,504,784)	(22,697,494)	66,135,479	9,011,878	(18,221,026.57)	(315,324.18)	1,591,271.92	-
Net revenue	**141,857,676**	**40,283,003**	**569,139,822**	**7,306,699**	**62,443,089**	**8,219,313**	**13,142,314**	**842,391,915**
Interest income	134,283,634	37,694,057	571,237,075	6,769,327	59,893,180.94	7,122,928.91	12,381,890.85	829,382,093
Interest expenses	61,116,553	4,515,717	464,622,167	14,822,815	22,353,817.54	4,924,064.99	9,827,635.41	582,182,770
Net interest revenue	**73,167,081**	**33,178,339**	**106,614,908**	**(8,053,489)**	**37,539,363**	**2,198,864**	**2,554,255**	**247,199,322**
Depreciation and amortization	4,530,352	2,417,023	12,651,488	856,464	3,167,158	598,058	932075.86	25,152,619
Segment profit/(loss)	**40,745,545**	**22,029,681**	**11,257,545**	**(12,692,703)**	**19,407,118**	**(978,707)**	**(6,821,762)**	**72,946,716**
Entity's interest in the profit or loss of associate accounted for using equity method			1,196,452					1,196,452
Other material non-cash items:								-
Loans	974,774,231	322,462,540	3,205,347,407	49,421,936	455,209,306	80,701,710	88,053,149	5,175,970,278
Deposit	891,384,034	74,985,217	5,288,352,329	182,758,432	222,402,496	55,111,233	124,309,062	6,839,302,804
Impairment of Assets	86,784,629	4,850,476	159,010,574	499,211	19,894,216.45	815,168.79	963,285.64	272,817,561
Segment Assets	1,294,061,805	347,102,654	5,781,217,610	166,040,485	498,904,742.50	92,135,416.93	111,118,599.58	8,290,581,313
Segment Liabilities	1,219,968,751	320,929,897	4,610,807,602	183,829,794	423,412,892.69	96,031,509.37	125,766,266.10	6,980,746,712

Notes to Financial Statements

For the year ended on 31 Asar 2076

5.4.3 Measurement of operating segment profit or loss, assets and liabilities

i) Basis of accounting for any transactions between reportable segments:

All revenue generated including intra-segment revenue and expenses incurred in particular segment are presented under segment revenue and expenses. Intra-segment revenue/cost is netted off at Head Office.

ii) Nature of any differences between the measurements of the reportable segment's profits or losses and the entity's profit or loss before income tax

There does not exist such difference.

iii) Nature of any differences between the measurements of the reportable segment's assets and the entity's assets.

There does not exist such difference.

iv) Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any,

Previously, segment reporting was not done. In current scenario, segment reporting based on geographical segment is presented.

v) Nature and effect of any asymmetrical allocations to reportable segments

There is no such allocation.

5.4.4 Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

a) Revenue	
Total revenue for reportable segments	**842,391,915**
Other revenue	-
Elimination of intersegment revenues	-
Entity's revenue	**842,391,915**
b) Profit or loss	
Total profit or loss for reportable segments	**72,946,716**
Other profit or loss	
Elimination of intersegment profit	
Unallocated amounts:	
Staff bonus	
Income tax	70,661,577
NFRS adjustments	
Profit before income tax	**2,285,139**
c) Assets	
Total assets for reportable segments	**8,290,581,313**
Other assets	
Unallocated assets	
Entity's assets	**8,290,581,313**
d) Liabilities	
Total liabilities for reportable segments	**6,980,746,712**
Other liabilities	
Unallocated liabilities	
Entity's liabilities	**6,980,746,712**

5.4.5 Information about product and services

Particulars	**Amount**
Customer banking	753,083,401
Treasury	114,778,930
Others	18,232,642

5.4.6 Information about geographical areas

Revenue from geographical areas are as follows:

Domestic:	**842,391,915**
Province 1	141,857,676
Province 2	40,283,003
Bagmati	569,139,822
Gandaki	7,306,699
Province 5	62,443,089
Province 6	8,219,313
Province 7	13,142,314
Foreign:	**-**
Total	**842,391,915**

5.4.6 Information about major customers

None of the customer have contribution of 10% of more revenue on total revenue of Bank.

5.5 Share options and share based payment

Not applicable

5.6 Contingent liabilities and capital commitment

Contingent liabilities are:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or
- present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Capital commitment are projected capital expenditure a company commits to spend on long-term assets over a period of time.

Quantitative information on contingent liabilities and capital commitments are presented in Note 4.28.

5.7 Related parties disclosure

Related parties of the Bank include key management personnel of the Bank.

5.7.1 Key management personnel

Key management personnel include Board of Director of the Bank and Chief Executive Officer.

a) Board of Directors

Board of Directors of the Bank comprise the following:

Name	Position
Yadav Chandra Rai	Chairperson
Raj Govinda Rajkarnikar	Director
Chok Bahadur Magar	Director
Khadga Bahadur Gurung	Director
Devi Prasad Limbu	Director
Dekindra Kumar Rai	Director

Mr. Mukunda Shrestha serves as the secretary of Board.

Allowance and facilities provided to board members

Chairperson of the Board is provided Rs. 6,000 and other board members are provided Rs. 5,000 as meeting fees for attending the board meetings. Total amount paid as meeting allowance during the year to board members was Rs. 626,000.

All board members are provided Rs. 1,000 per month in order to cover expenses related to newspaper and telephone expenses.

For official travel, members of board are provided travel and daily allowance as per the rules of Bank.

Apart from the stated allowance and facilities, other allowance and facilities are not provided to board members.

There has not been any commercial transaction of the Bank with its board members.

b) Chief Executive Officer

Mr. Lal Bahadur Thing serves as Chief Executive Officer of the Bank. He is provided salary and allowance and benefits as per contract entered on his appointment. Annual salary and allowances provided during the year amounts to Rs. 5,107,534 (previous year Rs. 4,992,573). Vehicle is provided for official purpose only during office hours.

Bank has not entered into any commercial transaction with its CEO.

5.8 Merger and acquisition

During the current fiscal year, there has not been any merger or acquisition.

5.9 Events after reporting date

Proposed dividend

The Board of Directors of the Bank have not proposed any dividend for the year.

Covid-19

After the financial reporting date, around mid of Magh 2076, there has been reported cases of COVID-19 in the world which later resulted in pandemic. Government of Nepal declared nationwide lockdown from second week of Chaitra 2076 due to which majority of the economic activities have been curtailed since then till the date of approval of financial statements.

Nepal Rastra Bank has also directed financial Institutions to lower the interest rate on loans by two basis points for certain period except for some industries and also have given relaxation by deferring the instalments and interest payments by customers. NRB has also directed to give 10% refund on the timely payment of interest for certain period.

Because of the lockdown, businesses have been temporarily closed resulting in the borrowers not being able to repay the instalment or interest on loan on due dates after lockdown. Also because of the relaxations provided by the Central Bank towards customers, it is obvious that the profitability of this financial institution will also have adverse effect. Hence, in the one hand the collection of interest and instalment has and will continue to suffer and on the other hand because of above relaxations there will be adverse impact on profitability but the effect is not severe to effect the going concern assumption in relation to the company's preparation of Financial statements. However, further Impairment testing of the loans will be required to be done on more micro level and its certain that the impairment loss will be more than normal trend or initially projected.

Notes to Financial Statements
For the year ended on 31 Asar 2076

Note 5.10: Disclosure effect of transition from previous GAAP to NFRS

The financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by the Institute of Chartered Accountants of Nepal (ICAN) with effect from 1 Shrawan 2075, with a transition date of 1 Shrawan 2074. These financial statements for the year ended 31 Ashad 2076 are the first the Finance has prepared under NFRS. For all periods up to and including the year ended 32 Ashad 2075 , the Finance prepared its financial statements in accordance with earlier issued Nepal Accounting Standards (hereinafter referred to as 'Previous GAAP')

The adoption of NFRS has been carried out in accordance with NFRS 1, First-time Adoption of NFRS. NFRS 1 requires that all NFRS and interpretations that are issued and effective for the first NFRS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Finance has prepared financial statements which comply with NFRS for the year ended 31 Ashad 2076, together with the comparative information as at and for the year ended 32 Ashad 2075 and the opening NFRS Statement of Financial Position as at 1 Shrawan 2074, the date of transition to NFRS.

In preparing these financial statements in line with NFRS, the Finance has availed certain exemptions and exceptions in accordance with NFRS 1, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under NFRS and Previous GAAP have been recognized directly in equity (retained earnings). This note explains the adjustments made by the Finance in restating its Previous GAAP financial statements, including the Statement of Financial Position as at 1 Shrawan 2074 and the financial statements as at and for the year ended 32 Ashad 2075.

A. Exemptions from retrospective application

NFRS 1 allows first-time adopters certain exemptions from retrospective application of certain requirements under NFRS. The Finance has elected to apply the following optional exemptions from retrospective application:

a) Deemed cost for property, plant and equipment, intangible assets and investment property

The Finance has elected to measure all its property, plant and equipment, intangible assets and investment property at the Previous GAAP carrying amount as its deemed cost on the date of transition to NFRS.

B. Exceptions to retrospective application

The Finance has applied the following exceptions to the retrospective application of NFRS as mandatorily required under NFRS 1:

a. Estimates: On assessment of the estimates made under the Previous GAAP financial statements, the Finance has concluded that there is no necessity to revise the estimates under NFRS, as there is no objective evidence that those estimates were in error. However, estimates that were required under NFRS but not required under Previous GAAP are made by the Finance for the relevant reporting dates reflecting conditions existing as at that date.

b) Business Combination: Finance has elected not to apply the NFRS 3 retrospectively to past business combinations that occurred before the date of transition to NFRS. All the assets and liabilities acquired and accounted as per previous GAAP are continued to be measured on same manner on the date of transition to NFRS.

C. Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to NFRS in accordance with NFRS 1:

i) Reconciliation of Equity as at Shrawan 1, 2074 and Asar 32, 2075.
ii) Reconciliation of Profit or Loss for the fiscal year 2074-75.
iii) Effect of NFRS adoption for the statement of financial position for date of transition and comparative period
iv) Effect of NFRS adoption for the statement of profit or loss and other comprehensive income for comparative period
v) Effect of NFRS adoption for the statement of cash flows

i) Reconciliation of Equity as at Shrawan 1, 2074 and Asar 32, 2075.

Particulars	Note	As on Shrawan 1, 2074	As on Asar 32, 2075
Total equity under previous GAAP		**1,100,338,134**	**1,158,341,048**
Adjustments under NFRS			
Measurement of investment securities at fair value	1	34,022,453	65,149,931
Recognition of investment property	2	124,442,997	144,845,710
Deferred tax	3	1,138,764	(19,577,557)
Defined benefit obligation of the employees	4	(2,416,370)	(7,489,587)
Interest income on loan to outsiders	5	30,364,879	23,785,862
Others:			
Adjustment of investment adjustment reserve	6	-	(2,815,963)
Equity method accounting of associate	6	(11,962,296)	(11,525,461)
Total adjustment to equity		**175,590,427**	**192,372,935**
Total Equity under NFRS		**1,275,928,561**	**1,350,713,983**

ii) Reconciliation of Profit or Loss for the fiscal year 2074-75.

Particulars	Note	FY. 2074-75
Profit/(loss) as per previous GAAP		**(30,428,648)**
Adjustments under NFRS		
Interest income	7	(6,418,030)
Employee benefit amortization under staff loan	7	(160,987)
Non banking assets	2	20,402,713
Fair valuation of investment securities	8	38,101,234
Equity method accounting of associates	9	436,835
Actuarial valuation of defined benefit liability	4	(2,262,701)
Deferred tax	3	(20,716,321)
Total adjustment to profit or loss		**29,382,743**
Profit or loss under NFRS		**(1,045,905)**
Other comprehensive income	10	(43,828,335)
Total Comprehensive income under NFRS		**(44,874,240)**

Notes to Reconciliation

1. Shares at Fair Value

In previous GAAP, investment in shares of other entities were measured at lower of cost or market value. In NFRS, all shares are measured at fair value with resultant impact to fair value reserve, which is routed through OCI.

Particulars	As on Shrawan 1, 2074	As on Asar 32, 2075
Fair value of shares	48,722,712	21,353,928
Deferred tax on fair value	(24,830,032)	(7,250,967)
Adjustment of earlier investment adjustment reserve	-	2,815,963
Reversal of earlier booked loss on shares	10,129,773	48,231,007
Net change	**34,022,453**	**65,149,931**

2. Investment Property

Reversal of earlier booked impairment allowance on non-banking assets has been reversed under NFRS.

Particulars	As on Shrawan 1, 2074	As on Asar 32, 2075
Reversal of impairment allowance	124,442,997	144,845,710
Net change	**124,442,997**	**144,845,710**
Change amount impact in Profit or Loss for 2074-75		**20,402,713**

3. Deferred Tax

Changes in the carrying amount of assets and considering few reserves for deferred tax has resulted in changes in deferred tax under NFRS.

Particulars	As on Shrawan 1, 2074	As on Asar 32, 2075
Revised deferred tax on other items	1,138,764	(19,577,557)
Net change	**1,138,764**	**(19,577,557)**
Change amount impact in Profit or Loss for 2074-75		**(20,716,321)**

4. Actuarial valuation of defined benefit obligation

In previous GAAP, defined benefit obligation (leave and gratuity) were accounted on accrued basis. In NFRS, actuarial valuation of obligations have been done and impact taken accordingly.

5. Interest Income on loan to outsiders

In previous GAAP, interest income was accounted on cash basis. Under NFRS, interest income has been accounted on accrual basis for those assets not significantly impaired.

Particulars	As on Shrawan 1, 2074	As on Asar 32, 2075
Additional interest income accounted from interest suspense	30,364,879	23,785,862
Net change	**30,364,879**	**23,785,862**

6. Others

In previous GAAP, all investment in shares were presented at lower or cost or market value. Under NFRS, investment in shares of entity exceeding 20% of paid of capital of such entity or in those companies where we represent in Board have been accounted as investment in associate and equity method accounting is done.

Adjustment is made on the investment adjustment reserve as it is no longer required

Particulars	As on Shrawan 1, 2074	As on Asar 32, 2075
Cost of investment	17,873,583	18,707,183
Value of associate as per equity method	5,911,287	7,181,722
Net change	**(11,962,296)**	**(11,525,461)**
Adjustment to investment adjustment reserve		**(2,815,963)**

7. Interest Income

In previous GAAP, interest income was accounted on cash basis. Under NFRS, interest income has been accounted on accrual basis for those assets not significantly impaired. Additional interest income on staff loan measured at amortized cost arises on NFRS.

Particulars	FY. 2074-75
Reversal of earlier excess booked interest income	(6,579,017)
Additional interest income on staff loan under NFRS with corresponding impact to personnel expenses as amortization of deferred employee benefit expenses	160,987
Net change	**(6,418,030)**

8. Fair valuation of shares

Under previous GAAP, reduction on fair value of shares below their cost was charged to Profit or Loss. Under NFRS, all shares are classified as fair value through OCI and changes in fair value are reflected in OCI, thus removed from Profit or Loss.

Particulars	FY. 2074-75
Reversal of loss allowance	38,101,234
Net change	**38,101,234**

9. Equity method accounting of associate

For all investment in associate, after measurement using equity method for the first time, increase in profit attributable to shareholders is added to value of associate and dividend received is adjusted to value of associate.

Particulars	FY. 2074-75
Adjustment of dividend received from associate	(604,104)
Net change in net worth of associate	1,040,939
Net change	**436,835**

10. Other Comprehensive Income

Changes in fair value of shares has resulted in changes in the figures of OCI.

Particulars	FY. 2074-75
Increase/(decrease) in fair value of shares	(58,596,884)
Actuarial loss on defined benefit obligation	(2,810,516)
Deferred tax impact	17,579,065
Net change	**(43,828,335)**

5.10 continued ...

iii) Effect of NFRS adoption for the statement of financial position on transition date and comparative period

a) As at Shrawan1, 2074

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
Assets				
Cash and cash equivalent	a	1,364,171,550	(239,910)	1,363,931,640
Due from Nepal Rastra Bank		86,980,656	-	86,980,656
Placement with Bank and Financial Institutions		-	-	-
Derivative financial instruments		-	-	-
Other trading assets		-	-	-
Loan and advances to B/FIs	b	-	120,718,342	120,718,342
Loans and advances to customers	b	3,265,298,130	(89,205,339)	3,176,092,792
Investment securities	c	257,770,483	41,310,654	299,081,138
Current tax assets		5,421,625	-	5,421,625
Investment in subsidiaries		-	-	-
Investment in associates	d	-	5,911,287	5,911,287
Investment property	e	17,968,905	124,442,997	142,411,902
Property and equipment		93,461,507	-	93,461,507
Goodwill and Intangible assets	f	-	716,153	716,153
Deferred tax assets	g	128,405,130	(23,497,120)	104,908,010
Other assets	h	65,468,241	(2,196,031)	63,272,209
Total Assets		**5,284,946,227**	**177,961,034**	**5,462,907,261**
Liabilities				
Due to Bank and Financial Institutions		-	-	-
Due to Nepal Rastra Bank		-	-	-
Derivative financial instruments		-	-	-
Deposits from customers		4,068,746,477	-	4,068,746,477
Borrowing		-	-	-
Current Tax Liabilities		-	-	-
Provisions		-	-	-
Deferred tax liabilities		-	-	-
Other liabilities	i	115,861,615	2,370,608	118,232,223
Debt securities issued		-	-	-
Subordinated Liabilities		-	-	-
Total liabilities		**4,184,608,093**	**2,370,608**	**4,186,978,700**
Equity				
Share capital		762,474,900	-	762,474,900
Share premium		8,258,511	-	8,258,511
Retained earnings	j	(99,137,102)	171,830,134	72,693,032
Reserves	k	428,741,825	3,760,293	432,502,118
Total equity attributable to equity holders		**1,100,338,134**	**175,590,427**	**1,275,928,561**
Non-controlling interest				
Total equity		**1,100,338,134**	**175,590,427**	**1,275,928,561**
Total liabilities and equity		**5,284,946,227**	**177,961,034**	**5,462,907,261**

b) As at Asar 32, 2075

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
Assets				
Cash and cash equivalent	a	1,907,799,690	(421,974)	1,907,377,716
Due from Nepal Rastra Bank		167,749,425	-	167,749,425
Placement with Bank and Financial Institutions		-	-	-
Derivative financial instruments		-	-	-
Other trading assets		-	-	-
Loan and advances to B/FIs		-	163,786,835	163,786,835
Loans and advances to customers	b	4,052,631,202	(137,723,423)	3,914,907,779
Investment securities	c	353,332,331	52,686,793	406,019,124
Current tax assets		-	-	-

Investment in subsidiaries		-	-	-
Investment in associates	d	-	7,181,722	7,181,722
Investment property	e	12,221,410	144,845,710	157,067,120
Property and equipment		133,816,377	-	133,816,377
Goodwill and Intangible assets	f	-	429,941	429,941
Deferred tax assets	g	155,776,988	(25,429,870)	130,347,118
Other assets	h	24,101,731	(4,516,531)	19,585,200
Total Assets		**6,807,429,155**	**200,839,202**	**7,008,268,357**
Liabilities				
Due to Bank and Financial Institutions		-	-	-
Due to Nepal Rastra Bank		-	-	-
Derivative financial instruments		-	-	-
Deposits from customers		5,524,238,117	-	5,524,238,117
Borrowing		-	-	-
Current Tax Liabilities		2,103,790	-	2,103,790
Provisions		-	-	-
Deferred tax liabilities		-	-	-
Other liabilities	i	122,746,200	8,466,268	131,212,468
Debt securities issued		-	-	-
Subordinated Liabilities		-	-	-
Total liabilities		**5,649,088,107**	**8,466,268**	**5,657,554,375**
Equity				
Share capital		867,993,800	-	867,993,800
Share premium		22,399,272	-	22,399,272
Retained earnings	j	(129,565,750)	201,212,877	71,647,127
Reserves	k	397,513,726	(8,839,942)	388,673,783
Total equity attributable to equity holders		**1,158,341,048**	**192,372,934**	**1,350,713,982**
Non-controlling interest				-
Total equity		**1,158,341,048**	**192,372,934**	**1,350,713,982**
Total liabilities and equity		**6,807,429,155**	**200,839,202**	**7,008,268,357**

iv) Effect of NFRS adoption for the statement of profit or loss and other comprehensive income for the fiscal year2074-75.

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
Interest income	l	635,989,308	(6,418,030)	629,571,278
Interest expense		420,012,244	-	420,012,244
Net interest income		**215,977,064**	**(6,418,030)**	**209,559,034**
Fee and commission income	m	1,555,487	26,316,696	27,872,184
Fee and commission expense	n	-	1,251,030	1,251,030
Net fee and commission income		**1,555,487**	**25,065,666**	**26,621,154**
Net interest, fee and commission income		**217,532,551**	**18,647,637**	**236,180,188**
Net trading income		-	-	-
Other operating income	o	26,316,696	(19,730,139)	6,586,557
Total operating income		**243,849,248**	**(1,082,502)**	**242,766,745**
Impairment charge/(reversal) for loans and other losses	p	134,299,509	(58,503,948)	75,795,562
Net operating income		**109,549,738**	**57,421,445**	**166,971,184**
Operating expense				-
Personnel expenses	q	73,309,817	2,423,688	75,733,504
Other operating expenses	n	68,074,221	(1,251,030)	66,823,190
Depreciation & Amortisation		18,360,089	(0)	18,360,089
Operating Profit		**(50,194,387)**	**56,248,788**	**6,054,400**
Non operating income	m	6,169,160	(6,149,723)	19,438
Non operating expense		-	-	-
Profit before income tax		**(44,025,227)**	**50,099,065**	**6,073,838**
Income tax expense				
Current Tax		13,775,279	-	13,775,279
Deferred Tax	r	(27,371,858)	20,716,321	(6,655,537)
Profit for the period		**(30,428,648)**	**29,382,743**	**(1,045,905)**

Other comprehensive income, net of income tax				
a) Items that will not be reclassified to profit or loss				
Gain/(loss) from investments in equity instruments measured at fair value	s	-	(58,596,884)	(58,596,884)
Gain/(loss) on revaluation		-	-	-
Actuarial gains/(losses) on defined benefit plans	q	-	(4,015,023)	(4,015,023)
Income tax relating to above items	r	-	18,783,572	18,783,572
Net other comprehensive income that will not be reclassified to profit or loss		**-**	**(43,828,335)**	**(43,828,335)**
b) Items that are or may be reclassified to profit or loss		**-**		**-**
Gains/(losses) on cash flow hedge		-	-	-
Exchange gain/(losses) arising from translating financial assets of foreign operation		-	-	-
Income tax relating to above items		-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss		**-**	**-**	**-**
c) Share of other comprehensive income of associate accounted as per equity method			**-**	**-**
Other comprehensive income for the period, net of income tax		**-**	**(43,828,335)**	**(43,828,335)**
Total comprehensive income for the period		**(30,428,648)**	**(14,445,591)**	**(44,874,239)**

v) Effect of NFRS adoption for the statement of cash flows for fiscal year 2074-75

Particulars	Note	As per previous GAAP	Adjustments	As per NFRS
Cash flow from operating activities		202,262,262	432,954,033	635,216,295
Cash flow from investing activities		(194,585,585)	(16,844,295)	(211,429,880)
Cash flow from financing activities		119,659,661	-	119,659,661
Net cash inflow/(outflow) during the period		**127,336,338**	**416,109,739**	**543,446,076**
Cash and cash equivalent at the beginning of the period		273,499,706	1,090,431,934	1,363,931,640
Cash and cash equivalent at the end of the period		**400,836,044**	**1,506,541,672**	**1,907,377,716**

In previous financial statements, amount with banks and financial institutions on call account was included as part of operating cash flow which forms part of cash and cash equivalent in NFRS. This is only major difference on the cash flow statement. Other than this, there is no major adjustment on cash flow in NFRS.

Notes to Financial Statements

For the year ended on 31 Asar 2076

Notes to Reconciliation

a. Cash and Cash Equivalent

Particulars	Shrawan 1, 2074	Asar 32, 2075
Loss allowance on deposit with problematic institution	(239,910)	(421,974)
Regrouping change in NFRS	**(239,910)**	**(421,974)**

b. Loans and Advance to BFI and Customers

Particulars	Shrawan 1, 2074	Asar 32, 2075
Loan and advance to BFI		
Regrouping from loan to customer	120,718,342	163,786,835
Loan and advance to customers		
Interest suspense transferred to interest income	30,364,879	23,785,862
Staff loan included from other assets	2,436,020	3,738,043
Regrouping of loan to microfinance to loan to BFI	(120,718,342)	(163,786,835)
Amortization impact on staff loan	(1,287,895)	(1,460,493)
Total Change	**(89,205,339)**	**(137,723,423)**
Remeasurement change on NFRS	**(1,287,895)**	**(1,460,493)**
Regrouping change on NFRS	**(87,917,444)**	**(136,262,930)**

c. Investment Securities

Particulars	Shrawan 1, 2074	Asar 32, 2075
Investment in shares measured at fair value	48,722,712	21,353,928
Accrued income on govt. securities included as part of securities	331,753	1,809,041
Adjustment to earlier loss allowance on shares	10,129,773	48,231,007
Investment in associate separately presented	(17,873,583)	(18,707,183)
Total	**41,310,655**	**52,686,793**
Remeasurement change on NFRS	**58,852,485**	**69,584,935**
Regrouping change in NFRS	**(17,541,830)**	**(16,898,142)**

d. Investment in Associates

Particulars	Shrawan 1, 2074	Asar 32, 2075
Regrouping from Investment Securities	17,873,583	18,707,183
Remeasurement of investment in associate	(11,962,296)	(11,525,461)
Total Change	**5,911,287**	**7,181,722**

e. Investment Property

Particulars	Shrawan 1, 2074	Asar 32, 2075
Non banking assets recognized as investment property	124,442,997	144,845,710
Regrouping change on NFRS	**124,442,997**	**144,845,710**

f. Goodwill and Intangible Assets

Particulars	Shrawan 1, 2074	Asar 32, 2075
Software included in other assets reclassified as intangible assets	716,153	429,941
Regrouping change on NFRS	**716,153**	**429,941**

g. Deferred Tax Assets/Liabilities

Particulars	Shrawan 1, 2074	Asar 32, 2075
Revised deferred tax (liability) -remeasurement change	(23,497,120)	(25,429,870)

h. Other Assets

Particulars	Shrawan 1, 2074	Asar 32, 2075
Accrued income on govt. securities included as part of securities	(331,753)	(1,809,041)
Staff loan transferred to loans to customer	(2,436,020)	(3,738,043)
Software presented as other assets regrouped to intangible assets	(716,153)	(429,941)
Deferral of amortization of staff loan in NFRS	1,287,895	1,460,493
Net Change	**(2,196,031)**	**(4,516,532)**
Regrouping change in NFRS	(3,483,927)	(5,977,025)
Remeasurement change in NFRS	1,287,895	1,460,493

i. Other Liabilities

Particulars	Shrawan 1, 2074	Asar 32, 2075
Loss allowance on deposit with problematic institution netted under cash and cash equivalent	(239,910)	(421,974)
Actuarial valuation of defined benefit obligation	2,610,517	8,888,241
Net Change	**2,370,607**	**8,466,267**
Regrouping change on NFRS	(239,910)	(421,974)
Remeasurement change on NFRS	2,610,517	8,888,241

j. Retained Earning

Particulars	Shrawan 1, 2074	Asar 32, 2075
Retained Earning previously reported	**(99,137,102)**	**(129,565,750)**
Regrouping adjustment:		
Interest suspense transferred to interest income	30,364,879	23,785,862
Impairment loss on share reversed	10,129,773	48,231,007
Reversal of deferred tax reserve	15,190,763	15,190,763
Investment adjustment reserve no longer required	4,488,612	4,488,612
Impairment loss on non banking assets reversed	124,442,997	144,845,710
Remeasurement adjustment:		
Equity method accounting of associate	(11,962,296)	(11,525,461)
Actuarial valuation of defined benefit liability	(1,963,358)	(4,226,059)
Deferred tax adjustment	1,138,764	(19,577,557)
Net Change	**171,830,134**	**201,212,877**
Reported in NFRS	**72,693,032**	**71,647,127**

k. Reserves

Particulars	Shrawan 1, 2074	Asar 32, 2075
Reserves previously reported	**428,741,825**	**397,513,726**
Regrouping adjustment:		
Reversal of deferred tax reserve	(15,190,763)	(15,190,763)
Remeasurement adjustment:		
Fair value reserve on measurement of shares at fair value through OCI, net of deferred tax	57,936,742	16,918,923
Earlier accounted investment adjustment reserve adjusted	(38,532,675)	(7,304,575)
Actuarial loss on defined benefit liability net of tax	(453,011)	(3,263,527)
Net Change	**3,760,293**	**(8,839,942)**
Reported in NFRS	**432,502,118**	**388,673,784**

l. Interest Income

Particulars	2074-75
Interest on loan to customer on accrual basis reversal	(6,579,017)
Additional interest income on staff loan with corresponding debit to personnel expenses	160,987
Net Change	**(6,418,030)**
Remeasurement change on NFRS	**(6,418,030)**

m. Fees and Commission Income / Non Operating Income

Fees and commission income now includes only fees and commission. Other income Rs. 86,031, 723 included previously under this heading has been regrouped to other operating income.

Income on equity method of accounting of investment in associate is included in other income under NFRS.

Regrouping change in Fees and Commission Income from other operating income and non operating income	26,316,696
Regrouping change in Non Operating Income	(6,149,723)

n. Fee and Commission Expenses/Other Operating Expenses

Regrouping of fees and commission expenses previously accounted under other operating expenses has been done.

Fees and commission included in operating transferred to fee and commission expenses	1,251,030

o. Other Operating Income

The following changes has occurred in other operating income

Particulars	**2074-75**
Regrouping to fees and commission income	(20,166,973)
Equity method accounting adjustment (remeasurement change)	436,835
Net Change	**(19,730,138)**

p. Impairment charge/(reversal) for loans and other losses

Particulars	**2074-75**
As per previous reporting framework, shares were measured at cost and any share whose market value was below their cost, the excess of cost over market value of such share was included as impairment through profit or loss. This has not been routed through OCI along with fair value measurement of all shares in OCI.	(38,101,234)
Loss allowance on non banking assets is no longer required hence reversed	(20,402,713)
Total Change	**(58,503,948)**
Regrouping change on NFRS	**(38,101,234)**
Remeasurement change on NFRS	**(20,402,713)**

q. Personnel Expenses and Actuarial gain/loss

Impact of actuarial valuation of gratuity and leave has been done. Impact of measurement of staff loan on market basis has been taken by reversal of deferred employee benefit expenses.

Particulars	**2074-75**
Personnel Expenses	
Service cost and interest cost on gratuity as per actuarial valuation	1,441,666
Service cost and interest cost on leave as per actuarial valuation	821,034
Reversal of deferred employee benefit expenses	160,987
Total Change (remeasurement change)	**2,423,688**
Actuarial gain/loss	
Impact of changes in actuarial assumption on gratuity liability (remeasurement change)	(4,015,023)

r. Deferred Tax Expenses or Income

Changes in carrying amount of assets and liabilities have resulted in recalculation of deferred tax and accordingly, deferred tax income or expenses have been recalculated and restated.

Particulars	**2074-75**
Restated opening balance of deferred tax assets/(liability)	104,908,010
Restated closing balance of deferred tax assets/(liability)	130,347,118
Total remeasurement change in NFRS	**(25,439,109)**
Revised deferred tax expenses/(income) on profit or loss	**(6,655,537)**
Revised deferred tax (income)/expenses on OCI	**(18,783,572)**

s. Gain/(loss) from investments in equity instruments measured at fair value

Previously, loss on shares was being measured for those shares whose fair value is less than cost and gain was not calculated. As stated in point (b) above, all shares are measured at fair value and net change in fair value is adjusted through other comprehensive income.

Notes to Financial Statements

For the year ended on 31 Asar 2076

5.11 Major Financial Indicators of Last Five Years

S.N.	Particulars	Indicator	2075-76	2074-75	2073-74	2072-73	2071-72
1	Net profit/total income	%	0.26	(0.16)	24.66	106.49	13.63
2	Earning per share						
	Basic earning per share	Rs.	0.26	(0.12)	17.42	47.48	9.37
	Diluted earning per share	Rs.	0.26	(0.12)	17.42	47.48	9.37
3	Market price per share	Rs.	121.00	106.00	181.00	-	141.00
4	Price/earning ratio	Times	459.61	(864.88)	10.39	-	15.05
5	Dividend or bonus per share	Rs.	-	-	-	-	7.00
6	Cash dividend	Rs.	-	-	-	-	0.37
7	Interest income/loan and advances	%	16.11	15.28	14.35	11.74	13.13
8	Employee expenses/total operating expenses	%	53.74	47.06	40.98	43.95	45.61
9	Employee expenses/total deposit and borrowing	%	1.63	1.37	1.09	0.85	1.03
10	Exchange income/total income	%	-	-	-	-	-
11	Staff bonus/total employee expenses	%	7.86	-	41.36	52.46	18.83
12	Net profit/loans and advances	%	0.04	(0.03)	3.87	11.14	1.68
13	Net profit/total assets	%	0.03	(0.01)	2.51	7.08	1.11
14	Total loans and advances/total deposit	%	75.26	74.60	84.28	81.63	82.35
15	Total operating expenses/total assets	%	2.50	2.30	12.94	6.00	7.15
16	Capital adequacy ratio						
	a) Core Capital	%	16.79%	23.88%	20.93%	18.00%	20.94%
	b) Supplementary Capital	%	1.19%	1.50%	2.14%	2.06%	0.97%
	c) Total Capital Fund	%	17.98%	25.38%	23.07%	20.07%	21.91%
17	Cash reserve ratio (CRR)	%	36.84	40.29	36.33	42.51	35.33
18	NPAs/total loan and advances	%	5.91	6.63	4.72	12.96	0.76
19	Base rate	%	12.85	14.65	12.80	8.99	12.14
20	Weighted average interest rate spread	%	4.92	3.72	4.97	7.06	5.15
21	Book net worth	Rs.	1,309,834,601	1,350,713,982	1,275,928,561	791,110,478	267,289,823
22	Total shares	No.	8,679,938	8,679,938	7,624,749	5,786,625	1,837,763
23	Total employees	No.	197	185	125	88	28
24	Others:						
	Per employee business (Rs. In lakh)	%	261.29	222.76	264.58	280.41	365.91
	Employee expenses/total income	%	12.47	11.40	8.24	9.98	10.17

Comparison Audited and Unaudited Financial Statements
Fiscal Year: 2075-76

Amount in '000

Statement of Financial Position	As per Unaudited Financial Statements	As per Audited Financial Statements	Variance		Reasons for Variance
			In Amount	In %	
Assets					
Cash and cash equivalent	2,075,896,558	2,075,896,657	(100)	(0.00)	Finalization of figures
Due from NRB and placements with BFIs	293,135,948	293,135,948	-	-	
Loan and advances	5,137,793,424	5,175,970,279	(38,176,855)	(0.74)	Net AIR included as part of loan, additional loan loss provision provided after audit and NRB instructions.
Investments Securities	352,447,227	346,161,468	6,285,759	1.78	Final corrected shares valuation
Investment in subsidiaris and associates	5,027,658	5,530,424	(502,765)	(10.00)	Final valuation of associates
Investment property	89,417,419	89,417,419	-	-	
Property and equipment	119,038,721	116,468,802	2,569,919	2.16	Impact of final figures of depreciation and capitalization of assets
Goodwill and intangible assets	2,487,245	1,876,654	610,590	24.55	Finalized figures of amortization of software
Other assets	273,832,675	186,123,662	87,709,012	32.03	Net AIR transferred to loans and few regrouping adjustment
Total Assets	**8,349,076,875**	**8,290,581,314**	**58,495,560**	**0.70**	
Capital and Liabilities					
Paid up Capital	866,537,452	867,993,800	(1,456,348)	(0.17)	Previously share issue cost adjusted to capital now charged to expenses
Reserves and surplus	527,846,450	441,840,801	86,005,649	16.29	Net impact on reserves due to finalized calculation
Deposits	6,839,302,804	6,839,302,804	-	-	
Borrowings	-	-	-	-	
Bond and Debenture	-	-	-	-	
Other liabilities and provisions	115,390,168	118,079,248	(2,689,080)	(2.33)	Finalization of figures including actuarial valuation of gratuity and leave
Total Capital and Liabilities	**8,349,076,875**	**8,267,216,653**	**81,860,222**	**0.98**	
Statement of Profit or Loss					
Interest income	829,382,093	829,382,093	-	-	
Interest expense	582,182,770	582,182,770	-	-	
Net interest income	**247,199,323**	**247,199,323**	**-**	**-**	
Fee and commission income	34,170,057	34,236,522	(66,465)	(0.19)	Regrouping on finalization
Fee and commission expense	-	988,148	(988,148)	-	Regroup from other operating expenses
Net fee and commission income	**34,170,057**	**33,248,374**	**921,683**	**2.70**	
Other operating income	28,083,857	28,046,634	37,223	0.13	Finalised equity method accounting
Total operaing income	**309,453,237**	**308,494,331**	**958,906**	**0.31**	
Impairment charge/(reversal) for loans and other losses	(13,648,498)	28,568,447	(42,216,946)	309.32	Loan loss provision adjustment
Net operating income	**323,101,735**	**279,925,884**	**43,175,852**	**13.36**	
Personnel expenses	119,022,543	111,228,213	7,794,330	6.55	Actuarial valuation and bonus impact
Other operating expenses	93,920,969	95,750,955	(1,829,986)	(1.95)	Regrouping and final booking of expense
Operating profit	**110,158,224**	**72,946,716**	**37,211,508**	**33.78**	
Non operating income/expense			-	-	
Profit before tax	**110,158,224**	**72,946,716**	**37,211,508**	**33.78**	
Income tax	39,144,281	70,661,577	(31,517,297)	(80.52)	Final calculation of income tax
Profit /(loss) for the period	**71,013,943**	**2,285,139**	**68,728,805**	**96.78**	
Other comprehensive income	(41,111,053)	(53,259,081)	12,148,028	(29.55)	Final calculation of fair value of shares and actuarial adjustment of gratuity
Total comprehensive income	**29,902,890**	**(50,973,943)**	**80,876,833**	**270.46**	
Distributable Profit					
Net profit/(loss) as per profit or loss	71,013,943	2,285,139	68,728,805	96.78	Due to increase in LLP exp, staff exp. and income tax
Transfer to reserves	(14,912,928)	8,204,650	(23,117,578)	155.02	Due to decrease in net profit and final calculation of associates investment
Add/Less: Regulatory adjustment as per NRB Directive	25,805,697	(212,746,050)	238,551,747	924.42	Only current year movement was shown in unaudited version and cumulative transfer presented in audited
Free profit/(loss) after regulatory adjustments	**81,906,712**	**(202,256,261)**	**284,162,973**	**346.93**	

केन्द्रीय कार्यालय
बालुवाटार, काठमाडौं
फोन : ४४१९८०४/४४११२५०
फ्याक्स : ४४१५१५८
इमेल : fsidreportsfc@nrb.org.np
Web : www.nrb.org.np
पोष्ट बक्स : ७३

नेपाल राष्ट्र बैंक
वित्त कम्पनी सुपरिवेक्षण विभाग
गैर-स्थलगत सुपरिवेक्षण इकाई

पत्रसंख्या:- वि.कं.सु.वि./अफसाइट/एजिएम/१/२०७७-७८ /७४ मिति २०७७/०४/२३

गोर्खाज फाइनान्स लिमिटेड
डिल्लीबजार, काठमाडौं।

विषय: वित्तीय विवरण प्रकाशन सम्वन्धमा ।

महाशय,

तहाँवाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा आ.व. २०७५/७६ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गरी सार्वजनिक गर्न अन्य प्रचलित कानुनी व्यवस्थासमेतको पालना गर्ने गरी देहायको निर्देशन सहित सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

१. यस बैंकले दिएका निर्देशन पालना गर्न तथा लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने व्यवस्था गर्नुहुन ।

२. धितोपत्र विनिमय बजारमा सूचीकृत भई नसकेको संगठित संस्थाको सेयरमा लगानी गरेको मितिले ३ वर्षभित्र सुचीकृत नभएका त्यस्ता सेयरमा भएको लगानी रकमलाई संचित मुनाफा खर्च गरी लगानी समायोजन कोष खडा गर्नुहुन ।

३ यस बैंकबाट जारी गरिएको कर्जा वर्गीकरण तथा कर्जा नोक्सानी व्यवस्था सम्बन्धी निर्देशनको पूर्ण रुपमा पालना गर्नहुन ।

४ नियमित रुपमा Sytem Audit गर्ने व्यवस्था मिलाउनुहुन ।

५ सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण ऐन, २०६४(दोस्रो संशोधन, २०७०), सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन तथा परिपत्रका व्यवस्थाहरुको पूर्ण पालना गर्न संचालक समिति र प्रमुख कार्यकारी अधिकृतको ध्यानाकर्षण गराइन्छ ।

६ कम्पनी ऐन, २०६३ को दफा १८२(९) बमोजिम साधारणसभावाट स्वीकृत भई ५ वर्षसम्म पनि दावी नपरेको भुक्तानी दिन बाँकी लाभांशलाई लगानीकर्ता संरक्षण कोषमा दाखिला गर्नुहुन ।

उपर्युक्त निर्देशनलाई त्यस संस्थाको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन अनुरोध गर्दछु ।

भवदीय,

(अपिल सुबेदी)
सहायक निर्देशक

बोधार्थ :

१ नेपाल राष्ट्र बैंक
बैंक तथा वित्तीय संस्था नियमन विभाग ।

२. वित्त कम्पनी सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, गोर्खाज फाइनान्स लिमिटेड

नेपाल राष्ट्र बैंकको निर्देशन उपर सञ्चालक समितिको प्रतिउत्तर :

१. यस संस्थालाई नेपाल राष्ट्र बैंकबाट प्राप्त निर्देशनहरूको पूर्ण पालना भईरहेको व्यहोरा अवगत गराउन चाहन्छौ । साथै, सो सम्बन्धमा आगामी दिनमा प्राप्त हुने थप निर्देशनहरूको समेत पूर्ण पालना गरिने व्यहोरा अनुरोध गर्दै लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरू संस्थाको व्यवस्थापनवाट सुधार भइरहेको र आगामी दिनहरूमा त्यस्ता कैफियतहरू नदोहोरिने गरी कार्य व्यवस्था मिलाउन व्यवस्थापनलाई निर्देशन दिईएको व्यहोरा अनुरोध गर्दछौं ।

२. धितोपत्र विनिमय बजारमा सूचीकृत भई नसेको संगठित संस्थाको शेयरमा गरेको लगानी रकमलाई निर्देशन बमोजिम लगानी समायोजन कोष खडा गरिने प्रकृया अगाडि बढाइसकेको व्यहोरा अनुरोध गर्दछौं ।

३. नेपाल राष्ट्र बैंकबाट कर्जा वर्गीकरण तथा कर्जा नोक्सानी व्यवस्था सम्बन्धी जारी भएको निर्देशनहरूको पूर्ण पालना भई रहेको व्यहोरा जानकारी गराउदै आगामी दिनहरूमा सो सम्बन्धमा जारी हुने थप निर्देशनहरूको समेत पूर्ण रूपमा पालना गरिने व्यहोरा अनुरोध गर्दछौं ।

४. नेपाल राष्ट्र बैंकबाट दिइएको निर्देशन बमोजिम नियमित रूपमा **System Audit** गर्ने प्रकृया अगाडि बढाइसकेको व्यहोरा अनुरोध गर्दछौं ।

५. सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण ऐन, २०६४ (दोस्रो संशोधन, २०७०), सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण नियमावली, २०७३ तथा नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन तथा परिपत्रका व्यवस्थाहरूको पूर्ण पालना गर्ने तर्फ कार्य भईरहेको र यस सम्बन्धमा संस्थाले **Go-AML** सफ्टवेयर जडान गरी टेस्ट रिपोर्टहरू पठाइरहेको व्यहोरा समेत अवगत गराउन चाहन्छौं ।

६. कम्पनी ऐन, २०६३ का दफा १८२(९) बमोजिम साधारणसभाबाट स्वीकृत भई ५ वर्षसम्म पनि दाबी नपरेको भुक्तानी दिन बाँकी लाभांशलाई लगानीकर्ता संरक्षण कोषमा दाखिला गर्न प्रकृया अगाडि बढाइसकेको व्यहोरा अनुरोध गर्दछौं ।

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शाखा प्रमुख

प्रदेश नं. १

१. दमक : रजिन राई
२. धरान : जीवन कुमार राई
३. ईटहरी : लिला राज तुम्बापो
४. विर्तामोड : रोहिता ईङनाम
५. रवि, पाँचथर : प्रशन्न सुव्बा पोमु
६. भेडेटार : सुमन सुव्बा
७. भोजपुर : सलिना राई

प्रदेश नं. २

१. छ्प्राडी, सिरहा : आशाराम शाह
२. विरगंज, पर्सा : मो. सबिर अन्सारि

बागमती प्रदेश

१. डिल्लीबजार : प्रबिन अधिकारी
२. बौद्ध : शान्ति तामाङ
३. न्युरोड : सुशिल कोईराला
४. सातदोबाटो : ललिता पुन
५. नारायणगढ : धिरज कुमार गुरुङ
६. सूर्यविनायक : शोभा बज्राचार्य
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८. गोंगबु : विश्वास खड्का

गण्डकी प्रदेश

१. पोखरा : सुजता मानन्धर

प्रदेश नं. ५

१. बिजौरी, दाङ : राम बहादुर रावल
२. लखनचोक, रुपन्देही : संजना सापकोटा
३. नेपालगंज, बाँके : गिरिधर शाहि

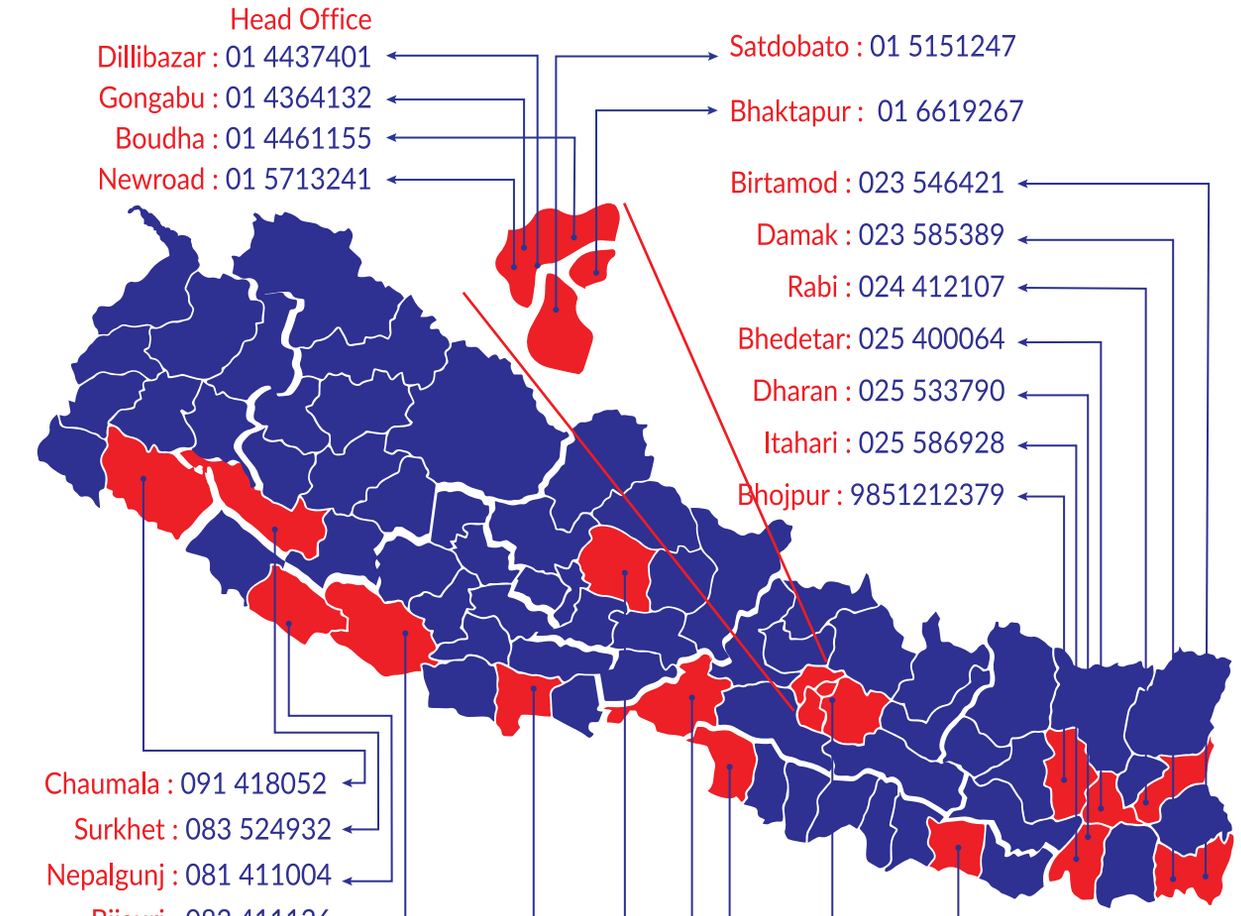
कर्णाली प्रदेश

१. सुर्खेत : तप बहादुर खड्का

सुदुर पश्चिम प्रदेश

१. चौमाला, कैलाली : शान्ति सिंह

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