

Asha Laghubitta Bittiya Sanstha Ltd.

Unaudited Interim Financial Statements of FY 2080/81

Condensed Statement of Financial Position

As on Quarter ended 29th Poush 2080

Amount (NPR)

Particulars	This Quarter Ending	Immediate Previous Year Ending
Assets		
Cash and Cash Equivalent	359,708,659.80	374,977,379.49
Statutory Balances and due from Nepal Rastra Bank	45,585,811.85	42,085,811.85
Placement with Bank & Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loan and advances to MFIs & Cooperatives	-	-
Loans and Advances to Customers	9,479,205,198.75	8,840,276,628.41
Investment Securities	-	-
Current Tax Assets	33,340,717.93	28,340,717.93
Investment Property	10,000.00	10,000.00
Property and Equipment	21,140,747.28	24,329,247.92
Goodwill and Intangible Assets	553,614.79	721,528.27
Deferred Tax Assets	13,076,328.11	13,076,328.11
Other Assets	16,853,237.61	15,272,681.24
Total Assets	9,969,474,316.12	9,339,090,323.22
Liabilities		
Due to Bank and Financial Institutions	-	-
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	-	-
Deposits from Customers	2,817,074,699.05	2,823,998,989.10
Borrowings	6,139,345,439.65	5,466,986,060.85
Current Tax Liabilities	-	-
Provisions	-	-
Deferred Tax Liabilities	-	-
Other Liabilities	121,117,680.36	120,985,884.19
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	9,077,537,819.06	8,411,970,934.14
Equity		
Share Capital	641,616,000.00	641,616,000.00
Share Premium	-	-
Retained Earnings	90,480,618.08	122,311,483.35
Reserves	159,839,878.99	163,191,905.73
Total Equity	891,936,497.06	927,119,389.08
Total Liabilities and Equity	9,969,474,316.12	9,339,090,323.22

Asha Laghubitta Bittiya Sanstha Ltd.

Unaudited Interim Financial Statements of FY 2080/81

Condensed Statement of Profit & Loss
For the Quarter ended 29th Poush 2080

Amount (NPR)

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Interest Income	308,118,842.01	597,017,362.67	189,552,000.34	367,090,087.22
Interest Expense	226,832,558.17	453,609,433.27	115,933,866.04	233,660,449.54
Net Interest Income	81,286,283.84	143,407,929.40	73,618,134.30	133,429,637.68
Fee and Commission Income	29,976,438.76	55,790,162.58	1,377,118.90	1,668,705.04
Fee and Commission Expense	1,560,008.00	4,270,008.00	-	-
Net Fee and Commission Income	28,416,430.76	51,520,154.58	1,377,118.90	1,668,705.04
Net Interest, Fees and Commission Income	109,702,714.60	194,928,083.98	74,995,253.20	135,098,342.72
Net Trading Income	-	-	-	-
Other Operating Income	8,652,363.32	9,337,278.68	22,449,840.86	42,466,657.84
Total Operating Income	118,355,077.92	204,265,362.66	97,445,094.06	177,565,000.56
Impairment Charge/(reversal) for Loans and Other Losses	2,423,901.52	14,465,793.35	17,947,888.79	23,156,992.89
Net operating income	115,931,176.40	189,799,569.31	79,497,205.27	154,408,007.67
Operating Expense				
Personnel Expenses	92,481,959.66	162,923,979.69	33,996,609.77	68,944,003.77
Other Operating Expenses	28,487,012.33	57,156,381.80	15,595,807.39	31,411,569.37
Depreciation & Amortization	1,516,963.15	3,050,439.04	670,377.73	1,376,852.64
Operating Profit	(6,554,758.74)	(33,331,231.22)	29,234,410.38	52,675,581.89
Non-Operating Income	89,903.51	447,743.03	97,643.00	98,652.00
Non-Operating Expense	-	-	-	-
Profit before Income Tax	(6,464,855.23)	(32,883,488.19)	29,332,053.38	52,774,233.89
Income Tax Expense				
Current Tax	-	-	8,799,616.02	15,832,270.17
Deferred Tax	-	-	-	-
Profit for the Period	(6,464,855.23)	(32,883,488.19)	20,532,437.37	36,941,963.73

Statement of Comprehensive Income

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Profit or loss for the Period	(6,464,855.23)	(32,883,488.19)	20,532,437.37	36,941,963.73
Other Comprehensive Income				
a) Items that will not be reclassified to profit or loss				
-Gains/(losses) from investments in equity instruments measured at fair value	-	-	-	-
-Gain/(loss) on revaluation	-	-	-	-
-Actuarial gain/loss on defined benefit plans	-	-	-	-
-Income tax relating to above items	-	-	-	-
Net other comprehensive income that will not be reclassified to profit or loss				
b) Items that are or may be reclassified to profit or loss				
-Gains/(losses) on cash flow hedge	-	-	-	-
-Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-
-Income tax relating to above items	-	-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss				
c) Share of other comprehensive income of associate accounted as per equity method				
Other comprehensive income for the period, net of income tax	-	-	-	-
Total Comprehensive Income for the period	(6,464,855.23)	(32,883,488.19)	20,532,437.37	36,941,963.73
Earnings per share				
Annualized Basic Earnings Per Share		(10.25)		22.30
Diluted earnings per share		(10.25)		22.30

Ratios as per NRB Directive

Particulars	Current Year	Previous Year Corresponding
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	This Quarter	Upto This Quarter	This Quarter	Upto This Quarter
Capital Fund to RWA		9.65%		11.78%
Total Loan Loss Provision to Total NPL		50.14%		43.90%
NPL		4.93%		4.65%
Cost of Funds		10.28%		10.76%
Credit to Deposit and Borrowing Ratio		108.39%		113.13%
Base Rate		15.49%		15.45%
Interest Rate Spread		4.72%		4.20%

Statement of Distributable Profit or Loss	Amount (NPR)
Net profit for the Quarter Ended on Poush 2080	(32,883,488.19)
Appropriations:	
a. General reserve	-
b. Foreign exchange fluctuation fund	-
c. Capital redemption reserve	-
d. Corporate social responsibility fund	-
e. Employees' training fund	-
f. Client Protection Fund	-
g. Other	-
Profit or (loss) before regulatory adjustment	(32,883,488.19)
Regulatory adjustment :	
a. Interest receivable (-)/previous accrued interest received (+)	1,052,622.91
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 (-)/reversal (+)	-
e. Deferred tax assets recognised (-)/ reversal (+)	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-
g. Bargain purchase gain recognised (-)/reversal (+)	-
h. Actuarial gain/loss recognised (-)/reversal (+)	-
i. Other (+/-)	-
Net profit for the Quarter Ended on Poush End 2080 Available for Distribution	(31,830,865.28)
Opening Retained Earnings	122,311,483.35
Adjustments (+/-)	-
Distribution:	
Bonus shares issued	-
Cash dividend paid	-
Total Distributable profit/loss as on Poush 2080	90,480,618.08
Annualised Distributable Profit/Loss per share	14.10

Note:

- The comparative figures for previous quarters and corresponding periods in the Statement of Profit and Loss exclusively pertains to Asha Laghubitta Bittiya Sanstha Ltd. The figures attributed to this quarter and the cumulative data until the present quarter are amalgamated, given the successful acquisition by Asha Laghubitta of the former Rastra Utthan Laghubitta Bittiya Sanstha Ltd.
- Figures presented above may vary with the audited figures if instructed by the banking regulations and statutory auditor.
- The detailed interim financial report has been published in the website.
- The interim financial statements have been prepared in accordance with Nepal Financial Reporting Standards as issued by the Accounting Standard Board, Nepal and carve out issued by ICAN.
- Personnel Expenses include Employees Bonus.
- Loans and advances include staff loans and are presented net of impairment charges.
- The microfinance has applied alternative treatment in the carve out issued by the Institute of Chartered Accountants of Nepal with respect to the Impairment of Loans and Advances.
- Actuarial Valuation has not been done for Employee Benefits for the period.
- Figures are regrouped/rearranged/restated wherever necessary for consistent presentation and comparison.

Asha Laghubitta Bittiya Sanstha Limited
Statement of Cash Flows
For the Quarter ended 29th Poush 2080

Particulars	This Quarter Ending
CASH FLOWS FROM OPERATING ACTIVITIES	
Interest Received	597,017,363
Fee and Other Income Received	55,790,163
Dividend Received	
Receipts from Other Operating Activities	9,785,022
Interest Paid	(453,609,433)
Commissions and Fees Paid	(4,270,008)
Cash Payment to Employees	(162,923,980)
Other Expenses Paid	(57,156,382)
Operating Cash Flows before Changes in Operating Assets and Liabilities	(15,367,256)
(Increase) Decrease in Operating Assets	
Due from Nepal Rastra Bank	(3,500,000)
Placement with Banks and Financial Institutions	-
Other Trading Assets	-
Loans and Advances to Bank and Financial Institutions	-
Loans and Advances to Customers	(653,394,364)
Other Assets	(6,580,556)
Increase (Decrease) in Operating Liabilities	
Due to Banks and Financial Institutions	
Due to Nepal Rastra Bank	-
Deposit from Customers	(6,924,290)
Borrowings	672,359,379
Other Liabilities	131,796
Net Cash Flow from Operating Activities before Tax Paid	(13,275,291)
Income Tax Paid	-
Net Cash Flow from Operating Activities	(13,275,291)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investment Securities	-
Receipts from Sale of Investment Securities	
Purchase of Property and Equipment	305,975
Receipts from Sale of Property and Equipment	
Purchase of Intangible Assets	-
Purchase of Investment Properties	
Receipts from Sale of Investment Properties	
Interest Received	
Dividend Received	
Net Cash Used in Investing Activities	305,975
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts from Issue of Debt Securities	
Repayments of Debt Securities	
Receipts from Issue of Subordinated Liabilities	
Repayments of Subordinated Liabilities	
Receipt from Issue of Shares	
Dividends Paid	
Interest Paid	
Other Receipts/Payments	(2,299,404)
Net Cash from Financing Activities	(2,299,404)
Net Increase (Decrease) in Cash and Cash Equivalents	(15,268,720)
Cash and Cash Equivalents at Shrawan 01, 2079	374,977,379
Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held	
Cash and Cash Equivalents at Asar 31, 2080	359,708,660

Asha Laghubitta Bittiya Sanstha Limited
Statement of Financial Position
For the quarter ended 29th Poush 2080

Cash and Cash Equivalent 4.1

Particulars	FY 2080/81
Cash in Hand	3,498,066
Balances with BFIs	356,210,594
Money at Call and Short Notice	-
Other	-
Total	359,708,660

Statutory Balances and Due from Nepal Rastra Bank 4.2

Particulars	FY 2080/81
Statutory Balances with NRB	-
Statutory Balances with BFIs	45,585,812
Securities purchased under Resale Agreement	-
Other Deposit and Receivable from NRB	-
Total	45,585,812

Statutory Balance with Nepal Rastra Bank represent the cash balance that is required to be held as the Cash Reserve Ratio as per the regulatory norms.

Placements with Financial Institutions 4.3

Particulars	FY 2080/81
Placement with Domestic FIs	-
Less: Allowances for Impairment	-
Total	-

There are no domestic placements with maturities more than three months from acquisition date.

Derivative Financial Instruments 4.4

Particulars	FY 2080/81
<i>Held for Trading</i>	-
Interest Rate Swap	-
Currency Swap	-
Forward Exchange Contracts	-
Others	-
<i>Held for Risk Management</i>	-
Interest Rate Swap	-
Currency Swap	-
Forward Exchange Contracts	-
Others	-
Total	-

Other Trading Assets 4.5

Particulars	FY 2080/81
Treasury Bills	-
Government Bonds	-
NRB Bonds	-
Domestic Corporate Bonds	-
Equities	-
Other	-
Total	-
Pledged	-
Non-Pledged	-

Loans and Advances to MFIs & Co-operatives 4.6

Particulars	FY 2080/81
Loans to Micro-Finance Institutions	-
Loans to FIs	-
Loans to Co-operatives	-
Less: Allowances for Impairment	-
Other	-
Less: Allowances for Impairment	-
Total	-

4.6.1 Allowances for Impairment	FY 2080/81
Balance at Shrawan 01	-

Impairment Losses for the year:	-
Charge for the year	-
Recoveries/Reversal	-
Amount Written Off	-
Balance at Asar End	-

Loans and Advances to Customers 4.7

Particulars	FY 2080/81
Loans and Advances measured at Amortized Cost	9,493,670,992
Less: Impairment Allowances	-
Collective Impairment	1,446,209
Individual Impairment	13,019,585
Net Amount	9,479,205,199
Loans and Advances measured at FVTPL	-
Total	9,479,205,199

As per the carve out notice issued by ICAN, the Bank has measured impairment loss on loan and advances as the higher of amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provision and amount determined as per paragraph 63 of NAS 39. The losses arising from impairment are recognised in 'Impairment charge for loans and other losses' in the Statement of Profit or Loss.

Comparison of Impairment as per NFRS and NRB:

Particulars	FY 2080/81
LLP as per NRB Directives	0
Impairment as per NFRS	14,465,793

4.7.1: Analysis of Loans and Advances - By Product

Particulars	FY 2080/81
Product	-
Term Loans	-
Short Term, Term Loan	-
Long Term, Term Loan	-
Personal Residential Loans	-
Hire Purchase Loans	-
Staffs Loans	382,341
Other(Loans and Advances)	9,494,959,481
Sub-Total	9,495,341,822
Interest Receivable	(1,670,830)
Grand Total	9,493,670,992

4.7.2: Analysis of Loans and Advances - By Collateral

Particulars	FY 2080/81
<i>Secured</i>	-
Immoveable Assets	-
Government Guarantee	-
Collateral of Fixed Deposit Receipt	-
Collatereal of Government Securities	-
Group Guarantee	-
Personal Guarantee	-
Other Collateral	-
Subtotal	-
<i>Unsecured</i>	-
Grand Total	-

Investment Securities 4.8

Particulars	FY 2080/81
Investment Securities measured at Amortized Cost	-
Investment in Equity measured at FVTOCI	-
Total	-

4.8.2: Investment in Equity measured at FVTOCI

Particulars	FY 2080/81
Equity Instruments	-
Quoted Equity Securities	-
Unquoted Equity Securities	-
Total	-

4.8.3: Information relating to Investment in Equities

Particulars	FY 2080/81	
	Cost	Fair Value

Investment in Quoted Equity		
.....Ltd.	-	-
.....Shares of Rs. Each	-	-
.....Ltd.	-	-
.....Shares of Rs. Each	-	-
Investment in Unquoted Equity		
Center For MicroFinance Pvt Ltd 100 shares of Rs 100 each.		
.....Shares of Rs. Each	-	-
.....Ltd.		
.....Shares of Rs. Each		
Total	-	-

Current Tax Assets /Liabilities 4.9

Particulars	FY 2080/81
Current Tax Assets	
Current year Income Tax Assets	5,000,000
Tax Assets of Prior Periods	28,340,718
Current Tax Liabilities	
Current year Income Tax Liabilities	-
Tax Liabilities of Prior Periods	-
Total	33,340,718

Investment Properties 4.10

Particulars	FY 2080/81
Investment Properties measured at Fair Value	
Balance as on Shrawan 01.	10,000
Addition/(Disposal) during the year.	-
Net Changes in fair value during the year.	-
Adjustment/Transfer.	-
Net Amount	10,000
Investment Properties measured at Cost	
Balance as on Shrawan 01	-
Addition/(Disposal) during the year	-
Adjustment/Transfer	-
Accumulated Depreciation	-
Accumulated Impairment Loss	-
Net Amount	-
Total	10,000

Other Assets 4.14

Particulars	FY 2080/81
Assets held for Sale	-
Other Non-Banking Assets	-
Bills Receivable	-
Accounts Receivable	(9,314)
Accrued Income	-
Prepayments and Deposits	15,152,600
Income Tax Deposit	-
Deferred Employee Expenditure	-
Other	1,709,951
Total	16,853,238

Deferred Employee Expenditure includes staff amortization cost recognised as per NAS 19. Other asset includes inventory of General stationery

Due to Banks and Financial Institutions 4.15

Particulars	FY 2080/81
Borrowings from BFIs	-
Settlement and Clearing Accounts	-
Others	-
Total	-

Due to Nepal Rastra Bank 4.16

Particulars	FY 2080/81
Refinance from NRB	-
Standing Liquidity Facility	-
Lender of Last Resort facility from NRB	-
Securities sold under repurchase agreements	-
Other Payable to NRB	-
Total	-

Derivative Financial Instruments 4.17

Particulars	FY 2080/81
Held for Trading	-
Interest Rate Swap	-
Currency Swap	-
Forward Exchange Contracts	-
Others	-
Held for Risk Management	-
Interest Rate Swap	-
Currency Swap	-
Forward Exchange Contracts.	-
Others	-
Total	-

Deposits from Customers 4.18

Particulars	FY 2080/81
Institutional Customers:	-
Term Deposits.	-
Call Deposits	-
Others	-
Individual Customers:	-
Term Deposits	-
Saving Deposits	-
Saving from Members	2,817,074,699
Others	-
Total	2,817,074,699

Borrowings 4.19

Particulars	FY 2080/81
Domestic Borrowings	
Nepal Government	-
Other Licensed Institutions	6,139,345,440
Other	-
Sub Total	6,139,345,440
Foreign Borrowings	
Foreign Banks and Financial Institutions	-
Multilateral Development Banks	-
Other Institutions	-
Sub Total	-
Total	6,139,345,440

Provisions 4.20

Particulars	FY 2080/81
Provisions for Redundancy	-
Provisions for Restructuring	-
Pending Legal Issues and Tax Litigation	-
Onerous Contracts	-
Other	-
Total	-

4.20.1: Movement in Provision

Particulars	FY 2080/81
Balance at Shrawan 01	-
Provisions made during the year	-
Provisions used during the year	-
Provisions reversed during the year	-
Unwind of Discount	-
Balance at Asar end	-

Other Liabilities 4.21

Particulars	FY 2080/81
Liabilities for employees defined benefit obligations	23,809,539
Liabilities for long service leave	29,823,412
Short term employee benefits	141,304
Bills payable	-
Creditors and accruals	5,762,521
Interest payable on deposits	-
Interest payable on borrowing	9,669,005
Liabilities on deferred grant income	-

Unpaid Dividend	-
Liabilities under Finance Lease	-
Employee bonus payable	1,944,626
Other	49,967,273
<i>Service Charge Refundable</i>	-
<i>Loan Insured Fee Payable to DCGF</i>	14,496,413
<i>Staff payables</i>	815,258
<i>TDS Payable</i>	916,373
<i>Loan insurance Payable</i>	21,355,521
<i>Provision for Audit Fee</i>	521,915
<i>Provision for Audit Expenses</i>	-
<i>Provision for Consultancy Expenses</i>	-
<i>Remittance Payable</i>	60
<i>Other liabilities</i>	11,861,734
Total	121,117,680

4.21.1: Defined Benefit Obligation

The amounts recognised in the statements of financial positions are as follows :

Particulars	FY 2080/81
Present value of non-funded obligations	-
Total present value of obligations	-
Fair value of plan assets	-
Present value of net obligations	-
Recognised liability for defined benefit obligations	-

4.21.2: Plan Assets

Plan assets comprise

Particulars	FY 2080/81
Equity securities	-
Government bonds	-
Bank deposit	-
Other	-
Total	-

4.21.3: Movement in the present value of defined benefit obligations

Particulars	FY 2080/81
Defined benefit obligations at Shrawan 1	-
Actuarial losses/(gain)	-
Benefits paid by the plan	-
Current service costs and interest	-
Defined benefit obligations at Asar end	-

4.21.4: Movement in the fair value of plan assets

Particulars	FY 2080/81
Fair value of plan assets at Shrawan 1	-
Contributions paid into the plan	-
Benefits paid during the year	-
Actuarial (losses) gains	-
Expected return on plan assets	-
Fair value of plan assets at Asar end	-

4.21.5: Amount recognised in profit or loss

Particulars	FY 2080/81
Current service costs	-
Interest on obligation	-
Expected return on plan assets	-
Total	-

4.21.6: Amount recognised in other comprehensive income

Particulars	FY 2080/81
Actuarial (gain)/loss	-
Total	-

4.21.7: Actuarial assumptions

Particulars	FY 2080/81
Discount rate	-

Expected return on plan asset
Future salary increase

Withdrawal rate

Mortality Rate

Debt securities issued 4.22

Particulars	FY 2080/81
Debt securities issued designated as at fair value through profit or loss	-
Debt securities issued at amortised cost	-
Total	-

Subordinated Liabilities 4.23

Particulars	FY 2080/81
Redeemable preference shares	-
Irredeemable cumulative preference shares (liabilities component)	-
Other	-
Total	-
Share capital	4.24

Particulars	FY 2080/81
Ordinary shares	641,616,000
Convertible preference shares (equity component only)	-
Irredeemable preference shares (equity component only)	-
Perpetual debt (equity component only)	-
Total	641,616,000

4.24.1: Ordinary Shares

Particulars	FY 2080/81
Authorized Capital	-
... Ordinary Shares of Rs. 100 each	-
Issued capital	-
..... Ordinary Shares of Rs. 100 each	-
Subscribed & Paid up Capital	-
..... Ordinary Shares of Rs. 100 each	-
Total	-

4.24.2: Ordinary share ownership

Particulars	FY 2080/81	
	Percent	Amount
Domestic ownership (Promoter)	67.42%	432,600,000
Nepal Government	13.25%	85,000,000
"A" class licensed institutions	0.00%	-
Other licensed institutions	0.00%	-
Other Institutions	25.72%	165,027,500
Other	0.00%	182,572,500
Domestic ownership (Public)	32.58%	209,016,000
Nepal Government	0.00%	-
"A" class licensed institutions	0.00%	-
Other licensed institutions	0.00%	-
Other Institutions	0.00%	-
Other	32.58%	209,016,000
Foreign ownership Promoter	0.00%	-
Foreign ownership Public	0.00%	-
Total	100.00%	641,616,000

Reserves 4.25

Particulars	FY 2080/81
Statutory General reserve	95,947,457
Dividend Equilisation reserve	-
Exchange equilisation reserve	-
Corporate social responsibility reserve	1,939,336
Capital redemption reserve	-
Regulatory reserve	(1,052,623)

Investment adjustment reserve	10,000
Capital reserve	-
Assets revaluation reserve	-
Fair value reserve	-
Client Protection Fund	53,206,741
Actuarial gain	-
Special reserve	-
Other reserve	9,788,967
Total	159,839,879

4.25.1: Movement in Statutory General Reserve

Particulars	Amount
Opening Balance of 1st Shrawan 2079	
Amount Transferred during this period:	
1) 20% of Net profit	0
2) 50% of dividend in excess of 20%	0
Closing Balance as on Ashadh End 2080	0

4.25.2: Movement in Corporate Social Responsibility Reserve

Particulars	Amount
Opening Balance of 1st Shrawan 2079	
Add: Provision of this F/Y (1% of net profit as per NFRS)	-
Less: Expense for the F/Y	-
Closing Balance as on Ashadh End 2080	-

4.25.3: Movement in Client Protection Fund

Particulars	Amount
Opening Balance of 1st Shrawan 2079	
Addition to the Fund this F/Y	
a. Interest Income to the Fund	0
a. Other Contribution to the Fund	
b. 1% of Net profit as per NFRS of the F/Y	0
c. 25% of dividend in excess of 20%	
Total (A)	0
Less: Expenses from Fund this Year	
a. Assistance on the death of Borrower and Guardian of Borrower	
b. Assistance to the members during Natural Disasters	
c. Expenses incurred for Covid affected members	
d. Assistance to member during Pregnancy for hygiene foods and expenses for pregnancy health awareness programs	
e. Expenses of Medical Assistance	
f. Loan written off due to death of member	
g. Expenses incurred for Center Chief Meeting	
h. Expenses for gift to member on marriage ceremony	
Total Expenses (B)	0
Closing Balance as on Ashadh End 2080	1

(53,206,741)

4.25.4: Movement in Regulatory Reserve

Particulars	Amount
Opening Balance of 1st Shrawan 2079	-
Add: Transfer to Reserve on account of	
a. Interest Receivable on Loans & Advances	-
b. Reversal from change in Fair Value on equity instrument	-
c. Deferred Tax Assets	-
Closing Balance as on Ashadh End 2080	-

Contingent liabilities and commitments

4.26

Particulars	FY 2080/81
Contingent liabilities	-
Undrawn and undisbursed facilities	-
Capital commitment	-
Lease Commitment	-
Litigation	-
Others	-
Total	-

The Microfinance does not have any contingent liabilities and commitments as on date.

4.26.1: Capital commitments

Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements

Particulars	FY 2080/81
Capital commitments in relation to Property and Equipment	-
Approved and contracted for	-

Approved but not contracted for	-
Sub total	-
Capital commitments in relation to Intangible assets	-
Approved and contracted for	-
Approved but not contracted for	-
Sub total	-
Total	-

4.26.2: Lease commitments

Particulars	FY 2080/81
Operating lease commitments	
Future minimum lease payments under non cancellable operating lease, where the Institution is lessee	
Not later than 1 year	-
Later than 1 year but not later than 5 years	-
Later than 5 years	-
Sub total	-
Finance lease commitments	
Future minimum lease payments under non cancellable operating lease, where the Laghubitta is lessee	
Not later than 1 year	-
Later than 1 year but not later than 5 years	-
Later than 5 years	-
Sub total	-
Grand total	-

Asha Laghubitta Bittiya Sanstha Limited
Notes to Financial Statements
For the quarter ended 29th Poush 2080

Interest Income 4.27

Particulars	FY 2080/81
Cash and cash equivalent	-
Due from Nepal Rastra Bank	-
Placement with bank and financial institutions	-
Loan and advances to bank and financial institutions	-
Loans and advances to customers	597,017,363
Investment securities	-
Loan and advances to staff	-
Other	-
Total interest income	597,017,363

Loan and advances to staff includes interest income from fair value of staff loan.

Interest Expenses 4.28

Particulars	FY 2080/81
Due to bank and financial institutions	-
Due to Nepal Rastra Bank	-
Deposits from customers	118,356,866
Borrowing	335,252,567
Debt securities issued	-
Subordinated liabilities	-
Other-On Client Protection Fund	-
Total Interest expense	453,609,433

Fees and Commission Income 4.29

Particulars	FY 2080/81
Loan administration fees	-
Service fees	53,105,870
Commitment fees	-
Card Issuance fees	-
Prepayment and swap fees	-
Remittance fees	-
Brokerage fees	-
Other fees and commission income	2,684,293
Total Fees and Commission Income	55,790,163

4.29.1 Other fees and Commission income

Remittance Commission	2,234
Insurance Commission	2,682,058
Others	-
Total	2,684,293

Fees and Commission Expense 4.30

Particulars	FY 2080/81
Brokerage	-
ATM management fees	-
VISA/Master card fees	-
Guarantee commission Fees	-
DD/TT/Swift fees	-
Remittance fees and commission	4,270,008
Other fees and commission expense	-
Total Fees and Commission Expense	4,270,008

Net Trading income 4.31

Particulars	FY 2080/81
Changes in fair value of trading assets	-
Gain/loss on disposal of trading assets	-
Interest income on trading assets	-
Dividend income on trading assets	-

Gain/loss foreign exchange transaction	-
Other	-
Net trading income	-

Other Operating Income 4.32

Particulars	FY 2080/81
Foreign exchange revaluation gain	-
Gain/loss on sale of investment securities	-
Fair value gain/loss on investment properties	-
Dividend on equity instruments	-
Gain/loss on sale of property and equipment	-
Gain/loss on sale of investment property	-
Operating lease income	-
Gain/loss on sale of gold and silver	-
Other-Fine on Loan	9,337,279
Total	9,337,279

Impairment charge/(reversal) for loan and other losses 4.33

Particulars	FY 2080/81
Impairment charge/(reversal) on loan and advances to BFIs	-
Impairment charge/(reversal) on loan and advances to customers	14,465,793
Impairment charge/(reversal) on financial Investment	-
Impairment charge/(reversal) on placement with BFIs	-
Impairment charge/(reversal) on property and equipment	-
Impairment charge/(reversal) on goodwill and intangible assets	-
Impairment charge/(reversal) on investment properties	-
Total	14,465,793

Impairment reversal on financial investment includes Write Back from Provision for Other Assets

Personnel Expenses 4.34

Particulars	FY 2080/81
Salary	62,886,021
Allowances	68,248,591
Gratuity Expense	3,137,238
Provident Fund/SSF expenses	9,421,927
Uniform	5,480,000
Training & development expense	9,700
Leave encashment	-
Medical	-
Insurance	306,557
Employees incentive	-
Cash-settled share-based payments	-
Pension expense	-
Finance expense under NFRS	-
Other expenses related to staff	13,433,945
Subtotal	162,923,980
Employees Bonus	-
Grand total	162,923,980

Employees Bonus is provided at 10% of net profit before bonus and taxes as per the requirement of Bonus Act, 2000.

Other Operating Expense 4.35

Particulars	FY 2080/81
Directors' fee	542,500
Directors' expense	71,541
Auditors' remuneration	-
Other audit related expense	-
Professional and legal expense	829,370
Office administration expense	42,644,148
Operating lease expense	13,068,823
Operating expense of investment properties	-
Corporate social responsibility expense	-
Client Protection Expenses	-
Onerous lease provisions	-
Other Expenses	-
Total	57,156,382

4.35.1 Office administration expense

Particulars	FY 2080/81
Water & Electricity	1,168,424
Repair & Maintenance	-
(a) Building	-
(b) Vehicles	-
(c) Computer and Accessories	546,085
(d) Office Equipment & Furniture	50,889
(e) Others	2,182,986
Insurance (Others)	283,711
Postage, Telex, Telephone & Fax	1,419,074
Printing & Stationery	2,266,262
Newspaper, Books and Journals	-
Advertisement	106,874
Donation	-
Security Expense	22,600
Deposit and Loan Guarantee Premium	19,449,554
Travel Allowance & Expense	3,539,867
Entertainment	-
Annual/Special General Meeting Expense	-
Other Meeting Expenses	102,500
Internet Expenses	997,441
Registration and Renewal	921,424
Other Expenses	9,586,458
Total	42,644,148

4.35.2 Others Expenses:	
Share Issue expenses	49,998
Fuel Expenses	7,494,125
Lunch expenses	123,590
Bank Charges	34,238
Transportation Expenses	76,564
BOD Orientation Expenses	-
Provision for Excess collection of Service Charge	-
Miscellaneous Expenses	1,807,942
Total	9,586,458

Share issue expenses has been reversed in profit and loss account and routed through Equity.

Depreciation and Amortization 4.36

Particulars	FY 2080/81
Depreciation on property and equipment	2,882,526
Depreciation on investment property	-
Amortization of intangible assets	167,913
Total	3,050,439

Non Operating Income 4.37

Particulars	FY 2080/81
Recovery of loan written off	-
Other income	447,743
Total	447,743

4.37.1 Other Income	
Grant income	-
Other	447,743
Total	447,743

Non Operating Expenses 4.38

Particulars	FY 2080/81
Loan written off	-
Redundancy provision	-
Expense of restructuring	-
Other expense	-
Total	-

Income Tax Expenses 4.39

Particulars	FY 2080/81
Current tax expense	
Current year	-

Adjustments for prior years	-
Deferred tax expense	
Origination and reversal of temporary differences	-
Changes in tax rate	-
Recognition of previously unrecognised tax losses	-
Total income tax expense	-

Asha Laghubitta Bittiya Sanstha Limited

Notes to the Interim Financial Statement

As on Quarter ended 29th Poush, 2080

1 Reporting Entity

Asha Laghubitta Bittiya Sanstha Limited (the Microfinance) is domiciled and incorporated in Nepal as a "D" Class licensed financial institution as per Bank and Financial Institution Act, 2063 on 5th Baisakh, 2073 from Nepal Rastra Bank. The Microfinance is a limited liability company having its shares listed on Nepal Stock Exchange with trading code "ALBSL" after issuing its shares to the general public on Fiscal Year 2075-76. The microfinance is operating from its Registered Office at Banepa -13, Sanga, Kavrepalanchowk . ALBSL acquired former Rastra Utthan Laghubitta Bittiya Sanstha and began joint operation from Ashad 31, 2080.

2 Basis of Preparation

2.1 Statement of Compliance

The Financial Statements of the entity which comprises components presented above have been prepared in compliance with Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of the Companies Act, 2006.

The disclosure made in the condensed interim financial informations have been based on the formats prescribed by Nepal Rastra Bank.

The Interim Financial Statement don't include all of the information required for a complete set of NFRS financial statements. However selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the microfinance's financial position and performance since the last published annual financial statements.

2.2 Reporting Period

The Microfinance follows the Nepalese financial year based on the Nepalese calendar:

1. For Statement of Financial Position :- Ashad 31, 2081
2. For Statement of Profit & Loss :- 1st Shrawan, 2080 to Ashad 31, 2081
3. For Statement of Cash Flows :- 1st Shrawan, 2080 to Ashad 31, 2081

2.3 Functional and Presentation Currency

The Financial Statements of the Microfinance are presented in Nepalese Rupees, which is the currency of the primary economic environment in which the company operates. There was no change in microfinance's presentation and functional currency during the year under review.

2.4 New Standards issued but not yet effective

Management has issued its assumptions and understandings for the preparation of financial statements under compliance with NFRS, however, certain interpretations might vary regarding the recognition, measurement and other related provisions where the standards are not specific and not clear.

3 Use of Estimates and Judgements

The Microfinance, in order to comply with the financial reporting standards has made accounting judgements as having potentially material impact on the financial statement. Those judgements and their impact on the financial statement have been described herein. The management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Actual results may differ from the estimates. Any revision to the accounting estimate is recognized prospectively in the current and future period.

4 Changes in Accounting Policies

The Microfinance applies its accounting policies consistently from year to year except where deviations have been explicitly mandated by the applicable accounting standards.

5 Significant Accounting Policies

The principal accounting policies applied by the Bank in the preparation of these financial statements are presented below. These policies have been consistently applied to all the years presented unless stated otherwise.

5.1 Basis of Measurement

The Financial Statements of Entity have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Financial assets, held for trading are recorded in the statement of financial position at fair value and the changes in the value have been routed through profit or loss statement,
- Available for sale investments (quoted) are measured at fair value,
- Liabilities for defined benefit obligations and staff loans provided at subsidized interest rates as per Employee Bylaws of the Bank are recognized at the present value of the defined benefit obligation less the fair value of the plan assets.

5.2 Cash and Cash Equivalents

The cash and cash equivalents include cash in hand, balances with banks and financial institutions, money at call and short notice and highly liquid financial assets with original maturity of three months or less from the acquisition date that are subject to and insignificant risk of changes in their fair values and are used by the microfinance in the management of its short-term commitments, if any.

Cash and Cash equivalents includes cash in hands, deposits with BFIs and other short-term investments with original maturities of three months or less, if any.

5.3 Financial Assets and Financial Liabilities

Recognition

The Microfinance 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 that date.

Classification and Measurement

5.3.1 Financial Assets

Financial Assets are classified mainly under amortized cost, fair value through profit or loss and fair value through OCI. Financial Liabilities are classified at amortized cost or fair value through profit or loss.

a. Measured at Amortized Cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortized cost using the effective interest rate ('EIR') method less impairment, if any. The amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit and Loss.

b. Measured at Fair Value through OCI

Assets are categorized under this category if the business model is to obtain the contractual cash flow from the assets but the contractual cash flow isn't solely repayment of principal and interest.

Equity Instrument which are not held for trading and initially recognized as held for trading for which the Microfinance makes an irrevocable election to carry the changes in fair value of the instrument through OCI are measured at Fair Value through other Comprehensive Income.

c. Measured at Fair Value through Profit & Loss

The Microfinance classifies the financial assets as fair value through profit or loss if they are held for trading or designated at fair value through profit or loss.

Any other financial asset not classified as either amortized cost or FVOCI, is classified as FVTPL.

5.3.2 Financial Liabilities

a. Measured at Fair Value through Profit & Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Upon initial recognition, transaction cost i.e. 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.

b. 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 method.

Derecognition

The Microfinance derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the contractual rights to receive the cash flows from the asset.

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Determination of Fair Value

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

The Microfinance follows three levels of the fair-value-hierarchy as described below:

Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets;

Level 2: Significant inputs to the fair value measurement are directly or indirectly observable or valuations of quoted for similar instrument in active markets or quoted prices for identical or similar instrument in inactive markets; and

Level 3: Significant inputs to the fair value measurement are unobservable.

Investment in Unquoted Equity Instrument are carried at cost as the market price of such shares could not be ascertained with certainty at the reporting date, if any.

5.4 Impairment

The Microfinance reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be provided in the Statement of Profit or Loss. The Management's judgement is extensively used in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and hence actual results may differ, resulting in future changes to the provisions made.

The individual impairment provision applies to financial assets evaluated individually for impairment and is based on Management's best estimate of the present value of the future cash flows that are expected to be received. In estimating these cash flows, Management makes judgements about the number of factors including a borrower's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits to estimate the recoverable amount of cash flows. A collective impairment provision is established for:

- Groups of homogeneous loans and advances and investment securities which are held-to-maturity, that are not considered individually significant; and
- Groups of assets that are individually significant but that were not found to be individually impaired.

The collective impairment is carried using the statistical modelling such as historical trends of probability of defaults, timings of recoveries, and current economic and market conditions which may warrant for the loss being greater than the suggested by the historical trends.

For the purpose of collective assessment of impairment, Microfinance has categorized assets into following broad products as follows:

- Aasha Entrepreneur Loan
- Agricultural Loan
- House Reconstruction Loan
- Educational Loan
- General Loan
- Micro Entrepreneur Loan
- Micro Energy Loan
- Personal Loan
- Seasonal Loan
- Group Discipline Loan

Carveout adopted for assessment of impairment charge

The Microfinance has opted to apply carveout on impairment of loans and receivables. Accordingly, individual and collective impairment loss amount calculated as per NFRS is compared with the impairment provision required under NRB directive no. 2, higher of the amount derived from these measures is taken as impairment loss for loans and receivables.

5.5 Property, Plant & Equipment

Recognition and measurement: Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

Depreciation & Amortization: The Microfinance depreciates property, plant and equipment following Written Down Value method applying the Depreciation rates prescribed by Income Tax Act, 2058. The rates used for depreciation of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Type of Asset	Depreciation Rate
Buildings	5%
Computer & Accessories	25%
Vehicles - Two-wheeler	20%
- Four-wheeler	20%
Furniture & Fixtures	25%
Equipment & Others - Equipment	25%
Other Assets	15%
Intangible Assets	Rate set, dividing the cost of the property by adjusting in the nearest half year of the fiscal year

The Microfinance adopts cost model for entire class of Property, Plant and Equipment. It has not measured any Property Plant and Equipment at revaluation model and at fair value. The items of Property, Plant and Equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of newly acquired assets is charged based upon the date of invoice and assets having acquisition cost less than NPR. 2,000 have been written down as an expense for the period in the Statement of Profit and Loss.

5.6 Goodwill and Intangible Assets

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Goodwill is measured at cost less any accumulated impairment losses/accumulated amortization. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights, and their fair value can be measured reliably. These intangible assets are recognized at historical cost less impairment /amortization over their estimated useful life.

5.7 Tax Expenses

Tax expenses comprises of current tax and deferred tax.

5.7.1 Current Tax

Current tax is the income tax expense recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or OCI in which case it is recognized in equity or in other comprehensive income. Current tax is the amounts expected or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

5.7.2 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when the group has a legal right to offset.

5.8 Deposits from Members

Deposits by members are initially recognized at fair value, plus for those financial liabilities not at fair value through profit and loss. The transaction price is considered as the fair value for measuring the deposits.

5.8 Provisions, Liabilities and Contingent Liabilities

A provision is recognized, if as a result of a past event, the Microfinance 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. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and are reversed if there is no probability of outflow of resources.

5.9 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Microfinance and the consideration can be reliably measured. The following specific recognition criteria shall also be met for revenue recognition.

5.9.1 Interest Income

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation of effective interest rate includes all charges and fee paid or received that are integral part of the effective interest only if considered material. Such a charges are not amortized over the life of the loan and advances as the income so recognized closely approximates the income that would have derived under effective interest method and are recognized directly in statement of profit and loss.

5.9.2 Fees and Commission Income

Fees and commissions are generally recognized on an accrual basis when the service has been provided.

5.9.3 Dividend Income

Dividend income received from equity shares is recognized in the books when the right to receive the dividend is established.

5.10 Interest Expenses

Interest expense on all financial liabilities including deposits is recognized in statement of profit or loss using effective interest rate method. The Microfinance uses ASB curve- outs and treat coupon rate as effective interest rate.

5.11 Employees Benefits

Employee benefits include all forms of consideration given by an entity in exchange for service rendered by employees of for the termination of employment.

Defined Contribution Plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as expense in the profit or loss as and when they are due. The Microfinance operates a defined contribution plans as provident fund contribution of its employees and defined benefit plans for the Gratuity and leave payment requirement under its staff rules.

Defined Benefits Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Gratuity and Leave Benefits are Defined Benefit Plans. The Entity annually measures the value of the promised retirement benefits for gratuity, which is a Defined Benefit Plan. Actuarial Valuation of Defined Benefit Plan has been carried out as per the requirement of NAS 19 – Employee Benefits. Gain or loss arising as a result of changes in assumptions is recognized in other comprehensive income (OCI) in the period in which it arises.

5.12 Leases

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance Leases

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance lease.

However, the Microfinance doesn't hold any finance lease agreements.

Operating Leases

Lease payments under an operating lease has been recognized as an expense on straight line basis over the lease term. Majority of the lease agreement entered into by the microfinance are within the clause of normal increment which the management assumes are in line with the expected inflationary cost. The microfinance operates its branches under operating lease agreement. The payments to the lesser are structured to increase in line with the general inflation rate to compensate for the lessors expected inflationary cost increment.

5.13 Share Capital and Reserves

5.13.1 Share Capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds.

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

The shares issue expenses which can be avoided for the issue was charged in the year of issue directly through equity and disclosed in the statement of changes in equity. Tax impact is also disclosed.

5.13.2 Statutory General Reserves

20% of the net profit as stated in Bank and financial Institution Act, 2073 and 50% of additional amount of Cash Dividend and Bonus Shares if declared and distributed in excess of 15% as provisioned in NRB Directives 2079 Dated 2079/12/30 is set aside to the general reserve.

5.13.3 Corporate Social Responsibility Fund

1% of net profit is set aside in the fund as per the NRB Directives 2079 for the purpose of corporate social responsibility.

5.13.4 Employee Training Fund

The fund is created for the purpose of employee training. As per the directives to microfinance by NRB, the microfinance needs to spend at least 3% of last fiscal year's total personnel expenses for the development and trainings of the employees. Further if the microfinance couldn't spend up to the limit of 3%, the shortfall amount shall be transferred to the Employee Training Fund and shall be used for employee trainings in subsequent years.

5.13.5 Investment Adjustment Fund

It is a reserve created on investment in equity instrument if the equity doesn't get listed in Security Market within 2 years as per the directives issued by NRB.

5.13.6 Regulatory Reserve

The amount that is allocated from profit or retained earnings of the microfinance to this reserve as per the directives of NRB for the purpose of implementation of NFRS and which shall not be regarded as free for distribution of dividend shall be presented under this reserve. The regulatory reserve of the microfinance includes the reserve net of tax and employee bonus created relating to accrued interest receivable as on Chaitra end 2079 not recovered. Reserve on deferred tax assets, non-banking assets, reduction in fair value of investment in equity below cost price, actuarial loss etc.

5.13.7 Actuarial Gain/Loss Reserve

The amount that is allocated from profit or retained earnings of the microfinance both positive or negative to this reserve as per the directives of NRB for the purpose of implementation of NFRS and which shall not be regarded as free reserve for distribution of dividend are recorded in this reserve. The reserve includes actuarial gain/(loss) net of tax on defined benefit plan.

5.13.8 Client protection fund

Client protection fund is created at 1% of net profit.

5.14 Earnings per Share (EPS) including diluted EPS

Microfinance presents basic and diluted Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary equity holders of the microfinance by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting both the profit and loss attributable to the ordinary equity holders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.