

**U.R.P. & Associates,  
Chartered Accountants**

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**INDEPENDENT AUDITOR'S REPORT**

**To the unit holders of NIC Asia Select 30 (Index Fund)**

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

**Unqualified Opinion**

We have audited the accompanying financial statements of **NIC Asia Select 30 (Index Fund)**, which comprise the Statement of Financial Position as at 32<sup>nd</sup> Ashad 2079, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in unit holders Fund and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of Significant Accounting Policies and Notes to Accounts.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **NIC Asia Select 30 (Index Fund)** as at 32<sup>nd</sup> Asadh 2079, and its financial performance and its cash flows for the period then ended in accordance with Nepal Financial Reporting Standards (NFRS) and Mutual Fund Regulations, 2067.

**Basis for Unqualified Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the Institute of Chartered Accountants of Nepal's *Code of Ethics for Professional Accountants 2018* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our 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 that the cash and cash equivalents and related income on the instruments classified as cash and cash equivalent as key audit matters as it constitutes 71.3% of total assets of the fund. As mutual funds usually hold less cash and cash equivalent, the classification of the asset was key matters determined during the audit.

Our audit approach regarding the verification of classification of the asset included obtaining external confirmation and classifying the instruments as per NAS 07- 'Cash Flow Statements'. We concluded that the classification of instruments as cash and cash equivalent is correct as on cut-off date as the instruments are short term deposits having term less than 90 days.



## Other Information

Management is responsible for the other information. The other information 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 information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management of the NIC Asia Capital Limited 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 fund ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

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

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

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

As a part of 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 statement whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Thank You!  
Sincerely Yours,



CA. Umesh Raj Panteyya  
Sole Practitioner,  
U.R.P. & Associates,  
Chartered Accountants



UDIN: 221016CA00599vfwZx  
Date: 14<sup>th</sup> October 2022

**NIC ASIA Select 30 (Index Fund)**  
(Sponsored by NIC AISA Bank Limited and Managed by NIC ASIA Capital Limited)

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

Particulars	Notes	Ashad End 2079	Ashad End 2078
<i>In NPR</i>			
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	879,204,740	1,243,965,806
Financial Assets Held at Fair Value Through Profit or Loss	4	196,427,570	891,500
Financial Asset Measured at Amortised Cost	5	-	-
Other Assets	6	2,045,575	1,189,700
<b>Non Current Assets</b>			
Financial Asset Measured at Amortised Cost		-	-
Fixed Deposit		155,000,000	-
<b>Total</b>		<b>1,232,677,885</b>	<b>1,246,047,006</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accrued Expenses & Other Payables	8	5,909,973	3,124,264
<b>Liabilities (Excluding Net Assets Attributable to Unitholders)</b>		<b>5,909,973</b>	<b>3,124,264</b>
<b>Unit Holder's Funds</b>			
Net Assets Attributable to Unit Holders	9	1,226,767,911	1,242,922,742
<b>Total</b>		<b>1,232,677,885</b>	<b>1,246,047,006</b>
<b>NAV per Share</b>		<b>9.81</b>	<b>9.94</b>

**Explanatory Notes form integral part of Financial Statement**

On Behalf of NIC ASIA Capital Limited  
(Fund Management Company)

As per our Report of even date

  
Ramendra Rayamajhi  
Chief Executive Officer

  
Kapil Dhakal  
Chairman

  
Umesh Raj Pandey, FCA  
Partner  
URP and Associates

  
Manish Ghimire  
Chief Investment Officer

  
Dinesh Bhari  
Director

  
Suman Dangol  
Independent Director

  
Rupesh Luitel  
Director

  
Rabin Sapkota  
Independent Director

Date: 14th October 2022  
Place : Kathmandu



**NIC ASIA Select 30 (Index Fund)**  
(Sponsored by NIC AISA Bank Limited and Managed by NIC ASIA Capital Limited)

**Statement of Profit or Loss and Other Comprehensive Income**  
For the Period from 1st Shrawan, 2078 to 32nd Asadh, 2079 (16th July, 2021 to 16th July, 2022)

Particulars	Notes	FY 2078/79	FY 2077/78
<i>In NPR</i>			
<b>Income</b>			
<b>Realised Income</b>			
Interest Income	10	79,993,431	333,306
Dividend Income	11	549,532	
Gain on Sale of Equity Stocks	12	454,245	
Other Income			
<b>Unrealised Income</b>			
Fair Value Gains/(losses)	13	(73,866,014)	
<b>Total</b>		<b>7,131,194</b>	<b>333,306</b>
<b>Expenses and Losses</b>			
NEPSE Listing Fee		165,000	
Bank Charges		7,045	200
Book Building Licence Fee		10,000	
CDSC Listing and Software Fee		320,000	
Depository Fee		2,495,020	81,844
Fund Management Fee		18,712,649	613,826
Software Expenses		99,440	27,346
Publication Expenses		116,360	25,000
Scheme Audit Fee		113,000	56,500
Supervisor Fee		1,247,510	40,922
Pre Operating Expenses	15		6,564,926
<b>Total</b>		<b>23,286,024</b>	<b>7,410,564</b>
<b>Profit (Loss) for the period</b>		<b>(16,154,831)</b>	<b>(7,077,258)</b>
<b>Other Comprehensive income</b>			
<b>Increase/(Decrease) in Net Assets Attributable to Unitholders</b>		<b>(16,154,831)</b>	<b>(7,077,258)</b>

On Behalf of NIC ASIA Capital Limited  
(Fund Management Company)

  
Ramendra Rayamajhi  
Chief Executive Officer

  
Kapil Dhakal  
Chairman

As per our Report of even date


  
Umesh Raj Pandey, FCA  
Partner  
URP and Associates

  
Manish Ghimire  
Chief Investment Officer

  
Dinesh Bhari  
Director

  
Rupesh Luitel  
Director

  
Rabin Sapkota  
Independent Director

  
Suman Dangol  
Independent Director

Date: 14th October 2022  
Place : Kathmandu



**NIC ASIA Select 30 (Index Fund)**  
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

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

Particulars	<i>In NPR</i>	
	FY 2078/79	FY 2077/78
<b>A. Cash Flow from Operating Activities</b>		
Surplus/ (Deficit) for the year	(16,154,831)	(7,077,258)
Adjustments for:		
(Increase)/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	73,866,014	-
Increase/(Decrease) in Liabilities	2,785,710	3,124,264
(Increase)/Decrease in Share	(269,402,084)	(891,500)
(Increase)/Decrease in Other Assets	(155,855,875)	(1,189,700)
<b>Net cash generated/(used) in Operations (1)</b>	<b>(364,761,066)</b>	<b>(6,034,194)</b>
<b>B. Cash Flow from Investing Activities</b>	-	-
<b>Net cash generated/(used) in investing (2)</b>	-	-
<b>C. Cash Flow from Financing Activities</b>		
Increase/(Decrease) in Unit Capital	-	1,250,000,000
Dividend Paid during the year (net of tax)	-	-
<b>Net cash generated/(used) in financing (3)</b>	-	<b>1,250,000,000</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)</b>	<b>(364,761,066)</b>	<b>1,243,965,806</b>
Cash and Cash Equivalents at beginning of the year/period	1,243,965,806	-
<b>Cash and Cash Equivalents at end of period</b>	<b>879,204,740</b>	<b>1,243,965,806</b>
<b>Components of Cash and Cash Equivalents</b>		
Balance with Banks	879,204,740	1,243,965,806

On Behalf of NIC ASIA Capital Limited  
(Fund Management Company)

As per our Report of even date

  
Ramendra Rayamajhi  
Chief Executive Officer

  
Kapil Bhakal  
Chairman

  
Umesh Raj Bhandey, FCA  
Partner  
URP and Associates



  
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Chief Investment Officer

  
Dirresh Bhari  
Director

  
Rupesh Luitel  
Director

  
Rabin Sapkota  
Independent Director

  
Suman Dangol  
Independent Director

Date: 14th October 2022  
Place : Kathmandu



**NIC ASIA Select 30 (Index Fund)**  
(Sponsored by NIC AISA Bank Limited and Managed by NIC ASIA Capital Limited)

**Statement in Changes in Unit holders' Fund**  
For the Period from 1st Shrawan, 2078 to 32nd Asadh, 2079 (16th July, 2021 to 16th July, 2022)

Particular	In NPR			
	Unit Capital	Realized Profit	Unrealized Profit	Total
Opening Balance	-	-	-	-
Issue of Unit Capital	1,250,000,000	-	-	1,250,000,000
Net Profit (Loss) Upto Last Year	-	(7,077,258)	-	(7,077,258)
Net Profit (Loss) During the year	-	57,711,184	(73,866,014)	(16,154,831)
Dividend Paid	-	-	-	-
<b>Balance as on 32/03/2079</b>	<b>1,250,000,000</b>	<b>50,633,926</b>	<b>(73,866,014)</b>	<b>1,226,767,911</b>

On Behalf of NIC ASIA Capital Limited  
(Fund Management Company)

As per our report of even date

  
Ramendra Rayamajhi  
Chief Executive Officer

  
Kapil Dhakal  
Chairman

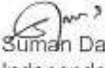
  
Dinesh Bhari  
Director

  
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Partner  
URP and Associates  


  
Manish Ghimire  
Chief Investment Officer

  
Rupesh Luitel  
Director

  
Rabin Sapkota  
Independent Director

  
Suman Dangol  
Independent Director

Date: 14th October 2022  
Place : Kathmandu



Significant Accounting Policies and Notes to the Financial Statements for the Year 1<sup>st</sup> Shrawan, 2078 to 32<sup>nd</sup> Asadh, 2079

1. Background

Fund:	NIC ASIA Bank Mutual Fund
Scheme:	NIC ASIA Select 30 (Index Fund)
Fund Sponsor:	NIC ASIA Bank Limited (NICA) (Licensed by NRB as Class A bank)
Fund Management:	NIC ASIA Capital Limited (A subsidiary of NIC ASIA Bank Limited)
Fund Supervisors:	Mr. Bodh Raj Niraula Mr. Aashish Adhikari Mr. Shivaraj Ghimire Mr. Santosh Lamichhane Mr. Mahendra Nath Karmacharya
Total Units of Scheme:	125,000,000 (One Hundred Twenty-Five Million units)
Total Unit Capital:	NPR 1,250,000,000 (NPR One Billion Two Hundred Fifty Million Only)
Scheme type:	Close-Ended

NIC ASIA Select 30 (Index Fund) (the Scheme) under NIC ASIA Bank Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as a closed-end, diversified investment scheme. The objective of the Fund is to diligently manage the fund with the aim to achieve high return for unit holders, growth of both capital and income from investment in shares and fixed income securities and conservation of capital. The Scheme commenced its operation on 20<sup>th</sup> Asadh 2078 (Scheme allotment date) B.S. with maturity period of 7 years (i.e., 19<sup>th</sup> Asadh, 2085 B.S.).

NIC ASIA Bank Ltd. (NICA) is the Fund Sponsor and NIC ASIA Capital Limited, a subsidiary of NICA duly licensed by Securities Board of Nepal (SEBON), has been appointed as the Fund Manager of the Scheme by the Sponsor after obtaining due approval from SEBON. Further, the Fund Manager is also providing Depository services to the unit holders of the Scheme in line with the prevailing regulations on mutual fund.

2. Significant Accounting Policies

2.1. Basis of Preparation



Handwritten signatures and initials in black ink, including "Dharmendra", "Vijay", "Manish", and others.



### 2.1.1. Statement of compliance

The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards issued by Accounting Standards Board of Nepal and pronounced by the Institute of Chartered Accountants of Nepal on 13<sup>th</sup> September 2013.

These financial statements also confirm the compliance with Securities Act, 2063, Mutual Fund Regulations, 2067, Mutual Fund Guidelines, 2069. NAS 39 Financial Instruments: Recognition and Measurement is notified to be applicable for Financial Instruments.

Financial assets held for trade are measured at Fair Value through Profit or Loss. Management uses specific valuation methodologies for unlisted equities (bonus, rights and IPO shares) which can have material impact on the financial statements.

### 2.1.2. Accounting Convention

The Financial Statements are prepared and presented under accrual basis of accounting in conformity with Nepal Financial Reporting Standards (NFRS). NFRSs requires using fair value to measure assets and liabilities unless otherwise stated.

#### Fair Value Measurement

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

#### Fair Value in an Active Market (Level 1)

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

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

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

#### Fair Value in an Inactive or Unquoted Market (Level 2 and Level 3)

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

- Equities which are listed but no transactions are made within last 30 days is valued at 180 days Average Market price provided by NEPSE and Equities which are listed but no transactions are made within last 180 days is valued taking lower of cost of acquisition or net book value of the stock as published in the latest quarterly report.
- In case of trading halt of the scrip due to merger & acquisition, last traded price should be taken.
- In case of unprecedented events, where no prescriptive guidelines are proposed to value securities/ portfolios. Following type of events could be classified as unprecedented events where current market information may not be available/sufficient for valuation of securities:

- Major policy announcements by Government or NRB or other regulatory Parties
- Natural Disasters, Disease Outbreak, Wars, or any other events that create public disturbances which force the market to close unexpectedly.
- Significant volatility in the capital Market.



*Zemenda*

*Manson*



Under such circumstances Assets Management Company shall seek the guidance of company's board in deciding appropriate methodology for valuation of the stocks.

- However, above events will not be accounted for valuation as above, stocks trading within 30 days.
- IPO (Initial Public Offerings) investments shall be valued as:
  - IPO investments are investments made to apply for the securities in IPO till Listing.
  - IPO investments are valued as advance for application amount till allotment at exact amount applied for.
  - After allotment of IPO till listing and if listed but not traded, IPO investments are valued at investment value.

Right share shall be valued as: Right share after book closure but before allotment shall be valued as theoretical ex right price for the number of units eligible for rights. After allotment till listing, right share will be valued as listed equities

### 2.1.3. Responsibility for Financial Statements

The fund manager is overall responsible for the management of the fund with supervision from Fund Supervisors, the Board of Fund Manager for the preparation and presentation of Financial Statements of the fund.

### 2.1.4. Going Concern Assumption

NIC Asia Select 30 (Index Fund) is close-ended fund with maturity in seven years from the allotment of units. The scheme is in 2<sup>nd</sup> year of its operation and since the fund managers, supervisors, and sponsors cannot liquidate the scheme before the maturity of the scheme by application of statute, the scheme's financial statements have been prepared under going concern assumption.

### 2.1.5. Approval of Financial Statements

The Scheme's Financial Statements were approved by the Board of Directors of the NIC ASIA Capital Limited on 28<sup>th</sup> Ashwin 2079 being the Fund Management and Depository Company. Similarly, information regarding approval of Financial Statements has been shared with Fund Supervisors.

### 2.1.6. Reporting Period and Approval of Financial Statements

These financial statements for the year ended 32<sup>nd</sup> Asadh, 2079 are the second set of statements of the fund. As the allotment of the fund units to unit holders were completed on 20<sup>th</sup> Asadh, 2078, this financial statement consists of the period from 1<sup>st</sup> Shrawan 2078 to 32<sup>nd</sup> Asadh 2079. Previous year figures however only consist of the period from 20<sup>th</sup> Asadh, 2078 to 31<sup>st</sup> Asadh, 2078 only.

### 2.1.7. Functional and Presentation Currency

The functional and presentation currency is Nepali Rupee (NPR), which is the currency of the primary economic environment in which the fund operates. Financial information is presented in Nepali Rupees. There was no change in fund's presentation and functional currency during the year under review. The figures presented in Financial Statements are rounded to nearest Nepali Rupee.

### 2.1.8. Use of Estimates, Assumptions and Judgments

The preparation of Financial Statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



*Manish*

*Prakash*

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*Supervisor*



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

### 2.1.9. Financial Instruments

The Fund's principal financial assets comprise assets held at fair value through profit and loss, other assets, bonds and debenture, fixed deposit and cash and cash equivalents. The main purpose of these financial instruments is to generate a return on the investment made by unit holders. The Funds' principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

#### a) Classification

The fund classifies the financial asset as subsequently measured at amortized cost or fair value on the basis of the Funds Business Model Test for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

- **Financial assets measured at amortized cost:**

A financial asset is measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and if 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.

- **Financial assets measured at fair value:**

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

- Financial assets are measured at fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss. It includes Investment in Equity Instrument.
- Financial assets are measured at fair value through other comprehensive income if the Investment in an equity instrument that is not held for trading and at the initial recognition, the Fund 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.

However, Fund does not have investment satisfying the criteria to be classified as FVTOCI.

- **Financial Liabilities**

The Fund classifies its financial liabilities, as follows:

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

Financial liabilities are classified at 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 cost is directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss



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- **Financial Liabilities measured at amortized cost:**

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

**b) Recognition / De-recognition**

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

**De-recognition of Financial Asset**

Fund derecognizes Financial Asset when the contractual right to receive cash flows from the financial asset expires or the Fund has transferred right to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial assets are transferred.

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

**De-recognition of Financial Liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Profit or Loss.

**c) Measurement**

**Initial Measurement**

A financial asset or financial liability is measured initially at fair value. However, the transaction costs of financial assets carried at fair value through profit or loss are capitalized to the cost of the financial assets (i.e., bonds and debenture and loans & receivable).

**Subsequent Measurement**

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability.

Financial asset or liability classified as measured at amortized cost is subsequently measured at amortized cost using effective interest rate method. Though NFRS prescribes bonds and debentures to be valued at amortized cost, these financial assets are valued at cost of acquisition as per guideline no. 22 (B) of Mutual Fund Guideline, 2069.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets classified as fair value through profit or loss are recognized in Statement of Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income. However, equity instrument classified under this category, the transaction cost during purchase of such instruments is capitalized while calculating the cost.

**Measurement of Financial Assets/Liabilities at Fair Value**

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

- Financial Assets / Liabilities at Fair Value
- Financial Assets / Liabilities Held for Trading



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*Mausan*

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*Signature*



### Financial Assets Measured at Amortized Cost

Fixed Deposits are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market and it is expected that substantially all of the initial investment will be recovered, other than because of credit deterioration. Fixed deposits are initially recognized when cash is advanced to the borrowers at fair value. Fixed deposits are debt instruments and are measured at **Amortized Cost Method** as it meets two tests that are business model test and the cash flow test.

- a. Business Model Test: This test is met where the purpose is to hold the asset to collect the contractual cash flows (rather than to sell it prior to maturity to realize its fair value changes).
- b. Cash Flow Test: This test will be met when the contractual terms of the asset give rise on specific dates to cash flows that are solely receipts of either the principal or interest.

This requires that the fair value of the fixed deposit is measured based upon expected future cash flows discounted at the original effective rate for each fixed deposit.

Valuations of other fixed deposits are done similarly as above. Fixed deposits at Banks & Financial Institutions have been recognized at amortized cost method where interest rate is taken as effective interest rate for discounting. Impairment of financial assets measured at Amortized cost is required and done if the fixed deposit issuer faces financial difficulties and there is doubt regarding the full recovery of the amount due.

### Receivables

Receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market and it is expected that substantially all of the initial investment will be recovered, other than because of credit deterioration. Receivables comprise interest receivables, dividend receivables, and other receivables. Receivables are initially recognized when cash is advanced to the borrowers at fair value.

Receivables are derecognized when the right to receive cash flows from the assets has expired or where substantially all risks and rewards of ownership have been transferred.

There are no receivables currently held by the fund.

### 3. Cash and Cash Equivalent

Cash and Cash Equivalent presented in Statement of financial position and cash flow statement represents the cash at bank and financial institution, cash in hand and highly liquid short-term investment with original maturity within ninety days. The book value of cash and cash equivalent is deemed to be the fair value of such assets. It also comprises call balance in the banks and financial institutions. They are available as and when the balance is called from the bank. The interest incomes on such balance are recognized daily on accrual basis based on the deal rate with the bank. The intrinsic rate and the coupon rate do not differ as the rates are changed based on the market rate.

*Zemenda*

*Mawin*

*for*

*for*



Particulars	Asadh 2079	End, 2078
<b>Cash at Bank (A)</b>		
Jyoti Bikash Bank Ltd - Call Account	858,866,614	110,449,722
Nic Asia Bank Ltd - Call Account	9,905,934	1,133,516,083
Kumari Bank Limited	943,226	
Shangrila Development Bank Limited	1,732,183	
Muktinath Bikas Bank Limited	1,676,774	
Mahalaxmi Bikash Bank Limited	919,637	
Citizen Bank Limited		
Lumbini Bikash Bank Limited	5,160,372	
<b>Cash in Hand(B)</b>		-
<b>Total(A+B)</b>	<b>879,204,740</b>	<b>1,243,965,806</b>

4. Financial assets held at fair value through profit or loss

S. N.	Name	As at 32nd Ashad 2079			Fair Value Hierarchy
		Unit	Value per unit	Value Amount	
	<b>LISTED</b>				
1	Surya Life Insurance Company Limited	26,671	387	10,321,677	Level 1
2	Premier Insurance Company (Nepal) Limited	16,727	576	9,634,752	Level 1
3	Sahas Urja Limited	8,167	460	3,756,820	Level 1
4	Everest Bank Limited	3,708	439	1,627,812	Level 1
5	Green Venture Limited	3,125	304	948,438	Level 1
6	Nyadi Hydropower Limited	2,625	316	829,500	Level 1
7	Mero Microfinance Limited	1,493	847	1,264,571	Level 1
8	Terhathum Power Company Limited	1,000	426	426,000	Level 1
9	Buddha Bhumi Nepal Hydropower Company Limited	934	355	331,570	Level 1
10	Samling Power Company Limited	852	428	364,741	Level 1
11	Nesdo Sambridha Laghubitta Bittiya Sanstha Limited	829	2,280	1,890,120	Level 1
12	Jalpa Samudayik Laghubitta Bittiya Sanstha Limited	522	2,318	1,209,996	Level 1
13	Prime Commercial Bank Ltd.	17,715	265	4,694,475	Level 1
14	Sanima Bank Limited	27,567	276	7,608,492	Level 1
15	Nepal Bank Limited	29,900	298	8,910,200	Level 1
16	Agricultural Development Bank	36,025	331	11,924,275	Level 1
17	Citizens Bank International Limited	33,259	203	6,734,948	Level 1
18	Machhapuchhre Bank Limited	33,628	254	8,541,512	Level 1
19	Prabhu Bank Limited	29,686	207	6,145,002	Level 1
20	Garima Bikas Bank Limited	14,370	387	5,561,190	Level 1
21	Mahalaxmi Bikash Bank Limited	17,700	378	6,690,600	Level 1
22	Nepal Life Insurance Company Limited	29,349	577	16,934,373	Level 1
23	Prime Life Insurance Company Ltd.	27,088	569	15,413,072	Level 2
24	Nirdhan Utthan Bank Limited	9,799	1,099	10,769,101	Level 1
25	First Microfinance Laghubitta Bittiya Sanstha Limited	6,073	665	4,038,545	Level 1



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26	Prabhu Insurance Company Limited	28,214	428	12,075,592	Level 1
27	Siddhartha Insurance Limited	22,838	544	12,417,021	Level 1
28	Lumbini General Insurance Company Limited	24,131	382	9,218,042	Level 2
29	Manushi Laghubitta Bittiya Sanstha Limited	489	1,002	489,978	Level 1
30	Union Life Insurance Company Limited	8,500	521	4,428,500	Level 2
31	Mailung Khola Jal Vidhyut Company Limited	915	493	450,729	Level 1
32	Sanima Life Insurance Company Limited	7,457	346	2,579,376	Level 1
33	Madhya Bhotekoshi Jalavidyut Company Limited	10,500	234	2,451,750	Level 1
34	Rastra Utthan Laghubitta Bittiya Sanstha Limited	850	926	787,100	Level 1
35	Balephi Hydropower Limited	1,828	240	438,172	Level 1
36	CYC Nepal Laghubitta Bittiya Sanstha Limited	395	1,698	670,789	Level 2
37	Upakar Laghubitta Bittiya Sanstha Limited	236	2,699	636,964	Level 1
38	River Falls Power Limited	2,730	222	606,060	Level 1
39	Dordi Khola Hydropower	2,196	309	679,003	Level 1
	<b>Sub-Total (A)</b>	<b>490,091</b>		<b>194,500,857</b>	
	<b>UNLISTED</b>				
40	Garima Bikash Bank Limited	2,299	387	889,713	Level 1
41	Himalayan Hydropower Limited	1,312	100	131,200	Level 3
42	Bindhyabasini Hydropower Limited	1,500	100	150,000	Level 3
43	Adarsha Laghubitta Bittiya Sanstha	67	100	6,700	Level 3
44	Upper Solu Hydropower Limited	1,534	100	153,400	Level 3
45	Upper Hewa Khola Hydropower Limited	1,175	100	117,500	Level 3
46	Rapti hydro Limited	1,987	100	198,700	Level 3
47	Swet Ganga Hydropower Limited	1,873	100	187,300	Level 3
48	Mandakini Hydro Limited	922	100	92,200	Level 3
	<b>Sub-Total (B)</b>	<b>12,669</b>		<b>1,926,713</b>	
	<b>Grand Total</b>	<b>502,760</b>		<b>196,427,570</b>	

Name	As at Asadh 31, 2078			
	Unit	Value per unit	Total Value	Fair Value Hierarchy
<b>UNLISTED</b>				
Union Life Insurance Company Limited	8,000	100	800,000	Level 3
Mailung Khola Jal Vidhyut Company Limited	915	100	91,500	Level 3
<b>Grand Total</b>			<b>8,91,500</b>	



5. **Financial Assets Held at Amortized Cost (Non-Current)**

There is no any assets representing financial assets held at amortized cost currently held by the scheme.

6. **Other Assets:**

The fair value of other current assets is not materially different to their carrying values.

Particulars	Asadh End, 2079	Asadh End, 2078
IPO Advance	1,679,400	1,189,700
Dividend Receivable	366,175	-
<b>Total Amount</b>	<b>2,045,575</b>	<b>1,189,700</b>

7. **Financial Assets Held at Amortized Cost (Current)**

There is no any assets representing financial assets held at amortized cost currently held by the scheme.

8. **Financial Liabilities**

Financial Liabilities are measured at amortized cost using effective interest rate. Financial liabilities are subsequently measured at amortized cost, with any difference between proceeds net of directly attributable transaction costs and the redemption value recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Financial liabilities are derecognized when the liabilities are discharged. A financial liability is written off when the obligation is discharged, cancelled or expires.

The accrued expenses and other payables are the financial liabilities to be discharged by the scheme.

Particulars	Asadh End, 2079	Asadh End, 2078
Time Media	51,744	25,000
Scheme Audit Fee Payable	111,500	55,750
Fund Management Fee Payable	4,617,136	604,619
Depository Fee Payable	615,618	80,616
Supervisor Fee Payable	265,622	34,783
TDS Payable	129,610	17,686
Professional Computer System (P) Ltd.	24,530	
Other Current Liabilities	94,213	2,305,809
<b>Total</b>	<b>5,909,973</b>	<b>3,124,264</b>

9. **Net Asset attributable to Unit holder's Fund**

Particulars	Asadh End, 2079	Asadh End, 2078
Fund Capital	1,250,000,000	1,250,000,000
Reserve	(23,232,089)	(7,077,258)
<b>Total</b>	<b>1,226,767,911</b>	<b>1,242,922,742</b>

9.1. **Fund Capital**

The capital of the Scheme comprises of the following

Particulars	Asadh End, 2079	Asadh End, 2078
Unit Capital Account	1,062,500,000	1,062,500,000
Unit Seed Capital Account	187,500,000	187,500,000
<b>Total</b>	<b>1,250,000,000</b>	<b>1,250,000,000</b>



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**9.2. Reserve**

Reserve is the cumulative net earnings or profit after accounting for dividends and is sometimes referred to as the earnings surplus. Reserve balance is the net earnings after dividend that is available for reinvestment in the company's core business or to pay down its debt. It is recorded under equity on the balance sheet.

Particulars	Asadh End, 2079	Asadh End, 2078
Opening Reserve	(7,077,258)	-
Dividend Paid		-
Add Current Year Profit	(16,154,831)	(7,077,258)
NFRS and Prior Period Adjustments		-
<b>Total</b>	<b>(23,232,089)</b>	<b>(7,077,258)</b>

**10. Interest Income from Financial Assets**

Interest income is recognized in profit or loss for all financial instruments using the quoted interest rate and such interest income on assets held at fair value through profit or loss is included in the net gains/ (losses) on financial instruments.

Particulars	Asadh End 2079	Asadh End 2078
Bank Interest Income Unrealized	-	-
Bank Interest Income Realized	79,993,431	333,306
<b>Total</b>	<b>79,993,431</b>	<b>333,306</b>

**11. Dividend Income**

Dividend income on Financial Assets held for trade is recognized, as and when, the right to receive is established.

Particulars	Asadh End, 2079	Asadh End, 2078
Dividend Income Realized	549,532	-
<b>Total</b>	<b>549,532</b>	<b>-</b>

**12. Income From Sale of Financial Asset at Fair Value through Profit or Loss**

Gain/(Loss) on sale of financial assets held for trade is recorded in the income statement.

Particulars	Asadh End, 2079	Asadh End, 2078
Capital Gain	454,245	-
Capital Loss	-	-
<b>Net Capital Gain/(Loss)</b>	<b>454,245</b>	<b>-</b>

**13. Unrealized Gain/(Loss) on Financial Asset Held for Trade**

It refers to changes in fair value of financial assets is recorded as unrealized gain/ (loss) in the income statement.

S.N.	Name	2078-79				
		Unit	Value per unit	Value Amount	Cost Price	Total Cost
	<b>LISTED</b>					
1	Surya Life Insurance Company Limited	26,671	387	10,321,677	778	20,741,458
2	Premier Insurance Company (Nepal) Limited	16,727	576	9,634,752	983	16,442,796
3	Sahas Urja Limited	8,167	460	3,756,820	100	816,700
4	Everest Bank Limited	3,708	439	1,627,812	727	2,694,949
5	Green Venture Limited	3,125	304	948,438	100	312,500



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6	Nyadi Hydropower Limited	2,625	316	829,500	100	262,500
7	Mero Microfinance Limited	1,493	847	1,264,571	1,128	1,684,526
8	Terhathum Power Company Limited	1,000	426	426,000	100	100,000
9	Buddha Bhumi Nepal Hydropower Company Limited	934	355	331,570	100	93,400
10	Samling Power Company Limited	852	428	364,741	100	85,200
11	Nesdo Sambridha Laghubitta Bittiya Sanstha Limited	829	2,280	1,890,120	100	82,900
12	Jalpa Samudayik Laghubitta Bittiya Sanstha Limited	522	2,318	1,209,996	100	52,200
13	Prime Commercial Bank Ltd.	17,715	265	4,694,475	401	7,110,337
14	Sanima Bank Limited	27,567	276	7,608,492	422	11,639,137
15	Nepal Bank Limited	29,900	298	8,910,200	408	12,197,098
16	Agricultural Development Bank	36,025	331	11,924,275	451	16,245,894
17	Citizens Bank International Limited	33,259	203	6,734,948	331	10,992,989
18	Machhapuchhre Bank Limited	33,628	254	8,541,512	354	11,907,693
19	Prabhu Bank Limited	29,686	207	6,145,002	371	11,019,350
20	Garima Bikash Bank Limited	14,370	387	5,561,190	565	8,113,488
21	Mahalaxmi Bikash Bank Limited	17,700	378	6,690,600	456	8,078,597
22	National Life Insurance Company Limited	29,349	577	16,934,373	902	26,460,378
23	Prime Life Insurance Company Ltd.	27,088	569	15,413,072	783	21,221,842
24	Nirdhan Utthan Bank Limited	9,799	1,099	10,769,101	1,204	11,801,580
25	First Microfinance Laghubitta Bittiya Sanstha Limited	6,073	665	4,038,545	876	5,320,186
26	Prabhu Insurance Company Limited	28,214	428	12,075,592	790	22,289,716
27	Siddhartha Insurance Limited	22,838	544	12,417,021	831	18,967,498
28	Lumbini General Insurance Company Limited	24,131	382	9,218,042	772	18,639,521
29	Manushi Laghubitta Bittiya Sanstha Limited	489	1,002	489,978	100	48,900
30	Union Life Insurance Company Limited	8,500	521	4,428,500	132	1,122,550
31	Mailung Khola Jal Vidhyut Company Limited	915	493	450,729	100	91,500
32	Sanima Life Insurance Company Limited	7,457	346	2,579,376	100	745,700
33	Madhya Bhotekoshi Jalavidyut Company Limited	10,500	234	2,451,750	100	1,050,000
34	Rastra Utthan Laghubitta Bittiya Sanstha Limited	850	926	787,100	100	85,000
35	Balephi Hydropower Limited	1,828	240	438,172	100	182,800
36	CYC Nepal Laghubitta Bittiya Sanstha Limited	395	1,698	670,789	100	39,500
37	Upakar Laghubitta Bittiya Sanstha Limited	236	2,699	636,964	100	23,600
38	River Falls Power Limited	2,730	222	606,060	100	273,000
39	Dordi Khola Hydropower	2,196	309	679,003	100	219,600
	<b>Sub-Total (A)</b>	<b>490,091</b>		<b>194,500,857</b>		<b>269,256,584</b>
	<b>UNLISTED</b>					
40	Garima Bikash Bank Limited	2,299	387	889,713	-	-
41	Himalayan Hydropower Limited	1,312	100	131,200	100	131,200
42	Bindhyabasini Hydropower Limited	1,500	100	150,000	100	150,000
43	Adarsha Laghubitta Bittiya Sanstha	67	100	6,700	100	6,700
44	Upper Solu Hydropower Limited	1,534	100	153,400	100	153,400
45	Upper Hewa Khola Hydropower		100	117,500	100	117,500



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	Limited	1,175				
46	Rapli hydro Limited	1,987	100	198,700	100	198,700
47	Swet Ganga Hydropower Limited	1,873	100	187,300	100	187,300
48	Mandakini Hydro Limited	922	100	92,200	100	92,200
	<b>Sub-Total (B)</b>	<b>12,669</b>		<b>1,926,713</b>		<b>1,037,000</b>
	<b>Grand Total</b>			<b>196,427,570</b>		<b>270,293,584</b>
<b>Unrealized Gain / (Loss)</b>						<b>(73,866,014)</b>
<b>Less: Previous Year Unrealized Gain/(Loss)</b>						<b>-</b>
<b>Unrealized Gain / (Loss) This Year</b>						<b>(73,866,014)</b>

S.N.	Name	2077-78				
		Unit	Value per unit	Value Amount	Cost Price	Total Cost
	<b>UNLISTED</b>					
1	Union Life Insurance Company Limited	8,000	100	800,000	100	800,000
2	Mailung Khola Jal Vidhyut Company Limited	915	100	91,500	100	91,500
	<b>Sub-Total (B)</b>	<b>8,915</b>		<b>891,500</b>		<b>891,500</b>
	<b>Grand Total</b>			<b>891,500</b>		<b>891,500</b>
<b>Unrealized Gain / (Loss)</b>						<b>-</b>
<b>Less: Previous Year Unrealized Gain/(Loss)</b>						<b>-</b>
<b>Unrealized Gain / (Loss) This Year</b>						<b>-</b>

#### 14. Fund Management, Depository & Supervisor Fees

All expenses are recorded on accrual basis in the income statement. Following fees are incurred by the Scheme as per Clause 8.6 of prospectus.

- (a) Fund Management fees: 1.5% of NAV
- (b) Fund Supervisor Fees: 0.1% of NAV
- (c) Depository Fess: 0.2% of NAV

NAV (Net Asset Value) for this purpose is computed on basis of quarterly average of weekly NAV as per mutual fund regulation, 2067 rule 23(1). The fee for FY 2077/78 is booked at the end of Asadh.

Particular	Asadh End, 2079	Asadh End, 2078
<b>Average NAV</b>	<b>1,226,688,745</b>	<b>1,244,901,429</b>
Fund Management	18,712,649	613,826
Depository	2,495,020	81,844
Supervisory Fee	1,247,510	40,922
<b>Total</b>	<b>22,455,179</b>	<b>736,592</b>

#### 15. Pre-Operating Expenses

This includes those expenses that were made before fund came into operation and issued IPO for general public. Details of these expenses are as below:

Particular	Asadh End, 2079	Asadh End, 2078
Advertisement And Promotion Expense	-	1,636,731
Issue Management Fee	-	3,125,000
Other Processing Fee	-	673,195
Scheme Allotment Expenses	-	85,000
Scheme Registration Fee	-	1,045,000
<b>Total</b>	<b>-</b>	<b>6,564,926</b>



*Remendra Manish*

*su c Phj*



## 16. Other Information

### 16.1. Securities Transactions

Transactions in securities are accounted for on a trade date basis. The Scheme uses the weighted average cost method for determining the capital gain or loss on sale of investment. The cost of investments includes brokerage transactions charges, SEBON charges, central depository services (CDS) related charges and name transfer fees.

### 16.2. Risk Management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's investment policy. It also seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair market value of those positions.

The management of these risks is carried out by the NIC ASIA Capital Limited, the fund management company. The fund supervisors provide principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure and mitigate different types of risk to which it is exposed.

#### 16.2.1 Market Risk:

##### a. Price Risk

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

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

The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Management Company.

##### b. Foreign Exchange Rate Risk

The Fund is not exposed to the fluctuations in exchange rates. The Fund's all investments and transactions are denominated in NPR.

##### c. Cash Flow and Fair Value Interest Rate Risk

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

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



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

#### Investment Threshold

As per the Mutual Fund Regulation, 2067 investment in bank deposit cannot be made more than 15% of Gross Net Asset Value of the scheme. However, in order to manage the surplus fund and generate certain yield, the Scheme has deposited the surplus cash in call accounts.

#### 16.2.2 Liquidity Risk:

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

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

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

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

#### 16.2.3 Credit Risk:

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

The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities.

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

In accordance with the Fund's policy, the Management Company monitors the Fund's credit position on a daily basis. The Fund can maximize the returns derived for the level of risk to which the Fund is exposed.

#### 16.2.4 Operational Risk:

Operational risk is the type of risk with the potential for loss resulting from inadequate or failed internal processes, people and systems or from the impact of external events, including legal risks. NIC ASIA Capital Limited seeks to minimize the exposure to operational risks, subject to cost trade-offs. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring. NIC ASIA Capital Limited has adopted risk management practice that defines how risks are managed and how the risk management policies are assured and how governance is exercised as well as the key roles required managing the underlying process.

#### 16.3. Taxation

Finance Act FY 2078/79 has included Mutual Fund under Section 10 of the Income Tax Act, 2058 as tax exempt entities. TDS on return from mutual fund (i.e.; dividend) paid to individual is deducted at 5% which is final withholding and to entity is tax deducted at 15% (which is not final withholding). Therefore, the fund management is of the view that return from the Scheme is duly taxed as per the principal of income tax and is not subject to further tax liability for FY 2078/79.



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#### 16.4. Net Asset Value (NAV) per unit

The Fund Manager calculates the NAV per unit of the Scheme by deducting the Schemes' liabilities over market value of the total investment and other assets such as interest and dividend receivable, bank balances divided by total number of scheme units on a weekly basis in accordance with the prevailing regulations/guidelines on mutual funds and publishes the same on its official website: [www.nicasiacapital.com](http://www.nicasiacapital.com) every week. The said information is also shared with the Fund Supervisors and the Board members of the Fund Manager. Further, the NAV and Income Statement as at end of every Nepali calendar month is published on a national daily newspaper with prior notification of the same forwarded to the Fund Supervisors & SEBON in writing.

#### 16.5. Net Assets Attributable to Unit Holders

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

#### 16.6. Reporting

The Fund Manager has been reporting its Fund Management Activities to SEBON and the Fund Supervisor on regular basis while the statutory reports are also forwarded in line with the prevailing regulations/guidelines on mutual funds.

#### 16.7. Related Party Transactions

As identified by the management and relied upon by the auditors following related parties' transactions has been entered by the scheme which are required to be disclosed in accordance with Accounting Standard – on 'Related Party Disclosures'.

Name of the Related Party	Nature of the Relationship	Nature of the transaction	Amount (NPR)
NIC ASIA Bank Limited	Fund Sponsor	Unit Holding (at par value of NPR 10 per unit)	187,500,000
		Call account deposit as on Asadh end 2079	858,866,614
		Interest earned from call deposit for FY 2078/79	61,284,222
		Service received by scheme during FY 2078/79	0
NIC ASIA Capital Limited (a subsidiary of sponsor NIC ASIA Bank Limited)	Fund Manager and Depository	Fund Management and Depository Fee	21,207,669
		Payable as on Asadh end 2079	5,232,754
		Issue Management and other services during FY 2078/79	0

Further, following disclosures are made:

- Shareholders holding substantial interest in the Fund Manager: NIC ASIA Bank Limited
- Subsidiaries of Major Shareholders of Fund Manager with whom the Fund transacted: None

#### 16.8. Employee Related Expenses

There is no current and future employee related expenses and liabilities as the fund is managed by NIC ASIA Capital Limited.



**16.9. Contingent Liability**

There is no contingent liability in respect of underwriting commitments, uncalled liability on partly paid shares and other commitments.

**On Behalf of NIC ASIA Capital Limited**

**(Fund Management Company)**

As per our Report of  
even date

  
Ramendra Rayamajhi  
Chief Executive Officer

  
Kapil Dhakal  
Chairman

  
Umesh Raj Pandey  
Partner  
URP And Associates  
Chartered Accountants



  
Manish Ghimire  
Chief Investment Officer

  
Dinesh Bhari  
Director

  
Rupesh Luitel  
Director

  
Rabin Sapkota  
Independent  
Director

  
Suman Dangol  
Independent  
Director

Date: 14<sup>th</sup> October, 2022

Place: Kathmandu

