

**बेष्ट फाइनेन्स कम्पनी लिमिटेड**  
**को**  
**२७ औं वार्षिक साधारण सभा सम्बन्धी सूचना**

मिति २०८१ असोज २२ गते मंगलवारका दिन बसेको सञ्चालक समितिको ५९१ औं बैठकको निर्णयानुसार यस वित्तीय संस्थाका सताईसौं वार्षिक साधारण सभा देहायका विषयहरूमा छलफल गर्नका लागि निम्न मिति, स्थान र समयमा बस्ने भएको हुँदा कम्पनी ऐन २०६३ को दफा ६७ (क) एवं वित्तीय संस्थाको नियमावलीको नियम ४ अनुसार सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी एवं उपस्थितिका लागि हार्दिक अनुरोध गर्दछौं ।

सभा हुने मिति : २०८१ साल कार्तिक १४ गते बुधवार (तदनुसार ३० अक्टोबर, २०२४)

स्थान : नेपाल प्रज्ञा प्रतिष्ठान, कमलादी, काठमाडौं

समय : विहानको ११.०० बजे ।

**छलफलका विषयहरू :**

**(क) सामान्य प्रस्ताव**

१. यस बेष्ट फाइनेन्स कम्पनी लि. को आ. व. २०७९/०८० को सञ्चालक समितिको प्रतिवेदन उपर छलफल गरि पारित गर्ने ।
२. लेखापरिक्षकको प्रतिवेदन सहितको आ.व. २०७९/०८० को वार्षिक वित्तीय विवरण (२०८० आषाढ मसान्तको वासलात, नाफा नोक्सान हिसाब र सोही अवधिको नगद प्रवाह विवरण, नाफा नोक्सान बाँडफाँड हिसाब लगायत वार्षिक वित्तीय विवरणसंग सम्बन्धित अनुसूचीहरू समेत) छलफल गरी पारित गर्ने ।
३. आ.व. २०८०/८१ को बाह्य लेखापरीक्षण गर्नको लागि S.A.R Associates, Chartered Accountants वाह्य लेखापरिक्षकमा नियुक्ती भएकोमा निजको नियुक्ती तथा निजको पारिश्रमिक समेत अनुमोदन गर्ने
४. संचालक समितिबाट रिक्त रहेको पदमा वांकी कार्यकालका लागि गरिएको २ जना संचालकको नियुक्तीलाई अनुमोदन गर्ने ।

**(ख) विशेष प्रस्ताव**

१. संस्थाको प्रवन्धपत्र र नियमावलीमा संशोधन गर्ने सम्बन्धमा ।
२. वित्तीय संस्थाको प्रवन्धपत्र र नियमावलीमा संशोधन गर्ने सम्बन्धमा नियमनकारी निकायबाट आवश्यक हेरफेर गर्न निर्देशन भएमा सोही बमोजिम आवश्यक हेरफेर संशोधन परिमार्जन गर्न संचालक समितिलाई अख्तियारी प्रदान गर्ने सम्बन्धमा ।
३. यस वित्तीय संस्थाले भविष्यमा अन्य उपयुक्त बैंक तथा वित्तीय संस्थासंग एक आपसमा गाभ्ने/गाभिने (Merger) तथा प्राप्ति (Acquisition) गर्ने सम्बन्धी समझदारी पत्रमा हस्ताक्षर गर्न, चल अचल सम्पति र दायित्व मुल्यांकन (Due Diligence Audit) गर्नको लागि मान्यता प्राप्त मुल्यांकन कर्ता नियुक्त गर्न, निजको पारिश्रमिक तोक्न लगायत मर्जर सम्बन्धि अन्य आवश्यक प्रक्रिया पुरा गर्न सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने ।

**(ग) विविध**

सञ्चालक समितिको आज्ञाले  
कम्पनी सचिव

## साधारण सभा सम्बन्धी अन्य जानकारी

१. यस बेस्ट फाइनेन्स कम्पनी लिमिटेडको सताईसौ वार्षिक साधारण सभा प्रयोजनको लागि मिति २०८१/०७/०२ गते एक दिन शेयरधनी दर्ता किताब बन्द (Book Close) रहने छ। नेपाल धितोपत्र विनिमय बजार लिमिटेडमा २०८१/०७/०१ गतेसम्म कारोबार भई वित्तीय संस्थाको शेयर रजिष्ट्रार प्रभु क्यापिटल लिमिटेड, कमलादी काठमाण्डौंबाट शेयर दाखिल खारेज भई शेयरधनी दर्ता किताबमा कायम भएका शेयरधनीहरूले साधारण सभामा भाग लिन पाउने छन्।
२. वार्षिक प्रतिवेदन तथा साधारण सभामा छलफल हुने विषयहरू सहितको सूचना शेयरधनी महानुभावहरूलाई उपलब्ध घर ठेगानामा पठाइने छ। वार्षिक प्रतिवेदन प्राप्त हुन नसकेमा संस्थाको प्रधान कार्यालय कमलादी काठमाण्डौं, शाखा कार्यालय मिलन चोक बुटवल तथा संस्थाको शेयर रजिष्ट्रार प्रभु क्यापिटल लिमिटेड, कमलादी काठमाण्डौंमा सम्पर्क राखी शेयरधनी प्रमाणपत्र प्रस्तुत गरी वार्षिक प्रतिवेदन प्राप्त गर्न सक्नुहुनेछ।
३. वार्षिक साधारण सभामा भाग लिन आउने शेयरधनी महानुभावहरूले हितग्राही खाता खोलिएको (D-Mat)/ शेयर प्रमाणपत्र, आफ्नो परिचय खुल्ने प्रमाण पत्रका साथमा मात्र सभाकक्षमा प्रवेश गर्न पाइने छ। सभा हुनेदिन बिहान १०:३० बजेदेखि दर्ता काउन्टर खुल्ला राखिने छ।
४. सभामा भाग लिन शेयरधनी महानुभावहरूले आफ्नो प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहेमा सभा शुरु हुनभन्दा ४८ घण्टा अगाडी वित्तीय संस्थाको प्रधान कार्यालय, कमलादी काठमाण्डौंमा प्रोक्सी फारम दर्ता गराईसक्नु पर्नेछ।
५. नावालक वा विक्षिप्त शेयरधनीको तर्फबाट कम्पनीको शेयरधनी दर्ता किताबमा संरक्षकको रूपमा नाम दर्ता भएको व्यक्तिले मात्र सभामा भाग लिन वा प्रोक्सी नियुक्त गर्न सक्नुहुनेछ। आफु संरक्षक भएको शेयरवालाको बाहेक अरु शेयरधनीको प्रतिनिधि (प्रोक्सी) भै सभामा भाग लिन सक्नु हुने छैन।
६. एक भन्दा बढी व्यक्तिहरूको नाउँमा सयुक्त रूपमा शेयर ग्रहण गर्ने शेयरधनीहरूको हकमा शेयरधनीको लगत किताबमा पहिले नाम उल्लेख भएको व्यक्तिले वा सर्वसम्मतबाट आफु मध्ये नियुक्त गरिएको एक जना शेयरधनीले वा सर्वसम्मतबाट नियुक्त प्रतिनिधिले मात्र सभामा भाग लिन पाउनेछ।
७. प्रोक्सी दिईसकेका शेयरधनी स्वयं उपस्थित भै सभामा भाग लिन चाहेमा सभा शुरु हुन अगावै कम्पनी सचिव मार्फत सञ्चालक समितिका अध्यक्षलाई लिखित सूचना दिई निजले उक्त सभामा भाग लिन पाउनेछन्। यस्तो अवस्थामा निजले नियुक्त गरेको प्रतिनिधि (प्रोक्सी) को अख्तियारी पत्र स्वतः बदर हुनेछ।
८. छलफलका विषयसूची मध्ये विविध शिर्षक अन्तर्गत छलफल गर्न इच्छुक शेयरधनीले सभा हुनु भन्दा सात दिन अगावै छलफलको विषय कम्पनी सचिव मार्फत सञ्चालक समितिको अध्यक्षलाई लिखित रूपमा दिनु पर्नेछ। तर यसलाई छलफल र पारीत हुने प्रस्तावको रूपमा समावेश गरिने छैन।
९. साधारण सभा सम्बन्धी थप जानकारीको लागि यस संस्थाको प्रधान कार्यालय, कमलादी काठमाण्डौंमा कार्यालय समय भित्र सम्पर्क राख्न सकिने छ। वार्षिक साधारण सभा सम्बन्धी बिस्तृत जानकारी वित्तीय संस्थाको प्रधान कार्यालय, कमलादीको सूचना पाटीमा तथा वित्तीय संस्थाको वेबसाईट [www.bestfinance.com.np](http://www.bestfinance.com.np) मा राखिने छ।

## बेष्ट फाइनेन्स कम्पनी लिमिटेडको सत्ताइसौं वार्षिक साधारण सभामा सञ्चालक समितिका अध्यक्षद्वारा प्रस्तुत प्रतिवेदन

**आदरणीय शेयरधनी तथा आमन्त्रित महानुभावहरू,**

बेष्ट फाइनेन्स कम्पनी लिमिटेडको सत्ताइसौं वार्षिक साधारण सभामा उपस्थित सम्पूर्ण आदरणीय शेयरधनी महानुभावहरू, कर्मचारी एवं सम्पूर्ण अतिथि महानुभावहरूलाई हार्दिक स्वागत गर्दछु।

संस्थाले नेपाल अधिराज्यभरी विभिन्न शहरहरूमा संचालनमा रहेका अठार वटा शाखा कार्यालयहरूबाट वित्तीय सेवा प्रदान गर्दै आइरहेको छ। संस्था संचालनमा आइपर्ने अनेकन उतार चढावलाई पार गर्दै आदरणीय शेयरधनी महानुभाव तथा सम्बद्ध निकायहरूबाट प्राप्त सुझाव, मार्ग निर्देशनलाई आत्मसात् गर्दै अगाडी बढिरहेकोले तथ्य यहाँहरूलाई अवगत नै छ। यस वित्तीय संस्थाले संस्थाको सफलतालाई मात्र नभइ वित्तीय सेवा सुविधा तथा समाजलाई गर्न सक्ने कार्यलाई समेत आत्मसाथ गर्दै उल्लेखनीय सफलता हासिल गर्दै गइरहेको छ। साथै, ग्राहकवर्ग तथा आम नागरिकहरूबाट प्राप्त सहयोग, सद्भाव तथा हामीप्रति देखाउनु भएको विश्वासले हामीलाई अगाडि बढ्न थप प्रेरणा मिलेको छ।

**आदरणीय शेयरधनी महानुभावहरू,**

यस साधारणसभाका अवसरमा संस्थाको आर्थिक वर्ष २०७९/०८० को वित्तीय विवरणहरू, बासलात, नाफा-नोक्सान हिसाब र नगद प्रवाह विवरणसहितको वित्तीय प्रतिवेदन छलफल गरी पारित गर्न यस गरिमामय सभामा यहाँहरू समक्ष प्रस्तुत गरेको छु।

आर्थिक वर्ष २०७९/८० बैकिङ्ग व्यवसायका लागि चुनौतीपूर्ण रहन गयो। मुख्य गरेर कोभिडको संक्रमण, रूस-युक्रेन युद्ध, उच्च व्याजदर लगायतका कारणबाट आर्थिक वर्ष २०७९/८० मा मुलुकको आर्थिक गतिविधिमा शिथिलता आई सरकारी वित्त स्थिति दवावमा परेको अवस्था रहेको छ। निजी क्षेत्रतर्फ प्रवाह हुने कर्जामा सामान्य वृद्धि रहेको तर समग्र बैकिङ्ग प्रणालीको निष्कृत्य कर्जा अनुपात केही बढेर गएको देखिन्छ। तसर्थ, यस परिस्थितीलाई मध्येनजर गर्दै संस्थाले आवश्यक रणनीति अवलम्बन गरी अगाडी बढिरहेको व्यहोरा यहाँहरूसमक्ष जानकारी गराउन चाहन्छु।

### १) विगत वर्षको कारोवारको सिंहावलोकन:

बैंक तथा वित्तीय संस्थाहरूबीच रहेको तीव्र प्रतिस्पर्धा, समय समयमा वित्तीय बजारमा देखिने अस्थिरता, लगानीका क्षेत्रहरूको सीमितता, देशभित्रको राजनैतिक अवस्था आदिलाई विचार गरी हामीले संस्थाको कारोवारलाई सन्तुलित रूपमा अगाडि बढाइरहेका छौं।

आर्थिक वर्ष २०७८/०७९ र २०७९/०८० आषाढ मसान्तमा संस्थाको महत्वपूर्ण वित्तीय सूचकाङ्कहरू देहाय वमोजिम रहेका छन्।

विवरण	प्रति इकाई	आर्थिक वर्ष		परिवर्तन (प्रतिशतमा) (७८/७९ र ७९/८० को तुलना)
		०७९/८०	०७८/७९	
चुक्ता पूँजी	रु. हजारमा	८,५४,८१७	८,२८,९१४	३.१२
निक्षेप दायित्व	रु. हजारमा	४,३९०,५०४	३,८२२,६३४	१४.८६
कर्जा तथा सापटी	रु. हजारमा	३,६०३,९२६	३,२००,९५३	१२.५९
निष्कृत्य कर्जा (NPL)	प्रतिशतमा	३.४८	३.०७	१३.३५
पूँजीकोष पर्याप्तता %	प्रतिशतमा	२०.०३	२१.३७	(६.२७)
शाखा	संख्यामा	१८	१५	३

संस्थाको विक्री गर्न बाँकि रहेको हकप्रद शेयरको लिलाम विक्री पश्चात चुक्ता पूँजीतर्फ २०८० असार मसान्तमा ३.१२ प्रतिशतले बृद्धि भई रु. ८५ करोड ४८ लाख हुन गएको छ। वित्तीय बजारको विद्यमान तीव्र प्रतिस्पर्धात्मक अवस्थामा समेत

तुलनात्मक रूपमा संस्थाको कुल निक्षेप परिचालन २०८० असार मसान्तमा १४.८६ प्रतिशतले बृद्धि भई रू. ४ अरब ३९ करोड पुगेको छ। त्यसैगरी, कर्जातर्फ २०८० असार मसान्तमा १२.५९ प्रतिशतले बृद्धि भई रू. ३ अरब ६० करोड पुगेको छ।

आर्थिक वर्ष २०७९/८० को आषाढ मसान्तमा संस्थाको पूँजीकोषको पर्याप्तता गत वर्षको तुलनामा कम हुन गएको छ। यो कम हुनुको मुख्य कारण संस्थाको कारोबारमा हुन गएको बृद्धि हो जसले पूँजीको अधिकतम सदुपयोग गर्नतीर संस्था अघि बढेको संकेत गर्दछ। साथै, २०८० आषाढ मसान्तमा रहेको २०.०३ प्रतिशतको पूँजीकोष नेपाल राष्ट्र बैंकले तोकेको न्यूनतम १० प्रतिशतभन्दा दुई गुनाले बढि रहेको छ।

वित्तीय संस्थाहरूबीचको तीव्र प्रतिस्पर्धाको अवस्थामा पनि संस्थाको चुस्त व्यवस्थापनको कारण कर्जा लगानीमा लिने र निक्षेपमा दिने ब्याजदरबीचको अन्तर सन्तोषजनक सीमामा राख्दै संस्थाले व्यवसाय बृद्धि गर्न सफल रहेको छ।

**२) राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कारोबारमा पर्न सक्ने असर :**

देशको राजनीतिक एवं आर्थिक अवस्था, सरकार तथा नियामक निकायहरूको नीति, नियम तथा निर्देशनहरू, व्यवसायिक प्रतिस्पर्धा, अन्तर्राष्ट्रिय बजारसँगको देशको कुटनीतिक एवं आर्थिक सम्बन्ध, समग्र अर्थतन्त्रका परिसूचकहरू आदिको प्रत्यक्ष अप्रत्यक्ष असर हामीले गर्ने बैंकिङ व्यवसायमा परिरहेको हुन्छ।

रूस-युक्रेन युद्ध, पेट्रोलियम पदार्थको मूल्यवृद्धि, आपूर्ति व्यवधान लगायतका कारण मुद्रास्फीति उच्च रहन गई विश्व अर्थतन्त्रको वृद्धिदर सुस्त रहेको छ। रूस-युक्रेन युद्ध, विश्वव्यापी मन्दी, पेट्रोलियम पदार्थको मूल्यवृद्धि र आपूर्ति व्यवधानका कारण उच्च रहन गएको मुद्रास्फीति विकसित एवम् उदीयमान मुलुकहरूका केन्द्रीय बैंकले अवलम्बन गरेको कसिलो मौद्रिक नीतिको कार्यदिशाका कारण कमशः कम हुँदै जान थालेको छ।

आर्थिक वर्ष २०७९/८० मा बाह्य क्षेत्र तथा मूल्य स्थितिमा सुधार आएको भएता पनि आर्थिक गतिविधिमा केही शिथिलता आएको र सरकारी वित्त स्थिति दबावमा परेको अवस्था छ। निजी क्षेत्रतर्फ प्रवाह हुने कर्जाको वृद्धि पनि सुस्त रहेको छ भने बैंकिङ प्रणालीको निष्क्रिय कर्जा अनुपात केही बढेको छ। समीक्षा वर्षमा खासगरी निर्माण क्षेत्र र निर्माण क्षेत्रसँग अन्तरसम्बन्धित क्षेत्रहरू संकुचनमा गएका छन्। यद्यपी बाह्य क्षेत्रमा सुधार भई ब्याजदर घट्दो क्रममा रहेकोले निजी माग विस्तार हुने र यसबाट आर्थिक क्रियाकलाप चलायमान बनाउन सहयोग पुग्ने देखिन्छ।

**३) सामाजिक उत्तरदायित्व :**

संस्थाले ग्राहक महानुभावहरूलाई वित्तीय सेवा प्रदान गर्नुका साथसाथै मुलुकको समाज सेवाप्रतिको दायित्वबोध पनि गरेको छ। यस सन्दर्भमा संस्थागत सामाजिक उत्तरदायित्व (Corporate Social Responsibility-CSR) अन्तर्गत केही सामाजिक कार्यक्रमहरूमा पनि हामीले योगदान गर्दै आएका छौं। संस्थाको नाफा रकमबाट छुट्याइएको सामाजिक उत्तरदायित्व कोषको रकमलाई प्रभावकारी रूपमा उपयोग गर्ने नीति अवलम्बन गरिएको छ।

संस्थाले स-सानो आर्थिक सहयोगबाट समेत समाजमा उत्कृष्ट योगदान पुग्ने गरी गरिएका सामाजिक कार्यक्रमहरू अन्तर्गत, इटहरी ४ सुनसरी स्थित सयपत्री टोल विकास संस्थालाई १८ थान प्लास्टिकको कुर्सी सहयोग, संस्कृति संरक्षणको लागि काठमाण्डौ मरूधवाका १९ वडा स्थित मचा सांस्कृतिक पुचःको वार्षिक कार्यक्रममा १०० थान टिसर्ट वितरण, बालाजु स्थित सुकुम्बासी टोलमा संचालीत बाल कल्याण आधारभूत विद्यालयमा अध्ययनरत अति विपन्न परिवारका बालबालिकाको डिजिटल पठनपाठनको निमित्त ३२ इन्चको भिडियोकोन स्मार्ट टि.भी.१ थान सहयोग, वातावरण संरक्षणको निमित्त नयाँ सडक सुधार समिति, पोखराको आयोजनामा गरीएको वृक्षारोपण कार्यक्रममा सहयोग, भक्तपुरको २०८० को बिस्केट जात्राको निमित्त राज गणेश धिमे खल मध्यपुर थिमि ४ लाई १२५ थान टिसर्ट वितरण रहेका छन्।

काठमाडौं उपत्यका विभिन्न जात्रा पर्वको कारण यो एक सांस्कृतिक शहरको रूपमा रहेको छ। यस प्रकारका सांस्कृतिक पर्वहरूमा यहाँका विशेष गरी नेवारी समुदायका गुठी, खल र व्यक्तिहरूले विभिन्न प्रकारका बाजागाजा बजाउने कार्यले यहाँको संस्कृति जगेर्ना हुँदै आएको छ। यसरी परम्परागत जात्राहरूमा बजाउने विभिन्न प्रकारका बाजागाजा त्यही समुदायको गुठी, खल लगायतले गर्दै आएको र नयाँ पुस्तालाई पनि सिकाउने कार्य गर्दै आएकोमा ती बाजाहरू वर्षेनी मर्मत गर्न आर्थिक समस्या

रहेको कुरालाई मध्यनजर गर्दै यस वेष्ट फाइनेन्स कम्पनी लिमिटेडले आफ्नो सामाजिक उत्तर दायित्व अन्तर्गत काठमाडौं उपत्यका भित्रका केही गुठी, खलहरूलाई बाजाहरू मर्मत गर्न आर्थिक सहयोगको प्रयासले देशको सांस्कृतिक पर्वको जर्गेना हुने र जात्रापर्व तथा बाजागाजा लोप हुनबाट जोगाउने हेतुले विभिन्न स्थानमा रहेका १० वटा पुच, खल तथा गुठीहरूलाई रु.५,००,०००।०० को आर्थिक सहयोग प्रदान गरीएको व्यहोरा जानकारी गराउन चाहन्छु ।

त्यसैगरी, संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत संस्थाको वनस्थली शाखाले जनजागृती माध्यामिक विद्यालय, खरीबोटका कक्षा नौ र दशमा अध्ययनरत विद्यार्थीहरूलाई, पोखरा शाखा कार्यालयले बारपौवा, पोखरा ३३ स्थित श्री चण्डी माध्यामिक विद्यालयका कक्षा नौ र दशमा अध्ययनरत विद्यार्थीहरू, यूवा क्लव तथा आमा समूहलाई, कावासोती शाखाले कावासोती ४, हसौरा स्थित श्री मुक्तिनाथ कृषि समूह लगायत उक्त स्थानमा बसोबास गर्ने स्थानीयहरूलाई वित्तीय साक्षरता कार्यक्रमको आयोजना गरेको व्यहोरा यहाँहरूसमक्ष जानकारी गराउन चाहन्छु ।

४) चालू आर्थिक वर्षको उपलब्धि र भावी योजनाको सम्बन्धमा सञ्चालक समितिको धारणा :

क) चालू आर्थिक वर्ष (आषाढ मसान्त, २०८१) को कारोबारको सिंहावलोकन सम्बन्धमा :

परिवर्तन (प्रतिशतमा)

विवरण	प्रति इकाई	आषाढ मसान्त		(आषाढ मसान्त २०८१ र २०८० को तुलना)
		२०८१	२०८०	
चुक्ता पूँजी	रु. हजारमा	८५४,८१७	८५४,८१७	
निक्षेप दायित्व	रु. हजारमा	५,४५९,८३६	४,३९०,५०४	२४.३६
कर्जा तथा सापटी	रु. हजारमा	४,०६२,७७२	३,६०३,९२६	१२.७३

यस चालू आर्थिक वर्षमा पनि निक्षेप परिचालन र कर्जा लगानी विस्तारमा शाखा कार्यालयहरूलाई थप चुस्त र गतिशील बनाउनु लक्ष्य भएको छ । फलस्वरूप, निक्षेप तथा कर्जा दुवैतर्फ वृद्धि भई २०८१ आषाढ मसान्तमा निक्षेप रु. ५ अर्ब ४५ लाख र कर्जा तथा सापट रु. ४ अर्ब ६ करोड हुन पुगेको छ ।

साथै, हालको वित्तीय बजारको अवस्थालाई मध्यनजर गरी कर्जा लगानीमा हुन सक्ने जोखिमलाई सूक्ष्म विश्लेषण गरी कर्जा लगानीलाई निरन्तरता तथा तरलता एवम् निष्कृत कर्जाको व्यवस्थापन गर्दै संस्थाको सञ्चालन मुनाफामा वृद्धि गर्ने र सञ्चालन खर्च न्यूनीकरणका लागि संस्था प्रयत्नशील रहेको व्यहोरा पनि जानकारी गराउन चाहन्छु ।

ख) शाखा विस्तार (Branch Opening) शाखा पुनर्निर्माण (Branch Renovation) तथा शाखा स्थानान्तरण (Branch Relocation) सम्बन्धमा :

१) शाखा विस्तार (Branch Opening)

गत आ.व.मा संस्थाले केन्द्रीय कार्यालय सहित मुलुकका विभिन्न शहरमा संचालनमा रहेका पन्ध्रवटा शाखा कार्यालयहरूबाट कारोबार गर्दै आइरहेकोमा आफ्नो शाखा विस्तारको योजना अनुसार १६ औं शाखाको रूपमा वाग्लुङ्ग जिल्लाको गल्कोटमा, १७ औं शाखाको रूपमा पर्सा जिल्लाको वीरगञ्ज, घण्टाघरमा र १८ औं शाखाको रूपमा सुनसरी जिल्लाको ईटहरीमा शाखा विस्तार गरी संचालनमा ल्याईसकेको व्यहोरा अनुरोध गर्दछु ।

२) शाखा पुनर्निर्माण (Branch Renovation)

यसैगरी यस संस्थाका शाखा कार्यालयहरू : बुटवल स्थित अमरपथ शाखा तथा जीतपुर ४ नं. स्थित शाखा कार्यालयहरूको पुरानो संरचना रहेकोमा यस आर्थिक वर्षमा समय सापेक्ष बैकिङ्ग व्यवसायका लागि आवश्यक पूर्वाधार प्रदान गर्ने गरी पूर्णरूपमा शाखाहरूको पुनर्निर्माण गरीएको छ । नेपालगञ्जमा रहेको शाखा कार्यालयलाई हाल रहेको स्थानको उत्तरतर्फ रहेको घरमा स्थानान्तरण गरी पुनःनिर्माण गरीसकिएको छ । नेपालगञ्जमा रहेको शाखा कार्यालयलाई हाल रहेको स्थानको उत्तरतर्फ रहेको घरमा स्थानान्तरण गरी पुनःनिर्माण गरीसकिएको छ ।

ग) सूचना प्रविधि (Information Technology) विकास:

संस्थाको कारोबारका लागि आवश्यक सम्पूर्ण विवरणहरू सफ्टवेयरमा अभिलेख गरी सुरक्षित कारोबार गर्न नेपालमा

अन्य बैंक तथा वित्तीय संस्थाहरूले समेत प्रयोगमा ल्याएको (Banking Software) पुमोरी प्लस (Pumori Plus) प्रयोगमा ल्याइएको छ। यसै सफ्टवेयरको माध्यमबाट हाल सञ्चालनमा रहेका सबै शाखा कार्यालयहरूलाई एउटै सञ्जाल (Network) मा आवद्ध गरी ABBS बैंकिङ सेवा, विप्रेषण (Remittance) आदि बैंकिङ सेवा प्रदान गर्दै आइरहेको छ।

संस्थाले चिप बेस्ड ए.टी.एम.कार्ड सेवा सुरु गरीसकेका छौं भने काठमाण्डौ बानस्थली खरीबोट शाखा तथा बुटवलको मिलनचोक शाखाबाट ए.टी.एम.सेवा प्रदान गर्दै आइरहेका छौं।

त्यसैगरी, संस्थाले Mobile Banking, Connect IPS, QR Code र RTGS सेवाहरू प्रदान गरिरहेको छ। कर्पोरेट पे लगायतका डिजिटल कारोबार शुरू गरिसकेको व्यहोरा समेत अनुरोध गर्दछौं। साथै, Online Account Opening को सेवा संचालनमा ल्याईसकेको तथा उक्त प्रणालीलाई स्तरोन्नती (UPGRADATION) गरी प्रभावकारी रूपमा उक्त सेवा संचालन गरिएको व्यहोरा जानकारी गराउन चाहन्छौं।

आदरणीय शेयरधनी महानुभावहरू, ग्राहक महानुभावहरू तथा सम्पूर्ण इच्छुक महानुभावहरूको जानकारीका लागि संस्थाको हरेक गतिविधि तथा सूचना आफ्नै वेबसाइट [www.bestfinance.com.np](http://www.bestfinance.com.np) मार्फत प्रवाह गर्दै आइरहेका छौं।

**घ) संस्थाको स्तरोन्नति तथा अन्य संस्थासंग गाभ्ने/गाभिने (Upgradation and Merger) सम्बन्धमा:**

यस संस्थाले राष्ट्रिय स्तरको 'ग' वर्गको वित्तीय संस्थाका लागि नेपाल राष्ट्र बैंकबाट तोकिएको न्यूनतम चुक्ता पूँजी रु.८० करोड पूरा गरी कारोबार संचालन गरिरहेको छ। तथापि, अन्य बैंक तथा वित्तीय संस्थालाई प्राप्ति गरी वा अन्यसंग गाभिने स्तरोन्नति हुनका लागि संस्थाले ढोका खुल्ला राखेको छ। यस सन्दर्भमा, संस्थाले निश्चित मापदण्डका आधारमा अन्य बैंक/वित्तीय संस्थासंग गाभिने वा प्राप्ति गरेर राष्ट्रिय स्तरको "ग" वर्गको वित्तीय संस्थाबाट स्तरोन्नति भई राष्ट्रिय स्तरको विकास बैंकमा स्तरोन्नति हुने लक्ष्य लिएको छ। र, सोही अनुसार विकास बैंकका लागि आवश्यक पूर्वाधारको विकास गरिरहेको छ। अन्य बैंक तथा वित्तीय संस्थासंग गाभ्ने/गाभिने (Merger) प्रक्रिया अगाडि बढेमा आदरणीय शेयरधनी महानुभावहरूलाई गाभ्ने/गाभिने (Merger) प्रक्रिया सम्बन्धी आवश्यक जानकारी गराउँदै लगिने छ।

**५) मानव संशाधन विकास तथा योजना (Human Resource Development & Planning):**

संस्थाले मानव संशाधनलाई महत्वपूर्ण पूँजीको रूपमा लिएको छ। संस्थाको व्यावसायिक लक्ष्य पूरा गर्न मानव संशाधनको महत्वपूर्ण भूमिका रहेको हुन्छ। यसै कुरालाई मध्यनजर गर्दै संस्थामा कार्यरत सबै तहका कर्मचारीहरूको कार्य क्षमता तथा दक्षता विकासका लागि समय समयमा विभागीय जिम्मेवारी अनुसारको तालीममा सहभागी गराउने गरिएको छ।

यसका अतिरिक्त कर्मचारीहरूको मनोबल उच्च राख्दै संस्थाप्रति बफादार तथा समर्पित भई कार्य गरिरहने वातावरणको निर्माण गर्न कर्मचारीहरूलाई प्रदान गरिने तलवभत्ता तथा अन्य सुविधामा समय अनुसार वृद्धि गर्दै लैजाने र कर्मचारीहरूलाई दिइएको जिम्मेवारी अनुसारको कार्य सम्पादनको मूल्याङ्कन गरी आवश्यकता अनुसार बहुवा गर्ने नीति रहेको छ।

उपरोक्तवाहेक समय समयमा कर्मचारीको दक्षता र क्षमता विकासका लागि अतिरिक्त तालिम तथा सेमिनारहरूमा समेत सहभागी गराउने गरिएको छ। यस आर्थिक वर्षमा नेपाल राष्ट्र बैंक लगायत बैंकिङ व्यवसाय सम्बन्धी तालिम प्रदान गर्ने विभिन्न संस्थाहरूमा यस संस्थाले ११४ जना कर्मचारीलाई तालिम तथा सेमिनारहरूमा सहभागी गराएको छ। उक्त तालिम तथा सेमिनारहरूमा सहयोगी कर्मचारीदेखि व्यवस्थापन तहसम्मका कर्मचारीहरूलाई सहभागीता गराइएको व्यहोरा जानकारी गराउन चाहन्छु। साथै, आन्तरीक रूपमा श्यक मार्फत पनि समय समयमा प्रधान कार्यालयद्वारा शाखामा कार्यरत कर्मचारीहरूलाई तालिम दिने गरीएको व्यहोरा पनि जानकारी गराउन चाहन्छु।

संस्थामा नयाँ कर्मचारीहरूको नियुक्ति गर्दा राष्ट्रिय तथा स्थानीय पत्रिकामा विज्ञापन प्रकाशीत गरी आवश्यकता अनुसार लिखित जाँच र अन्तवार्ता लिई पारदर्शी तरीकाले गर्ने गरीएको छ। साथै, संस्थालाई आवश्यक मानव संसाधन योजना तयार गर्दै लगिने छ।

**६) संचालक समितिमा भएको हेरफेर र सोको विवरण:**

आर्थिक वर्ष २०७९/०८० मा संचालक समितिमा कुनै हेरफेर नरहेको तथा वर्तमान सञ्चालक समिति देहाय बमोजिम रहेको व्यहोरा जानकारी गराउँदछौं ।

१.	श्री खिमलाल पौड्याल	अध्यक्ष	सर्वसाधारण समूह
२.	श्री लक्ष्मी श्रेष्ठ	सञ्चालक	संस्थापक समूह
३.	श्री राम कृष्ण चौलागाई	सञ्चालक	संस्थापक समूह
४.	श्री राम चन्द्र देवकोटा	सञ्चालक	संस्थापक समूह
५.	श्री रामजी गौतम	सञ्चालक	संस्थापक समूह
६.	श्री श्रीराम श्रेष्ठ	सञ्चालक	सर्वसाधारण समूह
७.	श्री बौद्ध राज अर्याल	सञ्चालक	स्वतन्त्र

आर्थिक वर्ष २०७९/०८० को अवधिमा सञ्चालक समितिको बैठक जम्मा १६ पटक बसेको व्यहोरा जानकारी गराउन चाहन्छु ।

**७) नाफानोक्सान हिसाब र बाँडफाँड :**

संस्थाको आर्थिक वर्ष २०७९/०८० मा सञ्चालन नाफा रू. १ करोड २९ लाख, कर अधिको नाफा रू. ९४ लाख र कर पछिको खुदनाफा रू. ८६ लाख रहेको छ । आर्थिक वर्ष २०७९/०८० मा रू. ८० लाख साधारण जगेडा कोषमा छुट्ट्याइएको छ । नेपाल राष्ट्र बैंकको निर्देशन बमोजिम संस्थागत सामाजिक उत्तरदायित्व कोषमा (Corporate Social Responsibility Fund, CSR) मा छुट्ट्याउनु पर्ने रकम रू. ८६ हजार CSR Fund मा र कर्मचारी दक्षता अभिवृद्धि कोषमा रू. ५ लाख ९० हजार छुट्ट्याइएको व्यहोरा जानकारी गराउँदछु ।

**हार्दिक आभार तथा धन्यवाद :**

संस्थाका सरोकारवालाहरू तथा शुभचिन्तक एवम् आम नागरिकहरूबाट पाएको अपार सहयोग तथा विश्वासले संस्था संचालनमा हामीलाई सधैं उत्साहित बनाइरहेको छ । संस्थाको सुदृढीकरण एवम् कारोबार विस्तारका लागि प्रत्यक्ष तथा अप्रत्यक्ष रूपमा सहयोग पुऱ्याउनु हुने ग्राहक महानुभावहरू, शेयरधनी महानुभावहरू, नेपाल राष्ट्र बैंक, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लिमिटेड, शेयर रजिष्ट्रार श्री प्रभु क्यापिटल लिमिटेड तथा नेपाल सरकारका सम्बन्धित निकायहरूबाट पाएको सहयोग र सद्भावप्रति संचालक समितिको तर्फबाट हार्दिक आभार प्रकट गर्दछु ।

संस्थालाई आइपर्नसक्ने विभिन्न किसिमका जोखिम न्यूनीकरणका लागि महत्वपूर्ण भूमिका निर्वाह गर्नु हुने संस्थाका आन्तरिक लेखापरीक्षक प्रशाङ्क एण्ड एसोसिएट्सका चार्टर्ड एकाउन्टेन्ट श्री प्रशाङ्क सापकोटा तथा वाट्य लेखापरीक्षक एस.ए.आर.एसोसिएट्सका चार्टर्ड एकाउन्टेन्ट श्री सुनिल अधिकारी, कानूनी सल्लाहकार अधिवक्ता श्री अरूण पौडेललाई हार्दिक धन्यवाद दिन चाहन्छु ।

संस्थाको उन्नति तथा प्रगतिका लागि अहोरात्र खटिने प्रमुख कार्यकारी अधिकृत, व्यवस्थापन तह तथा संस्थामा कार्यरत सम्पूर्ण कर्मचारीहरूलाई हार्दिक धन्यवाद व्यक्त गर्दछु । साथै, आजको प्रतिस्पर्धी युगमा संस्थाको कारोबार वृद्धिका लागि सम्पूर्ण कर्मचारीहरू उच्च मनोबलकासाथ आफ्नो जिम्मेवारी कुशलतापूर्वक पूरा गरी संस्थाको लक्ष्य प्राप्त गर्नमा महत्वपूर्ण योगदान गर्नुहुनेछ भन्ने पूर्ण विश्वास लिएको छु ।

त्यसैगरी, यस संस्थाप्रति सकारात्मक धारणा राखी संस्थाको विकासका लागि सहयोगी भूमिका निर्वाह गर्नुहुने सञ्चार माध्यम तथा सम्पूर्ण शुभचिन्तकहरूप्रति हार्दिक आभार प्रकट गर्दछु

धन्यवाद ।

**खिमलाल पौड्याल**

अध्यक्ष

मिति: २०८१ साल कार्तिक १४ गते बुधबार

**धितोपत्र तथा निष्कासन नियमावली २०७३ को नियम २६ को  
उपनियम (२) संग सम्बन्धित थप विवरणहरू**

१. सञ्चालक समितिको प्रतिवेदन  
यसै वार्षिक प्रतिवेदनमा संलग्न गरिएको छ ।
२. लेखापरीक्षकको प्रतिवेदन  
यसै वार्षिक प्रतिवेदनमा संलग्न गरिएको छ ।
३. लेखापरीक्षण भएको वित्तीय विवरण  
यसै वार्षिक प्रतिवेदनमा संलग्न गरिएको छ ।
४. कानुनी कारवाही सम्बन्धी विवरण
  - (क) त्रैमासिक अवधिमा संगठित संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए ।  
यस सम्बन्धमा कुनै मुद्दा दायर नभएको ।
  - (ख) संगठित संस्थाको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए ।  
यस सम्बन्धमा कम्पनी लाई कुनै जानकारी नभएको ।
  - (ग) कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको भए ।  
यस सम्बन्धमा कम्पनीलाई कुनै जानकारी नभएको ।
५. संगठित संस्थाको शेयर कारोबार तथा प्रगतिको विश्लेषण
  - (क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयरको कारोबार सम्बन्धमा व्यवस्थापनको धारणा:  
धितोपत्र बजारमा संस्थाको शेयर कारोबार नियमानुसार सामान्य प्रकृतिबाटै भएको छ ।
  - (ख) गत वर्षको प्रत्येक त्रैमासिक अवधिमा संगठित शेयरको अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार शेयर संख्या र कारोबार दिन ।

विवरण	प्रथम त्रैमासिक	दोस्रो त्रैमासिक	तेस्रो त्रैमासिक	चौथो त्रैमासिक
अधिकतम मूल्य रु.	४७५	४०६	३८०	३७७
न्यूनतम मूल्य रु.	३१६	२९२.५०	३०५	२८७
अन्तिम मूल्य रु.	३२६	३५५	३२३	३५३
कुल कारोबार शेयर संख्या	७,८७,७२२	७,९७,७४४	५,९०,९५९	९,२९,९४७
कुल कारोबार दिन	५३	५२	५६	६२

६. समस्या तथा चुनौती  
संस्थाले तोकिए बमोजिम एक सवल वित्तीय संस्थामा परिणत गर्न विद्यमान मानव तथा अन्य साधनहरूको यथोचित व्यवस्थापन गरि कुशलता पूर्वक अधि वृद्धि गर्न स्थिती रहेको छ । यसका लागि आईपने समस्या तथा चुनौति समाधानका उपायहरूबारे संस्थाले समय समयमा समिक्षा गरि रणनिति समेत बनाइ सो को सहजिकरणको उपाय अवलम्बन गर्ने गरेको छ ।
७. संस्थागत सुशासन  
संस्थाले नेपाल राष्ट्र बैंक तथा अन्य नियमन निकायहरूद्वारा जारी गरिएका संस्थागत सुशासन सम्बन्धी व्यवस्थाको पालन गरेको छ । संस्थागत सुशासन अभिवृद्धिका लागि समय समयमा संस्थाको कर्मचारीहरूलाई आन्तरीक र बाह्य प्रशिक्षण तथा तालीम गर्ने गराउने गरिएको छ । संस्थागत सुशासन पालना सम्बन्धी क्रियाकलापको लेखापरीक्षक समिति लगायतका अन्य उपसमितिहरू बाट गर्ने गरिएको छ ।



**कम्पनी ऐन २०६३ को दफा १०५ उपदफा ४ बमोजिमको अतिरिक्त विवरण**

- क. विगत वर्षको कारोवारको सिंहावलोकन:  
संचालक समितीको प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ ।
- ख. राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कारोवारमा परेको असर:  
संचालक समितीको प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ ।
- ग. चालु आर्थिक वर्षको उपलब्धी र भावी योजनाको सम्बन्धमा सञ्चालक समितिको धारणा:  
संचालक समितीको प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ ।
- घ. औद्योगिक तथा व्यावसायिक सम्बन्ध:  
संचालक समितीको प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ ।
- ङ. संचालक समितिमा भएको हेरफेर र सोको बिबरण:  
संचालक समितीको प्रतिवेदनमा विस्तृत रूपमा उल्लेख गरिएको छ ।
- च. कारोवार लाई असर पर्ने मुख्य कुराहरू:  
(क) बैंक तथा वित्तीय संस्थाहरूको शाखा विस्तार हुने क्रम जारी रहे देखी यी संस्थाहरू बीच प्रतिस्पर्धा बाट हुनसक्ने संभावित जोखिमहरू ।  
(ख) संस्था बाट प्रदान गरिने कोष तथा गैरकोषमा आधारित सेवाहरू उपलब्ध गराउदा हुन सक्ने सम्भावित जोखिमहरू ।  
(ग) नेपाल सरकार, नेपाल राष्ट्र बैंक तथा अन्य नियमनकारी निकाय ले नीति निर्देशनमा परिवर्तन गर्दा हुन सक्ने सम्भावित नीतिगत जोखिमहरू ।  
(घ) वित्तिय संस्थाहरू बिच देखिएको अस्वस्थ प्रतिस्पर्धाको कारणबाट निक्षेपमा दिईने व्याजदरमा अस्वभाविक वृद्धि गरिनु बाट उत्पन्न हुनसक्ने जोखिम ।  
(ङ) राष्ट्रको आर्थिक, मौद्रिक तथा वित्तीय नीति परिवर्तनबाट सृजना हुनसक्ने सम्भावित जोखिमहरू ।  
(च) निक्षेप तथा कर्जा लगानी व्याजदरमा हुने परिवर्तन बाट असर गर्न सक्ने जोखिमहरू ।  
(छ) यथा समयमा कर्जा असुलि नभई उत्पन्न हुनसक्ने जोखिमहरू ।  
(ज) कर्जा तथा लगानीको दायरा साँघुरिएर उत्पन्न हुन सक्ने जोखिमहरू ।  
(झ) देशको आर्थिक अवस्थामा आउने उतार चढाव बाट हुनसक्ने जोखिमहरू ।  
(ञ) अन्तर्राष्ट्रिय रूपमा हुने आर्थिक तथा वित्तीय क्षेत्रको शिथिलता बाट नेपाली बजारमा पर्न सक्ने आर्थिक जोखिमहरू आदि ।
- छ. लेखापरिक्षण प्रतिवेदन सम्बन्धमा सञ्चालक समितिको राय:  
साधारण सभा प्रयोजनको लागि आर्थिक वर्ष २०७९/०८० को वित्तिय विवरण नेपाल राष्ट्र बैंकबाट स्विकृत गर्दा प्राप्त टिप्पणी तथा निर्देशनहरू र सो उपर सञ्चालक समितिको प्रतिक्रिया यसै वार्षिक प्रतिवेदन पुस्तिकामा संलग्न गरिएको छ ।
- ज. लाभांश बाँडफाँड गर्न सिफारिश गरिएको रकम: नभएको ।
- झ. शेयर जफत भएको भए जफत भएको शेयर संख्या, त्यस्तो शेयरको अंकित मुल्य, त्यस्तो शेयर जफत हुनु भन्दा अगावै सो वापत कम्पनी ले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भए पछि सो शेयर विक्री गरि कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर वापत रकम फिर्ता भए सोको विवरण:  
संस्थाको हाल सम्म कुनै पनि शेयर जफत भएको छैन ।
- ञ. विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोवारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन:  
हाल सम्म संस्थाले कुनै पनि सहायक कम्पनी स्थापना गरेको छैन ।
- ट. संस्था तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोवार र सो अवधिमा संस्थाको कारोवारमा आएको कुनै महत्वपूर्ण परिवर्तन:  
आ.ब.२०७९/०८० को अन्तमा बैकले सम्पन्न गरेको प्रमुख कारोवार र कारोवारमा आएको परिवर्तन सम्लग्न वासलात, नाफा /नोक्सान हिसाव,नगद प्रवाह विवरण तथा लेखा परिक्षण सम्बन्धी प्रतिवेदनले प्रष्ट पार्दछ ।

- ठ. विगत आर्थिक वर्षमा संस्थाको आधारभूत शेयरधनीहरूले संस्थालाई उपलब्ध गराएको जानकारी: हाल सम्म संस्थालाई त्यस्तो कुनै पनि जानकारी उपलब्ध गराएको छैन ।
- ड. विगत आर्थिक वर्षमा संस्थाका संचालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण र संस्थाको शेयर कारोवारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट संस्थाले प्राप्त गरेको जानकारी:  
 विगत आर्थिक वर्षमा संस्थाका संचालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण

क्र.सं	नाम	पद	धारण गरेको शेयर संख्या
१	श्री खिमलाल पौड्याल	अध्यक्ष	१,०००
२	श्री लक्ष्मी श्रेष्ठ	संचालक	२,०८,०९४
३	श्री रामचन्द्र देवकोटा	संचालक	८,६८६
४	श्री राम कृष्ण चौलागाई	संचालक	६००
५	श्री श्रीराम श्रेष्ठ	संचालक	१,०००

अन्य जानकारी प्राप्त नभएको ।

- ढ. विगत आर्थिक वर्षमा संस्थासंग सम्बन्धित सम्भौताहरूमा कुनै संचालक तथा निजको नातेदारको ब्यक्तिगत स्वार्थका वारेमा उपलब्ध गराइएको जानकारीको व्यहोरा:  
 यस संस्थालाई हाल सम्म त्यस्तो कुनै पनि जानकारी उपलब्ध नभएको ।
- ण. कम्पनीले आफ्नो शेयर आफै खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नको कारण, त्यस्तो शेयर संख्या र अंकित मूल्य तथ त्यसरी शेयर खरिद गरे वापत कम्पनीले भुक्तानी गरेको रकम:  
 यस संस्थाले हाल सम्म त्यस्तो कुनै शेयर खरिद नगरेको ।
- त. आन्तरिक नियन्त्रण प्रणाली भएको वा नभएको र भएको भए सोको विस्तृत विवरण:  
 नेपाल राष्ट्र बैंकको मार्गदर्शन बमोजिम संस्थाले संस्थागत शुसासन कायम गर्न तथा आन्तरिक नियन्त्रण प्रणाली व्यवस्थित गर्नका लागि विभिन्न विभागहरू गठन गरेको छ । संस्थामा हरेक कार्यको नियन्त्रणका लागि आन्तरिक विनियम, नीति, नियम तथा निर्देशनहरू तर्जुमा गरि लागु गरिएको छ ।
- थ. विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण:  
 विगत आ.व.२०७९/०८० को कुल व्यवस्थापन खर्चको विवरण देहाय बमोजिम रहेको छ ।
- |                      |                  |
|----------------------|------------------|
| कर्मचारी खर्च        | रु. ८,५५,४९,३०८  |
| कार्यालय संचालन खर्च | रु. ७,९२,८४,२२४  |
| जम्मा खर्च           | रु. १५,६८,३३,५३२ |
- द. लेखापरीक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता, तथा सुविधा , सो मितिले गरेको काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सोको विवरण:  
 आ.व. २०७९/०८० मा संस्थाको लेखापरीक्षण समितिका सदस्यहरूको नामावली तपसिल बमोजिम रहेको छ ।
- (क) संचालक, श्री रामकृष्ण चौलागाई संयोजक  
 (ख) संचालक, श्री श्रीराम श्रेष्ठ सदस्य  
 (ग) नायब प्रबन्धक, राजेश पुरी सदस्य सचिव
- लेखापरीक्षण समितिका सदस्यहरूलाई बैठकमा उपस्थित हुंदा संयोजक र सदस्य लाई प्रति बैठक भत्ता रु.३,५०० दिने गरिएको छ । सदस्य सचिव कर्मचारी भएको कारण कुनै भत्ताको व्यवस्था गरिएको छैन । कम्पनी ऐन, २०६३ को दफा १६४ बमोजिम नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभागले जारी गरेको निर्देशन नं ७/७९/८० को दफा ६ बमोजिम संस्थाले गरेका कामहरू नीति नियम बमोजिम भए नभएको निरीक्षण तथा अनुगमन गर्ने गरिएको छ ।
- ध. संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख कम्पनीका आधारभूत शेयरधनी वा निजका नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले बैंक लाई कुनै रकम दुभाउन बांकि भए सो कुरा: नरहेको ।
- न. संचालक, प्रबन्ध संचालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम:  
 संचालकहरूलाई प्रदान गरेको बैठक भत्ता तथा प्रमुख कार्यकारी अधिकृतलाई भुक्तानी गरेको पारिश्रमिक तथा भत्ता निम्न

अनुसार रहेको छ ।

आ.व. २०७९/०८० मा सञ्चालकहरूलाई प्रदान गरेको बैठक भत्ता तथा अन्य खर्च रकम रु. ६,९९,३९१ रहेको छ । प्रमुख कार्यकारी अधिकृतहरूलाई आ.व.२०७९/०८० मा प्रदान गरेको पारिश्रमिक तथा भत्ताहरू गरि जम्मा रकम रु. ६८,६९,०९१ रहेको छ ।

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

यस आर्थिक वर्ष २०७९/०८० को अन्त्य सम्ममा शेयरधनिहरूलाई दिन बाँकी लाभांश रु.५,९४,५६३ रहेको छ ।

**फ. दफा १४१ वमोजिम सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण:**

यस सस्थाका लागि अति आवश्यक सम्पत्ति खरिद वा बिक्री गरेको कुराको विवरण यसै साथ संलग्न वित्तीय विवरणको अनुसुचि ४.१३ र ४.१४ मा उल्लेख गरिएको छ ।

**ब. दफा १७५ वमोजिम सम्बद्ध कम्पनी विच भएको कारोवारको विवरण:**

यस बैंकको कुनै सम्बद्ध कम्पनी नरहेको ।

**भ. यस ऐन तथा प्रचलित कानून वमोजिम संचालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्य कुनै कुरा:** नरहेको ।

**म. अन्य आवश्यक कुराहरू**

कम्पनी ऐन, २०६३ को दफा ७८ मा भएको व्यवस्थाहरूको विवरण सहितको प्रतिवेदन :

यस प्रतिवेदनले १ साउन २०७९ देखि आषाढ मसान्त २०८० सम्मको आर्थिक वर्ष २०७९/८० को अवधिलाई प्रतिनिधित्व गर्दछ । यो प्रतिवेदन संचालक समितिको मिति २०८१/०१/२८ मा बसेको ५८१ औं बैठकले स्विकृत गरेको छ ।

**(क) बाँडफाँट भएको शेयर संख्या:**

यस कम्पनीको रु.१००/-अंकित दरको .८५,४८,१६८ थान शेयर बाँडफाँट भएको ।

**(ख) बाँडफाँट भएको शेयर मध्ये चुक्ता भएको र नभएको शेयर संख्या:**

यस कम्पनीको बाँडफाँट भएको सम्पूर्ण शेयरको चुक्ता/भुक्तान भई सकेको छ ।

**(ग) कम्पनीको सञ्चालकहरू, लेखापरीक्षक र कार्यकारी प्रमुखको विवरण र निजहरूलाई भुक्तान गरिएको पारिश्रमिक भत्ता तथा सुविधाको विवरण :**

क्र.सं.	पद	कूल पारिश्रमिक रु.	बैठक भत्ता रु. (उपसमितिको सहित)	कैफियत
१	संचालक समितिको विवरण श्री खिमलाल पौड्याल अध्यक्ष श्री लक्ष्मी श्रेष्ठ संचालक श्री रामचन्द्र देवकोटा संचालक श्री राम कृष्ण चौलागाई संचालक श्री श्रीराम श्रेष्ठ संचालक		संचालक समितिको भत्ता बापत रु.४,०३,५०० तथा अन्य सुविधा तथा खर्च बापत रु. २,९५,८९१	
२	लेखापरीक्षक एस.ए.आर. एशोशियटस, चार्टर्ड एकाउन्टेन्ट	रु.४,७२,३४०		
३	प्रमुख कार्यकारी अधिकृत -श्री उमेश सिंह भण्डारी	रु. ६८,६९,०९१		

**(घ) कम्पनीको चुक्ता पूँजीको पाँच प्रतिशतभन्दा बढी शेयर लिने शेयरधनीहरूको विवरण**

क्र.सं.	शेयर धनीको नाम थर	शेयर संख्या प्रति शेयर रु. १००/- दरको	भुक्तानी भएको शेयर रकम रु.	प्रतिशत
१.	राजेन्द्र कुमार शर्मा	९,०१,६४२	९०,१६४,२००	१०.५५%
२.	रोविन्द प्रसाद श्रेष्ठ	५,३१,८४९	५३,१८४,९००	६.२२%

**(ङ) शेयर बिक्रीबाट प्राप्त भएको जम्मा रकम र सम्बन्धित आर्थिक वर्षमा कम्पनीले खरीद गरेको तथा जारी गरेको नयाँ शेयर तथा डिभेन्चरको विवरण:**

नयाँ शेयर तथा डिभेन्चरको जारी नगरीएको ।

- (च) संचालक वा आधारभूत शेयरधनी वा निजका नजिकका नातेदारले कम्पनीलाई बुझाउन बाँकी रहेको रकम:  
नभएको ।
- (छ) शेयर बिक्री वा अन्य कुनै काम कुरा गरे वापत दिएको वा दिनु पर्ने रकम:  
नभएको ।
- (ज) बैंक तथा वित्तीय संस्थाहरूबाट लिएको ऋण तथा बुझाउन बाँकी रहेको सांवा तथा व्याजको रकम:  
नभएको ।
- (झ) कम्पनीले भुक्तानी लिनु पर्ने वा कम्पनीले अन्य व्यक्तिलाई भुक्तानी गर्नुपर्ने भनी दावी गरिएको रकम वा यस विषयमा मुद्दा मामिला चलिरहेको भए त्यसको विवरण:  
वैकिड व्यवसायसंग सम्बन्धीत असुलीका मुद्दाहरू मात्र रहेको ।
- (ञ) यस कम्पनीको व्यवस्थापनमा कार्यरत तथा अन्य स्तरका कर्मचारीको जम्मा संख्या:  
१३५ जना ।
- (ट) यस कम्पनीको व्यवस्थापनमा तथा अन्य स्तरमा कुनै विदेशीहरू कार्यरत छैनन्:
- (ठ) यस कम्पनी र कुनै विदेशी निकाय वा व्यक्तिहरूबीच लगानी, व्यवस्थापन र प्राविधिक सेवा वा अन्य विषयमा कुनै प्रकारको सम्झौता भएको छैन ।
- (ड) यस कम्पनीको आर्थिक वर्ष २०७९/०८० को व्यवस्थापन खर्च वित्तीय विवरण:  
लेखा परिक्षण प्रतिवेदन अनुसार यस आर्थिक वर्षको कर्मचारी खर्च रू. ८,५५,४९,३०८।०० र कार्यालय संचालन खर्च : रू. ७,१२,८४,२२४।०० रहेको ।
- (ढ) यस कम्पनीका शेयरधनीले लाभांश बुझिलिन बाँकी रकम:  
रू ५,९४,५६३।००
- (ण) प्रत्येक पब्लिक कम्पनीले तयार गर्नुपर्ने लिखित उद्घोषणामा देहायका कुराहरू खुलाइएको हुनुपर्ने:
- क) कम्पनीको प्रबन्धपत्र वा नियमावलीमा संशोधन गरिएको भए संशोधन गरेको मिति, संशोधित प्रबन्धपत्र वा नियमावली कार्यालयमा अभिलेख गरेको वा नगरेको लगायत ऐनका व्यवस्थाहरू पालना गरिएको वा नगरिएका: संशोधन नगरिएको । ऐनका व्यवस्थाहरू पालना गरिएको ।
- ख) नयाँ शेयर जारी गरिएको भए ऐनको म्यादभित्र शेयर बाँडफाँडको विवरण म्यादभित्र पेश गरेको वा नगरेको कुरा र म्याद नाघी पेश भएको भए जरिवाना तिरेको रकम:  
म्यादभित्र पेश गर्ने गरीएको ।
- ग) कम्पनीले डिभेन्चर उठाउदा ऐनमा गरिएको व्यवस्था गरे नगरेको हालसम्म जारी नगरीएको ।
- घ) शेयरधनी वा डिभेन्चरवालाको दर्ता किताबको निरीक्षण बन्द गरेको मिति, पटक सो सम्बन्धमा ऐनका पालना गरेको वा नगरेको:  
ऐनका व्यवस्थाहरू पालना गरीएको ।
- ङ) कम्पनीले शेयर जफत गरेको भए ऐनका व्यवस्थाहरू पालना गरेको वा नगरेको:  
हालसम्म जफत नगरीएको ।
- च) कम्पनीको खुद सम्पत्ति घट्नु गई चुक्ता पूँजीको आधा वा सो भन्दा कम भएको भए सो सम्बन्धमा सञ्चालक समितिले ऐनबमोजिमको जिम्मेवारी पूरा गरेको वा नगरेको:  
हालसम्म उक्त अवस्था सृजना नभएको ।
- छ) कम्पनीले आफ्नो शेयर आफैले खरीद गरेको भए खरीद गरेको मिति र सो सम्बन्धमा ऐनका व्यवस्थाहरू पालना गरेको वा नगरेको कुरा:  
हालसम्म खरिद नगरीएको ।
- ज) कम्पनीले ऐनबमोजिम वार्षिक साधारण सभा गरे नगरेको कुरा, वार्षिक साधारण सभाको सूचना, गुणपूरक संख्या,

स्थान लगायतका विषयहरूमा ऐनको व्यवस्थाहरू पालना भएको वा नभएको कुरा, वार्षिक साधारण सभाको निर्णय विवरण रीतपूर्वक अभिलेख गरेको वा नगरेको:

आ.व २०७८/७९ को वार्षिक साधारण सभा मिति २०८० बैशाख २९ गते रीतपूर्वक सम्पन्न गरीएको ।

- भ) कम्पनीले विशेष साधारण सभा गरेको भए सो गरेको मिति र सो सम्बन्धमा ऐनको व्यवस्थाहरू पालना भएको वा नभएको:  
 विशेष साधारण सभा नगरेको ।
- ज) कम्पनीले देहाय बमोजिमका विवरण वा सूचना म्यादभित्र कार्यालयमा पेश गरेको वा नगरेको,
- (१) कम्पनीको प्रबन्धपत्र र नियमावलीमा भएको संशोधन ।  
 तोकिएको विवरण समयमा पेश गर्ने गरीएको ।
  - (२) शेयर बाँडफाँडको विवरण :  
 तोकिएको विवरण समयमा पेश गर्ने गरीएको ।
  - (३) धितोपत्र व्यवसायी र कम्पनीबीच भएको सम्झौता ।  
 शेयर रजिष्ट्रारको कार्य गर्न प्रभु क्यापिटलसंग सम्झौता गरीएको ।
  - (४) शेयरमा रहेको हकसम्बन्धी जानकारी ।  
 ऐनमा भएको व्यवस्था अनुसार गर्ने गरीएको ।
  - (५) शेयर, डिभेञ्चर र ऋणको लगत ।  
 ऐनमा भएको व्यवस्था अनुसार लगत सुरक्षित गर्ने गरीएको ।
  - (६) आफ्नो शेयर आफैले खरीद गरेकोमा सो सम्बन्धी जानकारी :  
 खरीद नगरीएको ।
  - (७) अग्राधिकार शेयर फिर्ता लिएको भए सो सम्बन्धी जानकारी :  
 नभएको ।
  - (८) वार्षिक साधारण सभा गर्नुभन्दा कम्तीमा एक्काइस दिन अघि पेश गर्नुपर्ने प्रतिवेदन ।  
 उल्लेखित प्रतिवेदन तोकिएको अवधिभित्र पेश गरीएको छ ।
  - (९) वार्षिक साधारण सभाको विवरण र वार्षिक आर्थिक विवरणहरू ।  
 उल्लेखित विवरणहरू तोकिएको अवधिभित्र पेश गरीएको छ ।
  - (१०) लेखापरीक्षकको नियुक्तिको जानकारी :  
 लेखापरीक्षकको नियुक्तिको जानकारी गराएको ।
  - (११) कम्पनीको रजिष्टर्ड कार्यालय रहेको ठेगाना परिवर्तन गरिएको भए सोको जानकारी :  
 यस अवधिमा कम्पनीको रजिष्टर्ड कार्यालयको ठेगाना परिवर्तन नभएको ।
  - (१२) कम्पनीका सञ्चालकहरूको निजी स्वार्थ रहेको विषयमा गराएको जानकारी ।  
 जानकारी नभएको ।
- (ट) कम्पनीका पदाधिकारीहरूले कम्पनीमा बुझाउनुपर्ने देहायका लिखतहरू बुझाएको वा नबुझाएको कुरा:
- (१) आफ्नो निजी स्वार्थ रहेको विषयमा सञ्चालकले गराउनुपर्ने जानकारी ।  
 उल्लेखित विवरण सञ्चालकहरूले यस संस्थामा जानकारी नभएको ।
  - (२) कम्पनीको सञ्चालक वा निजको नजिकको नातेदारले कम्पनीको शेयरमा हक प्राप्त गरेको जानकारी ।  
 हालसम्म सो सम्बन्धमा कुनै जानकारी प्राप्त नभएको ।
  - (३) आफू आधारभूत शेयरधनी हुन पुगेको वा आधारभूत शेयरधनी नरहेकोमा त्यस्तो शेयरधनीले कम्पनीलाई गराउनुपर्ने जानकारी ।  
 कम्पनीलाई सो सम्बन्धमा कुनै जानकारी प्राप्त नभएको ।

- (४) अन्य कसैको हक वा लगानी:  
कम्पनीलाई सो सम्बन्धमा कुनै जानकारी प्राप्त नभएको ।
- (ठ) कम्पनीको सञ्चालक, प्रबन्ध सञ्चालक वा प्रमुख कार्यकारी अधिकृतको नियुक्ति, निजहरूको कार्यकाल, पारिश्रमिक, भत्ता र सुविधा ऐनबमोजिम रीतपूर्वक भएको वा नभएको कुरा:  
भएको ।
- (ड) ऐन बमोजिम कम्पनीमा स्वतन्त्र सञ्चालकको नियुक्ति भएको वा नभएको:  
नभएकोमा, यहि मिति २०८१/०६/२१ गते सञ्चालक समितिको बैठक नं.५९० औं बाट स्वतन्त्र सञ्चालक नियुक्ति गरीएको ।
- (ढ) कम्पनीको सञ्चालक समितिको बैठक कहिले बस्यो, सञ्चालक समितिको बैठकको न्यूनतम संख्या, सो सम्बन्धी सूचना र निर्णय विवरणका लगायतका विषयहरूमा ऐनका व्यवस्थाहरूको पालना भएको वा नभएको:  
पालना भएको ।
- (ण) कम्पनीले आफ्नो सञ्चालक वा निजको नजिकको नातेदारसाग कुनै अर्थपूर्ण कारोबार गरेको भए त्यस्तो कारोबार गर्न साधारण सभाको स्वीकृति लिएको वा नलिएको कुरा:  
कारोबार नगरेको ।
- (त) कुनै सञ्चालकले कम्पनी मार्फत् आफुलाई व्यक्तिगत फाइदा हुने काम गरेको भए साधारण सभाको निर्णयबमोजिम त्यस्तो फाइदा लिएको हो वा होइन सो कुरा:  
नगरेको ।
- (थ) कम्पनीले सञ्चालन गरी आएको व्यवसायको सत्तरी प्रतिशत भन्दा बढी व्यवसाय विक्री गर्दा वा कुनै व्यहोराले हक छोडिदिँदा, चुक्ता पूँजी र सञ्चित मुनाफाको जम्मा रकम भन्दा बढी हुने गरी ऋण लिँदा वा एक आर्थिक वर्षमा पचास हजार रूपैया वा कम्पनीको विगत तीन आर्थिक वर्षको सरदर खुद मुनाफाको एक प्रतिशतले हुन आउने रकममध्ये जुन कम हुन्छ सो रकम भन्दा बढीको चन्दा वा अनुदान दिएको भए साधारण सभाबाट विशेष प्रस्ताव पारित गरेको वा नगरेको कुरा सो सम्बन्धी व्यहोरा ।  
माथि उल्लेखित कुनै पनि निर्णय प्राप्त नभएको/नगरेको ।
- (द) ऐन बमोजिम कम्पनीले राख्नुपर्ने देहाय बमोजिमका दर्ता किताबहरू खडा गरी कम्पनीको रजिष्टर्ड कार्यालयमा राखेको वा नराखेको कुरा खुलाउने:  
(१) शेयरधनीको दर्ता किताब:  
राखेको ।  
(२) डिवेञ्चरवालाको दर्ता किताब:  
डिवेञ्चर जारी नगरीएको ।  
(३) सञ्चालक तथा कम्पनी सचिवको दर्ता किताब:  
राखेको ।  
(४) कम्पनीले अर्को कम्पनीलाई दिएको सापटी, अर्को कम्पनीले लिएको ऋण बापत दिएको जमानत वा कम्पनीको धितोपत्रमा गरेको लगानीको विवरण:  
धितोपत्रमा गरेको लगानीको विवरण राखेको ।
- (ध) ऐन बमोजिम कम्पनीले वार्षिक आर्थिक विवरणहरू लेखापरीक्षण गराएको वा नगराएको:  
गराएको ।
- (न) कम्पनीले ऐन बमोजिम सञ्चालक समितिको प्रतिवेदन तयार गरेको वा नगरेको कुरा:  
गरेको ।

- (प) ऐन विपरीत कम्पनीले आफ्ना सञ्चालक, पदाधिकारी, आधारभूत शेयरधनी वा निजहरूको नातेदारहरूलाई ऋण प्रदान गरेको वा नगरेकोः  
नगरेको ।
- (फ) कम्पनीले डिष्काउन्टमा शेयर जारी गरेको भए सो सम्बन्धमा ऐनका व्यवस्थाहरूको पालना गरेको वा नगरेकोः  
यस अवधिमा डिष्काउन्टमा शेयर जारी नगरेको ।
- (ब) कम्पनीले बोनस शेयर जारी गरेको भए सो सम्बन्धमा ऐन बमोजिमका व्यवस्थाहरूको पालना भएको वा नभएकोः  
यस अवधिमा बोनस शेयर जारी नगरेको ।
- (भ) कम्पनीले प्रिमियम मूल्यमा शेयर जारी गरेको भए सो सम्बन्धमा ऐन बमोजिमका व्यवस्थाहरूको पालना भएको वा नभएको कुरा :  
यस अवधिमा प्रिमियम मूल्यमा शेयर जारी नगरेको ।
- (म) कम्पनीले आफ्नो शेयर खरीद गर्न आफ्ना शेयरधनी वा अन्य व्यक्तिलाई कुनै ऋण वा आर्थिक सहयोग प्रदान गरेको वा नगरेको कुराः  
नगरेको ।
- (य) कम्पनीको स्वार्थसाग बाँझिन सक्ने आफ्ना निजी स्वार्थहरू भए सो सम्बन्धमा कम्पनीलाई तोकिएको म्यादभित्र जानकारी गराएको वा नगराएको कुराः  
नभएको ।
- (र) सञ्चालकले आफ्नो कम्पनी वा सो कम्पनीको सहायक वा प्रमुख कम्पनीको अन्य सहायक कम्पनीको शेयर वा डिभेन्चरमा हक प्राप्त गरेको भए म्यादभित्र कम्पनीलाई जानकारी गराएको वा नगराएको कुराः  
हालसम्म कम्पनीलाई त्यस्तो कुनै जानकारी प्राप्त नभएको ।
- (ल) कम्पनीले लाभांश वा अन्तरिम लाभांश बाढ्दा ऐनको पालना गरेको वा नगरेको कुराः  
लाभांश नवाढेको ।
- (व) कम्पनीका साधारण सभामा शेयरधनीलाई लाभांश बाहेक कम्पनीको कोषमा व्ययभार पर्ने गरी नगद वा जिन्सीको रूपमा कुनै रकम भुक्तानी गरेको वा नगरेको कुराः  
नगरेको ।
- (श) कार्यालयबाट कम्पनीलाई कुनै निर्देशन दिएको भए सो निर्देशनको पालना भएको वा नभएको कुराः  
प्राप्त भएको निर्देशन पालना भएको ।
- (ष) सूचीकृत कम्पनी भए वार्षिक साधारण सभाको सूचनाको साथमा संक्षिप्त आर्थिक विवरण शेयरधनीलाई पठाएको वा नपठाएको कुराः  
उल्लेखित विवरण शेयरधनीलाई पठाईएको ।
- (स) लेखापरीक्षण समिति गठन गर्नुपर्ने सूचीकृत कम्पनी भए ऐन बमोजिम त्यस्तो समिति गठन गरिएको वा नगरिएको कुराः  
गरिएको ।
- (ह) ऐनको उल्लङ्घन गरेको अभियोगमा कम्पनी विरुद्ध कुनै कारबाही चलिरहेको वा त्यस्तो कसूर ठहर भई कम्पनीले कुनै दण्ड सजाया व्यहोर्नु परेको भए सो को व्यहोरा  
नभएको ।
- (क्ष) ऐनको दफा ८१ अनुसार कम्पनीका सञ्चालक तथा पदाधिकारीले कार्यालयलाई तिरेको जरिवानाको विवरणः  
नरहेको ।
- (त्र) कम्पनीको सुशासन तथा पारदर्शिताको दृष्टिकोणबाट कम्पनी सचिवले खुलाउन आवश्यक ठानेका अन्य आवश्यक कुराहरू  
अन्य आवश्यक कुराहरू नभएको ।

**Independent Auditor's Report**  
**To the Shareholders of Best Finance Company Limited**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Best Finance Company Limited (the "Company") which comprise the statement of financial position as at Ashadh 31, 2080 (July 16, 2023), and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the company as at Ashadh 31, 2080 (July 16, 2023), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

**Basis for opinion**

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our Report. We are independent of the Company in accordance with the ICAN's *Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's *Handbook of Code of Ethics for Professional Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N	Key Audit Matters	Auditor's Response
1.	<p><b>Interest Recognition</b></p> <p>The interest income of the company has to be recognized on accrual basis and following the Interest Income Recognition Guidelines 2019 issued by NRB. Though accrual basis of income recognition is prescribed in general, the guidelines require suspension of interest recognition on accrual basis for loans and advances with overdue of more than 12 months whereas for loans and advances with overdue interest/installment for 3 to 12 months, interest recognition on accrual basis is limited on the basis of result of collateral testing as specified. Given the lack of system capability to suspend recognition of income on the basis of overdue status of loan and fair value of collateral as well as review of fair valuation of collateral on regular basis, manual intervention will be required in interest recognition process and hence create risk of improper application of the guidelines and determination of the Fair Value of the collateral. This may, in turn, have an effect on recognition of interest income by the company. Thus, we have considered it as key audit matter.</p>	<p>Our audit approach regarding verification of process of interest recognition included:</p> <ol style="list-style-type: none"> <li>Obtaining clear understanding of the process of accrual of interest income on loans and advances in the Core Banking Software of the company.</li> <li>For fair valuation of collateral, we relied on the latest available engineer's valuation of the collateral and have test checked the hair cut in fair value of collateral as per NRB Income Recognition guidelines 2019.</li> <li>Test check of the interest income booking with manual computation.</li> </ol>
2.	<p><b>Investment Valuation, Identification, and Impairment</b></p> <p>Investment of the company comprises of investment in government bonds, T-bills, development bonds and investment in quoted and unquoted equity instruments. The valuation of the aforesaid securities has been done in compliance with NFRS 9 and NRB Directive no. 8. The investment in the government and NRB bonds and T-bills should be recognized on reporting date on Amortized cost</p>	<p>Our audit approach regarding verification of process of investment valuation, identification and impairment included:</p> <ol style="list-style-type: none"> <li>Review of the investment of the company and its valuation having reference to NFRS issued by the Accounting Standard Board of Nepal and NRB Directive 4 read with 8.</li> </ol>





	<p>basis whereas other investments in equity instruments, other than those held for trading, should be valued at Fair Value through Other Comprehensive Income.</p> <p>Given the varieties of treatments recommended for valuation of investment based on nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved in such investments, same has been considered as Key Audit Matter in our audit.</p>	<p>b. We assessed the nature of expected cash flow of the investments as well as the business model adopted by the management on the basis of available evidence/circumstances and ensured that classification of investment is commensurate with nature of cash flow and management intention of holding the investment.</p> <p>c. For the investment valuation that is done at amortized cost, we checked the EIR and amortization schedule on test basis.</p> <p>d. For the investment valued through OCI for quoted investment, we ensured that fair valuation has been done at the closing transaction rate in NEPSE as on 16.07.2023 and for the unquoted investment the fair value has been taken as the NPR 100.</p>
<p>3.</p>	<p><b>Impairment of Loans and Advances</b>  As per NRB Directive 4, company shall measure impairment loss on loans and advances at the higher of:</p> <ul style="list-style-type: none"> <li>▪ Amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning; and</li> <li>▪ Amount determined as per para 5.5. of NFRS 9, read with carve out issued by Institute of Chartered Accountants of Nepal dated 18 July 2022, adopting Incurred Loss Model</li> </ul> <p>As per the norms prescribed by NRB, provision at prescribed rate should be created on loans and advances based on overdue status of loans and advances as well as utilization status of the facility, status of security, borrower's whereabouts etc.</p> <p>As per NFRS 9 read with carve out issued by Institute of Chartered Accountants of Nepal dated 18 July 2022, impairment of loans and advances should be made on individual impairment basis for loans and advances that are individually significant and collective impairment basis for homogeneous groups of loans that are not considered individually significant.</p> <p>On individual impairment, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows. Under collective impairment, loss is determined after taking into account the Historical Loss Experience in portfolios of similar credit risk and Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is like to be greater or less than that suggested by historical experience.</p> <p>Given the fact that impairment of loans and advances under incurred loss model require assessment of future cash flows as well as historical loss experiences of portfolios. Further, impairment of loans and advances under NRB norms for loan loss provisioning will require assessment of overdue status of loans and advances and proper utilization of loan for intended purpose. Hence, assessment of availability and accuracy of required data for impairment of loans and advances under incurred loss model as well as NRB provisioning norms is regarded as key audit matters.</p>	<p>Our audit approach regarding verification of impairment of loans and advances included:</p> <p>a. Review of the overdue status of loans and advances by obtaining data from the system and matched the same with the NRB 2.2 report.</p> <p>b. Sample credit files were reviewed, among other things, from the perspective of utilization of loans and advances for intended purpose by way of scrutiny of financial statements, account movement, account turnover etc.</p> <p>c. Expected future cash flows from the individually significant loans and advances with indication of impairment are assessed on the basis of realizable value of collateral securities based on management estimate.</p> <p>d. Grouping of homogeneous groups of loans was assessed on the basis of nature and purpose of loans and data of historical loss experience in portfolios are assessed on the basis of past due data from the system as well as data of loan loss provisions of the defined group in the past.</p>
<p>4.</p>	<p><b>Information Technology General Controls</b>  IT controls with respect to recording of transactions, generating various reports in compliance with NRB guidelines and other compliances to regulators is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software</p>	<p>Our audit approach regarding Information technology of the company is based upon the Information Technology Guidelines 2012 issued by NRB and it included:</p> <p>a. Understanding the coding system</p>



<p>and other allied systems.</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators</p>	<p>adopted by the company for various categories of customers.</p> <p>b. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the company</p> <p>c. Checking of the user requirements for any changes in the regulations/ policy of the company</p> <p>d. Reviewed the reports generated by the system on sample basis. We verified the interest income and expense booking regarding loan and deposit on test basis with the CBS of the company.</p> <p>e. We relied on the IT audit conducted by the company.</p> <p>f. We verified the provisioning of the loan and advances based on ageing on the test check basis as on 16.07 2023.</p>
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**Information Other than Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Management Report, Report of the Director's Report and Chairman's Statement but does not include the financial statements and our auditor's report thereon. Such information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibility 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained 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 purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 Company'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 Company to cease to continue as a going concern.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

***Report on the requirements of Banks and Financial Institutions Act, 2073 and Company Act, 2063***

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the branch offices of the company, though the statements are independently not audited, were adequate for the purpose of the audit; the financial statements including the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows including a summary of significant accounting policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Company Act, 2063, and they are in agreement with the books of accounts of the Company; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed that the loans have been written off as specified; the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of company.

  
Samil Adhikari  
Partner



Place: Kathmandu, Nepal  
Date: May 10, 2024

UDIN: 240512CA005984pcke

**Best Finance Company Limited**  
**Statement of Financial Position**  
As on 31 Ashad 2080 (16 July 2023)

*Amount in NPR*

Particulars	Note	31 Ashad 2080	32 Ashad 2079
<b>Assets</b>			
Cash and cash equivalent	4.1	207,761,996	433,835,769
Due from Nepal Rastra Bank	4.2	177,085,140	138,555,510
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	24,675,000	4,949,811
Loans and advances to customers	4.7	3,579,250,688	3,196,003,428
Investment securities	4.8	1,163,136,353	984,340,945
Current tax assets	4.9	31,999,006	46,546,725
Investment in subsidiaries	4.10	-	-
Investment in associates	4.11	-	-
Investment property	4.12	213,306,661	183,369,960
Property and equipment	4.13	315,668,918	252,421,331
Goodwill and Intangible assets	4.14	4,056,472	3,811,545
Deferred tax assets	4.15	-	-
Other assets	4.16	34,496,580	26,719,818
<b>Total Assets</b>		<b>5,751,436,814</b>	<b>5,270,554,842</b>
<b>Liabilities</b>			
Due to Bank and Financial Institutions	4.17	102,772,834	59,488,447
Due to Nepal Rastra Bank	4.18	-	65,912,106
Derivative financial instruments	4.19	-	-
Deposits from customers	4.20	4,287,730,839	3,763,145,927
Borrowing	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	-	-
Deferred tax liabilities	4.15	11,117,713	35,144,210
Other liabilities	4.23	169,574,299	156,736,714
Debt securities issued	4.24	-	-
Subordinated Liabilities	4.25	-	-
<b>Total liabilities</b>		<b>4,571,195,685</b>	<b>4,080,427,404</b>
<b>Equity</b>			
Share capital	4.26	854,816,779	828,913,789
Share premium		14,947,992	3,025,356
Retained earnings		(226,456,765)	(204,414,935)
Reserves	4.27	536,933,123	562,603,228
<b>Total equity attributable to equity holders</b>		<b>1,180,241,129</b>	<b>1,190,127,438</b>
<b>Non-controlling interest</b>		<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>1,180,241,129</b>	<b>1,190,127,438</b>
<b>Total liabilities and equity</b>		<b>5,751,436,814</b>	<b>5,270,554,842</b>
Contingent liabilities and commitment	4.28	148,124,743	108,694,287
Net assets value per share		138.07	143.58

As per our report of even date

Sijan Ratna Shakya  
Head- Finance and Planning

Umesh Singh Bhandari  
Chief Executive Officer

Khim Lal Paudyal  
Chairman

Laxmi Shrestha  
Director

Sunil Adhikari  
Partner  
S. A. R. Associates,  
Chartered Accountants

Date : 10 May 2024  
Place : Kathmandu

Ram Chandra Devkota  
Director

Ram Krishna Chaulagain  
Director

Sri Ram Shrestha  
Director

**Best Finance Company Limited**  
**Consolidated Statement of Profit or Loss**  
For the year ended 31 Ashad 2080 (16 July 2023)

*Amount in NPR*

Particulars	Note	Current Year	Previous Year
Interest income	4.29	591,475,586	400,912,637
Interest expense	4.30	450,570,808	279,202,372
<b>Net interest income</b>		<b>140,904,778</b>	<b>121,710,265</b>
Fee and commission income	4.31	25,749,087	21,731,261
Fee and commission expense	4.32	783,219	418,886
<b>Net fee and commission income</b>		<b>24,965,868</b>	<b>21,312,375</b>
<b>Net interest, fee and commission income</b>		<b>165,870,646</b>	<b>143,022,640</b>
Net trading income	4.33	-	-
Other operating income	4.34	30,213,908	39,546,377
<b>Total operating income</b>		<b>196,084,554</b>	<b>182,569,017</b>
Impairment charge/(reversal) for loans and other losses	4.35	26,357,398	(148,158,937)
<b>Net operating income</b>		<b>169,727,156</b>	<b>330,727,954</b>
<b>Operating expense</b>			
Personnel expenses	4.36	85,549,308	92,567,689
Other operating expenses	4.37	46,474,803	41,819,524
Depreciation & Amortisation	4.38	24,809,421	19,451,301
<b>Operating Profit</b>		<b>12,893,624</b>	<b>176,889,440</b>
Non operating income	4.39	503,107	3,841,713
Non operating expense	4.40	4,000,000	45,226,629
<b>Profit before income tax</b>		<b>9,396,731</b>	<b>135,504,524</b>
Income tax expense	4.41	769,385	(620,885)
Current Tax		2,812,999	-
Deferred Tax		(2,043,614)	(620,885)
<b>Profit for the period</b>		<b>8,627,346</b>	<b>136,125,409</b>
<b>Profit attributable to:</b>			
Equity holders of the Bank		8,627,346	136,125,409
Non-controlling interest		-	-
<b>Profit for the period</b>		<b>8,627,346</b>	<b>136,125,409</b>
<b>Earnings per share</b>			
Basic earnings per share		1.03	16.42
Diluted earnings per share		1.03	16.42

As per our report of even date

**Sijan Ratna Shakya**  
Head- Finance and Planning

**Umesh Singh Bhandari**  
Chief Executive Officer

**Khim Lal Paudyal**  
Chairman

**Laxmi Shrestha**  
Director

**Sunil Adhikari**  
Partner

**Ram Chandra Devkota**  
Director

**Ram Krishna Chaulagain**  
Director

**Sri Ram Shrestha**  
Director

S. A. R. Associates,  
Chartered Accountants

Date : 10 May 2024  
Place : Kathmandu

**Best Finance Company Limited**  
**Consolidated Statement of Other Comprehensive Income**  
For the year ended 31 Ashad 2080 (16 July 2023)

*Amount in NPR*

Particulars	Note	Current Year	Previous Year
<b>Profit for the year</b>		<b>8,627,346</b>	<b>136,125,409</b>
<b>Other comprehensive income, net of income tax</b>			
<b>a) Items that will not be reclassified to profit or loss</b>			
Gains/ (losses) from investments in equity instruments measured at fair value		(103,195,771)	177,633,300
Gains/ (losses) on revaluation			
Actuarial gains/ (losses) on defined benefit plans		(7,242,919)	(277,076)
Income Tax relating to above items		33,131,607	(53,206,867)
<b>Net other comprehensive income that will not be reclassified to profit or loss</b>		<b>(77,307,083)</b>	<b>124,149,357</b>
<b>b) Items that are or may be reclassified to profit or loss</b>			
Gains/ (losses) on cash flow hedge		-	-
Exchange gains/ (losses) (arising from translating financial assets of foreign operation)		-	-
Income tax relating to above items		-	-
Reclassify to profit or loss		-	-
Net other comprehensive income that are or may be reclassified to profit or loss		-	-
<b>c) Share of other comprehensive income of associate accounted as per equited method</b>		-	-
<b>Other comprehensive income for the period, net of income tax</b>		<b>(77,307,083)</b>	<b>124,149,357</b>
<b>Total comprehensive income for the period</b>		<b>(68,679,737)</b>	<b>260,274,766</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Bank		(68,679,737)	260,274,766
Non-controlling interest		-	-
<b>Total comprehensive income for the period</b>		<b>(68,679,737)</b>	<b>260,274,766</b>

As per our report of even date

**Sijan Ratna Shakya**  
Head- Finance and Planning

**Umesh Singh Bhandari**  
Chief Executive Officer

**Khim Lal Paudyal**  
Chairman

**Laxmi Shrestha**  
Director

**Sunil Adhikari**  
Partner  
S. A. R. Associates,  
Chartered Accountants

**Ram Chandra Devkota**  
Director

**Ram Krishna Chaulagain**  
Director

**Sri Ram Shrestha**  
Director

Date : 10 May 2024  
Place : Kathmandu

**Best Finance Company Limited**  
**Consolidated Statement of changes in equity**

*Amount in NPR*

Particulars	Share Capital	Capital Adjustment Fund	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total
Balance at 1 Shrawan 2078	828,913,789		3,025,356	201,545,428	-	191,756,023	16,120,504	-	(313,515,088)	4,626,238	932,472,250
<b>Adjustment/Restatement</b>			-				<b>(16,120,504)</b>		<b>2,522,149</b>	-	<b>(13,598,355)</b>
<b>Adjusted/Restated balance at 1 Shrawan 2078</b>	<b>828,913,789</b>	<b>-</b>	<b>3,025,356</b>	<b>201,545,428</b>	<b>-</b>	<b>191,756,023</b>	<b>-</b>	<b>-</b>	<b>(310,992,939)</b>	<b>4,626,238</b>	<b>918,873,895</b>
Comprehensive income for the year											
<b>Profit for the year</b>									<b>136,125,409</b>		<b>136,125,409</b>
<b>Other comprehensive income, net of tax</b>											<b>-</b>
Remeasurements of defined benefit liability (assets)										(193,953)	(193,953)
Fair value reserve (Investment in equity instrument):							124,343,310				124,343,310
Net change in fair value											<b>-</b>
Net amount transferred to profit or loss									7,685,144		7,685,144
Net gain (loss) on revaluation											<b>-</b>
<b>Cash flow hedges:</b>											<b>-</b>
Effective portion of changes in fair value											<b>-</b>
Net Amount reclassified to profit or loss											<b>-</b>
<b>Total comprehensive income for the year</b>											<b>-</b>
Transfer to reserve during the year				29,420,837		9,979,677			3,546,585	1,378,620	44,325,719
Transfer from reserve during the year									(40,779,134)	(252,952)	(41,032,086)
<b>Transactions with owners, directly recognised in equity</b>											<b>-</b>
Shares Issued											<b>-</b>
Share Premium											<b>-</b>
Share based payments											<b>-</b>
Dividends to equity holders											<b>-</b>
Bonus shares issued											<b>-</b>
Cash dividend paid											<b>-</b>
<b>Total contributions by and distributions</b>				29,420,837		9,979,677	124,343,310		106,578,004	931,715	271,253,543
<b>Balance at Ashadh end 2079</b>	<b>828,913,789</b>		<b>3,025,356</b>	<b>230,966,265</b>	<b>-</b>	<b>201,735,700</b>	<b>124,343,310</b>	<b>-</b>	<b>(204,414,935)</b>	<b>5,557,953</b>	<b>1,190,127,438</b>

Particulars	Share Capital	Capital Adjustment Fund	Share premium	General reserve	Exchange equalisation reserve	Regulatory reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other reserve	Total
Balance at 1 Shrawan 2079	828,913,789	-	3,025,356	230,966,265	-	201,735,700	124,343,310	-	(204,414,935)	5,557,953	1,190,127,438
Adjustment/Restatement			-						(10,600,690)	-	(10,600,690)
<b>Adjusted/Restated balance at 1 Shrawan 2079</b>	<b>828,913,789</b>	<b>-</b>	<b>3,025,356</b>	<b>230,966,265</b>	<b>-</b>	<b>201,735,700</b>	<b>124,343,310</b>	<b>-</b>	<b>(215,015,625)</b>	<b>5,557,953</b>	<b>1,179,526,748</b>
Comprehensive income for the year											
<b>Profit for the year</b>									<b>8,627,346</b>		<b>8,627,346</b>
<b>Other comprehensive income, net of tax</b>											
Remeasurements of defined benefit liability (assets)											
Fair value reserve (Investment in equity instrument):							(40,668,548)				(40,668,548)
Net change in fair value											
Net amount transferred to profit or loss							(31,568,492)		31,568,492		
Net gain (loss) on revaluation											
<b>Cash flow hedges:</b>											
Effective portion of changes in fair value											
Net Amount reclassified to profit or loss											
<b>Total comprehensive income for the year</b>											
Transfer to reserve during the year				8,039,167		43,601,316			680,452	676,947	52,997,882
Transfer from reserve during the year									(52,317,430)	(680,452)	(52,997,882)
<b>Transactions with owners, directly recognised in equity</b>											
Shares Issued	25,902,990										25,902,990
Share Premium			11,922,636								11,922,636
Share based payments											
Dividends to equity holders											
Bonus shares issued											
Cash dividend paid											
<b>Total contributions by and distributions</b>	<b>25,902,990</b>		<b>11,922,636</b>	<b>8,039,167</b>		<b>43,601,316</b>	<b>(72,237,040)</b>		<b>(11,441,140)</b>	<b>(5,073,548)</b>	<b>714,381</b>
<b>Balance at Ashadh end 2080</b>	<b>854,816,779</b>		<b>14,947,992</b>	<b>239,005,432</b>	<b>-</b>	<b>245,337,016</b>	<b>52,106,270</b>	<b>-</b>	<b>(226,456,765)</b>	<b>484,405</b>	<b>1,180,241,129</b>

As per our report of even date

**Sunil Adhikari**  
Partner  
S. A. R. Associates,  
Chartered Accountants

**Laxmi Shrestha**  
Director

**Khim Lal Paudyal**  
Chairman

**Umesh Singh Bhandari**  
Chief Executive Officer

**Sijan Ratna Shakya**  
Head- Finance and Planning

**Sri Ram Shrestha**  
Director

**Ram Krishna Chaulagain**  
Director

**Ram Chandra Devkota**  
Director

Date : 10 May 2024  
Place : Kathmandu



**Best Finance Company Limited**  
**Consolidated Statement of cash flows**  
For the year ended 31 Ashad 2080 (16 July 2023)

*Amount in NPR*

Particulars	Current Year	Previous Year
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	517,792,389	359,279,439
Fees and other income received	42,710,725	25,565,666
Dividend received	4,836,027	8,138,480
Receipts from other operating activities	503,107	3,841,713
Interest paid	(440,698,685)	(270,296,117)
Commission and fees paid	(783,219)	(418,886)
Cash payment to employees	(80,033,630)	(66,445,045)
Other expense paid	(44,431,189)	(52,165,182)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>(104,475)</b>	<b>7,500,068</b>
<b>(Increase)/Decrease in operating assets</b>	<b>(420,068,264)</b>	<b>(975,755,397)</b>
Due from Nepal Rastra Bank	(38,529,630)	(14,211,225)
Placement with bank and financial institutions	-	-
Other trading assets	-	-
Loan and advances to bank and financial institutions	(19,725,189)	323,643,629
Loans and advances to customers	(346,571,135)	(1,275,822,200)
Other assets	(15,242,310)	(9,365,601)
<b>Increase/(Decrease) in operating liabilities</b>	<b>512,482,260</b>	<b>662,744,913</b>
Due to bank and financial institutions	43,284,387	36,760,704
Due to Nepal Rastra Bank	(65,912,106)	(66,219,894)
Deposit from customers	524,584,912	641,687,200
Borrowings	-	-
Other liabilities	10,525,067	50,516,903
<b>Net cash flow from operating activities before tax paid</b>	<b>92,309,521</b>	<b>(305,510,416)</b>
Income taxes paid/received	(1,794,634)	(4,549,374)
<b>Net cash flow from operating activities</b>	<b>90,514,887</b>	<b>(310,059,790)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(276,519,005)	(222,962,435)
Receipts from sale of investment securities	47,597,845	34,760,701
Purchase of plant and equipment	(86,955,602)	(117,979,647)
Receipt from sale of property and equipment	-	4,259,063
Purchase of intangible assets	(1,346,333)	(1,313,067)
Receipt from sale of intangible assets	-	-
Purchase of investment properties	(105,469,581)	(87,452,187)
Receipt from the sale of investment properties	83,949,123	66,312,747
Interest received	-	-
Dividend received	-	-
<b>Net cash used in investing activities</b>	<b>(338,743,553)</b>	<b>(324,374,825)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	37,825,626	-
Dividend paid	-	-
Interest paid	-	-
Other receipt/payment	(15,670,733)	10,978,777
<b>Net cash from financing activities</b>	<b>22,154,893</b>	<b>10,978,777</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(226,073,773)</b>	<b>(623,455,838)</b>
Cash and cash equivalents at Shrawan 1, 2079	433,835,769	1,057,291,607
Transfer from Merger	-	-
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
<b>Cash and cash equivalents at Ashad end 2080</b>	<b>207,761,996</b>	<b>433,835,769</b>

As per our report of even date

Sijan Ratna Shakya  
Head- Finance and Planning

Umesh Singh Bhandari  
Chief Executive Officer

Khim Lal Paudyal  
Chairman

Laxmi Shrestha  
Director

Sunil Adhikari  
Partner  
S. A. R. Associates,  
Chartered Accountants

Date : 10 May 2024  
Place : Kathmandu

Ram Chandra Devkota  
Director

Ram Krishna Chaulagain  
Director

Sri Ram Shrestha  
Director

**Best Finance Company Limited**  
**Statement of distributable profit or loss**  
For the year ended 31 Ashad 2080 (16 July 2023)  
(As per NRB Regulation)

*Amount in NPR*

Particulars	Current Year	Previous Year
<b>Opening Retained Earnings</b>	<b>(204,414,935)</b>	<b>(313,515,088)</b>
<b>Adjustment +/(-)</b>	<b>(10,600,690)</b>	<b>2,522,149</b>
a. NFRS 16 Lease Adjustment	-	2,410,244
b. Gratuity	-	111,905
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>8,627,346</b>	<b>136,125,409</b>
<i>Appropriations:</i>		
a. General reserve	(8,039,167)	(29,420,837)
b. Foreign exchange fluctuation fund	-	-
c. Capital redemption reserve	-	-
d. Corporate social responsibility fund	(86,273)	(1,361,254)
e. Employees' training fund	(590,674)	(17,366)
<b>f. Other</b>	<b>32,248,944</b>	<b>11,231,729</b>
i. Corporate social responsibility fund	680,452	252,952
ii. Gain on sale of Investment in Equity Instrument	31,568,492	10,978,777
<b>Profit or (loss) before regulatory adjustment</b>	<b>(182,855,449)</b>	<b>(194,435,258)</b>
<i>Regulatory adjustment :</i>		
a. Interest receivable (-)/previous accrued interest received (+)	(17,498,276)	(6,587,282)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/resersal (+)	(18,860,121)	(19,033,122)
e. Deferred tax assets recognised (-)/ reversal (+)	-	10,532,984
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/resersal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	(7,242,919)	5,107,743
i. Other (+/-)	-	-
<b>Distributable profit or (loss)</b>	<b>(226,456,765)</b>	<b>(204,414,935)</b>

## 1. Reporting Entity

Best Finance Company Limited (referred to as "The Financial Institution" hereinafter) is a national level finance company domiciled in Nepal, registered as a Public Limited Company under Companies Act, 2063 & Bank and Financial Institution Act, 2073. The Financial Institution is licensed by Nepal Rastra Bank as a Class "C" financial institution. During the financial year 2075/76, the financial institution merged with Synergy Finance Limited and started joint operation from 2075.04.17. The registered office of the financial institution is in Kamaladi, Nepal. Best Finance Company Limited network now includes 18 branches and 2 ATM's across 13 districts.

The Company has a primary listing on the Nepal Stock Exchange Limited as "BFC".

## 2. Basis of Preparation

The financial statements of the Company have been prepared on accrual basis of accounting in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and as per the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2079.

The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown differently, the Statement of Changes in Equity, the Statement of Cash Flows, and the Notes to the Accounts.

### 2.1 Statement of Compliance

The financial statements have been prepared and approved by the Board of Directors in accordance with Nepal Financial Reporting Standards (NFRS) and as published by the Accounting Standards Board (ASB), Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN) subject to the notice dated 18 July 2022 regarding the Carve-outs in NFRS with Alternative Treatment and in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2079.

These policies have been consistently applied to all the years presented except otherwise stated.

### 2.2 Reporting period and approval of financial statements

The Company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB during the fiscal year 2075/76. To comply the NFRS provisions following dates have been considered for the reporting time period.

Relevant Financial Statement	Nepalese Calendar	English Calendar
Comparative SFP* Date	32 Ashad 2079	16 July 2022
Comparative reporting period	1 Shrawan 2078 - 32 Ashad 2079	16 July 2021 -16 July 2022
NFRS SFP* Date	31 Ashad 2080	16 July 2023
NFRS reporting period	1 Shrawan 2079 - 31 Ashad 2080	17 July 2022-16 July 2023
<i>*SFP- Statement of Financial Position</i>		

### 2.3 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except were indicated otherwise.

### 2.4 Use of Estimates, Assumptions and Judgments

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

The accounting policies have been included in the relevant notes for each item of the financial statements and the effect and nature of the changes, if any, have been disclosed.

The NFRS requires the Company to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The Company applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates are recognized in the period in which the estimates are revised and are applied prospectively.

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

#### **2.4.1 Going Concern**

The financial statements are prepared on a going concern basis, as the Board of the Company is satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

#### **2.5 Changes in Accounting Policies**

The Company is required to adopt and apply the accounting policies in conformity with Nepal Financial Reporting Framework (NFRS). The accounting policies are applied consistently with changes, if any and are disclosed with the financial impact to the extent possible. When policies are not guided by the reporting framework, NFRS, other reporting standards and generally accounting principles are followed.

#### **2.6 Reporting Pronouncements**

The Company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on September 13, 2013. The NFRS confirm, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

However, the Institute of Chartered Accountants of Nepal (ICAN) vide its notice dated 18 July 2022 has resolved that Carve-outs in NFRS with Alternative Treatment and effective period shall be provided to the Banks and Financial Institutions regulated by NRB on the specific recommendation of Accounting Standard Board (ASB). Details of carve out are provided as follows:

##### **2.6.1 NAS 39: Financial Instruments: Recognition and Measurement**

###### **a) Impairment**

Carve out from the requirement to determine impairment loss on financial assets – loans and advances by adopting the ‘Incurred Loss Model’ unless the reporting entity is a bank or a financial institution registered as per Bank and Financial Institutions Act, 2073. Such entities shall measure impairment loss on loans and advances at the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning; and amount determined as per NFRS. The Bank has adopted this mandatory treatment. As a result of this treatment, the Bank has recognized impairment loss on loans and advances at the higher of the amount derived as per prudential norms specified in NRB directive no. 2/78 and the amount derived from incurred loss model as specified by NFRS. The Bank has recognized impairment loss on other financial assets measured at amortized cost in accordance with NFRS.

###### **b) Impracticability to determine transaction cost of all previous years which is the part of effective interest rate.**

As per NFRS-9, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses while calculating the effective interest rate. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate.

This Carve-out states that the effective interest rate calculation shall include all fees and points paid or received, unless it is immaterial or impracticable to determine reliably. The Bank has availed this Carve-out in the case of loans and advances for Financial Year 2078/79 and has not considered all fees and points paid or received which are impracticable to measure reliably while determining effective interest rate. As a result of this alternative treatment, the Bank has excluded the full amount of upfront loan management fees or commission received on loans and advances in the calculation of effective interest rate for the loan. The upfront fees and commission are recognized as income in the same period, the loan is approved.

#### **2.7 New Standards in issue but not yet effective**

For the reporting of financial instruments, NAS 32 Financial Instruments, Presentation, NAS 39 Financial Instruments Recognition and Measurements and NFRS 7 Financial Instruments – Disclosures have been applied. NFRS 9 has been complied for the classification of Financial Instruments.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

## 2.8 Discounting

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

## 2.9 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Profit or Loss, unless required or permitted by Nepalese Financial Reporting Standards or Interpretation (issued by the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC)) and as specifically disclosed in the Significant Accounting Policies of the company.

## 2.10 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Nepal Accounting Standard – NFRS 1 on ‘Presentation of Financial Statements’.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

## 2.11 Limitation of NFRS Implementation

Wherever the information is not adequately available, and/or it is impracticable to develop, such exception to NFRS implementation has been noted and disclosed in respective sections.

## 3. Brief explanations on accounts head of the Statement of Financial Position-Assets Side

### 3.1 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with B/FIs, money at call & short notice and highly liquid financial assets with original maturities of three months or less from the acquisition dates that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position. Statement of Cash Flows has been prepared by using the ‘Indirect Method’ in accordance with NAS 07- Statement of Cash Flows.

### 3.2 Financial Assets and Financial Liabilities

#### A. Recognition

The Company initially recognizes a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument. The Company initially recognize loans and advances, deposits and debt securities/ subordinated liabilities issued on the date that they are originated which is the date that the Company becomes party to the contractual provisions of the instruments. Investments in equity instruments, bonds, debenture, Government securities, NRB bond or deposit auction, reverse repos, outright purchase are recognized on trade date at which the Company commits to purchase/ acquire the financial assets. Regular way purchase and sale of financial assets are recognized on trade date at which the Company commits to purchase or sell the asset.

#### B. Classification

##### I. Financial Assets

The Company classifies the financial assets as subsequently measured at amortized cost or fair value on the basis of the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

**The two classes of financial assets are as follows:**

##### i. Financial assets measured at amortized cost

The Company classifies a financial asset measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## ii. Financial asset measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

- **Financial assets at fair value through profit or loss.**

Financial assets are classified as fair value through profit or loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.

- **Financial assets at fair value through other comprehensive income**

Investment in an equity instrument that is not held for trading and at the initial recognition, the Company makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

## II. Financial Liabilities

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as follows;

- **Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value are recognized at profit or loss.

- **Financial Liabilities measured at amortized cost**

All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest rate method.

## C. Measurement

### Financial assets at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Fair Value Reserve'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments.

#### A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognized in Statement of Profit and Loss when the Finance's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in Statement of Profit and Loss are included in the 'Other income' line item.

### Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortized cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a

measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in Statement of Profit and Loss. The net gain or loss recognized in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognized when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

#### **Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and NFRS 9 permits the entire combined contract to be designated as at FVTPL in accordance with NFRS 9.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in Statement of Profit and Loss. The net gain or loss recognized in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognized in Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to Statement of Profit and Loss.

#### **Financial liabilities subsequently measured at amortized cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Interest Expenses' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## D. Derecognition

### Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

### Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

### 3.2.1 Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk.

The fair values are determined according to the following hierarchy:

- Level 1** fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2** valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3** portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e., the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity investments are recorded at cost, considering the non-trading of promoter shares up to the date of balance sheet, the market price of such shares could not be ascertained with certainty. Hence, these investments are recognized at cost net of impairment, if any.



### 3.2.2 Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset 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(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other 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 fair value below its cost is objective evidence of impairment.

In case of financial difficulty of the borrower, the company considers to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the EIR method and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

#### **Impairment of financial assets measured at amortized cost**

The Company considers evidence of impairment for loans and advances measured at amortized cost at both specific asset and collective level. The Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant and that are not individually significant are assessed on collectively.

If there is objective evidence on that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Impairment of loans and advances portfolios are based on the judgments in past experience of portfolio behavior. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is recognized in the 'non-operating income'.

### 3.3 Trading Assets

Trading assets and liabilities are those assets and liabilities that the Company 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.

Trading assets and liabilities are initially recognized at fair value and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in profit or loss. All changes in fair value are recognized as part of net trading income in profit or loss as regarded as fair value through profit & loss account.

### 3.4 Derivatives Assets and Derivative Liabilities

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognized in the Statement of Profit or loss in Net trading income. Meanwhile, the cumulative change in the

fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statement of financial position and is also recognized in the Statement of Profit or loss in Net trading income.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. For hedged items recorded at amortized cost, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the recalculated EIR method. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the Statement of Profit or loss.

The Company currently does not have any derivative assets and derivative liabilities.

### **3.5 Property and Equipment**

#### **A. Recognition and Measurement**

The cost of an item of property and equipment shall be recognized as an asset, initially recognized at cost, if, and only if:

- It is probable that future economic benefits associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labor.
- any other costs directly attributable to bringing the assets to a working condition for their intended use.
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs.

The Company adopts cost model for entire class of property and equipment. Neither class of the property and equipment is measured at revaluation model nor is their fair value measured at the reporting date. The items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the Company. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

Assets with a value of less than NPR 2,000 are charged off to revenue irrespective of their useful life in the year of purchase.

#### **B. Capital Work in Progress**

Assets in the course of construction are capitalized in the assets under capital work in progress account (CWIP). At the point when an asset is capable of operating at management's intended use, the cost of construction is transferred to the appropriate category of property and equipment and depreciation commences. Where an obligation (legal or constructive) exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized.

#### **C. Depreciation**

Depreciation on other assets is calculated using the straight- line method to allocate their cost to their residual values over their estimated useful life as per management judgment as follows:

<b>Nature of Assets</b>	<b>Useful Life (years)</b>
Furniture	5
Equipment	5
Vehicles	7
Computers	5
Building	40
Leasehold	As per Lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The value of the assets fully depreciated but continued to be in use is considered not material.

Depreciation on new assets shall commence from the month after the month in which the assets is acquired or capitalized. Where assets are disposed off, depreciation shall be calculated up to the month preceding the month of such disposal.

#### **D. Derecognition**

The carrying amount of Property and Equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of property and equipment shall be included in profit or loss when the item is derecognized (unless on a sale & lease back). The gain shall not be classified as revenue.

Depreciation method, useful lives and residual value are reviewed at each reporting date and adjusted, if any.

### **3.6 Intangible Assets/ Goodwill**

#### **Goodwill**

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

#### **Computer software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of expected useful life. Costs associated with maintaining software are recognized as an expense as incurred.

At each reporting date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately.

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is five years. Software assets with costs less than NPR. 2,000 are charged off on purchases as revenue expenditure.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### **3.7 Investment Property/Non-Current Assets Held for Sale**

#### **Investment Property**

Investment property is the land or building or both held either for rental income or for capital appreciation or for both, but not for sale in ordinary course of business and owner-occupied property. The company holds investment property as non-banking assets that has been acquired through the enforcement of security over the loan and advances.

Non-banking assets (only land and building) are initially recognized at cost. Subsequent to initial recognition the company has chosen to apply the cost model allowed by NAS 40- "Investment Property" and since it is not intended for owner -occupied use, a depreciation charge is not raised.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the

cost of replacing part of an existing investment property at the time that cost is incurred. If the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the Statement of Profit or loss in the year of retirement or disposal.

#### **Non-Current Assets Held for Sale**

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when:

- (i) their carrying amounts will be recovered principally through sale;
- (ii) they are available-for-sale in their present condition; and
- (iii) their sale is highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the assets (or assets and liabilities in a disposal group) are measured in accordance with the applicable accounting policies described above.

### **3.8 Income Tax**

The Company is subject to tax laws of Nepal. Income Taxes have been calculated as per the provisions of the Income Tax Act, 2058. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax law carry-forwards become deductible. The company considers the expected reversal of deferred tax liabilities and projected future taxable income making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

#### **a. Current Tax**

Current tax is the amount of tax payable based on the taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

#### **b. Deferred Tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is determined using tax rate applicable to the Company as at the reporting date which is expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable

that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

- iii. Deferred tax relating to items recognized in OCI is recognized in OCI. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **3.9 Deposits, debts securities issued and subordinated liabilities**

#### **a. Deposits**

The Company accepts deposits from its customers under account, current, term deposits and margin accounts which allows money to be deposited and withdrawn by the account holder. These transactions are recorded on the Company's books, and the resulting balance is recorded as a liability for the Company and represents the amount owed by the Company to the customer.

#### **b. Debt Securities Issued**

It includes debentures, bonds or other debt securities issued by the Company. Deposits, debt securities issued, and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. However, debentures issued by the Company are subordinate to the deposits from customer.

The Company has not issued such instruments till date.

#### **c. Subordinated Liabilities**

Subordinated liabilities are those liabilities which at the event of winding up are subordinate to the claims of depositors, debt securities issued and other creditors. The Company does not have any of such subordinated liabilities.

### **3.10 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for contingent liabilities is made where there is:

- 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 recognized because:
  - o it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - o the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset 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.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

### 3.11 Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising from the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is not recognized during the period in which its recoverability of income is not probable. The Company's revenue comprises of interest income, fees and commission, foreign exchange income, cards income, remittance income, banc-assurance commission, etc. and the bases of incomes recognition are as follows:

#### a. Interest Income

- i. Interest income are recognized under accrual basis (using the effective interest rate method) in the profit or loss for all interest-bearing financial assets measured at amortized cost. Effective Interest Rate is the rate that exactly discounts estimated future cash receipts or cash payments through the expected life of financial asset to the net carrying amount of the financial asset. Effective Interest Rate method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period.
- ii. The company has adopted the alternative treatment as provided by the Carve Out in NFRS implementation. Resultant of this the company has excluded the full amount of upfront loan management fees or commission received on loans and advances in the calculation of effective interest rate.
- iii. Nepal Rastra Bank has issued "Guideline on Recognition of Interest Income 2020" vide circular no. Bai. Bi. Ni.Bi./Niti/Paripatra/KaKhaGa/01/076/77 for implementation in the financial statements of current reporting period. This document has provided guidance on application of judgments in assessing the collectability of interest on loans and advances and determining whether there is a need to recognize interest suspense or to cease interest accrual. The company has implemented this guideline and recognized interest suspense and stopped interest accrual in qualifying accounts while determining the interest income for the current reporting period.

Interest income presented in statement of profit and loss includes:

- Interest income on financial assets measured at amortized cost calculated on an effective interest rate method. These financial assets include loans and advances including staff loans, investment in government securities, investment in corporate bonds, investment in NRB Bond and deposit instruments, reverse repos, inter banking lending etc.
- Interest on investment securities measured at amortized cost, calculated on effective interest rate.
- Income on discounted instruments like bills purchased, documents negotiation is recognized over the period of discounting on accrual basis using effective interest rate.

Interest income on all trading assets is considered to be incidental to the company's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

#### NFRS Requirement

NFRS requires interest income to be recognized using the effective interest method, except for those classified at fair value through profit or loss. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The effective interest rate is calculated on initial recognition of the financial asset or liability by estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts expected to be paid or received by the company including expected early redemption fees and related penalties and premiums and discounts that are an integral part of the overall return. Direct incremental transaction costs related to the acquisition, issue or disposal of financial instruments is also taken into account in the calculation. Once financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

### **Carve-out for Effective Interest Rate (EIR) method**

The company has availed the carve-out for interest income recognition by applying the rate implicit on individual products. Considering the amount of renewal and initial service fees that the company charges on the loans and advances (which is in negligible figure), applying EIR method would not be practical and cost effective. Hence, initial service fees and renewal charges have been recognized during the period when such income accrue rather than being included within the component of interest income under EIR method.

#### **b. Fees & Commission**

Fees and commissions are recognized on an accrual basis when the service has been provided or significant act performed whenever the benefit exceeds cost in determining such value. Whenever, the cost of recognizing fees and commissions on an accrual basis exceeds the benefit in determining such value, the fees and commissions are charged off during the year.

#### **c. Dividend Income**

Dividend incomes are recognized when right to receive such dividend is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

#### **d. Net Trading Income**

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest and dividends.

#### **e. Net Income from other financial instrument at fair value through Profit or Loss**

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The financial instrument contains one or more embedded derivatives, which significantly modify the cash flows that would otherwise be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in Net gain or loss on financial assets and liabilities designated at fair value through profit or loss is recognized in statement of Profit or Loss. Interest earned or incurred is accrued in Interest income or Interest expense, respectively, using the effective interest rate (EIR), while dividend income is recorded in other operating income when the right to the payment has been established.

### **3.12 Interest expense**

Interest expense on all financial liabilities including deposits are recognized in profit or loss using effective interest rate method. Interest expense on all trading liabilities are considered to be incidental to the Company's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

### **3.13 Employees Benefits**

#### **a. Short Term Employee Benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is also recognized for the amount expected to be paid under bonus required by the Bonus Act, 2030 to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably under short term employee benefits.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries, and social security contributions,
- paid annual leave and paid sick leave,
- profit-sharing and bonuses and
- non-monetary benefits

**b. Post-Employment Benefits**

Post-employment benefit plan includes the followings:

**i. Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as personnel expenses in profit or loss in the periods during which related services are rendered.

Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

All employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both the employee and the Company contribute monthly at a pre-determined rate of 10% of the basic salary. The Company does not assume any future liability for provident fund benefits other than its annual contribution.

**ii. Defined Benefit plan**

The company provides Pension & Gratuity Plan, Retirement Plan and Leave Encashment Plan (in terms of Annual Leave and Sick Leave) as defined benefits to its employees. These benefits are post-employment benefit plans and are paid based on length of service. These benefit plans are funded whereas the company makes earmark investment of these funds. The gratuity plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent defined days' eligible salary payable for each completed year of service.

The pension plan provides for lump sum payments to vested employees at retirement or equated payment till death of the employee (and half thereafter to the spouse of the employee). Further, employees of the Company are entitled to avail Annual Leave and Sick Leave. The employees can carry forward the un-availed leave and are entitled to encash the cumulative leave at the time of the retirement. The obligation under these plans are calculated by a qualified actuary every year using projected unit credit method.

The following are the defined benefit plans provided by the Company to its employees:

**a) Gratuity**

Company provides for gratuity on accrual basis covering eligible employees in terms of Employee Service Byelaws of the Company. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent defined days' eligible salary payable for each completed years of service. The Company accounts for the liability for gratuity as per the actuarial valuation.

**b) Leave Salary**

The employees of the company are entitled to carry forward a part of their unavailed / unutilized leave subject to a maximum limit. The employees can encash unavailed/ unutilized leave partially in terms of Employee Service Byelaws of the company. The Company accounts for the liability for accumulated leave as per the actuarial valuation.

**c) Termination Benefits**

Termination benefits are recognized as expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal plan to provide termination benefits to employees as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognized if the company made an offer for voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be measured reliably. If the benefits are payable in more than 12 months after the reporting date, they are discounted to their present value.



### 3.14 Leases

Lease is a contract in which one party provides an asset to the other party for some consideration usually a periodic payment. The Finance assesses whether a contract is or contains a lease, at inception of the contract. In accordance with NFRS-16 “Leases”; the Finance recognizes a right-of-use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets as the Finance is lessee in all lease arrangements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Finance uses its incremental borrowing rate. Since the Finance apply NFRS-16; “Leases” to its leases in accordance with Para C5(b), retrospectively with the cumulative effect of initially applying the Standard recognized at the date of initial application, it uses incremental borrowing rate which is the interbank borrowing rate/lending of the Finance.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented within other Liabilities in the Consolidated Statement of Financial Position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Finance remeasures the lease liability (and makes a corresponding adjustment to the related right-of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Finance did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Finance incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under NAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of use asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use asset reflects that the Finance expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Finance depreciates Right-of-use assets from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The right-of-use assets are presented Within Property, plant and Equipment in the Consolidated Statement of Financial Position.

The Finance applies NAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, NFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Finance has not any non-lease component associated with the lease.

From FY 2021-22, the company has transitioned from NAS-17 and has applied NFRS-16 for accounting of leases. All previously classified operating leases are now recognized as right-of-use assets with corresponding lease liabilities. Each lease payment is allocated between a reduction of the liability and an interest expense. The interest expense is charged to the Statement of Profit or Loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the remaining lease term on a straight-line basis.

The company transitioned into NFRS 16 in accordance with the modified retrospective approach, therefore previous year comparative figures are not restated. Additionally, the definition of a lease under NAS 17 and its related interpretation has been retained.

The Bank has applied incremental borrowing rate of 7%. Management has applied judgement and formed assumptions in relation to assessing the incremental borrowing rate. Management has formed its judgements and assumptions based on historical experience, internal and external data points.

### **3.15 Financial guarantee and loan commitment**

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

Loan commitment is the commitment where the Company has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the Company has not made payments at the reporting date, those instruments are included in these financial statements as commitments.

### **3.16 Share Capital and Reserves**

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity is defined as residual interest in total assets of the Finance after deducting all its liabilities. Common shares are classified as equity of the Company and distributions thereon are presented in statement of changes in equity.

Dividends on ordinary shares and preference shares classified as equity are recognized in equity in the period in which they are declared.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments considering the tax benefits achieved thereon.

The reserves include retained earnings and other statutory reserves such as general reserve, regulatory reserve, investment adjustment reserve, CSR reserve etc.

Regulatory reserve includes any amount derived as result of NFRS convergence with effect in retained earning computed as per NRB Directive No. 4.

### **3.17 Earnings per share including diluted earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of earnings per share.

### 3.18 Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relating to transactions with any of the company's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance.

The company has classified five operating segments as: Province 1, Madhesh, Bagmati, Gandaki and Lumbini.

### 3.19 Rounding Off and Comparative Figures

The financial statements are presented in Nepalese figure, rounded off to the nearest rupee. Previous year figure has been reclassified/ rearranged/ regrouped to facilitate their comparison, where necessary.

### 3.20 Reclassification in Line Item of Financial Statements of Prior Period

The items in the financial statements of previous period have been reclassified based on details of information available, the items that has been reclassified are presented below:

Nature of Item	Previous Classification heading	New Classification heading
Investment in scheme of CIT	Cash and Cash Equivalent	Investment Securities
Deposit from Cooperative Institutions	Due to Bank and Financial Institutions	Deposits from customers

## 4. Brief Description of Schedules forming part of Financial Statement

The explanatory notes and significant disclosure relating to the financial statements are as follows:

### 4.1 Cash and Cash Equivalents

This account shall be used for presenting the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the licensed institution in the management of its short term commitments.

### 4.2 Due from Nepal Rastra Bank

Statutory balances held with Nepal Rastra Bank for compulsory cash reserve, securities purchased from Nepal Rastra Bank under resale agreement, other deposits with and receivables from Nepal Rastra Bank has been presented under this account head.

### 4.3 Placement with Bank and Financial Institutions

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented under this account head

### 4.4 Derivative Financial Instruments

Derivative instruments like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading

### 4.5 Other Trading Assets

Trading assets are those assets that the licensed institution acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit shall be presented under this account head. The other trading asset includes non-derivative financial assets. It includes Government bonds, NRB Bonds, Domestic Corporate bonds, Treasury bills, Equities etc held primarily for the trading purpose.

### 4.6 Loan and Advances to Banks and Financial Institutions

Loan and advances given to microfinance financial institutions as well as other bank and financial institutions shall be presented under this head. Specific impairment on loan and advance to bank and financial institutions shall be deducted.

### 4.7 Loans and advances to customers

Loan and advances given to microfinance financial institutions as well as other bank and financial institutions shall be presented under this head. Specific impairment on loan and advance to bank and financial institutions shall be deducted.

#### **4.8 Investment securities**

Investments made by the licensed institutions in financial instruments shall be presented under this account head in three categories i.e. investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. Investment other than those measured at amortized cost shall be measure at fair value and changes in fair value shall be recognized in profit or loss, or other comprehensive income as per the business model adopted by the financial institutions for the specific securities. Where income from the investment is received in the form of bonus shares, the valuation of investment shall be made by increasing the number of shares only without changing in the cost of investment. The financial institutions shall disclose following particulars in respect of investment in shares and debenture/bond.

##### **a. Following particulars shall clearly be disclosed in respect of investment in shares of other companies**

- (1) Name of the company
- (2) Type of share (ordinary or preference), in case of preference shares, including the rate of dividend.
- (3) Total number of shares subscribed (including bonus shares if received).
- (4) Face value per share
- (5) The cost price to licensed institution.
- (6) Fair value of the shares at the end of the fiscal year.
- (7) Where a company, in which the licensed institution has investment in shares, has not declared dividend for previous 3 years, particulars indicating the same.

##### **b. Following particulars shall clearly be disclosed in respect of investment in debentures and bonds of other companies**

- (1) Name of the company
- (2) Rate of Interest
- (3) Installment of Debenture/bond subscribed.
- (4) Face value per debenture/bond.
- (5) Maturity date of debenture/bond
- (6) The purchase price of the debentures/bond
- (7) Fair value of the debentures/bond measured at fair value

The financial institution shall recognize impairment loss if any on the investment instruments measured at amortized cost. The calculation of impairment loss shall be as per requirement of NFRSs.

The financial institution shall recognize, measure, present a lose the investment instruments as per the requirement of NFRSs.

#### **4.9 Current Tax**

This will include any advance payment made by the licensed institution towards income tax liabilities or other tax liabilities to the taxing authorities.

#### **4.10 Investment In Subsidiaries**

Subsidiaries are the entities that are controlled by the bank. Investment made by the bank in its subsidiaries shall be presented in this head under separate financial statements. Since, the investment amount is eliminated in consolidation process, no amount shall be presented under group financial statements.

#### **4.11 Investment In Associates**

Associates are those entities in which the bank has significant influence but not control over the financial and operating policies. Investment made by the bank in its associates shall be presented in this head under this account head.

#### **4.12 Investment Properties**

Land or land and building other than those classified as property and equipment; and non-current assets held for sale under relevant accounting standard shall be presented under this account head. This shall include land, land and building acquired as non-banking assets by the Bank but not sold.

#### **4.13 Property and equipment.**

**All assets of long-term nature (fixed) like land, building, IT equipment, fixtures and fittings, office equipment and appliances, vehicles, machinery, leasehold developments and capital work in progress owned by the licensed institution shall be presented under this head.**

#### **4.14 Goodwill and intangible assets**

Goodwill and intangible assets like computer software both purchased and internally generated, trade mark etc. shall be presented under this account head.

#### **4.15 Deferred tax assets**

Deferred tax assets recognized as per NFRSs on temporary deductible differences, carry forward of unused tax losses, changes in tax rate etc. shall be presented under this account head.

#### **4.16 Other Assets**

This account will include any other tangible or intangible asset not mentioned above. Assets held for sale, non-banking assets (other than land or land and building), restricted deposits with central banks, accounts receivable, interest receivable, accrued income, prepayments and deposit are some of the items to be included under this head.

### **Liabilities and Equity side**

#### **4.17 Due to bank and financial institutions**

The balances in accounts maintained with the institution by other local and foreign banks and financial institution shall be presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution shall be presented under this account head.

#### **4.18 Due to Nepal Rastra Bank**

This account head shall also contain the amount of payable to Nepal Rastra Bank. Amount payable to NRB shall include amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

#### **4.19 Derivative Financial Instruments**

It includes all derivative liabilities. Derivative instruments like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes shall be presented under this head.

#### **4.20 Deposits from customers**

All deposit accounts other than deposit from BFIs (local and foreign) and NRB shall be presented under this account head.

#### **4.21 Borrowing**

All domestic as well as foreign borrowing other than interbank borrowing and borrowing from Nepal Rastra Bank shall be presented under this heading. It includes borrowing from Nepal Government, borrowing from other domestic institutions, borrowing from foreign bank and financial institutions, multilateral development banks etc.

#### **4.9 Current Tax Liabilities**

The liabilities recognized for the purpose of current income tax, including fees, penalties shall be included under this head.

#### **4.22 Provisions**

A provision is recognized when as a result of a past event, the licensed institution 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. Provision for redundancy, provision for onerous contracts, provision for restructuring, pending legal issues and tax litigation, credit commitments and guarantees etc. shall be presented under this account head. Followings are the additional clarification on accounts presented under this account head.

**(a) Provision for Redundancy**

It shall include benefits payable as a result of employment being terminated or based on a dismissal plan of the licensed institution. Provision for employees' termination benefits like voluntary retirement scheme shall be presented under this account head.

**(b) Provision for restructuring**

Restructuring includes sale or termination of a line of business, closure of business locations or relocation in a region, changes in management structure, fundamental reorganizations that have a material effect on the nature and focus of the bank's operations etc. The provision of restructuring that is recognized as per the requirement of NFRSs shall be presented under this account head

**(c) Pending legal issues and tax litigation**

Provisions recognized for any pending legal issues and tax litigation matters shall be presented under this account head.

**(d) Onerous contracts**

Provision for onerous contract is recognized when the expected benefits to be derived by the licensed institution from a contract is lower than the unavoidable cost of meeting its obligation under the contract. The provision amount that is recognized for onerous contract as per NFRSs shall be presented under this heading.

#### **4.15 Deferred tax liabilities**

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences, shall be included under this head. Deferred tax liabilities that are recognized as per requirement of NFRSs shall be presented under this account head.

#### **4.23 Other liabilities**

Any residual liabilities not captured above, shall be presented under an appropriate head in this account. Liabilities relating to employees benefits like liabilities for defined benefit obligation gratuity and pension fund, liabilities for long-service leave, cash settled share based payment liabilities, short-term employee benefits etc., Creditors and accruals, Interest payable on deposit and borrowing, unearned income, unpaid dividend etc. shall be presented under this account head.

#### **4.24 Debt securities Issued**

Debenture, bond or other debt securities issued by bank shall be presented under this broad account head.

#### **4.25 Subordinated Liabilities**

Liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors shall be included here. It shall include redeemable preference share, subordinated notes issued, borrowings etc.

#### **4.26 Share Capital**

The amount of paid-up share capital of the licensed institution shall be mentioned under this head. Amount credited in share capital by issuing bonus shares utilizing the accumulated profit and reserves shall also be disclosed under this heading. This shall include paid up amount of ordinary share capital and equity component of preference share capital. The convertible preference shares which include an option for the holder of the shares to convert the preferred shares into a fixed number of ordinary shares at any time after a predetermined date, irredeemable preference share and perpetual debt instruments, the equity component that is recognized and measured as per NFRSs as equity as well shall be presented under this heading.

#### **4.27 Reserve**

Licensed institution shall include the amounts received from allocation of profits or retained earnings in connection with maintaining reserves or created from any other process. Normally, amount shall be credited to this heading having debited the accumulated profit and while using these reserves, the concerned reserve account shall have to be debited. Followings are the additional clarification of account head under reserve.

##### **(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. A bank which has earned foreign exchange revaluation gain on foreign currency other than India 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) Fair Value Reserves**

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.

##### **(d) 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.

- (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) **Special Reserve**  
Any special reserve that is created as per the specific requirement of NRB directive or special instruction of NRB shall represent special reserve. The amount allocated to this reserve by debiting retained earning account shall be presented under this heading.
- (g) **Capital Redemption Reserve**  
This head shall include the statutory reserve created for making payment towards Redeemable Non-Convertible Preference Shares.
- (h) **Dividend Equalization Fund**  
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.
- (i) **Capital Adjustment/Equalization Fund**  
Any amount that is allocated from the amount retained profit to a reserve that is created for the raising capital of the Bank as well as calls in advance amount to make up minimum paid up capital amount shall be presented under this account head.
- (j) **Corporate Social Responsibility Fund**  
The fund created for the purpose of corporate social responsibility by allocating profit shall be presented under this account head.
- (k) **Investment Adjustment Reserve**  
It is a regulatory reserve created as a cushion for adverse price movements in bank's investments as directed by the Directives of Nepal Rastra Bank.
- (l) **Actuarial Gain/Loss Reserve**  
Actuarial gain or loss that represents change in actuarial assumptions used to value employee obligations shall be presented under this account head.
- (m) **Regulatory Reserve**  
The amount that is allocated from profit or retained earnings of the Bank to this reserve as per the Directive of NRB for the purpose of implementation of NFRSs and which shall not be regarded as free for distribution of dividend (cash as well as bonus shares) shall be presented under this account head. The amount allocated to this reserve shall include interest income recognized but not received in cash, difference of loan loss provision as per NRB directive and impairment on loan and advance as per NFRSs (in case lower impairment is recognized under NFRSs), amount equals to deferred tax assets, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRSs etc.
- (n) **Other Reserve Fund**  
Any reserve created with specific or non-specific purpose (except stated in above) shall be presented under this by disclosing accounting heads.

#### **Non-Controlling Interest**

Non-controlling interest (NCI) is the portion of equity ownership in a subsidiary not attributable to the parent company, which has a controlling interest and consolidates the subsidiary's financial results with its own. The bank who has a subsidiary and consolidates the financial statement of subsidiary in its own shall present the equity portion of the subsidiary that are attributable to the shareholders other than the bank under this account head.

#### **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.

#### **Retained Earning**

The accumulated profits which have not been distributed to shareholders and has been ploughed back in the licensed

institution's operations and is free for distribution of dividend to the shareholders shall be presented under this heading.

#### **4.28 Contingent Liabilities and Commitment**

Where the Company undertakes to make a payment on behalf of its customer for guarantees issued for which an obligation to make a payment has not arisen at the reporting date, those are included in the financial statement as contingent liabilities. Where the Company has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not and the Company has not made payments. Such commitment amounts are also presented under Contingent Liabilities and commitments

Brief Explanations on Accounting Heads of the Statement of Profit or Loss Account

#### **4.29 Interest Income**

The interest income recognized as per NFRSs shall be presented under this head. This heading shall include interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from Nepal Rastra Bank, due from BFIs, loan and advances to staff etc.

#### **4.30 Interest expenses**

The interest expenses recognized as per NFRSs shall be presented under this head. The interest accrued on deposits collected, debt securities issued, borrowings obtained, subordinated liabilities, amount due to bank and financial institutions, due to NRB etc. shall be presented under this heading.

#### **4.31 Fees and commission income**

Fee income is earned for diverse ranges of services provided by the bank to its customers. Fee income arises on the execution of a significant act completed or from provision of services like asset management, portfolio management, management advisory and service fees etc. Loan documentation fee, loan management fee, consortium fee, commitment fee, card issuance and renewal fees, prepayment and swap fee, remittance fee, investment banking fee, asset management fee, brokerage, commission on letter of credit, commission on guarantee, locker rental income, etc. should be presented under this heading. The fees and commission income that are integral to the effective interest rate on the financial assets are included in the measurement of the effective interest rate and shall not be recognized as income, however immaterial amount can be recognized in profit or loss account as income.

#### **4.32 Fees and commission expense**

Payouts on account of fee and commission for services obtained by the bank shall be presented under this account head. This account head shall include card related fees, guarantee commission, brokerage expenses etc. The fees and commission expense that are integral to the effective interest rate on the financial liability are included in the measurement of the effective interest rate and shall not be recognized as expense.

#### **4.33 Net trading income**

Trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities shall be presented under this account head.

#### **4.34 Other operating income**

Receipt of all other operating income not specifically provided under the income heads above shall be booked and presented under this head. This shall include foreign exchange revaluation gain, gain/loss on sale of available for sale securities, dividend on available for sale securities, gain/loss on sale of property and equipment, gain/loss on sale of investment properties, operating lease income, gain/loss on sale of gold and silver, finance income of finance lease etc.

#### **4.35 Impairment charge/ (reversal) for the loans and other losses**

Impairment loss recognized as per NFRSs on loan and other losses shall be presented under this account head. It shall include impairment charge/reversal on loan and advances to customers, loan and advances to bank and financial institutions, investment securities, placement with bank and financial institutions, property and equipment, goodwill and intangible assets, investment properties etc.

#### **4.36 Personnel expenses**

All expenses related to employees of a bank shall be included under this head. Expenses covered under this head include employees' salary, allowances, pension, gratuity, contribution to provident fund, training expenses, uniform expenses, insurance, staff bonus, finance expense under NFRSs, cash-settled share-based payments etc.



**4.37 Other operating expense**

All operating expense other than those relating to personnel expense are recognized and presented under this account head. The expenses covered under this account head shall include office administration expense, other operating and overhead expense, directors' emoluments, remuneration and non-audit fee paid to auditors, professional and legal expense, branch closure cost expense, redundancy cost expense, expense of restructuring, impairment of non-financial assets, expense of corporate social responsibility, onerous lease provisions etc.

**4.38 Depreciation and amortization**

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRSs on property and equipment, and investment properties, and amortization of intangible assets shall be presented under this account head.

**4.39 Non-operating income**

The income and expenses that have no direct relationship with the operation of transactions shall be presented under this head. The income/expense covered under this account head shall include loan written off, recovery of loan, redundancy provision, expense of restructuring etc

**4.40 Income tax expenses**

The amount of income tax on net taxable profit shall be recognized and presented under this account head. This account head shall include current tax expense and deferred tax expense/deferred tax income.

**4.41 Brief Explanations on Accounting Heads of the Statement of Other Comprehensive Income****1. Fair value reserve relating to investment in equity instruments**

Net changes in fair value of equity instrument that are measured at fair value and the changes in fair value is required to be recognized in other comprehensive income shall be recognized and presented under this account head. The changes may be subsequently reclassified to profit and loss in accordance with the relevant NFRSs shall also be deducted from the fair value reserve.

**2. Changes in revaluation reserve**

Changes in revalued amount of property and equipment, and intangible assets shall be presented under this account head.

**3. Cash flow hedge**

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value (losses) of the derivative is recognized and presented in Other comprehensive income under this account head. The changes may be subsequently reclassified to profit and loss in accordance with the relevant NFRSs shall also be deducted from the fair value reserve.

**4. Net actuarial gain/loss on defined benefit plans**

Re-measurement gain/losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and shall be presented under this account head.

**5. Income tax relating to these items**

The income tax relating to the items shown in other comprehensive income shall be presented under this head.

**4.1 Cash and cash equivalent**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Cash in hand	30,839,594	53,617,517
Balances with B/FIs	176,922,402	380,218,252
Money at call and short notice	-	-
Other	-	-
<b>Total</b>	<b>207,761,996</b>	<b>433,835,769</b>

**4.2 Due from Nepal Rastra Bank**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Statutory balances with NRB	177,085,140	138,555,510
Securities purchased under resale agreement	-	-
Other deposit and receivable from NRB	-	-
<b>Total</b>	<b>177,085,140</b>	<b>138,555,510</b>

**4.3 Placement with Bank and Financial Institutions**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Placement with domestic B/FIs	-	-
Placement with foreign B/FIs	-	-
Less: Allowances for impairment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4.4 Derivative Financial Instruments**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
<b><i>Held for trading</i></b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
<b><i>Held for risk management</i></b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4.5 Other Trading Assets**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Treasury bills	-	-
Government bonds	-	-
NRB Bonds	-	-
Domestic Corporate bonds	-	-
Equities	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Pledged	-	-
Non-pledged	-	-

**4.6 Loan and Advances to Banks and Financial Institutions**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Loans to microfinance institutions	25,000,000	5,015,006
Other	-	-
Less: Allowances for impairment	325,000	65,195
<b>Total</b>	<b>24,675,000</b>	<b>4,949,811</b>

**4.6.1: Allowances for impairment**

<b>Balance at the end of Previous Year</b>	<b>65,195</b>	<b>4,314,454</b>
Impairment loss for the year:	259,805	(4,249,259)
Charge for the year	259,805	-
Recoveries/reversal	-	(4,249,259)
Amount written off	-	-
<b>Balance at the end of this year</b>	<b>325,000</b>	<b>65,195</b>

**4.7 Loans and advances to customers**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Loan and advances measured at amortized cost	3,709,728,579	3,300,383,726
Less: Impairment allowances	(130,477,891)	(104,380,298)
Collective impairment	-	-
Individual impairment	130,477,891	104,380,298
<b>Net amount</b>	<b>3,579,250,688</b>	<b>3,196,003,428</b>
Loan and advances measured at FVTPL	-	-
<b>Total</b>	<b>3,579,250,688</b>	<b>3,196,003,428</b>

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

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Product</b>		
Term loans	161,033,313	89,180,569
Overdraft	267,011,538	312,206,737
Trust receipt/Import loans	-	-
Demand and other working capital loans	117,202,265	81,688,341
Personal residential loans	655,258,609	504,992,065
Real estate loans	294,960,999	210,047,938
Margin lending loans	226,940,896	220,925,500
Hire purchase loans	169,706,964	173,692,655
Deprived sector loans	176,881,711	207,441,177
Bills purchased	-	-
Staff loans	52,065,495	23,813,534
Other	1,525,633,266	1,446,135,063
<b>Sub total</b>	<b>3,646,695,056</b>	<b>3,270,123,579</b>
Interest receivable	63,033,523	30,260,147
<b>Grand total</b>	<b>3,709,728,579</b>	<b>3,300,383,726</b>

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

Particulars	31 Ashad 2080	32 Ashad 2079
Nepalese rupee	3,709,728,579	3,300,383,726
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japanese yen	-	-
Chinese yuan	-	-
Other	-	-
<b>Total</b>	<b>3,709,728,579</b>	<b>3,300,383,726</b>

#### 4.7.3: Analysis of loan and advances - By Collateral

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Secured</b>		
Movable/immovable assets	3,097,437,817	2,757,435,564
Gold and silver	-	380,000
Guarantee of domestic B/FIs		
Government guarantee	4,015,316	4,015,316
Guarantee of international rated bank	-	-
Collateral of export document	-	-
Collateral of fixed deposit receipt	92,711,707	88,887,498
Collateral of Government securities	-	-
Counter guarantee	-	-
Personal guarantee	173,217,403	167,500,284
Other collateral	279,312,813	251,904,917
<b>Subtotal</b>	<b>3,646,695,056</b>	<b>3,270,123,579</b>
Unsecured	63,033,523	30,260,147
<b>Grant Total</b>	<b>3,709,728,579</b>	<b>3,300,383,726</b>

#### 4.7.4: Allowances for impairment

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Specific allowances for impairment</b>		
<b>Balance at the end of Previous Year</b>	<b>104,380,298</b>	<b>248,289,976</b>
Impairment loss for the year:	26,097,593	(143,909,678)
Charge for the year	26,097,593	
Recoveries/reversal during the year		(143,909,678)
Write-offs	-	-
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
<b>Balance at the end of This Year</b>	<b>130,477,891</b>	<b>104,380,298</b>
<b>Collective allowances for impairment</b>		
<b>Balance at the end of Previous Year</b>	-	-
Impairment loss for the year:	-	-
Charge/(reversal) for the year	-	-
Exchange rate variance on foreign currency impairment	-	-
Other movement	-	-
<b>Balance at the end of This Year</b>	-	-
<b>Total allowances for impairment</b>	<b>130,477,891</b>	<b>104,380,298</b>

#### 4.8 Investment securities

Amount in NPR

Particulars	31 Ashad 2080	32 Ashad 2079
Investment securities measured at amortized cost	919,338,324.00	634,847,145
Investment in equity measured at FVTOCI	243,798,029.00	349,493,800
<b>Total</b>	<b>1,163,136,353</b>	<b>984,340,945</b>

#### 4.8.1: Investment securities measured at amortized cost

Particulars	31 Ashad 2080	32 Ashad 2079
Debt securities	-	-
Government bonds	537,972,174	537,972,174
Government treasury bills	381,366,150	96,874,971
Nepal Rastra Bank bonds	-	-
Nepal Rastra Bank deposits instruments	-	-
Other	-	-
Less: specific allowances for impairment	-	-
<b>Total</b>	<b>919,338,324</b>	<b>634,847,145</b>

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

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Equity instruments</b>	-	-
Quoted equity securities	191,248,829	299,054,900
Unquoted equity securities	52,549,200	15,438,900
<b>Total</b>	<b>243,798,029</b>	<b>314,493,800</b>

**4.8.3: Information relating to investment in equities**
**Amount in NPR**

Particulars	31 Ashad 2080		32 Ashad 2079	
	Cost	Fair Value	Cost	Fair Value
<b>Investment in quoted equity</b>	<b>131,544,300</b>	<b>191,248,829</b>	<b>134,044,300</b>	<b>299,054,900</b>
National Micro Finance Bittiya Sanstha Ltd. (Promoter) 25,000 shares of Rs. 100 each and 54,873 bonus shares	-	-	2,500,000	171,871,951
National Micro Finance Bittiya Sanstha Ltd. (Promoter) 49,893 bonus shares	-	55,630,695		
Nepal Life Insurance Co. Ltd. 1 Bonus share	-	744	-	747
NIC Asia Balanced Fund 1,000,000 shares os Rs.10 each	10,000,000	9,330,000	10,000,000	10,710,000
NMB Mutual Fund 1,000,000 shares of Rs.10 each	10,000,000	10,500,000	10,000,000	12,900,000
Sanima Large Cap Fund 2,000,000 shares of Rs. 10 each	20,000,000	17,840,000	20,000,000	18,640,000
Kumari Equity Fund 250,000 shares of Rs. 10 each	2,500,000	2,542,500	2,500,000	2,517,500
NIBSF2 2,000,000 shares of Rs. 10 each	20,000,000	18,220,000	20,000,000	17,340,000
PSF 1,468,090 shares of Rs. 10 each	14,680,900	12,992,597	14,680,900	14,108,345
SBCF 2,000,000 shares of Rs. 10 each	20,000,000	15,700,000	20,000,000	17,480,000
Mega Mutual Fund 1 436340 Shares of Rs. 10 Each	4,363,400	3,486,357	4,363,400	3,486,357
Kumari Dhanbriddhi Yojana 200,000 Shares of Rs. 10 Each	20,000,000	20,080,000	20,000,000	20,000,000
General Insurance Company Limited (Public) 27,143 Shares of Rs. 100 Each	2,714,300	17,640,236		
General Insurance Company Limited (Promoter) 100,000 Shares of Rs. 100 Each	7,285,700	7,285,700	10,000,000	10,000,000
<b>Investment in unquoted equity</b>	<b>37,816,200</b>	<b>52,549,200</b>	<b>37,816,200</b>	<b>50,438,900</b>
Nepal Clearing House 55,535 Shares of Rs. 100 Each	2,025,200	7,663,800	2,025,200	5,553,500
Karja Suchana Kendra 98,854 Shares of Rs. 100 Each	791,000	9,885,400	791,000	9,885,400
Citizen Investment Trust 350000 Shares of Rs 100 Each	35,000,000	35,000,000	35,000,000	35,000,000
<b>Total</b>	<b>169,360,500</b>	<b>243,798,029</b>	<b>171,860,500</b>	<b>349,493,800</b>

**Investment in unquoted equity are shown at cost considering networth of invested equity are not less than cost.**

**4.9 Current Tax**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Current tax assets</b>	<b>73,507,928</b>	<b>71,713,294</b>
Current year income tax assets	2,034,703	4,578,519
Tax assets of prior periods	71,713,294	67,163,920
Opening Tax asset adjustment	(240,069)	(29,145)
<b>Current tax liabilities</b>	<b>41,508,922</b>	<b>25,166,569</b>
Current year income tax liabilities	16,342,353	-
Tax liabilities of prior periods	25,166,569	25,166,569
<b>Total</b>	<b>31,999,006</b>	<b>46,546,725</b>

**4.10 Investment In Subsidiaries**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Investment in quoted subsidiaries	-	-
Investment in unquoted subsidiaries	-	-
<b>Total investment</b>	<b>-</b>	<b>-</b>
Less: Impairment allowances	-	-
Net carrying amount	-	-

**4.10.1: Investment in quoted subsidiaries**

Particulars	31 Ashad 2080	32 Ashad 2079
	Cost	Cost
.....Ltd.		
.....shares of Rs. ....each		
.....Ltd.		
.....shares of Rs. ....each		
.....		
<b>Total</b>	<b>-</b>	<b>-</b>

**4.10.2: Investment in unquoted subsidiaries**

Particulars	31 Ashad 2080	32 Ashad 2079
	Cost	Cost
.....Ltd.		
.....shares of Rs. ....each		
.....Ltd.		
.....shares of Rs. ....each	-	
.....		
<b>Total</b>	<b>-</b>	<b>-</b>

**4.10.3: Information relating to subsidiaries of the Finance**

Particulars	Percentage of ownership held by the Finance	
	31 Ashad 2080	32 Ashad 2079

**4.10.4: Non controlling interest of the subsidiaries**

Particulars	Current Year	
	....Ltd	....Ltd
Equity interest held by NCI (%)		
Profit/(loss) allocated during the year		-
Accumulated balances of NCI as on Ashadh end 2079		-
Dividend paid to NCI		
Funds used		-
NCI as on Ashadh end 2080	-	-

Particulars	Previous Year	
	....Ltd	....Ltd
Equity interest held by NCI (%)		
Profit/(loss) allocated during the year		-
Accumulated balances of NCI as on Ashadh end 2078		-
Dividend paid to NCI		
Funds used		-
NCI as on Ashadh end 2079		-

**4.11 Investment In Associates**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Investment in quoted associates	-	-
Investment in unquoted associates	-	-
Total investment	-	-
Less: Impairment allowances	-	-
Net carrying amount	-	-

**4.11.1: Investment in quoted associates**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
	Cost	Cost
.....Ltd. .....shares of Rs. ....each		
.....Ltd. .....shares of Rs. ....each		
.....		
<b>Total</b>		

**4.11.2: Investment in unquoted associates**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
	Cost	Cost
.....Ltd. .....shares of Rs. ....each		
.....Ltd. .....shares of Rs. ....each		
.....		
<b>Total</b>		

**4.11.3: Information relating to associates of the Finance**

*Amount in NPR*

Particulars	Percentage of ownership held by the Finance	
	31 Ashad 2080	32 Ashad 2079
.....Ltd.		
.....Ltd.		
.....Ltd.		
.....Ltd.		
.....		

**4.11.4: Equity value of associates**

Particulars		
.....Ltd.		
.....Ltd.		
.....		
<b>Total</b>		

**4.12 Investment Properties**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Investment properties measured at fair value		
Balance as on the end of Previous Year	-	-
Addition/disposal during the year- Net	-	-
Net changes in fair value during the year	-	-
Adjustment/transfer	-	-
Net amount	-	-
Investment properties measured at cost		
Balance as on the end of Previous Year	183,369,960	153,158,652
Addition/disposal during the year	29,936,701	30,211,308
Adjustment/transfer	-	-
Accumulated depreciation	-	-
Accumulated impairment loss	-	-
Net amount	213,306,661	183,369,960
<b>Total</b>	<b>213,306,661</b>	<b>183,369,960</b>

Non-current assets (such as property) and disposal groups (including both the assets and liabilities of the disposal groups) are classified as Investment Properties and measured at cost.



**4.13 Property and equipment**
*Amount in NPR*

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total Asar end 2080	Total Asar End 2079
<b>Cost</b>										
<b>As on Shrawan 1, 2078</b>	<b>88,561,728</b>	<b>61,099,406</b>	<b>12,476,772</b>	<b>21,212,482</b>	<b>14,411,373</b>	<b>24,296,656</b>	<b>847,500</b>	<b>50,773,464</b>		<b>273,679,381</b>
Addition during the Year	32,240,979	-	78,207,346	823,500	7,872,664	1,732,197	-	8,184,730		129,061,416
Acquisition			71,994,364	823,500	7,872,664	1,732,197	-	8,184,730.00		90,607,455
Capitalization	32,240,979		6,212,982							
Disposal during the year			(1,244,878)	(484,158)	(6,303,454)	(2,232,519)		(6,707,203)		(26,768,113)
Adjustment/Revaluation-78-79	-									
<b>Balance as on Ashadh end 2079</b>	<b>120,802,707</b>	<b>61,099,406</b>	<b>89,439,240</b>	<b>21,551,824</b>	<b>15,980,583</b>	<b>23,796,334</b>	<b>847,500</b>	<b>52,250,991</b>	<b>385,768,585</b>	<b>385,768,585</b>
Addition during the Year	31,470,000	540,362	41,803,681	1,343,000	7,339,100	1,783,034	-	7,980,640	92,259,817	
Acquisition			27,801,256	1,343,000	7,339,100	1,783,034	-	7,980,640	46,247,030	
Capitalization	31,470,000	540,362	14,002,425						46,012,787	
Disposal during the year										
Adjustment/Revaluation	-		(5,304,214)						(5,304,214)	
<b>Balance as on Ashadh end 2080</b>	<b>152,272,707</b>	<b>61,639,768</b>	<b>125,938,707</b>	<b>22,894,824</b>	<b>23,319,683</b>	<b>25,579,368</b>	<b>847,500</b>	<b>60,231,631</b>	<b>472,724,188</b>	<b>385,768,585</b>
<b>Depreciation and Impairment</b>										
<b>As on Shrawan 1, 2078</b>	-	<b>24,474,339</b>	<b>9,673,961</b>	<b>19,282,690</b>	<b>10,989,941</b>	<b>22,393,575</b>	<b>847,500</b>	<b>43,505,031</b>	<b>131,167,038</b>	<b>131,167,038</b>
Depreciation charge for the year	-	1,527,485	11,714,710	735,692	1,222,984	737,885		2,580,305	18,519,061	18,519,061
Impairment for the year	-									
Disposals	-		(760,595)	(483,050)	(6,303,454)	(2,160,565)		(6,631,180)	(16,338,844)	(16,338,844)
Adjustment upto 78-79	-									
<b>As on Ashadh end 2079</b>	-	<b>26,001,824</b>	<b>20,628,076</b>	<b>19,535,332</b>	<b>5,909,471</b>	<b>20,970,895</b>	<b>847,500</b>	<b>39,454,156</b>	<b>133,347,255</b>	<b>133,347,255</b>
Depreciation charge for the year	-	1,533,918	13,171,163	896,598	2,306,547	1,103,798	-	4,695,991	23,708,015	
Impairment for the year	-									
Disposals	-									
Adjustment	-									
<b>As on Ashadh end 2080</b>	-	<b>27,535,742</b>	<b>33,799,239</b>	<b>20,431,930</b>	<b>8,216,018</b>	<b>22,074,693</b>	<b>847,500</b>	<b>44,150,147</b>	<b>157,055,270</b>	<b>133,347,255</b>
<b>Capital Work in Progress</b>										
<b>Net Book Value</b>										
<b>As on Ashadh end 2078</b>	<b>88,561,728</b>	<b>38,152,552</b>	<b>3,908,874</b>	<b>1,810,037</b>	<b>4,641,168</b>	<b>1,745,457</b>	<b>104,094</b>	<b>5,331,212</b>	<b>144,255,121</b>	
<b>As on Ashadh end 2079</b>	<b>88,561,728</b>	<b>36,625,067</b>	<b>2,802,811</b>	<b>1,929,792</b>	<b>3,421,432</b>	<b>1,903,081</b>	-	<b>7,268,433</b>	<b>142,512,343</b>	<b>142,512,343</b>
<b>As on Ashadh end 2080</b>	<b>152,272,707</b>	<b>34,104,026</b>	<b>92,139,468</b>	<b>2,462,894</b>	<b>15,103,665</b>	<b>3,504,675</b>	-	<b>16,081,484</b>	<b>315,668,918</b>	

The cost of an item of property and equipment has been recognized as an asset, initially recognized at cost. Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the bank. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized as other income in profit or loss. Depreciation on these assets is calculated using the straight-line method to allocate their cost to over their estimated useful life as per management judgement.

**4.14 Goodwill and intangible assets**

*Amount in NPR*

Particulars	Goodwill	Software		Other	Total Ashad end 2080	Total Ashad end 2079
		Purchased	Developed			
<b>Cost</b>						
As on Shrawan 1, 2078	-	4,865,770	-	-	4,865,770	1,806,470
Addition during the Year	-	1,313,067	-	-	1,313,067	3,059,300
Acquisition		-			-	3,059,300
Capitalization	-	1,313,067	-	-	1,313,067	-
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on Ashadh end 2079</b>	-	<b>6,178,837</b>	-	-	<b>6,178,837</b>	<b>4,865,770</b>
Addition during the Year	-	1,346,333	-	-	1,346,333	1,313,067
<i>Acquisition</i>		1,346,333			1,346,333	-
<i>Capitalization</i>	-	-	-	-	-	1,313,067
Disposal during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
<b>Balance as on Ashadh end 2080</b>	-	<b>7,525,170</b>	-	-	<b>7,525,170</b>	<b>6,178,837</b>
<b>Amortization and Impairment</b>						
As on Shrawan 1, 2078	-	1,435,052	-	-	1,435,052	812,736
Amortization charge for the Year	-	932,240	-	-	932,240	622,316
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
<b>As on Ashadh end 2079</b>	-	<b>2,367,292</b>	-	-	<b>2,367,292</b>	<b>1,435,052</b>
Amortization charge for the Year	-	1,101,406	-	-	1,101,406	932,240
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
<b>As on Ashadh end 2080</b>	-	<b>3,468,698</b>	-	-	<b>3,468,698</b>	<b>2,367,292</b>
<b>Capital Work in Progress</b>	-	-	-	-	-	-
<b>Net Book Value</b>						
<b>As on Ashadh end 2078</b>	-	<b>993,734</b>	-	-	<b>993,734</b>	
<b>As on Ashadh end 2079</b>	-	<b>3,430,718</b>	-	-	<b>3,430,718</b>	<b>3,811,545</b>
<b>As on Ashadh end 2080</b>	-	<b>4,056,472</b>	-	-	<b>4,056,472</b>	-

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software to use. Costs associated with the development of software are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Computer software costs are amortized on the basis of estimated useful life. Costs associated with maintaining software are recognized as an expense as incurred.

*Amount in NPR*  
*Current Year*

**4.15 Deferred tax assets**

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets/ (Liabilities)
<b>Deferred tax on temporary differences on following items</b>			
Loan and Advance to B/FIs	-	-	-
Loans and advances to customers	-	-	-
Investment properties	-	-	-
Investment securities	-	22,331,259	(22,331,259)
Property & equipment	(21,935,108)	-	(21,935,108)
Employees' defined benefit plan	-	(2,172,876)	2,172,876
Lease liabilities	24,033,621	-	24,033,621
Provisions	6,942,156	-	6,942,156
Other temporary differences	-	-	-
Deferred tax on temporary differences	9,040,670	20,158,383	(11,117,713)
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
<b>Net Deferred tax asset/(liabilities) as on 31 Ashadh, 2080</b>			<b>(11,117,713)</b>
Deferred tax (asset)/liabilities as on Shrawan 1, 2079			35,144,210
Restatement for netting of Investment securities in 2078-79			(11,148,723)
Restated deferred tax for 2078-79			46,292,934
<b>Origination/(Reversal) during the year</b>			<b>(35,175,221)</b>
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>(2,043,614)</b>
<b>Deferred tax expense/(income) recognised in other comprehensive income</b>			<b>(33,131,607)</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			<b>-</b>

*Previous Year*

Particulars	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	-	-	-
Investment properties	-	-	-
Investment securities	-	53,289,990	(53,289,990)
Property & equipment	(16,982,024)	-	(16,982,024)
Employees' defined benefit plan	15,302,035	-	15,302,035
Lease liabilities	19,742,646	-	19,742,646
Provisions	-	(83,123)	83,123
Other temporary differences	-	-	-
Deferred tax on temporary differences	18,062,657	53,206,867	(35,144,210)
Deferred tax on carry forward of unused tax losses	-	-	-
Deferred tax due to changes in tax rate	-	-	-
<b>Net Deferred tax asset/(liabilities) as on 31 Ashadh 2079</b>			<b>(35,144,210)</b>
Deferred tax (asset)/liabilities as on 1 Shrawan, 2078			(10,532,984)
<b>Origination/(Reversal) during the year</b>			<b>(45,677,194)</b>
Opening Adjustment due to merger			
<b>Deferred tax expense/(income) recognised in profit or loss</b>			<b>(620,885)</b>
<b>Deferred tax expense/(income) recognised in other comprehensive income</b>			<b>46,298,080</b>
<b>Deferred tax expense/(income) recognised in directly in equity</b>			

Note :

#### 4.16 Other Assets

Amount in NPR

Particulars	31 Ashad 2080	32 Ashad 2079
Assets held for sale	-	-
Other non banking assets	-	-
Bills receivable	-	-
Accounts receivable	240,471	377,839
Accrued income	2,677,500	2,082,500
Prepayments and deposit	7,878,493	2,657,419
Income tax deposit	6,923,456	6,923,456
Deferred employee expenditure	242,615	829,896
Other	16,534,045	13,848,708
Stationary Stock	981,916	481,359
Receivable Insurance	184,765	128,009
Bank 1 day interest receivable	-	6,225
Unwinding of Interest	645,057	480,138
Gratuity Surplus	-	-
Debit Card Stock	349,396	135,771
Other	14,372,911	12,617,206
<b>Total</b>	<b>34,496,580</b>	<b>26,719,818</b>

#### 4.17 Due to bank and financial institutions

Amount in NPR

Particulars	31 Ashad 2080	32 Ashad 2079
Money market deposits	-	-
Interbank borrowing	-	-
Settlement and clearing accounts	-	-
Other deposits from BFIs	102,772,834	59,488,447
<b>Total</b>	<b>102,772,834</b>	<b>59,488,447</b>

The balances in accounts maintained with the Bank by other local financial institutions have been presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution are also presented under this head.

#### 4.18 Due to Nepal Rastra Bank

Amount in NPR

Particulars	31 Ashad 2080	32 Ashad 2079
Refinance from NRB	-	65,912,106
Standing Liquidity Facility	-	-
Lender of last resort facility from NRB	-	-
Securities sold under repurchase agreements	-	-
Other payable to NRB	-	-
<b>Total</b>	<b>-</b>	<b>65,912,106</b>

The amount payable to NRB shall include amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

**4.19 Derivative Financial Instruments**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Held for trading</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Others	-	-
<b>Held for risk management</b>	-	-
Interest rate swap	-	-
Currency swap	-	-
Forward exchange contract	-	-
Other	-	-
<b>Total</b>	-	-

**4.20 Deposits from customers**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Institutions customers:</b>		
Term deposits	228,037,921	344,340,899
Call deposits	200,898,343	194,016,154
Current deposits	34,341,408	41,524,513
Other	31,906,416	11,020,871
<b>Individual customers:</b>		
Term deposits	2,784,557,972	2,250,019,112
Saving deposits	981,709,093	892,243,255
Current deposits	26,279,686	29,981,123
Other	-	-
<b>Total</b>	<b>4,287,730,839</b>	<b>3,763,145,927</b>

**4.20.1: Currency wise analysis of deposit from customers**

Particulars	31 Ashad 2080	32 Ashad 2079
Nepalese rupee	4,287,730,839	3,763,145,927
Indian rupee	-	-
United State dollar	-	-
Great Britain pound	-	-
Euro	-	-
Japenese yen	-	-
Chinese yuan	-	-
Other	-	-
<b>Total</b>	<b>4,287,730,839</b>	<b>3,763,145,927</b>

**4.21 Borrowing**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Domestic Borrowing</b>	-	-
Nepal Government	-	-
Other Institutions	-	-
Other	-	-
<b>Foreign Borrowing</b>	-	-
Foreign Bank and Financial Institutions	-	-
Multilateral Development Banks	-	-
Other Institutions	-	-
<b>Total</b>	-	-

#### 4.22 Provisions

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Provisions for redundancy	-	-
Provision for restructuring	-	-
Pending legal issues and tax litigation	-	-
Onerous contracts	-	-
Other	-	-

#### 4.22.1: Movement in provision

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Balance at Shrawan 1, 2079</b>	-	-
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Unwind of discount	-	-
<b>Balance at Ashadh end, 2080</b>	-	-

#### 4.23 Other liabilities

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Liability for employees defined benefit obligations	6,633,446	277,076
Liability for long-service leave	16,507,075	13,844,370
Short-term employee benefits	-	-
Bills payable	-	-
Creditors and accruals	11,900,704	11,112,209
Interest payable on deposit	4,806,899	3,933,521
Interest payable on borrowing - refinance	-	-
Liabilities on deferred grant income	-	-
Unpaid Dividend	594,563	594,563
Liabilities under Finance Lease	80,112,071	65,808,820
Employee bonus payable	1,044,081	15,056,058
<b>Other</b>	<b>47,975,460</b>	<b>46,110,097</b>
TDS Payable	5,187,379	4,937,905
Interest TDS	3,894,164	3,678,506
Salary TDS	662,532	727,802
Other TDS	630,683	531,597
<b>Others</b>	<b>42,788,081</b>	<b>41,172,192</b>
Interest Suspense Due to NBA	25,610,997	31,727,194
Other Payable	15,987,065	8,254,977
Provisions	1,190,019	1,190,021
<b>Total</b>	<b>169,574,299</b>	<b>156,736,714</b>

**4.23.1: Defined benefit obligations**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Present value of unfunded obligations	-	-
Present value of funded obligations	-	-
Total present value of obligations	-	-
Fair value of plan assets	-	-
Present value of net obligations	-	-
Recognised liability for defined benefit obligations	43,468,863	37,439,488

**4.23.2: Plan assets**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Plan assets comprise		
Equity securities	-	-
Government bonds	-	-
Bank deposit	-	-
<b>Other(Deposit at CIT)</b>	<b>36,835,415</b>	<b>37,162,412</b>
<b>Total</b>	<b>36,835,415</b>	<b>37,162,412</b>
Actual return on plan assets		

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

Particulars	31 Ashad 2080	32 Ashad 2079
Defined benefit obligations at Shrawan 1, 2079	37,439,488	42,818,463
Actuarial losses	3,369,029	(7,004,709)
Benefits paid by the plan	(4,200,065)	(5,496,857)
Current service costs and interest	6,860,411	7,122,591
<b>Defined benefit obligations at Ashadh end, 2080</b>	<b>43,468,863</b>	<b>37,439,488</b>

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

Particulars	31 Ashad 2080	32 Ashad 2079
Fair value of plan assets at Shrawan 1, 2079	37,162,412	37,433,644
Contributions paid into the plan	3,873,068	5,225,625
Benefits paid during the year	(4,200,065)	(5,496,857)
Actuarial (losses) gains	(3,873,890)	(3,122,930)
Expected return on plan assets	3,873,890	3,122,930
<b>Fair value of plan assets at Ashadh end, 2080</b>	<b>36,835,415</b>	<b>37,162,412</b>

**4.23.5: Amount recognised in profit or loss**

Particulars	31 Ashad 2080	32 Ashad 2079
Current service costs	-	-
Interest on obligation	-	-
Actuarial (gain)/loss	-	-
Expected return on plan assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4.23.6: Amount recognised in other comprehensive income**

Particulars	31 Ashad 2080	32 Ashad 2079
Actuarial (gain)/loss	7,242,919	277,076
<b>Total</b>	<b>7,242,919</b>	<b>277,076</b>

**4.23.7: Actuarial assumptions**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Discount rate	10.00%	10.00%
Expected return on plan asset	10.00%	10.00%
Future salary increase	10.00%	10.00%
Withdrawal rate	10.00%	10.00%

**4.24 Debt securities issued**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Debt securities issued designated as at fair value through profit or loss	-	-
Debt securities issued at amortised cost	-	-
<b>Total</b>	-	-

**4.25 Subordinated Liabilities**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Redeemable preference shares	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-
Other	-	-
<b>Total</b>	-	-

**4.26 Share Capital**

*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
Ordinary shares	854,816,779	828,913,789
Convertible preference shares (equity component only)	-	-
Irredeemable preference shares (equity component only)	-	-
Perpetual debt (equity component only)	-	-
<b>Total</b>	<b>854,816,779</b>	<b>828,913,789</b>

**4.26.1: Ordinary shares**

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Authorized Capital</b>		
10,000,000 Ordinary Share of Rs. 100 each	1,000,000,000	1,000,000,000
<b>Issued capital</b>		
8,905,242.37 Ordinary Share of Rs. 100 each	890,524,237	890,524,237
<b>Subscribed and paid up capital</b>		
8,548,167.79 Ordinary Share of Rs. 100 each	854,816,779	828,913,789
<b>Total</b>	<b>854,816,779</b>	<b>828,913,789</b>

**4.26.2: Ordinary share ownership**

Particulars	31 Ashad 2080		32 Ashad 2079	
	Percent	Amount	Percent	Amount
<b>Domestic ownership</b>	<b>100%</b>	<b>854,816,779</b>	<b>100%</b>	<b>828,913,789</b>
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed intitutions	-	-	-	-
Other Institutions (Promoters)	-	-	-	-
Public	40.18%	343,445,662	40.73%	337,602,672
Other (Promoters)	59.82%	511,371,117	59.27%	491,311,117
<b>Foreign ownership</b>	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>854,816,779</b>	<b>100%</b>	<b>828,913,789</b>



**Note: Shareholders holding 0.5% or more Shares**

<b>SN</b>	<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
1	Rajendra Kumar Sharma	901,642	10.55%
2	Robinda Prasad Shrestha	531,849	6.22%
3	Devendra Prasad Dhoju	374,842	4.39%
4	Rajendra Prasad Dhoju	351,022	4.11%
5	Laxmi Shrestha	208,094	2.43%
6	Indra Lal Shrestha	200,584	2.35%
7	Ramvha Shrestha	165,231	1.93%
8	Milan Thapa	145,586	1.70%
9	Bindu Gaire Sharma	145,450	1.70%
10	Bijula Thapa Khadka	106,936	1.25%
11	Yubaraj Sharma	106,434	1.25%
12	Durga Vohra	85,071	1.00%
13	Bandana Sapkota	81,923	0.96%
14	Gauri Shrestha	75,582	0.88%
15	Ran Kumari Shrestha	68,426	0.80%
16	Amulya Manandhar	58,967	0.69%
17	Bishnu Bahadur K.C.	56,340	0.66%
18	Ram Krishna Neupane	52,152	0.61%
19	Jamuna Kumari Thapa	47,486	0.56%
20	Nirmala Kumari Suwal	43,604	0.51%
21	Kapur Prasad Vaijoo	42,902	0.50%
	<b>Total</b>	<b>3,850,123</b>	<b>45.05%</b>

**4.27 Reserves**

*Amount in NPR*

<b>Particulars</b>	<b>31 Ashad 2080</b>	<b>32 Ashad 2079</b>
Statutory general reserve	239,005,432	230,966,265
Exchange equilisation reserve	-	-
Corporate social responsibility reserve	1,506,703	2,100,882
Capital Redemption Reserve	-	-
Regulatory reserve	245,337,016	201,735,700
Investment adjustment reserve	-	-
Capital reserve	3,628,619	3,628,619
Assets revaluation reserve	-	-
Fair value reserve	52,106,270	124,343,310
Dividend equalisation reserve	-	-
Debenture redemption reserve	-	-
Actuarial gain	(5,263,996)	(193,953)
Special reserve	-	-
Deferred Tax Reserve	-	-
Other reserve	613,079	22,405
<b>Total</b>	<b>536,933,123</b>	<b>562,603,228</b>

**4.28 Contingent Liabilities and Commitment**

*Amount in NPR*

<b>Particulars</b>	<b>31 Ashad 2080</b>	<b>32 Ashad 2079</b>
Contingent liabilities	200,000	10,150,000
Undrawn and undisbursed facilities	121,014,000	78,557,000
Capital commitment	-	-
Lease Commitment	-	-
Litigation	26,910,743	19,987,287
<b>Total</b>	<b>148,124,743</b>	<b>108,694,287</b>

**4.28.1: Contingent liabilities**

*Amount in NPR*

<b>Particulars</b>	<b>31 Ashad 2080</b>	<b>32 Ashad 2079</b>
Acceptance and documentary credit	-	-
Bills for collection	-	-
Forward exchange contracts	-	-
Guarantees	200,000	10,150,000
Underwriting commitment	-	-
Other commitments	-	-
<b>Total</b>	<b>200,000</b>	<b>10,150,000</b>

**4.28.2: Undrawn and undisbursed facilities**

*Amount in NPR*

<b>Particulars</b>	<b>31 Ashad 2080</b>	<b>32 Ashad 2079</b>
Undisbursed amount of loans	-	-
Undrawn limits of overdrafts	121,014,000	78,557,000
Undrawn limits of credit cards	-	-
Undrawn limits of letter of credit	-	-
Undrawn limits of guarantee	-	-
<b>Total</b>	<b>121,014,000</b>	<b>78,557,000</b>

**4.28.3: Capital commitments**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Capital commitments in relation to Property and Equipment</b>		
Approved and contracted for	-	
Approved but not contracted for	-	
<b>Sub total</b>	-	-
<b>Capital commitments in relation to Intangible assets</b>		
Approved and contracted for	-	
Approved but not contracted for	-	
<b>Sub total</b>	-	-
<b>Total</b>	-	-

**4.28.4: Lease commitments**
*Amount in NPR*

Particulars	31 Ashad 2080	32 Ashad 2079
<b>Operating lease commitments</b>		
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		
<b>Sub total</b>		
<b>Finance lease commitments</b>		
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		
<b>Sub total</b>		
<b>Grand total</b>		

**4.28.5: Litigation**

The bank's litigations are generally related to its ordinary course of business pending on various jurisdiction.

Litigations are mainly in the nature of income tax. Other litigations include cases pending in various courts & tribunal in Nepal pertaining to assets recovered from the borrowers.

**4.29 Interest Income**
*Amount in NPR*

Particulars	Current Year	Previous Year
Cash and cash equivalent	9,516,100.00	11,442,165
Due from Nepal Rastra Bank	-	-
Placement with bank and financial institutions	1,878,832.00	3,961,627
Loan and advances to bank and financial institutions	1,356,097.00	7,395,813
Loans and advances to customers	519,581,356.00	341,604,686
Investment securities	52,366,749.00	22,822,875
Loan and advances to staff	3,619,739.00	2,046,398
Other	3,156,713.00	11,639,073
<b>Total interest income</b>	<b>591,475,586.00</b>	<b>400,912,637</b>

**4.30 Interest expenses**
*Amount in NPR*

Particulars	Current Year	Previous Year
Due to bank and financial institutions	6,650,686	6,615,400
Due to Nepal Rastra Bank	1,415,600	2,517,532
Deposits from customers	436,361,474	265,029,835
Borrowing	-	-
Debt securities issued	-	-
Subordinated liabilities	-	-
Other	6,143,048	5,039,605
<b>Total interest expense</b>	<b>450,570,808</b>	<b>279,202,372</b>

**4.31 Fees and commission income**

*Amount in NPR*

Particulars	Current Year	Previous Year
Loan administration fees	-	-
Service fees	15,519,956	18,612,611
Consortium fees	-	-
Commitment fees	-	-
DD/TT/Swift fees	-	-
Credit card/ATM issuance and renewal fees	110,630	-
Renewal fees	-	-
Prepayment and swap fees	-	-
Investment banking fees	-	-
Asset management fees	-	-
Brokerage fees	-	-
Remittance fees	-	-
Commission on letter of credit	-	-
Commission on guarantee contracts issued	-	-
Commission on share underwriting/issue	-	-
Locker rental	82,000	69,575
Other fees and commission income	10,036,501	3,049,075
<b>Total fees and Commission Income</b>	<b>25,749,087</b>	<b>21,731,261</b>

**4.32 Fees and commission expense**

*Amount in NPR*

Particulars	Current Year	Previous Year
ATM management fees	783,219	418,886
VISA/Master card fees	-	-
Guarantee commission	-	-
Brokerage	-	-
DD/TT/Swift fees	-	-
Remittance fees and commission	-	-
Other fees and commission expense	-	-
<b>Total fees and Commission Expense</b>	<b>783,219</b>	<b>418,886</b>

**4.33 Net trading income**

*Amount in NPR*

Particulars	Current Year	Previous Year
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 on foreign exchange transaction	-	-
Other	-	-
<b>Net trading income</b>	<b>-</b>	<b>-</b>

**4.34 Other operating income**

*Amount in NPR*

Particulars	Current Year	Previous Year
Foreign exchange revaluation gain	-	-
Gain/loss on sale of investment securities	-	3,781,924
Fair value gain/loss on investment properties	-	-
Dividend on equity instruments	4,836,027	8,138,480
Gain/loss on sale of property and equipment	-	3,740,923
Gain/loss on sale of investment property	8,416,243	9,071,868
Operating lease income	-	-
Gain/loss on sale of gold and silver	-	-
Locker rent	-	-
Other	16,961,638	14,813,182
<b>Total</b>	<b>30,213,908</b>	<b>39,546,377</b>

**4.35 Impairment charge/ (reversal) for the loans and other losses**
*Amount in NPR*

Particulars	Current Year	Previous Year
Impairment charge/(reversal) on loan and advances to B/FIs	259,805	(4,249,259)
Impairment charge/(reversal) on loan and advances to customer	26,097,593	(143,909,678)
Impairment charge/(reversal) on financial investment	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	-
Impairment charge/(reversal) on property and equipment	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-
Impairment charge/(reversal) on investment properties	-	-
<b>Total</b>	<b>26,357,398</b>	<b>(148,158,937)</b>

**4.36 Personnel expenses**
*Amount in NPR*

Particulars	Current Year	Previous Year
Salary	38,962,780	35,163,190
Allowances	26,103,284	22,740,967
Gratuity expense	61,461	2,818,905
Provident fund	3,890,208	3,522,459
Uniform	2,053,477	1,800,000
Training & development expense	2,186,357	2,315,331
Leave encashment	7,330,301	5,825,900
Medical	3,106,678	2,863,972
Insurance	-	-
Employees incentive	-	-
Cash-settled share-based payments	-	-
Pension expense	-	-
Finance expense under NFRS	-	460,907
Other expenses related to staff	810,681	-
Subtotal	84,505,227	77,511,631
Employees bonus	1,044,081	15,056,058
<b>Grand total</b>	<b>85,549,308</b>	<b>92,567,689</b>

**4.37 Other operating expense**
*Amount in NPR*

Particulars	Current Year	Previous Year
Directors' fee	403,500	650,000
Directors' expense	295,891	207,548
Auditors' remuneration	654,450	621,500
Other audit related expense	1,226,559	613,500
Professional and legal expense	1,233,985	877,327
Office administration expense	41,672,066	37,249,221
Operating lease expense	-	1,347,476
Operating expense of investment properties	-	-
Corporate social responsibility expense	680,452	252,952
Onerous lease provisions	-	-
Other	307,900	-
Share Issue Expenses	307,900	-
Others	-	-
<b>Total</b>	<b>46,474,803</b>	<b>41,819,524</b>

**4.37.1 Office administration expense**

*Amount in NPR*

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Water and electricity	3,536,347	2,816,060
Repair and Maintenance	2,290,484	2,822,149
(a) Building	410,770	275,791
(b) Vehicle	863,253	1,205,330
(c) Computer and accessories	85,830	45,863
(d) Office equipment and furniture	718,606	990,944
(e) Other	212,025	304,221
Insurance	678,459	697,624
Postage, Telephone, Internet and Email	3,071,165	2,737,472
Printing & Stationery	1,892,308	1,798,037
Newspaper & Periodicals	142,056	78,444
Advertisements	1,229,072	1,406,115
Donation	3,700	23,000
Security Expense	9,439,779	7,416,246
Deposit and Loan guarantee premium	2,225,630	1,417,438
Travel Allowance and Expense	2,276,938	2,235,006
Fuel Expenses	1,868,480	1,364,265
Entertainment	-	-
Annual/Special General Meeting expense	224,753	442,885
Other	12,792,895	11,994,480
(a) Office Expenses	7,119,314	6,230,313
(b) Technical Service Fees	2,272,393	1,554,293
(c) Other Fees & taxes	1,211,089	2,691,188
(d) Miscellaneous Expenses	630,889	778,823
(e) Membership Fee	495,000	739,863
(f) Branch Opening/Relocation Expenses	824,141	-
(g) Income Tax Expenses	240,069	-
<b>Total</b>	<b>41,672,066</b>	<b>37,249,221</b>

**4.38 Depreciation and amortization**

*Amount in NPR*

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Depreciation on property and equipment	23,708,015	18,519,061
Depreciation on investment property	-	-
Amortisation of intangible assets	1,101,406	932,240
<b>Total</b>	<b>24,809,421</b>	<b>19,451,301</b>

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRS on property and equipment, and investment properties, and amortization of intangible assets is presented under this head.

**4.39 Non-operating income**

*Amount in NPR*

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>Recovery of loan written off</b>	<b>503,107</b>	<b>3,841,713</b>
Other income	-	-
<b>Total</b>	<b>503,107</b>	<b>3,841,713</b>

**4.40 Income tax expenses**

*Amount in NPR*

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Loan written off	-	45,111,402
Redundancy provision	-	-
Expense of restructuring	-	-
Other expense	4,000,000	115,227
<b>Total</b>	<b>4,000,000</b>	<b>45,226,629</b>

**4.41 Income tax expense**
*Amount in NPR*

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>Current tax expense</b>	<b>2,812,999</b>	<b>-</b>
Current year	2,812,999	-
Adjustments for prior years	-	-
<b>Deferred tax expense</b>	<b>(2,043,614)</b>	<b>(620,885)</b>
Origination and reversal of temporary differences	(2,043,614)	(620,885)
Changes in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
<b>Total income tax expense</b>	<b>769,385</b>	<b>(620,885)</b>

The amount of income tax on net taxable profit is recognized and presented under this account head. This account head includes current tax expense and deferred tax expense/deferred tax income.

**4.41.1: Reconciliation of tax expense and accounting profit**
*Amount in NPR*

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Profit before tax	9,396,731	135,504,524
Tax amount	2,819,019	40,651,357
Add: Tax effect of expenses that are not deductible for tax purpose	20,102,476	(16,067,916)
Less: Tax effect on exempt income		
Add/less: Tax effect on other items	(11,910,963)	(11,910,963)
<b>Total income tax expense</b>	<b>11,010,532</b>	<b>12,672,478</b>
<b>Effective tax rate</b>	<b>117.17%</b>	<b>9.35%</b>

**Comparison of Unaudited and Audited Financial Statements as of FY 2079/80**

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
<b>Assets</b>					
Cash and cash equivalent	207,762	207,762	0	0%	Regrouping and netting of items
Due from NRB and placements with BFIs	177,085	177,085	(0)	0%	
Loan and advances	3,615,165	3,603,926	11,239	0%	LLP as per NRB Onsite Inspection
Investments Securities	1,155,164	1,163,136	(7,972)	-1%	Regrouping of items
Investment in subsidiaries and associates	-	-	-	0%	
Property and Equipment	243,647	315,669	(72,022)	-30%	ROU shown in PPE in audited F/S
Goodwill and intangible assets	4,056	4,056	(0)	0%	
Other assets	404,068	279,802	124,266	31%	Regrouping and netting of items
<b>Total Assets</b>	<b>5,806,947</b>	<b>5,751,437</b>	<b>55,510</b>	<b>1%</b>	<b>Netting of Items</b>
<b>Capital and Liabilities</b>					
Paid up Capital	854,817	854,817	0	0%	
Reserves and surplus	339,436	325,424	14,012	4%	Decrease in profit due to NFRS provisions
Deposits	4,390,504	4,390,504	0	0%	
Borrowings	-	-	-	0%	
Bond and Debenture	-	-	-	0%	
Other liabilities and provisions	222,190	180,692	41,498	19%	Regrouping and netting of items
<b>Total Capital and Liabilities</b>	<b>5,806,947</b>	<b>5,751,437</b>	<b>55,510</b>	<b>1%</b>	<b>Netting of Items</b>
<b>Statement of Profit or Loss</b>					
Interest income	581,497	591,476	(9,979)	-2%	Revision of AIR
Interest expense	(450,571)	(450,571)	(0)	0%	
<b>Net interest income</b>	<b>130,926</b>	<b>140,905</b>	<b>(9,979)</b>	<b>-8%</b>	
Fee and commission income	24,039	25,749	(1,710)	-7%	Regrouping/rearranging of items
Fee and commission expense	-	(783)	783	0%	Regrouping/rearranging of items
<b>Net fee and commission income</b>	<b>24,039</b>	<b>24,966</b>	<b>(927)</b>	<b>-4%</b>	
Other operating income	75,568	30,214	45,354	60%	Gain on sale of shares present directly in RE
<b>Total operating income</b>	<b>230,533</b>	<b>196,085</b>	<b>34,448</b>	<b>15%</b>	
Impairment charge/(reversal) for loans and other losses	13,130	26,357	(13,227)	-101%	Provision As per NRB Inspection
<b>Net operating income</b>	<b>217,403</b>	<b>169,727</b>	<b>47,676</b>	<b>22%</b>	
Personnel expenses	90,098	85,549	4,549	5%	Bonus impact for reduced profit, Actuary valuation
Other operating expenses	71,472	71,284	188	0%	
Operating profit	55,833	12,894	42,939	77%	
Non operating income/expense	(3,497)	(3,497)	(0)	0%	
<b>Profit before tax</b>	<b>52,336</b>	<b>9,397</b>	<b>42,939</b>	<b>82%</b>	<b>NRB inspection Provision</b>
Income tax	(13,666)	(769)	(12,897)	94%	Cumulative tax effect of different adjustments
<b>Profit /(loss) for the period</b>	<b>38,670</b>	<b>8,627</b>	<b>30,043</b>	<b>78%</b>	
Other comprehensive income	(72,237)	(77,307)	5,070	-7%	Deferred Tax Adjustment on items of OCI
<b>Total comprehensive income</b>	<b>(33,567)</b>	<b>(68,680)</b>	<b>35,113</b>	<b>-105%</b>	
<b>Distributable Profit</b>					
Opening Retained Earnings	(204,415)	(204,415)			
Opening Adjustments	548	(10,601)			
Net profit/(loss) as per profit or loss	38,670	8,627	30,043	78%	
Add/Less: Regulatory adjustment as per NRB Directive	(43,221)	(20,068)	(23,153)	54%	Adjustment of GR, actuary loss, AIR
<b>Free profit/(loss) after regulatory adjustments</b>	<b>(208,418)</b>	<b>(226,457)</b>	<b>18,039</b>	<b>-9%</b>	<b>Cumulative effects of NFRS Adjustments and NRB provisions</b>



## 5. Disclosures and Additional Information

### 5.1. Risk Management

#### Introduction and Overview

In Compliance with Nepal Rastra Bank Directive on 6 "Corporate Governance", the Board of Company has established a Risk Management Committee with clear terms of reference. As at the date of this report, the Risk Management Committee comprised of following:

S. No.	Member of Risk Management Committee	Designation
1	Mr. Ram Chandra Devkota	Coordinator
2	Mr. Ram Krishna Chaulagain	Member
3	Mr. Prem Sagar Napit	Member
4	Mr. Rabindra Shrestha	Member secretary

The Committees meet least four times annually. The committee oversees and reviews the fundamental prudential risks.

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

#### Stress Testing

Stress Testing is a valuable risk management tool which tries to quantify the size of potential losses under certain stress events. A stress event is an exceptional but credible event to which a bank's portfolio is exposed. As a part of its risk measurement mechanism, the Bank puts an emphasis on evaluating where the Bank stands under stressful market conditions. It helps to provide information on the kinds of conditions under which strategies or position, the Bank would be most vulnerable and thus, strategies are devised such that such circumstance doesn't arise and/or to ensure least impact upon the Bank from such scenarios even if they do occur.

#### Governance Framework

Risk Management Committee of the Company has formed to review the credit risk, Market risk, and liquidity risk of the institution. The Company's risk management framework is established to identify and analyze the risks faced by the institution to set appropriate risk limits and controls and to monitor risks and adherence to limits. Through it, the Company seeks to efficiently manage credit, market and liquidity risks which arise directly through the Institution's commercial activities as well as operational, regulatory and reputational risks which arise as a normal consequence of any business undertaking. As part of this framework, the institution uses a set of principles that describes its risk management culture. The institution, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### The Major risk area and mitigation mechanism is as given below.

##### 5.1.1 Credit Risk

Credit risk is the probability of loss of principle and reward associated with it due to failure of counterparty to meet its contractual obligations to pay the Company in accordance with agreed terms. Credit Risk Management is ultimately the responsibility of the Board of Directors. Hence overall strategy as well as significant policies must be reviewed by the board regularly. Further, Senior Management is responsible for implementing the Company's credit risk management strategies and policies and ensuring that procedures are put in place to manage and control credit risk and the quality of credit portfolio in accordance with these policies.

##### 5.1.2 Market Risk

The Company's foreign exchange risk stems from foreign exchange position taking and commercial dealing. All foreign exchange positions are managed by the Treasury. Fluctuation in foreign exchange rates can have a significant impact on a Company's financial position. The Company has adopted measures to appropriately hedge the risks that arise while carrying out international trade transactions. Code of ethics for treasury dealers is in place to ensure that professionalism and confidentiality are maintained, and ethical dealing practices observed. The Company treasury dealers have gained exposure to international markets as well in addition to having undergone appropriate trainings.

##### 5.1.3 Liquidity Risk

The Company has set internal risk appetite in terms of managing its liquidity risk. Adequate cushion is maintained in terms of liquidity. Asset-liability management is also a part of the Treasury functions and it guided by the Company's Asset Liability Management policy. This is further reviewed by the Company's ALCO and Risk Management Committee. The following table depicts the maturity profile of the investment portfolio on an undiscounted cash flow basis which is designed and managed to meet the required level of liquidity as and when liquidity outgo arises taking into consideration the time horizon of the financial liabilities of the business.

Figure in NPR '000

Particulars	1-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Total Assets	1,738,971	290,083	647,639	3,132,974	5,809,667
Total Liabilities	772,511	302,010	1,505,508	2,089,084	4,669,113

#### 5.1.4 Operational Risk

Operational risk is inherent in all business activities. Whilst risks can never be eliminated, at Best Finance we follow several procedures and practices like Business Continuity Plan, Whistle Blowing – A Culture of Speaking Up to manage and mitigate preserve and create value of our business.

We manage our operational risks through standardization of internal processes and monitoring mechanisms. Data security, dual control, periodic departmental reviews and quality assessment are some of the tools that are used to manage risks. Critical risk areas are discussed at the management level as well as Risk Management Committee which updates issues with priority to the Company's Board to necessary actions and strategic directions.

Compliance and Assurance / Operations Risk Unit

Recognizing the importance of Operations Risk in terms of managing day-to-day business, we have a full-fledged Operational Risk under the Risk Management Unit.

#### 5.2. Capital Management

The capital management approach of the company is driven by its desire to maintain a strong capital base to support the development of its business and to meet the regulatory capital requirements at all times.

As Capital is the centerpiece of the company's performance matrix, a sound capital management forms the very core of the overall performance landscape to ensure that the company delivers on its objective of maximizing the shareholder's value. The senior management of the company is engaged and responsible for prudent capital management at all times. In compliance with the regulatory requirement of increasing the capital base as prescribed by the Central Bank, the company is comfortable in meeting the minimum capital requirements and is strongly positioned to meet the performance benchmarks.

##### 5.2.1 Qualitative disclosures

The Board shall be primarily responsible for ensuring the current and future capital needs of the Company in relation to strategic objectives. The management shall review and understand the nature and level of various risks that the Company is confronting during different business activities and how this risk relates to capital levels and accordingly implement sound risk management framework specifying control measures to tackle each risk factor.

##### 5.2.2 Quantitative disclosures

###### a) Capital Structure and Capital Adequacy

###### i. Tier 1 capital and a breakdown of its components

*Amount in (NPR '000)*

S.N.	Particulars	Amount
a	Paid up Capital	854,817
b	Share Premium / Capital Reserve	14,948
c	Proposed Bonus Shares	-
d	Statutory General Reserve	239,005
e	Retained Earnings	(226,457)
f	Un-audited Current Year Cumulative Profit	-
g	Capital Adjustment Reserve	3,629
h	Other Free Reserves	-
i	Less: Deferred Tax Assets	-
j	Less: Intangible Assets	-
k	Less: Investment in equity of institutions with financial interests	-
	<b>Core (Tier-1) Capital</b>	<b>885,942</b>

###### ii. Tier 2 capital and a breakdown of its components

*Amount in (NPR '000)*

S.N.	Particulars	Amount
a	Subordinated Term Debt	
b	General Loan Loss Provision	63,662
c	Exchange Equalization Reserve	
d	Investment Adjustment Reserve	
e	Other Reserve	
	<b>Supplementary (Tier-2) Capital</b>	<b>63,662</b>

**iii. Total qualifying capital**
*Amount (NPR '000)*

S.N.	Particulars	Amount
A	Core Capital	885,942
B	Supplementary Capital	63,662
	<b>Total Qualifying Capital (Total Capital Fund)</b>	<b>949,604</b>

**iv. Capital Adequacy Ratio**

Capital Adequacy Ratio of the Company as per Basel II as on Ashad 2080 is 18.69% & 20.03% of Core Capital Fund and Total Capital Fund respectively.

**v. Summary of Company's internal approach to assess the adequacy of capital to support current and future activities, if applicable**

The Company formulates an annual business plan, with prescribed plan for every business function including deposits, lending, product developments and customer service. These plans are made in consideration of the competitive environment and business sustainability as well as overall risk inherent in banking business.

Capital Plan is a part of the Company's business plan. Capital Plan is formulated to fund the planned business growth and to meet regulatory requirements on minimum capital and capital adequacy.

Result of the scenario-based approach is used as input to the capital contingency plan. The financial consequences following various scenarios and potential events/actions are estimated and adequacy of capital in those scenarios is tested. The results are discussed broadly at senior management level and in board meetings.

**vi. Summary of the terms, conditions, and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments**

Ordinary share capital: The Company has only one class of equity shares having a par value of NPR 100 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b) Risk Exposures**
**i. Risk weighted exposures for Credit Risk, Market Risk and Operational Risk**
*Amount in NPR '000*

S.N.	Risk Weighted Exposure	Amount
a	Risk Weighted Exposure for Credit Risk	4,356,309
b	Risk Weighted Exposure for Operational Risk	143,292
c	Risk Weighted Exposure for Market Risk	
<b>Total Risk Weighted Exposure</b>		<b>4,799,601</b>
SRP 6.4a (7)	Add RWE equivalent to reciprocal of capital charge of 3 % of gross income.	15,757
SRP 6.4a (9)	Overall risk management policies and procedures are not satisfactory. Add 3% of RWE	179,984
SRP 6.4a (10)	Desired level of disclosure requirement has not been achieved. Add 1% of RWE	44,996
<b>Total Risk Weighted Exposures (After Company's adjustments of Pillar II)</b>		<b>4,740,338</b>

**ii. Risk Weighted Exposures under each of 11 categories of Credit Risk**
*Amount (NPR '000)*

S.N.	Risk Classification	RWE
a	Claims on Govt. and Central Bank	-
b	Claims on other Financial Entities	-
c	Claims on Banks	35,384
d	Claims on Corporate and Securities Firm	329,319
e	Claims on Regulatory Retail Portfolio	1,001,441
f	Claims secured by Residential Properties	413,860
g	Claims secured by Commercial Real Estate	-
h	Past due Claims	265,226
i	High Risk Claims	1,401,266
J	Other Assets	865,545
K	Off balance sheet items	44,270
<b>Total</b>		<b>4,356,311</b>

**c) Total risk weighted exposure calculation table**

Amount in NPR '000

A. Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e
Cash Balance	65,840	-	-	65,840	0%	-
Balance With Nepal Rastra Bank	177,085	-	-	177,085	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	919,338	-	-	919,338	0%	-
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	176,922	-	-	176,922	20%	35,384
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	329,319	-	-	329,319	100%	329,319
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)	1,398,045	82,684	1,315,361	82,684	1,315,361	82,684	75%	986,521
Claims fulfilling all criterion of regularity retail except granularity	23,803	8,883	14,920	8,883	14,920	8,883	100%	14,920
Claims secured by residential properties	633,570	-	633,570	-	633,570	-	60%	380,142
Claims not fully secured by residential properties	-	-	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	33,718	-	33,718	-	33,718	-	100%	33,718
Claims secured by Commercial real estate	-	-	-	-	-	-	100%	-
Past due claims (except for claims secured by residential properties)	176,817	-	176,817	-	176,817	-	150%	265,226
High Risk claims	934,177	-	934,177	-	934,177	-	150%	1,401,266
Lending against securities (Bonds)	-	-	-	-	-	-	100%	-
Lending Against Shares (upto Rs. 2.5 Million)	22,411	-	22,411	-	22,411	-	100%	22,411
Investments in equity and other capital instruments of institutions listed in stock exchange	191,249	-	191,249	-	191,249	-	100%	191,249
Investments in equity and other capital instruments of institutions not listed in the stock exchange	17,549	-	17,549	-	17,549	-	150%	26,324
Staff loan secured by residential property	52,065	-	52,065	-	52,065	-	50%	26,033
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)	599,528	-	599,528	-	599,528	-	100%	599,528
<b>TOTAL (A)</b>	<b>5,751,436</b>	<b>91,567</b>	<b>5,659,869</b>	<b>91,567</b>	<b>5,659,869</b>	<b>91,567</b>		<b>4,312,039</b>

Amount in NPR '000

B. Off Balance Sheet Exposures	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted
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	200	-	-	-	200	40%	80
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)	121,014	-	-	-	121,014	20%	24,203
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	19,987	-	-	-	19,987	100%	19,987
Unpaid Guarantee Claims	-	-	-	-	-	200%	-
<b>TOTAL (B)</b>	<b>141,201</b>	-	-	-	<b>141,201</b>		<b>44,270</b>
Total RWE for credit Risk Before Adjustment (A)+(B)	5,892,637	-	-	91,567	5,801,070		4,356,311
<i>Adjustments under Pillar II</i>							
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE							-
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE							-
<b>Total RWE for Credit Risk after Bank's adjustments under Pillar II</b>	<b>5,892,637</b>	-	-	<b>91,567</b>	<b>5,801,070</b>		<b>4,356,309</b>

**d) Amount of NPAs (Both Gross and Net)**

Particulars	Current Year	
	Gross NPAs	Net NPAs
Restructured / Reschedule Loans	-	-
Sub Standard Loans	42,213,705	31,809,135
Doubtful Loans	51,399,065	26,913,162
Loss	32,250,249	-
<b>Total NPAs</b>	<b>125,863,019</b>	<b>58,722,298</b>

**5.3. Operating Segment Information**
**5.3.1 General Information**

The Company has identified its segments on the basis of its geographical business presence in seven provinces of the country.

**Information about profit or loss, assets, and liabilities**

*Amount in NPR full figure*

Particulars	Province 1	Madhesh	Bagmati	Gandaki	Lumbini	Total
Revenues from external customers	10,111,054	1,225,457	326,395,891	39,779,627	213,963,556	591,475,586
Intersegment revenues	-	-	-	-	-	-
<b>Net revenues</b>	<b>10,111,054</b>	<b>1,225,457</b>	<b>326,395,891</b>	<b>39,779,627</b>	<b>213,963,556</b>	<b>591,475,586</b>
Interest revenue (a)	10,111,054	1,225,457	326,395,891	39,779,627	213,963,556	591,475,586
Interest expense (b)	816,525	2,097,291	209,650,652	57,398,893	180,607,446	450,570,808
<b>Net interest revenue (a-b)</b>	<b>9,294,529</b>	<b>(871,834)</b>	<b>116,745,239</b>	<b>(17,619,266 )</b>	<b>33,356,110</b>	<b>140,904,778</b>
Depreciation and amortization	1,170,715	1,196,490	13,537,096	2,970,675	5,934,445	24,809,421
<b>Segment profit / (loss) before tax</b>	<b>3,049,995</b>	<b>(5,842,667)</b>	<b>75,108,000</b>	<b>(33,503,562)</b>	<b>(29,415,034)</b>	<b>9,396,731</b>
<b>Impairment of assets</b>	<b>2,981,619</b>	<b>250,159</b>	<b>53,031,228</b>	<b>6,225,778</b>	<b>68,314,104</b>	<b>130,802,890</b>
<b>Segment assets</b>	<b>189,124,463</b>	<b>29,211,387</b>	<b>3,659,808,454</b>	<b>326,555,042</b>	<b>1,546,737,468</b>	<b>5,751,436,814</b>
<b>Segment liabilities</b>	<b>15,919,579</b>	<b>54,848,536</b>	<b>3,295,613,872</b>	<b>585,206,435</b>	<b>1,799,848,391</b>	<b>5,751,436,814</b>

**5.3.2 Reconciliation of reportable, segment revenues, profit or loss, assets and liabilities**
**Revenue**

<b>Total revenue for reportable segments</b>	<b>591,475,586</b>
Other revenues	
Elimination of intersegment revenues	
<b>Entity's revenue</b>	<b>591,475,586</b>

**Profit or Loss**

<b>Total profit or loss for reportable segments</b>	<b>9,396,731</b>
Other profit or loss	
Elimination of intersegment profits	
<b>Profit before income tax</b>	<b>9,396,731</b>

**Assets**

<b>Total assets for reportable segments</b>	<b>5,751,436,814</b>
Other assets	
<b>Total assets</b>	<b>5,751,436,814</b>

### Liabilities

<b>Total liabilities for reportable segments</b>	<b>5,751,436,814</b>
Other liabilities	
<b>Total liabilities</b>	<b>5,751,436,814</b>

#### 5.3.3 Information about product and services

The Company offers different ranges of banking products and services across all operating segments. All branches in each segment are equipped to provide services of each type to customers through themselves or through other branches/ central units under same or different segment. However, some branches may be operated to provide specialized banking service based on management's assessment of the market niche.

#### 5.3.4 Information about geographical areas

The operating segments identified above are based on geographical presence of the branches in seven provinces of the country.

	<b>Domestic</b>	<b>Revenue</b>
<b>A</b>	Province 1	10,111,054
	Madhesh	1,225,457
	Bagmati	326,395,891
	Gandaki	39,779,627
	Lumbini	213,963,556
	Karnali	-
	Mahakali	-
<b>B</b>	Foreign	-
	<b>Total</b>	<b>591,475,586</b>

#### Information about major customers

Revenue from single external customer does not exceed 10% or more of entity's revenue.

#### 5.4. Share options and share based payment

There is no share-based payment made by the Company.

#### 5.5. Contingent Liabilities and Commitment

##### Contingent Liabilities

The company has tax litigation of NPR 19,987,287 and liabilities for guarantee issued of NPR 200,000 is also accounted under this head as presented in schedule 4.28.

##### Commitments:

The company has undrawn limit of overdraft amounting NPR 121,014,000.

#### 5.6. Related Party Disclosures

The Company identifies its Board of Directors, Key Management Personnel comprising of the CEO and other executive officials and its Subsidiary Companies as the related parties under the requirements of NAS 24. The related parties of the Company are listed below:

<b>Particulars</b>	<b>Relationship</b>
Khim Lal Paudyal	Director
Laxmi Shrestha	Director
Ram Chandra Devkota	Director
Ram Krishna Chaulagain	Director
Sri Ram Shrestha	Director
Umesh Singh Bhandari	Chief Executive Officer
Shailendra Bade Shrestha	Key Management Personnel



## 5.7. Board Member Allowances and Facilities

All members of the Board of Directors are non-executive directors, and no executive compensation is paid to the directors. The directors are paid Meeting Fees for their attendance in meeting of the Board of Directors and other Board Level Committees. The Chairman of the Board of Directors is paid NPR 4,000 per meeting attended while other members of the board receive NPR 3,500 per meeting attended. In addition, the directors are reimbursed with Magazine and Article expenses of NPR 1,500 per month.

The details of the compensations paid to the directors are as under:

*Amount in NPR Full Figure*

Particulars	This Year (NPR)	Previous Year (NPR)
Board Meeting Fee	288,000	499,500
Audit Committee Fee	49,000	63,000
Risk Management Committee fee	28,000	49,000
Money Laundering Prevention Committee	28,000	28,000
Human Resource Committee Fee	10,500	10,500
Other Board expenses	295,891	207,548
<b>Total</b>	<b>699,391</b>	<b>857,548</b>

### 5.7.1 Compensation Details for Key Management Personnel

Compensations paid to Key Management Personnel (which includes CEO and other executive officials) during the fiscal year is presented below. In addition, other non-monetary perquisites are provided to the Key Management Personnel as per the Company's Human Resource Policy and employment terms and conditions.

*Amount in NPR '000*

Particulars	This Year (NPR '000)	Previous Year (NPR '000)
<b>Salary and Allowances</b>		
CEO	5,560	5,578
Other Key Management Personnel	2,056	1,939
<b>Total</b>	<b>7,616</b>	<b>7,517</b>
<b>Other Benefits*</b>		
Current CEO	1,309	490
Previous CEO	-	-
Other Key Management Personnel	448	252
<b>Total</b>	<b>1,757</b>	<b>742</b>
Post-Employment Benefits**	-	-

\*Other Benefits include Staff Bonus paid out of profit for previous year.

\*\*Post-employment benefits are actuarially determined on overall basis for all employees.

## 5.8. Loans and Advances extended to Promoters:

The Company has not extended any loans to promoters during the year.

## 5.9. Events after reporting date

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

There are no material events that have occurred subsequent to 16 July 2022 till the signing of this financial statement.

**5.10. Investment Property (Non-Banking Assets)**

Non-Banking Assets (NBA) has been shown under investment property. It has been recognized at lower of fair value of collateral or amount due at the time of assuming of NBA. During the year new NBA of NPR. 105,469,116 has been booked. NPR 75,532,415 of NBA was sold during the period.

*Amount in NPR Full Figure*

<b>Borrower Name</b>	<b>Date of assuming NBA</b>	<b>31 Ashadh 2080</b>	<b>32 Ashadh 2079</b>
Rajesh Kumar Chaurasiya	2059.08.06	2,559,952	2,559,952
Usha Shrestha	2069.02.26	7,185,061	7,185,061
Mohamad Miya Hajam	2074.02.30	15,120,065	15,120,065
Roshan Kumar Gauttam	2074.04.28	4,197,000	4,197,000
Devendra/Nirmaya Bhandari	2076.04.01	-	15,192,964
Tara Bhandari	2077.12.25	-	31,470,000
Aarati Shrestha	2077.12.25	2,982,650	2,982,650
Srijana Gyawali/Sabita Bhattarai	2077.12.31	3,884,455	3,884,455
Lahanu Dagaura Tharu	2077.12.31	4,618,024	4,618,025
Mini King Fashion Wear	2078.03.02	-	7,064,651
Himthalo Construction	2078.03.27	1,642,950	1,642,950
Prem & Puja Kirana Pasal	2078.06.31	1,743,262	1,743,262
Ncell Kirana Pasal	2078.06.31	1,877,092	1,877,092
Bishambar Khatiwoda	2078.06.31	9,524,188	9,524,188
D&P Brothers Suppliers	2078.06.31	4,450,269	4,450,269
Birendra Chaudhary	2078.06.31	645,094	645,094
Shree Jay Hanuman Veli Crusher Udhy	2078.06.31	3,149,672	3,149,672
Jagkiran Construction	2078.06.31	31,155,000	31,155,000
Kaji Sun Chandi Pasal	2078.06.31	7,664,190	7,664,190
Nande Sunar	2078.06.24	1,532,000	1,532,000
Saraswati Thapa Bhandari	2078.06.22	10,740,000	10,740,000
Chakra Bahadur Thapa Magar	2078.06.22	1,347,415	1,347,415
Trikashi Gurung	2078.09.11	810,000	810,000
Nathu Tharu	2078.12.29	1,371,643	1,371,643
Om Nama Traders	2078.12.29	8,000,000	8,000,000
Ram Bilash Chaudhary	2079.03.31	-	1,290,351
Ramsamuja Shutting	2079.03.31	2,152,011	2,152,011
Sushmita Dudh Dairy Udhyog	2079.06.31	2,312,659	-
Nanda Shahi	2079.06.31	5,102,829	-
Oli Khadhya Suppliers	2079.09.30	2,057,841	-
Ram Chandra Kohar	2079.09.30	1,675,295	-
Nirman Bewasai Farm	2079.09.30	2,880,000	-
Tek Bahadur Sunari	2079.09.30	969,216	-
Punam Dangali Hotel	2079.12.28	4,540,073	-
Prakriti Agro	2079.12.30	20,454,881	-
Samyog Textile	2079.12.30	3,031,611	-
Promi Enterprises	2080.03.31	11,289,324	-
Dharma Raj Agro Center	2080.03.31	4,198,948	-
Langdhali Khaja ghar	2080.03.31	5,315,507	-
Aarav Jewelers	2080.03.31	2,780,610	-
Puja Shreya Trade & Suppliers	2080.03.31	6,077,061	-
Aaradhya Food Product	2080.03.31	3,175,349	-
Mina Kumari Damai	2080.03.31	1,430,473	-
Tamanna Malla Store	2080.03.31	3,667,799	-
Shyam Sundar Lodh	2080.03.31	3,995,192	-
<b>Total</b>		<b>213,306,661</b>	<b>183,369,960</b>

### 5.11. Earnings per share

The Company measures earning per share based on 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.

Particulars	Units	Year ended	Year ended
		16-Jul-2023	16-Jul-22
Profit attributable to equity shareholders (a)	NPR '000	8,627	136,125
Weighted average of number of equity shares used in computing basic earnings per share (b)	In 000	8,338	8,289
Basic and diluted earnings per equity share of Rs 100 each (a/b)	Rs	1.03	16.42
Revised basis earning per share	Rs	1.03	16.42

As there are no potential ordinary shares that would dilute current earning of equity holders, basic EPS and diluted EPS are equal for the period presented. Revised basic earnings per share has been adjusted retrospectively calculated based on para 64 of NAS 33.

### 5.12. Proposed Distributions (Dividends and Bonus Shares)

There are no proposed distributions during the year.

### 5.13. Unpaid Dividends

As at the reporting date, unpaid dividend over five years amounts to as follows.

*Amount in NPR. '000*

Particulars	As at 16 July 2023	As at 16 July 2022
Not collected for more than 5 years	595	595
Not collected up to 5 years	-	-
<b>Total</b>	<b>595</b>	<b>595</b>

### 5.14. Merger and acquisition and it's Tax

No Merger and acquisition have taken in the years presented. The organization has paid Rs 22,040,429.70 Bargain Purchase Gain Tax in FY 2080-81. Bargain Purchase Gain was account for Rs 73,468,098 in FY 2075-76 on first time adoption of the Nepal Financial Reporting Standards.

### 5.15. Additional disclosures of non-consolidated entities

There are no further disclosures to be made as per NFRS requirements.

### 5.16. Non-performing assets

The Company's non-performing assets stood at 3.48 % as at balance sheet date. The total non-performing assets as at Balance sheet date is NPR 125,863,019.

*Amount in NPR Full Figure*

Loan Category	Current year	Previous Year
<b>Performing Loan</b>	<b>3,493,766,542</b>	<b>3,164,668,939</b>
Pass Loans	2,967,261,436	2,956,768,380
Watchlist Loans	526,505,105	207,900,559
<b>Non-performing Loans</b>	<b>125,863,019</b>	<b>86,656,104</b>
Restructured/ Rescheduled Loans	-	-
Substandard Loans	42,213,705	44,537,008
Doubtful Loans	51,399,065	7,281,744
Loss Loans	32,250,249	34,837,352
<b>Gross Loans and Advances</b>	<b>3,619,629,560</b>	<b>3,251,325,043</b>

#### 5.17. Loans Written Off

The Company does not have any loans written off during the year FY 2079-80.

#### 5.18. Concentration of Deposits, Loans & Advances and Contingents

*Amount in NPR Million*

Particulars	Loans & Advances and Bills Purchased		Deposits & Borrowings		Non-Funded	
	CY	PY	CY	PY	CY	PY
Total Amount Outstanding (Gross)	3,620	3,251	4,391	3,823	-	-
Highest Exposure of a Single Unit	50	67	60	60	-	-
Concentration of exposure	1.38%	2.06%	1.37%	1.57%	-	-

\* CY= Current Year, PY = Previous Year

For the calculation of concentration, loans and advances is total loans extended to the customers except staff loans and interest accruals on loans and the deposits is total deposits from the customers excluding interest payables.

Single Obligor Limit and Sector-wise Limit (Directive No. 3) for both funded and non-funded are within the limit as prescribed by NRB directives.

#### 5.19. Principal Financial Indicators

Particulars	Indicators	F. Y.	F. Y.	F. Y.	F. Y.	F. Y.
		2075-76	2076-77	2077-78	2078-79	2079-80
1. Percentage of Net Profit/Gross Income	%	20%	47%	63%	75%	4%
2. Earnings Per Share	NPR	12.06	9.38	9.88	16.42	1.03
3. Market Value per Share	NPR	101	96.00	426.00	377.50	353
4. Price Earnings Ratio	Ratio	8.37	10.23	43.13	22.99	342.72
5. Dividend on share capital (Bonus share + Cash dividend)	%	-	-	-	-	-
6. Cash Dividend on share capital	%	-	-	-	-	-
7. Interest Income/Loans & Advances and Investments	%	20.61%	17.29%	11.88%	11.57%	13.21%
8. Employee Expenses/Total Operating Expenses	%	51.98%	56.24%	54.96%	50.39%	53.88%
9. Interest Expenses on Total Deposits and Borrowings	%	7.33%	9.08%	6.72%	7.79%	10.88%
10. Exchange Fluctuation Gain/Total Income	%	-	-	-	-	-
11. Staff Bonus/ Total Staff Expenses	%	18.83%	10.65%	12.81%	19.42%	1.24%
12. Net Profit/Loans & Advances	%	5.37%	3.88%	3.85%	5.12%	0.25%
13. Net Profit/ Total Assets	%	3.02%	2.24%	2.05%	2.84%	0.16%
14. Total Credit/Deposit	%	76.36%	85.35%	71.39%	88.79%	82.44%
15. Total Operating Expenses/Total Assets	%	3.93%	3.46%	3.14%	3.21%	2.85%
16. Adequacy of Capital Fund on Risk Weightage Assets						
a. Core Capital	%	31.03%	27.97%	22.38%	20.09%	18.69%
b. Supplementary Capital	%	1.31%	1.25%	1.03%	1.28%	1.34%
c. Total Capital Fund	%	32.34%	29.22%	23.41%	21.37%	20.03%
17. Liquidity (CRR)	%	5.29%	3.34%	3.47%	3.36%	4.28%
18. Nonperforming Loans/Total Loans	%	18.46%	15.00%	12.83%	3.07%	3.48%
19. Weighted Average Interest Rate Spread	%	4.81%	5.97%	4.07%	4.27%	4.57%
20. Base Rate	%	15.48%	12.50%	10.95%	13.75%	14.99%
21. LCY Interest Spread (Calculated as per NRB Directive)	%	4.81%	5.97%	4.07%	4.27%	4.57%
22. Book Net worth Rs in Lacs	NPR	7,246	8,499	9,325	11,890	11,802
23. Total Shares	Number	8,100,158	8,289,138	8,289,138	8,289,138	8,548,168
24. Net Worth Per Share	NPR	141.81	102.53	112.49	143.58	138.07
25. Total Employees	Number	122	121	121	131	135

## 5.20. Valuation Hierarchy

The following tables demonstrates the valuation hierarchy of Company's Assets and Liabilities. This fair value may differ from the actual amount that may be received or paid on settlement, realization or maturity of those Financial Assets and Liabilities.

Fair Value of Financial Assets and Liabilities Measured at Fair Value

The fair value measurement hierarchy is as follows:

- Level 1** fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2** valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3** portfolios are those where there are unobservable inputs of the instruments. The inputs are not based on observable market data.

Fair Value Disclosure	Level 1		Level 2		Level 3	
	As on 31.03.2080	As on 32.03.2079	As on 31.03.2080	As on 32.03.2079	As on 31.03.2080	As on 32.03.2079
Quoted Equity Shares	191,248,829	299,054,900	-	-	-	-
Unquoted equity					17,549,200	15,438,900

## 5.21. Reserves

### 5.21.1 General Reserve

The movement in general reserve during the year is as follows:

*Amount in NPR Full Figure*

Particulars	Current Year	Previous Year
Opening Balance	230,966,265	201,545,428
Transfer as per BAFIA	8,039,167	29,420,837
Closing balance	239,005,432	230,966,265

As required by Section 44 of Banks and Financial Institutions Act, 2073 (BAFIA), 20% of the current year's net profit amounting NPR 1,725,469 and 20% of reversal of fair value reserves of the equity instrument (measured through OCI) disposed during the year amounting to NPR 63,13,698 has been transferred to General Reserve.

### 5.21.2 Fair Value Reserve

Opening balance of Fair value Reserve as on 31st Ashad 2079 (16 July 2022) stands at NPR 124,343,310. During the year, gain on sale of investment amounting NPR 31,568,492 net of income tax is deducted from Fair Value Reserve. Available for sale investments are marked to market on a regular basis and the difference is adjusted through OCI reserve which amounts to NPR 52,106,270 net of taxes.

### 5.21.3 Corporate Social Responsibility

As per the NRB directive no. 6.16 on Corporate Social Responsibility, the Company has allocated 1% of the net profit of current fiscal year for CSR activities.

*Amount in NPR Full Figure*

Particulars	Current Year	Previous Year
Opening CSR Fund	2,100,882	992,580
Add: 1% profit this year	86,273	1,361,254
Less: CSR Expenses	(680,452)	(252,952)
<b>Closing CSR Fund</b>	<b>1,506,703</b>	<b>2,100,882</b>

### 5.21.4 Employees Training Fund

NRB Directive 6 requires BFI to incur expenses towards employee training and development equivalent to at least 3% of the preceding year's total staff expenses which amounts to NPR 2,777,031. Total training expenses of this year amounted to NPR 2,186,357.

*Amount in NPR Full Figure*

Particulars	Current Year	Previous Year
Opening Fund	22,405	5,039
Add: 3% of Last year staff expenses	2,777,031	2,332,697
Actual Staff training Expenses	(2,186,357)	(2,315,331)
<b>Closing Training fund</b>	<b>613,079</b>	<b>22,405</b>

### 5.21.5 Other Reserve

Other reserve includes actuary reserve, CSR Reserve, Employee Training Fund and Capital Adjustment Reserve

#### Other Reserve

Particulars	Actuary Reserve	CSR Reserve	Employee Training Fund	Capital Adjustment Reserve	Total
<b>Opening balance</b>	<b>(193,953)</b>	<b>2,100,882</b>	<b>22,405</b>	<b>3,628,619</b>	<b>5,557,953</b>
Transfer to Reserve during the year	(5,070,044)	86,273	2,777,031	-	(2,206,740)
Transfer from Reserve during the year		(680,452)	(2,186,357)	-	(2,866,809)
<b>Closing balance</b>	<b>(5,263,997)</b>	<b>1,506,703</b>	<b>613,079</b>	<b>3,628,619</b>	<b>484,404</b>

### 5.22 Regulatory Reserve

During the year regulatory reserve has been credited for NPR 43,601,316. Movement in regulatory reserve during 2079-80 is presented below:

Particulars	Opening Balance 79-80	Movement During the year		Closing Balance 79-80
		Addition during 79-80	Reversal during 79-80	
Investment Property	115,523,075	18,860,121	-	134,383,196
Interest Income	12,467,451	17,498,275.56	-	29,965,727
Actuarial Loss/(gain) on Gratuity	277,076	7,242,919.00	-	7,519,995
Bargain purchase Gain	73,468,098	-	-	73,468,098
Deferred Tax Assets	-	-	-	-
<b>Total</b>	<b>201,735,700</b>	<b>43,601,316</b>	<b>-</b>	<b>245,337,016</b>

#### 5.22.1 Regulatory Reserve Movement by Year

Year	Opening Balance	Interest Receivable	Short Loan Loss Provision	Short Provision for Possible losses on investment	Short Provision on NBA	Deferred Tax Assets	Goodwill	Gain on Bargain Purchase	Actuarial Loss Recognized	Fair Value Loss Recognized in OCI	Other	Closing Balance
75-76	-	11,250,631	-	-	26,031,532	-	-	73,468,098	-	877,526	-	111,627,788
Transfer To/(From)		18,826,539	-	-	17,599,082	12,375,729	-	-	4,356,691	-877,526	-	52,280,515
76-77	111,627,788	30,077,170	-	-	43,630,615	12,375,729	-	73,468,098	4,356,691	-	-	163,908,303
Transfer To/(From)		-24,197,001	-	-	52,859,338	-1,842,745	-	-	1,028,128	-	-	27,847,720
77-78	163,908,303	5,880,169	-	-	96,489,953	10,532,984	-	73,468,098	5,384,819	-	-	191,756,023
Transfer To/(From)		6,587,282	-	-	19,033,122	-10,532,984	-	-	-5,107,743	-	-	9,979,677
78-79	191,756,023	12,467,451	-	-	115,523,075	-	-	73,468,098	277,076	-	-	201,735,700
Transfer To/(From)		17,498,275.56	-	-	18,860,121	-	-	-	7,242,919	-	-	43,601,316
79-80	201,735,700	29,965,727	-	-	134,383,196	-	-	73,468,098	7,519,995	-	-	245,337,016

### 5.23 Property Plant and Equipment (PPE)

During the year Property Plant and Equipment of NPR 64,458,561 was added and NPR 11,109,245 was revalued/Adjusted. There was no disposal of PPE which is presented in schedule 4.13.

### 5.24 Goodwill and Intangible Assets

Other software of NPR 1,346,333 was purchased and is presented in schedule 4.14.

### 5.25 Retained Earnings

Opening Retained earnings was NPR (204,414,935). Opening Retained earnings was restated by NPR (10,600,690) during the year of which NPR (111,48,723) relates to adjustment due to deferred tax. The remaining NPR 548,033 relates to lease liability for the previous year. NPR 680,452 of CSR expenses has been credited during the year in the account. Retained earnings are debited by NPR 43,601,316 and charged to Regulatory Reserve.

#### 5.26. Bargain Purchase Gain Tax

Company has deposited tax on bargain purchase gain (originated at the time of acquiring Synergy Finance Limited) of NPR 22,040,429.70 after the audit period. The bargain purchase gain accounted for in books was NPR 73,468,098 and is presented in regulatory reserve in section 5.22.1.

#### 5.27. Right of Use of assets (ROU), Lease liability and expenses

During the year addition in Right of Use of assets amounts to NPR 27,801,255. The depreciation charged on such assets was NPR. 11,387,796 and is presented in 4.38 of SCI. Likewise lease liability added during the year amounts to NPR 27,801,255. Interest expenses charged in SCI amount to NPR 6,143,048 and are presented in 4.30. Reconciliation of ROU and lease liability is presented below.

##### Right of Use of assets

Opening	Addition 79-80	Adjustment/ revaluation	Depreciation Expenses	Closing
60,912,594	27,801,255	(5,304,214)	11,387,796	72,021,839

##### Lease liability

Opening	Addition 79-80	Adjustment/ revaluation	Interest Expenses	Lease Payment	Closing
65,808,820	27,801,255	(5,852,247)	6,143,048	13,788,805	80,112,071

#### 5.28. Deferred Tax

During the year NPR 111,48,723 has been restated in financial statements and is presented under Retained Earnings in statement of changes in equity and schedule 4.15.

#### 5.29. Non-Operating Expense

During the fiscal Year 2079-80, NPR 4,000,000 has been booked as non-operating expense in schedule 4.40. Initially land of borrower was booked as NBA and later on it was sold to another party. After such sale of NBA, the family member of original owner of land file as legal suit for “ansa” and court issue decision on favor of such family member. Due to such order, the buyer of such NBA get less area of land than the area of land sold by the finance. Later on, such buyer of NBA also filed case against the finance and the court decide to pay NPR 4,000,000 to such buyer as compensation. Hence the amount presented in non-operating expense is related with compensation paid to the buyer of NBA.

#### 5.30. Movement in Interest Receivable by Year

FY	Total AIR	Non-recognizable AIR	AIR recognized for the year	AIR recovered upto Shrawan 15 of next year	Net AIR	Staff Bonus	Tax	AIR transferred to Regulatory Reserve
2075-76*	351,046,556	326,366,056	24,680,500	6,822,355	17,858,145	(1,785,815)	(4,821,699)	11,250,631
2076-77	310,643,486	235,468,120	75,175,366	27,433,827	47,741,539	(4,774,154)	(12,890,216)	30,077,169
2077-78	175,463,151	150,975,628	24,487,523	15,153,921	9,333,602	(933,360)	(2,520,073)	5,880,169
2078-79	45,416,744	15,156,591	30,260,153	10,470,547	19,789,606	(1,978,961)	(5,343,194)	12,467,451
2079-80	86,054,763	23,021,240	63,033,523	15,468,877	47,564,646	(4,756,465)	(12,842,454)	29,965,727

\* NFRS was first implemented.



**नेपाल राष्ट्र बैंक**  
**वित्तीय संस्था सुपरिवेक्षण विभाग**



केन्द्रीय कार्यालय  
बालुवाटार, काठमाडौं  
फोन नं.: ०१-४४१२३०७  
Site: www.nrb.org.np  
Email: nrbfsd@nrb.org.np  
पोष्ट बक्स: ७३

पत्रसंख्या: वि.सं.सु.वि./गैरस्थलगत/ बेष्ट फाइनेन्स /०८०/८१ **३१५**  
च.नं.:

मिति : २०८१/०२/१४

श्री बेष्ट फाइनेन्स कम्पनी लिमिटेड,  
कमलादी, काठमाण्डौं ।

**विषय: वार्षिक वित्तीय विवरण प्रकाशन सम्बन्धमा ।**

महाशय,

त्यस संस्थाले पेश गरेको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण भएको वित्तीय विवरण तथा अन्य प्रतिवेदनहरूका आधारमा गैरस्थलगत सुपरिवेक्षण गर्दा देखिएका कैफियतहरूका सम्बन्धमा देहाय बमोजिमका निर्देशनहरू शेयरधनीहरूको जानकारीका लागि वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्ने गरी संस्थाको आर्थिक वर्ष २०७९/८० को लेखापरीक्षण भएको वार्षिक वित्तीय विवरण, नाफा वा नोक्सानको विवरण, विस्तृत आयको विवरण (Statement of Comprehensive Income), नगद प्रवाह विवरण, इक्विटीमा भएको परिवर्तनको विवरण, सोसँग सम्बन्धित अनुसूचीहरू, लेखापरीक्षकको प्रतिवेदन लगायतका वार्षिक वित्तीय विवरणहरू साधारणसभा प्रयोजनको लागि प्रकाशन गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु ।

- (१) कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गर्नुहुन ।
- (२) यस बैंकबाट जारी एकीकृत निर्देशन नं १९/०८० बमोजिम सम्पत्ति शुद्धीकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धी व्यवस्थाको पूर्णरूपमा पालना गर्नुहुन ।
- (३) कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, अनुपालना, सूचना प्रविधि लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा यस बैंकबाट औल्याएका कैफियतहरू पुनः नदोहोरिने व्यवस्था गर्नुहुन ।

भवदीय,

(अमृत बहादुर बुढाथोकी)

उप-निर्देशक

**बोधार्थ:**

श्री नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।

श्री नेपाल राष्ट्र बैंक, वित्तीय संस्था सुपरिवेक्षण विभाग, कार्यान्वयन इकाई-५ ।

श्री IBS (Individual Bank Supervisor) Officer



**आ.ब. २०७५/०८० को वित्तीय विवरण प्रकाशनको लागि नेपाल राष्ट्र बैंकबाट प्राप्त भएको निर्देशन  
सम्बन्धमा संचालक समितिको प्रतिक्रिया**

नेपाल राष्ट्र बैंकद्वारा यस संस्थाको २७ औं साधारणसभा प्रयोजनको लागि आ.ब. २०७५/०८० को वित्तीय विवरण प्रकाशन गर्न दिइएको निर्देशनहरूमा देहाय बमोजिमका संचालक समितिको प्रतिक्रिया तयार गरी नेपाल राष्ट्र बैंकमा पेश गर्ने तथा वार्षिक प्रतिवेदनमा छुट्टै पानामा प्रकाशन गर्ने निर्णय गरीयो ।

- (१) तहाँको निर्देशन बमोजिम कर्जा प्रवाह पश्चात अनिवार्य रूपमा कर्जा सदुपयोगिताको सुनिश्चितता गरीने गरीएको र तहाँको सुझाव बमोजिम यसलाई थप प्रभावकारी बनाइने व्यहोरा जानकारीको लागि अनुरोध छ ।
- (२) नेपाल राष्ट्र बैंकबाट जारी भएको एकीकृत निर्देशन १९/०८० बमोजिम सम्पति शुद्धिकरण तथा आतंकवादी कार्यमा वित्तीय लगानी निवारण सम्बन्धि व्यवस्थाको पुर्ण पालना गरीने व्यहोरा जानकारीको लागि अनुरोध छ ।
- (३) तहाँको निर्देशन बमोजिम कर्जा प्रवाह र व्यवस्थापन, ग्राहक पहिचान (KYC), संस्थागत सुशासन, सुचना प्रविधि, अनुपालना, संचालन जोखिम लगायतका विषयमा आन्तरिक लेखापरीक्षक, बाह्य लेखापरीक्षक तथा नेपाल राष्ट्र बैंकबाट औल्याइएका कैफियतहरू पुनः दोहरिन नदिने आवश्यक व्यवस्था मिलाइने व्यहोरा अनुरोध छ ।



## प्रतिनिधि (प्रोक्सी) नियुक्त गर्ने निवेदन फारम

श्री संचालक समिति  
बेष्ट फाइनान्स कम्पनी लिमिटेड  
कमलादी, काठमाडौं

### विषय : प्रतिनिधि (प्रोक्सी) नियुक्त गरेको बारे ।

महाशय,

.....जिल्ला.....न.पा./उ.म.न.पा./गा.पा.वडा नं.....बस्ने म/हामी.....ले  
यस संस्थाको शेयरधनीको हैसियतले मिति २०८१ कार्तिक १४ गते बुधवारका दिन हुने सत्ताइसौं वार्षिक साधारण सभामा स्वयं  
उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नको लागि.....  
जिल्ला ..... म.न.पा./उ.म.न.पा./गा.पा.वडा नं..... बस्ने श्री .....  
लाई प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

#### निवेदक:

दस्तखत : .....  
नाम : .....  
ठेगाना : .....  
शेयर प्रमाण पत्र नं. : .....  
D-Mat No. : .....  
जम्मा शेयर संख्या : .....  
मिति: : .....

#### द्रष्टव्य:

प्रतिनिधि नियुक्त गर्न चाहने शेयरधनीले संस्थाको अर्को शेयरधनीलाई मात्र प्रतिनिधि नियुक्त गर्न सक्नु हुनेछ र सो सम्बन्धी प्रोक्सी फारम सभा शुरु हुनु  
भन्दा ४८ घण्टा अगावै संस्थाको प्रधान कार्यालय, कमलादी, काठमाडौंमा बुझाई सक्नु पर्नेछ ।

### **बेष्ट फाइनान्स कम्पनी लिमिटेड**

प्रधान कार्यालय, कमलादी, काठमाडौं

**सत्ताइसौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको**

#### **प्रवेश-पत्र**

शेयरधनीको नाम:..... शेयर प्र.प.नं./D-Mat No.....  
शेयरधनीको सही:..... कूल शेयर संख्या..... शेयरधनी परिचय नं.....

.....  
कम्पनी सचिव

(सभामा भाग लिन आउंदा यो प्रवेश पत्रमा शेयरधनीको नाम, दस्तखत, साधारण शेयरको प्र.प.नं., साधारण शेयर संख्या तथा शेयरधनी  
परिचय नं. अनिवार्य रूपमा उल्लेख गरी साथै लिई आउनु पर्नेछ ।)

