



आशा लघुवित्त वित्तीय संस्था लि.

Asha Laghubitta Bittiya Sanstha Ltd.

(नेपाल राष्ट्र बैकवाट "B" वर्गको इजाजतपत्र प्राप्त राष्ट्रिय स्तरको वित्तीय संस्था)

केन्द्रीय कार्यालय : बनेपा-१३, सांगा, काभ्रेपलाञ्चोक, फोन नं. ०११-६६०००३

ईमेल : info@ashamicrofinance.com.np, वेबसाइट : www.ashamicrofinance.com.np

Unaudited Interim Financial Statement of FY 2081/82

Condensed Statement of Financial Position

As on Ashad end 2082

Amount in NPR

| Assets | This quarter ending | Immediate previous year ending |
|---|-----------------------|--------------------------------|
| Cash and Cash Equivalent | 549,933,405 | 700,951,471 |
| Statutory Balances and Due from Nepal Rastra Bank | 49,935,802 | 46,785,802 |
| Placement with Bank and Financial Institutions | - | - |
| Derivative Financial Instruments | - | - |
| Other Trading Assets | - | - |
| Loans and Advances to MFIs & Co-operatives | - | - |
| Loans and Advances to Customers | 10,449,350,302 | 9,555,877,722 |
| Investment Securities | 710,000 | 10,000 |
| Current Tax Assets | - | - |
| Investment Property | 1,335,759 | 1,335,759 |
| Property and Equipment | 23,324,172 | 23,218,233 |
| Goodwill and Intangible Assets | 12,432,754 | 12,583,612 |
| Deferred Tax Assets | 16,700,734 | 16,700,734 |
| Other Assets | 56,292,400 | 117,155,569 |
| Total Assets | 11,160,015,327 | 10,474,618,902 |
| Liabilities | | |
| Due to Bank and Financial Institutions | - | - |
| Due to Nepal Rastra Bank | - | - |
| Derivative Financial Instrument | - | - |
| Deposits from Customers | 3,211,170,133 | 2,803,571,680 |
| Borrowings | 6,454,107,260 | 6,394,859,362 |
| Current Tax Liabilities | 11,651,597 | 18,014,935 |
| Provisions | - | - |
| Deferred Tax Liabilities | - | - |
| Other Liabilities | 215,645,584 | 190,371,120 |
| Debt Securities Issued | - | - |
| Subordinated Liabilities | - | - |
| Total Liabilities | 9,892,574,574 | 9,406,817,097 |
| Equity | | |
| Share Capital | 733,046,280 | 641,616,000 |
| Share Premium | - | - |
| Retained Earnings | 163,645,738 | 100,581,470 |
| Reserves | 370,748,735 | 325,604,335 |
| Total Equity | 1,267,440,753 | 1,067,801,805 |
| Total Liabilities and Equity | 11,160,015,327 | 10,474,618,902 |

Condensed Statement of Profit & Loss

For the period ended Ashad end, 2082

Amount in NPR

| Particulars | Current Year | | Previous Year Corresponding | |
|---|--------------------|--------------------|-----------------------------|--------------------|
| | This Quarter | Up to this Quarter | This Quarter | Up to this Quarter |
| Interest Income | 408,390,684 | 1,473,430,158 | 342,432,529 | 1,341,884,564 |
| Interest Expense | 177,634,462 | 734,585,490 | 217,486,217 | 900,704,256 |
| Net Interest Income | 230,756,222 | 738,844,668 | 124,946,312 | 441,180,308 |
| Fee and Commission Income | 32,569,486 | 115,390,200 | 17,275,664 | 109,484,190 |
| Fee and Commission Expense | 457,874 | 2,148,524 | 1,138,550 | 6,315,982 |
| Net Fee and Commission Income | 32,111,612 | 113,241,676 | 16,137,114 | 103,168,208 |
| Net Interest, Fees and Commission Income | 262,867,834 | 852,086,344 | 141,083,426 | 544,348,516 |
| Net Trading Income | - | - | - | - |
| Other Operating Income | 12,960,855 | 39,949,972 | 11,205,488 | 50,129,770 |
| Total Operating Income | 275,828,689 | 892,036,316 | 152,288,914 | 594,478,286 |
| Impairment Charge/(reversal) for Loans and Other Losses | (54,186,391) | 100,268,400 | 28,339,041 | 53,140,631 |
| Net operating income | 330,015,080 | 791,767,916 | 123,949,873 | 541,337,655 |
| Operating Expense | - | - | - | - |
| Personnel Expenses | 90,167,570 | 356,551,414 | 71,622,677 | 343,915,269 |
| Other Operating Expenses | 33,150,401 | 127,372,183 | 20,824,505 | 106,394,965 |
| Depreciation & Amortization | 1,653,564 | 6,151,570 | 1,525,314 | 6,130,397 |
| Operating Profit | 205,043,545 | 301,692,749 | 29,977,377 | 84,897,025 |
| Non-Operating Income | 233,878 | 712,216 | 408,493 | 945,652 |
| Non-Operating Expense | - | 3,436,418 | - | - |
| Profit before Income Tax | 205,277,423 | 298,968,547 | 30,385,870 | 85,842,676 |
| Income Tax Expense | - | - | - | - |
| Current Tax | 61,583,227 | 89,690,564 | 9,115,761 | 25,752,803 |
| Deferred Tax | - | - | - | - |
| Profit/(Loss) for the Period | 143,694,196 | 209,277,983 | 21,270,109 | 60,089,873 |

Condensed Statement of Comprehensive Income

| Particulars | Current Year | | Previous Year Corresponding | |
|--|--------------------|--------------------|-----------------------------|--------------------|
| | This Quarter | Up to this Quarter | This Quarter | Up to this Quarter |
| Profit or loss for the Period | 143,694,196 | 209,277,983 | 21,270,109 | 60,089,873 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income for the period | 143,694,196 | 209,277,983 | 21,270,109 | 60,089,873 |
| Earnings per share | | | | |
| Annualized Basic Earnings Per Share | - | 28.55 | - | 9.37 |
| Diluted earnings per share | - | 28.55 | - | 9.37 |

Ratios as per NRB Directive

| Particulars | Current Year | | Previous Year Corresponding | |
|--|--------------|--------------------|-----------------------------|--------------------|
| | This Quarter | Up to This Quarter | This Quarter | Up to This Quarter |
| Capital Fund to RWA | 9.97% | - | 10.11% | - |
| Total Loan Loss Provision to Total NPL | 64% | - | 58.99% | - |
| NPL | 4.48% | - | 4.81% | - |
| Cost of Funds | 7.13% | - | 8.44% | - |
| Credit to Deposit and Borrowing Ratio | 110% | - | 105.07% | - |
| Base Rate | 12.12% | - | 12.84% | - |
| Interest Rate Spread | 7.86% | - | 6.56% | - |

Statement of Distributable Profit or Loss

" For the Quarter ended on Ashad 2082 (As per NRB Regulation) "

| Particulars | Ashad end, 2082 | Ashad end, 2081 |
|---|---------------------|--------------------|
| Net profit or (loss) as per statement of profit or loss | 209,277,983 | 60,089,873 |
| Appropriations: | | |
| a. General reserve | 41,855,597 | 12,017,975 |
| b. Foreign exchange fluctuation fund | - | - |
| c. Capital redemption reserve | - | - |
| d. Corporate social responsibility fund | 2,092,780 | 600,899 |
| e. Employees' training fund | - | - |
| f. Client Protection Fund | 2,092,780 | 600,899 |
| g. Other | - | - |
| Profit or (loss) before regulatory adjustment | 163,236,827 | 46,870,101 |
| Regulatory adjustment : | | |
| a. Interest receivable (-)/previous accrued interest received (+) | (7,233,977) | (3,868,279) |
| 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 period available for distribution | 156,002,850 | 43,001,823 |
| Opening Retained Earnings as on Shrawan 1 | 100,581,470 | 102,133,533 |
| Adjustments (+/-) | 3,303,818 | - |
| Distribution: (-) | - | - |
| Bonus shares issued | (91,430,280) | - |
| Cash dividend paid | (4,812,120) | - |
| Total Distributable Profit/Loss as on quarter end | 163,645,739 | 145,135,356 |
| Distributable Profit/Loss per share | 22.32 | 22.62 |

- Note:**
- Figures presented above may vary with the audited figures if instructed by the banking regulations and statutory auditor.
 - The presented financial statements have been prepared in accordance with Nepal Financial Reporting Standards as per NRB Directive except the guideline of Expected Credit Loss (ECL) Model as required by NFRS 9.
 - Personnel Expenses include the provision for Employees Bonus.
 - Loans and Advances are presented net of impairment charges and includes interest accruals and staff loans.
 - Figures are regrouped/rearranged/restated wherever necessary for consistent presentation and comparison.
 - Actuarial Valuation for defined benefit plans and staff leave have not been done for the reported period.

Interest rates

- Loans and Advances 1. Fixed Interest Rate :** 15%, Adjustable Interest Rate : (Average Base Rate + 2.43 Premium)%
- Deposits :** 7.5% to 9% (Effective for 1st Quarter 2082/83)
- Average Base Rate :** 12.57 % (Effective for 1st Quarter 2082/83)
- Note:** The detailed Interim Financial report has been published in the website (<https://ashamicrofinance.com.np/>)

धितोपद्रवता तथा निष्काशन विन्यासली, २०७३ को अनुसूची १४ को नियम २६ को उपनियम (१) सँग सम्बन्धित आर्थिक वर्ष २०८१/८२ को चौथो त्रैमासिकको प्रतिवेदन

१. वित्तीय विवरण :
- क) वैसासिक अवधिको बासलात, नाफा नोक्सान सम्बन्धी विवरण :
- नेपाल फाइनेन्सियल रिपोर्टिङ स्ट्यान्डर्ड (NFRS) अनुसार चौथो त्रैमासिक अवधिको अपरिष्कृत वित्तीय विवरण यस प्रतिवेदनसँगै प्रकाशित गरिएको छ । साथै यो वित्तीय विवरण संस्थाको वेबसाइट : www.ashamicrofinance.com.np मा पनि राखिएको छ ।
- ख) प्रमुख वित्तीय अनुपातहरू :

| प्रति शेयर आम्दानी(आर्थिक) | मूल्य आम्दानी अनुपात | प्रति शेयर नेटवर्क | प्रति शेयर कुल समष्टिको मूल्य | तरलता अनुपात |
|----------------------------|----------------------|--------------------|-------------------------------|--------------|
| रु. २८.५४ | ४१.३८ गुणा | रु. १७२.९० | रु. १४,२२२.४२ | ६.२९ % |

२. व्यवस्थापकीय विवरणहरू :
- क) चौथो वैसासिक अवधिमा संस्थाको मौज्जात, आम्दानी र तरलतामा कुनै परिवर्तन भए सोको प्रमुख कारण सम्बन्धी विवरण केही वर्षदेखि वित्तीय क्षेत्रमा फैलाएको नकारात्मक तथा ग्रामिक सन्देशका कारणले लघुवित्त क्षेत्रमा असर परिरहेको पनि यस अवधिमा कुशी सदस्य संस्था, सदस्यहरूबाट प्राप्त हुने बचत, कर्जा असुनी तथा कर्जा लगानीमा सकारात्मक प्रभाव परेको छ । बजारमा लगानी योग्य पुर्जीको सहज उपलब्धता भएको कारण र बाह्य कर्जा व्याज प्रतिशत घट्दै गएको कारण कर्जा विस्तार बढेको र व्याज खर्चमा कमी आएको छ । व्यवस्थानुसार लघुवित्त क्षेत्रमा सेवाग्राहको बाह्य जोखिम, कर्जा जोखिम तथा तरलता जोखिमहरूलाई उच्च प्राथमिकताका साथ निगरानी गरि वित्तीय कारोबारहरू संचालन गरिएको छ । आम्दानी विनमा वित्तीय क्षेत्रमा सेवाग्राहको बाह्य समस्यामा कम्मा मुनाजर भई संस्थाको मौज्जात, आम्दानी र तरलता सन्तोषजनक रहने व्यवस्थापनको अनुमान रहेको छ ।

- ख) आम्दानी अवधिको व्यवसायिक योजना सम्बन्धमा व्यवस्थापनको विवरणहरू निम्नानुसार छन ।
- राष्ट्रिय स्तरको यस वित्तीय संस्थाले स्थापनाको सुरु देखिनै वित्तीय पहुँच अभिवृद्धि गराई न्यून आय भएका तथा विपन्न वर्गका महिलाहरूलाई समेटेर सेवाग्राह बनाउने उद्देश्यले लघुवित्त सेवा प्रदान गरिरहेको छ । साथ संस्थाले १३२ वटा शाखा कार्यालय मार्फत देशका ७ वटै प्रदेशमा ४५ जिल्ला भित्र एक लाख अर्धतिश हजार भन्दा बढी विपन्न घर परिवारमा लघुवित्त सेवा प्रदान गरिरहेको छ । संस्थाले नौवनास प्रतिक्रियाको प्रयोग गरी छिटो छरितो र विवरणमयी एवं दिगो सेवा प्रदान गर्दै कार्यक्षम विस्तारमा अग्रसर रहेको छ । संस्थाले कृषि, पशुपालन, सेवा व्यवसाय तथा नगदुपचम जस्ता व्यवसायहरू संचालनको लागि विशेष गरी महिलाहरूलाई केन्द्रित गरी विनियमनको निशुल्क सिपमूलक तालिम प्रदान गरी सचल, सरल तथा उत्तरदायी लघुवित्त सेवा उपलब्ध गराउँदै आएको छ । समय सापेक्ष सदस्यको चाहना अनुसार सेवा तथा सुविधाहरूमा परिमार्जन गर्दै सदस्यहरूलाई गुणस्तरीय लघुवित्त सेवा प्रदान गर्ने लक्ष्य लिएको छ ।

- ग) विगतको अनुभवबाट संगठित संस्थाको मौज्जात, नाफा ना गनद प्रवाहमा असर पर्न सक्ने घटना भए भएमा यो सम्बन्धी विवरणहरूको आन्वेलन, श्रोतको परिनिर्भरता र अभावोपन्ता, लघुवित्त संस्थाहरूमा देखिएको कर्जाको दोहोरोपना, अस्थिर प्रतिस्पर्धा, आर्थिक मन्दी जस्ता समस्याले संस्थाको आम्दानीमा प्रत्यक्ष असर पर्छ । भविष्यमा यस्ता किसिमका नकारात्मक असर पर्न सक्ने घटना वा अवस्था आउन नदिन आवश्यक नीति नियम, कार्यविधिहरूको तजुमा गरी अगाडि बढ्ने नीति यस संस्थाले लिएको छ ।

३. कानुनी कारवाही सम्बन्धी विवरण :
- क) यस त्रैमासमा संस्थाले कर्जाको विवरण सचल गरेका केही मुद्दाहरू सम्बन्धित सम्मानित जिल्ला अदालतमा विचारार्थिन रहेका छन तथा संस्थाको विरुद्ध कुनै मुद्दा सचल भएको सूचना प्राप्त भएको छैन ।
- ख) यस संस्थाको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्ध प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा सचल गरेको वा भएको कुनै जानकारी प्राप्त भएको छैन ।
- ग) कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा सचल गरेको वा भएको कुनै जानकारी प्राप्त भएको छैन ।

४. संगठित संस्थाको शेयर कारोबार सम्बन्धी विवरणहरू :
- क) धितोपत्र बजारमा भएको संगठित संस्थाको कारोबार सम्बन्धमा व्यवस्थापनको धारणा
- संगठित बजारमा हुने शेयर कारोबारको सूचना बजारले निर्धारण भए अनुसार हुने व्यवस्थापनको धारणा रहेको छ ।
- ख) नेपाल स्टक एक्सचेंज लिमिटेडको वेबसाइट www.nepalstock.com का अनुसार चौथो त्रैमास अवधिमा यस वित्तीय संस्थाको शेयर कारोबार निम्न विवरण अनुसार भएको देखिन्छ ।

| अर्धित्त मूल्य | न्यूनतम मूल्य | अर्धित्त मूल्य | कारोबार दिन | कारोबार संख्या | कारोबार रकम | कारोबार किता |
|----------------|---------------|----------------|-------------|----------------|-------------------|--------------|
| रु. ९००.०० | रु. ७७१.०० | रु. ८९५.८९ | ६४ | ५,७४९ | रु. २९,९८,८८९.०५४ | ३२७,७९२ |

५. समस्या तथा चुनौती :
- क) लघुवित्त वित्तीय संस्था विरुद्ध सघर्ष समितित आवाद केही व्यक्तिहरूले केन्द्र बैठक संचालनमा अवरोध गर्ने र अन्य केही व्यक्तिहरूले समेत कर्जा नोर्तुन मनसाय राखी अन्य व्यक्तिहरूलाई लघुवित्तको कर्जाको किस्ता नोर्तुन भन्ने गलत प्रचारवाजीको कारण निम्निय व्यक्ति साथै राखी व्यवसाय गरेर बसेका शाहक समेतले किस्ता तिर्न अटेर गरेको कारण कर्जा असुलीरमा समस्या रहेकोले लघुवित्त व्यवसायको निरन्तरतालाई कायम राख्न चुनौती बनेको छ ।
- ख) लघुवित्त वित्तीय संस्थाहरूको बीच उद्वलन भएको अस्थिर प्रतिस्पर्धा, सदस्यहरूको दोहोरोपना र सदस्यहरूमा कर्जाको अधिक भार आदि कारणले संस्थाको शाहक सदस्य तथा व्यवसाय विस्तारमा चुनौतिहरू बाँधे गइरहेको छ ।
- ग) देश जनशक्तिको कमी, सञ्चालन खर्चमा हुनसक्ने वृद्धि तथा निगितगत परिवर्तनबाट सृजना हुनेसक्ने चुनौती छ ।

६. संस्थागत सुधारहरू :
- यस वित्तीय संस्थाले विद्यमान ऐन कानून तथा नीति नियम र नियमनकारी निकायहरूबाट प्राप्त निर्देशनहरू पालना गर्दै संस्थागत सुधारसमा काम सरेर थपिन्छ रहेको छ । साथै, वित्तीय संस्थाका सेवाग्राहहरू प्रति वित्तीय संस्थाको सञ्चालक समिति पूर्णतया जवाफदारी र उत्तरदायी रहेको छ । नेपाल राष्ट्र बैकको नीति नियम अनुसार संस्था सञ्चालनमा रहि आन्तरिक प्रणालीलाई व्यवस्थित गर्न नियमित रूपमा आन्तरिक लेखापरीक्षण गराई लेखापरीक्षकले दिएको सुझाव बमोजिम कार्यान्वयन गर्दै आएको छ । लगानीमा सम्भावित हानी नोक्सानी बापतको व्यवस्थाको लागि कर्जाको सुरक्षण, धीमा तथा सदस्यहरूलाई अप्रत्यक्ष गरी परेको वेला सदस्यको पुर्जाउने उद्देश्यले शाहक सुरक्षण कोषको व्यवस्था गरिएको छ । शाहक सदस्यसँग भएको आर्थिक कारोबार SMS Alert तथा प्रभावक मार्फत समेत जानकारी गराउने गरिएको छ । यस वित्तीय संस्थाको सञ्चालक समितिले आन्तरिक नियन्त्रण प्रणाली प्रभावकारी बनाउन विनियमन निर्देशनहरू गठन गरी कार्य संचालन गर्दै आएको छ । आन्तरिक लेखापरीक्षण, बाह्य लेखापरीक्षण तथा नेपाल राष्ट्र बैकबाट समय-समयमा हुने निरीक्षणबाट प्राप्त सुझावहरूको पूर्ण पालना गर्दै संस्थागत सुधारसमा सुदृढ बनाउन सञ्चालक समिति कटिबद्ध रहेकोले कारोबारलाई व्यवस्थित गर्ने आन्तरिक नीति, नियम तथा निर्देशनहरू तजुमा गरी लागू गरिएको छ ।

७. सत्य, तथ्यता सम्बन्धमा प्रमुख कार्यकारी अधिकृतको उद्घोषण :
- आवधिको वित्तिसामय यस प्रतिवेदनमा उल्लेखित जानकारी तथा विवरणहरूको शुद्धता सम्बन्धमा यो वित्तीय संस्था यो उद्घोषणबाट निवृत्त छ । साथै यो उद्घोषण गर्नु कुनै सत्य यस प्रतिवेदनमा उल्लेखित विवरणहरू सत्य, तथ्य र पूर्ण छन । लगानीकर्ताहरूलाई सु-सूचित निर्णय लिन आवश्यक कुनै विवरण वा सूचना तथा जानकारीहरू लुकाइएको छैन ।

Asha Laghubitta Bittiya Sanstha Limited

Statement of Financial Position

As on Ashad end, 2082

| Particulars | Notes | Ashad end, 2082 | FY 2080/81 |
|---|--------------|------------------------|-----------------------|
| Assets | | | |
| Cash and Cash Equivalent | 4.1 | 549,933,405 | 700,951,471 |
| Statutory Balances and Due from Nepal Rastra Bank | 4.2 | 49,935,802 | 46,785,802 |
| Placement with Bank and Financial Institutions | 4.3 | - | - |
| Derivative Financial Instruments | 4.4 | - | - |
| Other Trading Assets | 4.5 | - | - |
| Loans and Advances to MFIs & Co-operatives | 4.6 | - | - |
| Loans and Advances to Customers | 4.7 | 10,449,350,302 | 9,555,877,722 |
| Investment Securities | 4.8 | 710,000 | 10,000 |
| Current Tax Assets | 4.9 | - | - |
| Investment Property | 4.10 | 1,335,759 | 1,335,759 |
| Property and Equipment | 4.11 | 23,324,172 | 23,218,233 |
| Goodwill and Intangible Assets | 4.12 | 12,432,754 | 12,583,612 |
| Deferred Tax Assets | 4.13 | 16,700,734 | 16,700,734 |
| Other Assets | 4.14 | 56,292,400 | 117,155,569 |
| Total Assets | | 11,160,015,327 | 10,474,618,902 |
| | | | |
| Particulars | Notes | Ashad end, 2082 | FY 2079/80 |
| Liabilities | | | |
| Due to Bank and Financial Institutions | 4.15 | - | - |
| Due to Nepal Rastra Bank | 4.16 | - | - |
| Derivative Financial Instrument | 4.17 | - | - |
| Deposits from Customers | 4.18 | 3,211,170,133 | 2,803,571,680 |
| Borrowings | 4.19 | 6,454,107,260 | 6,394,859,362 |
| Current Tax Liabilities | 4.9 | 11,651,597 | 18,014,935 |
| Provisions | 4.20 | - | - |
| Deferred Tax Liabilities | 4.13 | - | - |
| Other Liabilities | 4.21 | 215,645,584 | 190,371,120 |
| Debt Securities Issued | 4.22 | - | - |
| Subordinated Liabilities | 4.23 | - | - |
| Total Liabilities | | 9,892,574,574 | 9,406,817,097 |
| Equity | | | |
| Share Capital | 4.24 | 733,046,280 | 641,616,000 |
| Share Premium | | - | - |
| Retained Earnings | | 163,645,738 | 100,581,470 |
| Reserves | 4.25 | 370,748,735 | 325,604,335 |
| Total Equity | | 1,267,440,753 | 1,067,801,805 |
| Total Liabilities and Equity | | 11,160,015,327 | 10,474,618,902 |
| Contingent Liabilities and Commitment | 4.26 | - | - |
| Book value per share | | 172.90 | 166.42 |

Asha Laghubitta Bittiya Sanstha Limited
Statement of Profit or Loss
For the period ended Ashad end, 2082

| Particulars | Notes | Ashad end, 2082 | FY 2080/81 |
|--|-------|--------------------|--------------------|
| Interest Income | 4.27 | 1,473,430,158 | 1,343,299,353 |
| Interest Expense | 4.28 | 734,585,490 | 902,156,040 |
| Net Interest Income | | 738,844,668 | 441,143,313 |
| Fee and Commission Income | 4.29 | 115,390,200 | 85,405,011 |
| Fee and Commission Expense | 4.30 | 2,148,524 | 6,324,182 |
| Net Fee and Commission Income | | 113,241,676 | 79,080,829 |
| Net Interest, Fee and Commission Income | | 852,086,344 | 520,224,142 |
| Net Trading Income | 4.31 | - | - |
| Other Operating Income | 4.32 | 39,949,972 | 50,129,770 |
| Total Operating Income | | 892,036,316 | 570,353,912 |
| Impairment Charge/ (Reversal) for Loans and Other Losses | 4.33 | 100,268,400 | (13,681,154) |
| Net Operating Income | | 791,767,916 | 584,035,066 |
| Operating Expense | | | |
| Personnel Expenses | 4.34 | 356,551,414 | 328,278,699 |
| Other Operating Expenses | 4.35 | 127,372,183 | 123,389,095 |
| Depreciation & Amortization | 4.36 | 6,151,570 | 6,069,923 |
| Operating Profit | | 301,692,749 | 126,297,349 |
| Non Operating Income | 4.37 | 712,216 | 1,001,451 |
| Non Operating Expense | 4.38 | 3,436,418 | - |
| Profit Before Income Tax | | 298,968,547 | 127,298,800 |
| Income Tax Expense | | | |
| Current Tax | 4.39 | 89,690,564 | 44,621,763 |
| Deferred Tax | 4.39 | | (1,944,280) |
| Profit for the Year | | 209,277,983 | 84,621,317 |
| Earnings Per Share | | | |
| Annualized Basic EPS | | 28.55 | 13.19 |

Asha Laghubitta Bittiya Sanstha Limited
Statement of Cash Flows
For the period ended Ashad end, 2082

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|----------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Interest Received | 1,461,947,655 | 1,337,159,228 |
| Fee and Other Income Received | 115,390,200 | 85,405,011 |
| Dividend Received | - | - |
| Receipts from Other Operating Activities | 39,949,972 | 51,131,221 |
| Interest Paid | (734,585,490) | (902,156,040) |
| Commissions and Fees Paid | (2,148,524) | (6,324,182) |
| Cash Payment to Employees | (356,551,414) | (328,278,699) |
| Other Expenses Paid | (127,372,183) | (123,389,095) |
| Operating Cash Flows before Changes in Operating Assets and Liabilities | 396,630,216 | 113,547,444 |
| (Increase) Decrease in Operating Assets | | |
| Statutory Balances/Due from Nepal Rastra Bank | (3,150,000) | (4,699,990) |
| Placement with Banks and Financial Institutions | - | - |
| Other Trading Assets | - | - |
| Loans and Advances to Bank and Financial Institutions | - | - |
| Loans and Advances to Customers | (982,258,477) | (607,278,555) |
| Other Assets | 60,863,169 | (26,392,193) |
| Increase (Decrease) in Operating Liabilities | | |
| Due to Banks and Financial Institutions | - | - |
| Due to Nepal Rastra Bank | - | - |
| Deposit from Customers | 407,598,453 | (20,427,309) |
| Borrowings | 59,247,898 | 927,873,301 |
| Other Liabilities | 25,274,464 | 52,135,363 |
| Net Cash Flow from Operating Activities before Tax Paid | (35,794,277) | 434,758,061 |
| Income Tax Paid | (96,053,902) | (26,606,828) |
| Net Cash Flow from Operating Activities | (131,848,179) | 408,151,233 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Investment Securities | (700,000) | - |
| Receipts from Sale of Investment Securities | - | - |
| (Purchase)/Receipts from sale of Property and Equipment | (6,106,650) | (4,741,514) |
| (Purchase)/Receipts from sale of Intangible Assets | (0) | - |
| (Purchase)/Receipts from sale of Investment Properties | - | - |
| Interest Received | - | - |
| Dividend Received | - | - |
| Net Cash Used in Investing Activities | (6,806,651) | (4,741,514) |
| 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 | - | - |
| Cash Dividend Paid | (4,812,120) | - |
| Interest Paid | - | - |
| Other Receipts/Payments | (7,551,117) | (7,870,767) |
| Net Cash from Financing Activities | (12,363,237) | (7,870,767) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (151,018,066) | 395,538,952 |
| Cash and Cash Equivalents at Shrawan 01, 2081 | 700,951,471 | 305,412,519 |
| Effect of Exchange Rate fluctuations on Cash and Cash Equivalents Held | - | - |
| Cash and Cash Equivalents at Ashad end, 2082 | 549,933,405 | 700,951,471 |

Asha Laghubitta Bittiya Sanstha Limited
Statement of Other Comprehensive Income
For the period ended Ashad end, 2082

| Particulars | Notes | Ashad end, 2082 | FY 2080/81 |
|---|-------|--------------------|------------------|
| Profit for the year | | 209,277,983 | 148,136 |
| Other Comprehensive Income, Net of Income Tax | | | |
| a) Items that will not be reclassified to profit or loss | | | |
| Gains/(losses) from investment in equity instruments measured at fair value | | - | - |
| Gains/(losses) on revaluation | | - | - |
| Actuarial gains/(losses) on defined benefit plans | | - | 8,260,459 |
| Income tax relating to above items | | - | (2,478,138) |
| Net other comprehensive income that will not be reclassified to profit or loss | | - | 5,782,321 |
| 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 | | - | - |
| Reclassify to profit or loss | | - | - |
| Net other comprehensive income that are or may be reclassified to profit or loss | | - | - |
| Other Comprehensive Income for the year, Net of Income Tax | | - | 5,782,321 |
| Total Comprehensive Income for the Year | | 209,277,983 | 5,930,457 |

Asha Laghubitta Bittiya Sanstha Limited
Statement of Distributable Profit or Loss
As on Ashad end, 2082

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|-----------------------|--------------------|
| Net profit or (loss) as per statement of profit or loss | 209,277,982.91 | 84,621,317 |
| Appropriations: | - | - |
| a. General reserve | 41,855,597 | 16,924,263 |
| b. Foreign exchange fluctuation fund | - | - |
| c. Capital redemption reserve | - | - |
| d. Corporate social responsibility fund | 2,092,780 | 846,213 |
| e. Employees' training fund | - | (2,228,711) |
| f. Client Protection Fund | 2,092,780 | 846,213 |
| g. Other | - | - |
| Profit or (loss) before regulatory adjustment | 163,236,827 | 68,233,339 |
| Regulatory adjustment : | | |
| a. Interest receivable (-)/previous accrued interest received (+) | (7,233,977) | (3,868,280) |
| 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 (+) | | (2,560,355) |
| f. Goodwill recognised (-)/ impairment of Goodwill (+) | - | - |
| g. Bargain purchase gain recognised (-)/reversal (+) | - | - |
| h. Actuarial gain/loss recognised (-)/reversal (+) | | (1,437,508) |
| i. Restructure Reserve | | (61,919,259) |
| Net profit for Ashad end 2082 available for distribution | 156,002,850 | (1,552,062) |
| Opening Retained Earnings as on Shrawan 1, 2081 | 100,581,472 | 102,133,533 |
| Adjustments (+/-) | 3,303,818 | - |
| <u>Distribution: (-)</u> | | |
| Dividend paid | (96,242,400) | - |
| Total Distributable profit/loss as on Ashad end 2082 | 163,645,740 | 100,581,470 |
| Total Distributable Profit/Loss per share | 22.32 | 15.68 |

Asha Laghubitta Bittiya Sanstha Limited
Statement of Changes in Equity
As on Ashad end, 2082

| Attributable to Equity-Holders of the Institution | | | | | | | | |
|---|---------------|-----------------|--------------------|---|------------------------|------------------|---------------|---------------|
| Particulars | Share Capital | General Reserve | Regulatory Reserve | Corporate social responsibility reserve | Client Protection Fund | Retained Earning | Other Reserve | Total Equity |
| Balance at Shrawan 1, 2081 | 641,616,000 | 117,095,968 | 82,181,154 | 1,058,614 | 48,865,739 | 100,581,470 | 76,402,860 | 1,067,801,805 |
| Adjustment/Restatement | | | | | | 10,000 | | |
| Adjustment/Restated Balance as at Shrawan 01, 2081 | 641,616,000 | 117,095,968 | 82,181,154 | 1,058,614 | 48,865,739 | 100,591,470 | 76,402,860 | 1,067,811,805 |
| Comprehensive Income for the year | | | | | | | | |
| Profit for the year | | | | | | 209,277,983 | | |
| Other Comprehensive Income, Net of Tax | | | | | | | | |
| Actuarial gains/(losses) on defined benefit plans | | | | | | | | |
| Total Comprehensive Income for the year | | | | | | | | |
| Transfer to Reserves during the year | | | | | | | | |
| General Reserve | | 41,855,597 | | | | (41,855,597) | | |
| Corporate Social Responsibility Reserve | | | | 2,092,780 | | (2,092,780) | | |
| Client Protection Reserve | | | | | 2,092,780 | (2,092,780) | | |
| Others Reserve-Deferred Tax Liabilities | | | | | | | | |
| Transfer from Reserves during the year | | | | | | | | |
| Contribution to the Fund | | | 7,233,977 | | 2,303,061 | 3,293,818 | 41,304 | |
| Expense from the Fund | | | (3,293,818) | (249,500) | (6,931,782) | (7,233,977) | | |
| Transactions with Owners, directly recognized in Equity | | | | | | | | |
| Dividend to Equity-Holders | 91,430,280 | | | | | (96,242,400) | | |
| Total Contributions by and Distributions | | | | | | | | |
| Balance at Ashad end, 2082 | 733,046,280 | 158,951,564 | 86,121,313 | 2,901,894 | 46,329,799 | 163,645,738 | 76,444,165 | 1,267,440,752 |

Asha Laghubitta Bittiya Sanstha Limited
Notes to Financial Statements
As on Ashad end, 2082

Cash and Cash Equivalent

4.1

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--------------------------------|--------------------|--------------------|
| Cash in Hand | 8,730,854 | 9,531,026 |
| Balances with BFIs | 541,202,551 | 691,420,445 |
| Money at Call and Short Notice | - | - |
| Other | - | - |
| Total | 549,933,405 | 700,951,471 |

Cash and cash equivalents include cash at vault, highly liquid financial assets with original maturity of 3 months from the date of its acquisition and are readily convertible to cash, which are subject to an insignificant risk of changes in value. Cash at vault is adequately insured for physical and financial risks. The amount of cash and cash equivalents is maintained on the basis of the regulatory, liquidity, business commitments and business requirements. The income on these assets is credited to Statement of Profit or Loss under Interest income. Investment made in fixed deposits from Client Protection Fund has been classified under Other Assets. Fair value of cash and cash equivalent amount is the carrying amount.

Statutory Balances and Due from Nepal Rastra Bank

4.2

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|-------------------|-------------------|
| Statutory Balances with NRB | 2,519 | 2,519 |
| Statutory Balances with BFIs | 49,933,283 | 46,783,283 |
| Securities purchased under Resale Agreement | - | - |
| Other Deposit and Receivable from NRB | - | - |
| Total | 49,935,802 | 46,785,802 |

Statutory Balance with BFIs represent the cash balance that is required to be held as the Cash Reserve Ratio as per the regulatory norms. Statutory Balance of the Microfinance has been maintained at Prabhu Bank Limited, Banepa Branch.

Placements with Financial Institutions

4.3

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---------------------------------|-----------------|------------|
| Placement with Domestic FIs | - | - |
| Less: Allowances for Impairment | - | - |
| Total | - | - |

Placements with domestic financial institutions with original maturities of more than three months from the acquisition date are presented under this account head.

Derivative Financial Instruments

4.4

| Particulars | Ashad end, 2082 | 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 | Ashad end, 2082 | FY 2080/81 |
|--------------------------|-----------------|------------|
| Treasury Bills | - | - |
| Government Bonds | - | - |
| NRB Bonds | - | - |
| Domestic Corporate Bonds | - | - |
| Equities | - | - |
| Other | - | - |
| Total | - | - |
| Pledged | - | - |
| Non-Pledged | - | - |

Trading assets are those assets that the Microfinance acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit are presented under this account head. The other trading asset includes non derivative financial assets. It includes Government bonds, NRB Bonds, Domestic Corporate bonds, Treasury bills, Equities etc held primarily for the trading purpose. The Microfinance doesn't have Other Trading Assets as of date.

Loans and Advances to MFIs & Co-operatives**4.6**

| Particulars | Ashad end, 2082 | 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 | - | - |

Loan and advances given to microfinance financial institutions as well as other financial institutions are presented under this head. The Microfinance doesn't possess loans and advances to MFIs & Co-operatives.

| 4.6.1 Allowances for Impairment | Ashad end, 2082 | FY 2080/81 |
|--|------------------------|-------------------|
| Balance at Shrawan 01 | - | - |
| Impairment Losss for the year: | - | - |
| Charge for the year | - | - |
| Recoveries/Reversal | - | - |
| Amount Written Off | - | - |
| Balance at Poush end | - | - |

Loans and Advances to Customers**4.7**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|-----------------------|----------------------|
| Loans and Advances measured at Amortized Cost | 10,756,981,097 | 9,763,240,117 |
| Less: Impairment Allowances | | |
| Collective Impairment | (307,630,795) | (36,898,681) |
| Individual Impairment | - | (170,463,714) |
| Net Amount | 10,449,350,302 | 9,555,877,722 |
| Loans and Advances measured at FVTPL | | |
| Total | 10,449,350,302 | 9,555,877,722 |

4.7.1: Analysis of Loans and Advances - By Product

| Particulars | Ashad end, 2082 | FY 2080/81 |
|-------------------------------|-----------------------|----------------------|
| Product | | |
| Term Loans | | |
| Short Term, Term Loan | - | 416,377,844 |
| Long Term, Term Loan | 10,650,569,058 | 9,248,361,604 |
| Personal Residential Loans | - | - |
| Hire Purchase Loans | - | - |
| Staffs Loans | 17,816,688 | 21,387,821 |
| Loans & Advances to customers | - | - |
| Sub-Total | 10,668,385,746 | 9,686,127,269 |
| Interest Receivable | 88,595,351 | 77,112,848 |
| Grand Total | 10,756,981,097 | 9,763,240,117 |

4.7.2: Analysis of Loans and Advances - By Collateral

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--------------------------------------|-----------------------|----------------------|
| Secured | | |
| Immoveable Assets | 2,346,360,603 | 2,459,981,204 |
| Government Guarantee | - | - |
| Collateral of Fixed Deposit Receipt | - | - |
| Collatereal of Government Securities | - | - |
| Group Guarantee | 8,304,208,455 | 7,204,758,244 |
| Personal Guarantee | - | - |
| Other Collateral | - | - |
| Subtotal | 10,650,569,058 | 9,664,739,448 |
| Unsecured | 17,816,688 | 21,387,821 |
| Grand Total | 10,668,385,746 | 9,686,127,269 |

4.7.3: Allowance for Impairment

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|--------------------|--------------------|
| Specific Allowance for Impairment | | |
| Balance at Shrawan 01 | 170,463,714 | 134,023,289 |
| Impairment Loss for the year | - | - |
| Charge for the year | - | 36,440,425 |
| Recoveries/Reversals during the year | - | - |
| Write-Offs | - | - |
| Other Movement | - | - |
| Balance at Ashad end 2082 | - | 170,463,714 |
| Collective Allowances for Impairment | - | - |
| Balance at Sharawan 01 | 36,898,681 | 87,020,259 |
| Impairment Loss for the year | - | - |
| Charge/(Reversal) for the year | 100,268,399 | (50,121,578) |
| Other Movement | - | - |
| Balance at Ashad end 2082 | 307,630,795 | 36,898,681 |
| Total Allowances for Impairment | 307,630,795 | 207,362,396 |

Investment Securities**4.8**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|-----------------|---------------|
| Investment Securities measured at Amortized Cost | - | - |
| Investment in Equity measured at FVTOCI | 710,000 | 10,000 |
| Total | 710,000 | 10,000 |

4.8.2: Investment in Equity measured at FVTOCI

| Particulars | Ashad end, 2082 | FY 2080/81 |
|----------------------------|-----------------|---------------|
| Equity Instruments | | |
| Quoted Equity Securities | - | - |
| Unquoted Equity Securities | 710,000 | 10,000 |
| Total | 710,000 | 10,000 |

4.8.3: Information relating to Investment in Equities

| Particulars | Ashad end, 2082 | | FY 2080/81 | |
|---|-----------------|----------------|---------------|---------------|
| | Cost | Fair Value | Cost | Fair Value |
| Investment in Quoted Equity | - | - | - | - |
|Ltd. | - | - | - | - |
|Shares of Rs. Each | - | - | - | - |
|Ltd. | - | - | - | - |
|Shares of Rs. Each | - | - | - | - |
| Investment in Unquoted Equity | 710,000 | 710,000 | 10,000 | 10,000 |
| Center for Microfinance Pvt. Ltd | - | - | - | - |
| 100 Ordinary shares of Rs.100 Paid up | 10,000 | 10,000 | 10,000 | 10,000 |
| National Banking Institute | | | | |
| 7000 Ordinary shares of Rs. 100 Paid up | 700,000 | 700,000 | | |
| Total | 710,000 | 710,000 | 10,000 | 10,000 |

Current Tax Assets /Liabilities**4.9**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|-------------------------------------|---------------------|---------------------|
| Current Tax Assets | | |
| Current year Income Tax Assets | 96,053,902 | 26,606,828 |
| Tax Assets of Prior Periods | - | - |
| Current Tax Liabilities | | |
| Current year Income Tax Liabilities | 89,690,564 | 44,621,763 |
| Tax Liabilities of Prior Periods | 18,014,935 | - |
| Total | (11,651,597) | (18,014,935) |

Current Tax Assets includes any advance payment made by the Microfinance towards income tax liabilities or other tax liabilities to the taxing authorities.

Investment Properties**4.10**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|------------------|------------------|
| Investment Properties measured at Fair Value | | |
| Balance as on Shrawan 01. | - | - |
| Addition/(Disposal) during the year. | - | - |
| Net Changes in fair value during the year. | - | - |
| Adjustment/Transfer. | - | - |
| Net Amount | - | - |
| Investment Properties measured at Cost | | |
| Balance as on Shrawan 01 | 1,335,759 | 1,335,759 |
| Addition/(Disposal) during the year | - | - |
| Adjustment/Transfer | - | - |
| Accumulated Depreciation | - | - |
| Accumulated Impairment Loss | - | - |
| Net Amount | 1,335,759 | 1,335,759 |

Land and Building owned under Non-Banking Assets(NBA) are recorded in Investment properties. NBA amounting to NPR 1,335,759 has been booked as investment property (acquired after the acquisition of RULB), includes land, acquired from Mr. Arbind Jha (ex staff) in 2071.08.17.

Other Assets**4.14**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|-------------------------------|-------------------|--------------------|
| Assets held for Sale | - | - |
| Other Non-Banking Assets | - | - |
| Bills Receivable | - | - |
| Accounts Receivable | (1,781,595) | 1,312,769 |
| Accrued Income | - | - |
| Prepayments and Deposits | 3,332,821 | 3,513,540 |
| Income Tax Deposit | - | - |
| Deferred Employee Expenditure | 1,468,507 | 1,468,507 |
| Other Assets | 2,992,933 | 2,581,028 |
| Right of Use Assets | 50,279,733 | 50,279,725 |
| CPF Fixed Deposits | - | 58,000,000 |
| Total | 56,292,400 | 117,155,569 |

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 | Ashad end, 2082 | FY 2080/81 |
|----------------------------------|-----------------|------------|
| Borrowings from BFIs | - | - |
| Settlement and Clearing Accounts | - | - |
| Others | - | - |
| Total | - | - |

Due to Nepal Rastra Bank**4.16**

| Particulars | Ashad end, 2082 | 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 | Ashad end, 2082 | 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 | Ashad end, 2082 | FY 2080/81 |
|--------------------------|----------------------|----------------------|
| Institutional Customers: | - | - |
| Term Deposits. | - | - |
| Call Deposits | - | - |
| Others | - | - |
| Individual Customers: | - | - |
| Term Deposits | - | - |
| Saving Deposits | - | - |
| Saving from Members | 3,211,170,133 | 2,803,571,680 |
| Others | - | - |
| Total | 3,211,170,133 | 2,803,571,680 |

Borrowings**4.19**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|----------------------|----------------------|
| Domestic Borrowings | | |
| Nepal Government | - | - |
| Other Licensed Institutions | 6,454,107,260 | 6,394,859,362 |
| Other | - | - |
| Sub Total | 6,454,107,260 | 6,394,859,362 |
| Foreign Borrowings | - | - |
| Foreign Banks and Financial Institutions | - | - |
| Multilateral Development Banks | - | - |
| Other Institutions | - | - |
| Sub Total | - | - |
| Total | 6,454,107,260 | 6,394,859,362 |

Provisions**4.20**

| Particulars | Ashad end, 2082 | 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 | Ashad end, 2082 | 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 Poush end | - | - |

Other Liabilities**4.21**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|--------------------|--------------------|
| Liabilities for employees defined benefit obligations | 28,866,100 | 22,661,573 |
| Liabilities for long service leave | 54,171,182 | 36,707,117 |
| Short term employee benefits | - | 41,304 |
| Bills payable | 1,571,245 | - |
| Creditors and accruals | 1,762,007 | 1,994,913 |
| Interest payable on deposits | - | - |
| Interest payable on borrowing | 10,301,459 | 13,896,528 |
| Liabilities on deferred grant income | - | - |
| Unpaid Dividend | - | - |
| Liabilities under Finance Lease | 55,815,664 | 55,815,664 |
| Employee bonus payable | 33,218,728 | 4,315,857 |
| Other | 29,939,201 | 54,938,165 |
| <i>Service Charge Refundable</i> | - | 24,079,179 |
| <i>Loan Insured Fee Payable to DCGF</i> | 17,609,313 | 14,481,772 |
| <i>Staff payables</i> | 1,857,709 | 1,761,670 |
| <i>TDS Payable</i> | 3,019,166 | 4,273,233 |
| <i>Social Fund Payable</i> | - | - |
| <i>Provision for Audit Fee</i> | 627,415 | 627,415 |
| <i>Provision for Audit Expenses</i> | - | - |
| <i>Provision for Consultancy Expenses</i> | - | 12,800 |
| <i>Remittance Payable</i> | - | - |
| <i>Loan insurance Payable</i> | 6,642,678 | 9,525,896 |
| <i>Other liabilities</i> | 182,919 | 176,199 |
| Total | 215,645,585 | 190,371,120 |

4.21.1: Defined Benefit Obligation

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

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|-----------------|-------------------|
| Present value of non-funded obligations | - | 22,661,573 |
| Total present value of obligations | - | 22,661,573 |
| Fair value of plan assets | - | - |
| Present value of net obligations | - | 22,661,573 |
| Recognised liability for defined benefit obligations | - | 22,661,573 |

4.21.2: Plan Assets

Plan assets comprises of :

| Particulars | Ashad end, 2082 | FY 2080/81 |
|-------------------|-----------------|------------|
| Equity securities | - | - |
| Government bonds | - | - |
| Bank deposit | - | - |
| Other | - | - |
| Total | - | - |

4.21.3: Movement in the present value of defined benefit obligations

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|-----------------|-------------------|
| Defined benefit obligations at Shrawan 1 | - | 14,734,658 |
| Actuarial losses/(gain) | - | 2,053,583 |
| Benefits paid by the plan | - | - |
| Current service costs and interest | - | 5,873,332 |
| Defined benefit obligations at Poush end | - | 22,661,573 |

4.21.4: Movement in the fair value of plan assets

| Particulars | Ashad end, 2082 | 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 Poush end | - | - |

4.21.5: Amount recognised in profit or loss

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--------------------------------|-----------------|------------------|
| Current service costs | - | 4,415,558 |
| Interest on obligation | - | 1,457,774 |
| Expected return on plan assets | - | - |
| Total | - | 5,873,332 |

4.21.6: Amount recognised in other comprehensive income

| Particulars | Ashad end, 2082 | FY 2080/81 |
|----------------------|-----------------|------------------|
| Acturial (gain)/loss | - | 2,053,583 |
| Total | - | 2,053,583 |

4.21.7: Actuarial assumptions

| Key Assumptions | | |
|---|---|------------|
| Particulars | Ashad end, 2082 | FY 2080/81 |
| Discount rate | | 10.00% |
| Expected return on asset | | 0.00% |
| Salary Escalation Rate | | 8.00% |
| Withdrawal rate | For ages up to 30 years :10% Thereafter : 5% | |
| Retirement Age | | 60 years |
| Time of Retirement | Immediately on achieving normal retirement | |
| Salary Increase frequency | Once a year | |
| Mortality Rates : Representative mortality rates are referenced from Nepali Assured Lives Mortality (2009) | | |
| Discount Rate for this valuation is based on Yield to Maturity (YTM) available on Government bonds having similar term to decrement-adjusted estimated term of liabilities. | | |

Debt securities issued**4.22**

| Particulars | Ashad end, 2082 | 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 | Ashad end, 2082 | FY 2080/81 |
|---|-----------------|------------|
| Redeemable preference shares | - | - |
| Irredeemable cumulative preference shares (liabilities component) | - | - |
| Other | - | - |
| Total | - | - |

Share capital**4.24**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|--------------------|--------------------|
| Ordinary shares | 733,046,280 | 641,616,000 |
| Convertible preference shares (equity component only) | - | - |
| Irredeemable preference shares (equity component only) | - | - |
| Perpetual debt (equity component only) | - | - |
| Total | 733,046,280 | 641,616,000 |

4.24.1: Ordinary Shares

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|--------------------|--------------------|
| Authorized Capital | | |
| 10,000,000 Ordinary Shares of Rs. 100 each | 1,000,000,000 | 1,000,000,000 |
| Issued capital | | |
| 7330462.8 Ordinary Shares of Rs. 100 each | 733,046,280 | 641,616,000 |
| Subscribed & Paid up Capital | | |
| 7330462.8 Ordinary Shares of Rs. 100 each | 733,046,280 | 641,616,000 |
| Total | 733,046,280 | 641,616,000 |

Reserves**4.25**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|--------------------|--------------------|
| Statutory General reserve | 158,951,564 | 117,095,968 |
| Dividend Equilisation reserve | - | - |
| Exchange equilisation reserve | - | - |
| Corporate social responsibility reserve | 2,901,894 | 1,058,614 |
| Capital redemption reserve | - | - |
| Regulatory reserve | 86,121,313 | 82,181,154 |
| Capital reserve | - | - |
| Assets revaluation reserve | - | - |
| Fair value reserve | - | - |
| Client Protection Fund | 46,329,799 | 48,865,739 |
| Special reserve | - | - |
| Other reserve | 76,444,165 | 76,402,860 |
| Total | 370,748,735 | 325,604,335 |

4.25.1: Movement in Statutory General Reserve

| Particulars | Amount |
|---|--------------------|
| Opening Balance of 1st Shrawan 2080 | 117,095,968 |
| Amount Transferred during this period: | |
| Add: 20% of Net profit | 41,855,597 |
| Closing Balance as on Ashad End 2082 | 158,951,564 |

4.25.2: Movement in Corporate Social Responsibility Reserve

| Particulars | Amount |
|---|------------------|
| Opening Balance of 1st Shrawan 2080 | 1,058,614 |
| Add: 1% of Net profit | 2,092,780 |
| Less: CSR Expense for the F/Y 2080/81 | (249,500) |
| Closing Balance as on Ashad End 2082 | 2,901,894 |

4.25.3: Movement in Client Protection Fund

| Particulars | Amount |
|--|--------------------|
| Opening Balance of 1st Shrawan 2080 | 48,865,739 |
| Addition to the Fund this F/Y | |
| a. Interest Income to the Fund | 2,303,061 |
| a. Other Contribution to the Fund/ acquisition | |
| b. 1% of Net profit | 2,092,780 |
| c. 25% of dividend in excess of 20% | |
| Less: Expenses from Fund this Year | (6,931,782) |
| Center Chief Meeting expenses | (2,391,081) |
| Financial Literacy | (182,832) |
| Skill Development Training Programmes | (219,810) |
| Assistance to Member's guardian on the death of the member | (589,559) |
| Assistance to Member during Pregnancy | (1,284,000) |
| Assistance to Member on the death of the husband | (775,000) |
| Assistance to Member during Natural Disaster | (887,500) |
| Assistance to Member for Operation of Uterus | (236,000) |
| Assistance to Member for hospital admission | (159,000) |
| Assistance to Member for marriage of daughter | (87,000) |
| Scholarship expenses of Member's son/daughter | (120,000) |
| Closing Balance as on Ashad End 2082 | 46,329,799 |

4.25.4: Movement in Regulatory Reserve

| Particulars | Amount |
|--|-------------------|
| Opening Balance of 1st Shrawan 2080 | 82,181,154 |
| Add: Transfer to Reserve on account of : | |
| a. Interest Receivable on Loans & Advances | 7,233,977 |
| b. Reversal from change in Fair Value on equity instrument | |
| c. Deferred Tax Assets | |
| d. Acturial gain/loss recognised (-)/reversal (+) | |
| e. Other adjustments | (3,293,818) |
| Closing Balance as on Ashad End 2082 | 86,121,313 |

4.25.4: Movement in Other Reserve

| Particulars | Opening | Adjustments | Closing |
|--|-------------------|---------------|-------------------|
| Restructure Reserve | 61,919,259 | | 61,919,259 |
| Acturial Reserve | 1,055,871 | | 1,055,871 |
| Merger and Acquisition Reserve | 12,168,000 | | 12,168,000 |
| Staff Training Fund | 1,249,730 | | |
| <i>Add: 3% of Staff Salary and Allowances</i> | - | | |
| <i>Less: Expenses from the Staff Training Fund</i> | - | | 1,249,730 |
| Investment Adjustment Reserve | 10,000 | | 10,000 |
| Staff Welfare Fund | | 41,304 | 41,304 |
| Total | 76,402,860 | 41,304 | 76,444,165 |

Contingent liabilities and commitments

4.26

| Particulars | Ashad end, 2082 | FY 2080/81 |
|------------------------------------|-----------------|------------|
| Contingent liabilities | - | - |
| Undrawn and undisbursed facilities | - | - |
| Capital commitment | - | - |
| Lease Commitment | - | - |
| Litigation | - | - |
| Total | - | - |

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

4.26.1: Capital commitments

| Particulars | Ashad end, 2082 | 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 | Ashad end, 2082 | 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 period ended Ashad end, 2082

Interest Income

4.27

| Particulars | Ashad end, 2082 | 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 | 1,470,091,800 | 1,336,404,308 |
| Investment securities | - | - |
| Loan and advances to staff | 239,553 | 1,884,737 |
| Other - Interest income on Bank deposits | 3,098,805 | 5,010,309 |
| Total interest income | 1,473,430,158 | 1,343,299,353 |

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

Interest Expenses

4.28

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|--------------------|--------------------|
| Due to bank and financial institutions | - | - |
| Due to Nepal Rastra Bank | - | - |
| Deposits from customers | 242,631,433 | 236,330,865 |
| Borrowing | 491,954,057 | 665,825,175 |
| Debt securities issued | - | - |
| Subordinated liabilities | - | - |
| Others | - | - |
| Total Interest expense | 734,585,490 | 902,156,040 |

Fees and Commission Income

4.29

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|--------------------|-------------------|
| Loan administration fees | - | - |
| Service fees | 106,902,430 | 75,910,350 |
| Commitment fees | - | - |
| Card Issuance fees | - | - |
| Prepayment and swap fees | - | - |
| Remittance fees | - | - |
| Brokerage fees | - | - |
| Other fees and commission income | 8,487,770 | 9,494,661 |
| Total Fees and Commission Income | 115,390,200 | 85,405,011 |

4.29.1 Other fees and Commission income

| Particulars | Ashad end, 2082 | FY 2080/81 |
|-----------------------|------------------|------------------|
| Remittance Commission | 3,455 | 6,067 |
| Insurance Commission | 8,484,315 | 9,488,594 |
| Total | 8,487,770 | 9,494,661 |

Fees and Commission Expense

4.30

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|------------------|------------------|
| Brokerage | - | - |
| ATM management fees | - | - |
| VISA/Master card fees | - | - |
| Guarantee commission Fees | - | - |
| DD/TT/Swift fees | - | - |
| Remittance fees and commission | - | - |
| Other fees and commission expense | 2,148,524 | 6,324,182 |
| Total Fees and Commission Expense | 2,148,524 | 6,324,182 |

Other fees and commission expense includes the service charge, CIC charges paid to BFIs at the time of Borrowing.

Net Trading income**4.31**

| Particulars | Ashad end, 2082 | 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 transation | - | - |
| Other | - | - |
| Net trading income | - | - |

Other Operating Income**4.32**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|-------------------|-------------------|
| Foreign exchange revauation 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 | 39,949,972 | 50,129,770 |
| Total | 39,949,972 | 50,129,770 |

Other-Fine on Loan includes :

- The amount received from members on account of delayed payment of Loans;
- Premature termination of Pension Saving

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

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|--------------------|---------------------|
| Impairment charge/(reversal) on loan and advances to BFIs | - | - |
| Impairment charge/(reversal) on loan and advances to customers | 100,268,400 | (13,681,154) |
| 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 | 100,268,400 | (13,681,154) |

Personnel Expenses**4.34**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|-----------------------------------|--------------------|--------------------|
| Salary | 121,723,350 | 127,177,361 |
| Allowances | 106,479,849 | 114,530,460 |
| Gratuity Expense | 6,562,760 | 4,415,558 |
| Provident Fund/SSF expenses | 17,752,571 | 19,003,643 |
| Uniform | 5,125,000 | 5,480,000 |
| Training & development expense | 4,933,452 | 5,509,767 |
| Leave encashment | 32,625,903 | 17,322,963 |
| Medical | 8,843,544 | 9,643,544 |
| Insurance | 3,450,478 | 832,548 |
| Employees incentive | - | - |
| Cash-settled share-based payments | - | - |
| Pension expense | - | - |
| Finance expense under NFRS | - | 2,584,878 |
| Other expenses related to staff | 15,835,779 | 17,462,121 |
| Subtotal | 323,332,686 | 323,962,842 |
| Employees Bonus | 33,218,728 | 4,315,857 |
| Grand total | 356,551,414 | 328,278,699 |

Other Operating Expense**4.35**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|--------------------|--------------------|
| Directors' fee | 1,185,000 | 1,036,000 |
| Board Meeting expense | 211,482 | 184,385 |
| Auditors' remuneration | - | 565,000 |
| Other audit related expense | - | - |
| Professional and legal expense | 778,230 | 168,535 |
| Office administration expense | 68,290,548 | 58,485,901 |
| Finance Lease expenses (Finance Cost and Depreciation) | 24,970,868 | 30,924,320 |
| Software expenses | 1,569,472 | 1,559,806 |
| Operating expense of investment properties | - | - |
| Corporate social responsibility expense | - | - |
| Client Protection Expenses | - | - |
| Onerous lease provisions | - | - |
| Others | 30,366,582 | 30,465,149 |
| Total | 127,372,183 | 123,389,095 |

As per NFRS 16 Leases, all leases except for short term leases and leases for which the underlying asset is of low value are treated as Finance Lease. Hence, the finance lease expenses includes finance cost as per NFRS 16 and the depreciation amount of ROU Assets.

4.35.1 Office administration expense

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|-------------------|-------------------|
| Water & Electricity | 2,229,243 | 2,334,611 |
| Repair & Maintenance | - | - |
| (a) Building | - | - |
| (b) Vehicles | 4,483,484 | 638,020 |
| (c) Computer and Accessories | 1,029,368 | 1,093,190 |
| (d) Office Equipment & Furniture | 145,803 | 116,869 |
| (e) Others | 104,846 | 98,056 |
| Insurance (Others) | 382,427 | 490,926 |
| Postage, Telex, Telephone & Fax | 2,346,179 | 2,721,067 |
| Printing & Stationery | 4,387,862 | 5,116,075 |
| Newspaper, Books and Journals | - | - |
| Advertisement | 388,269 | 267,734 |
| SMS Banking Installation Cost | 49,900 | - |
| Security Expense | - | 22,600 |
| Deposit and Loan Guarantee Premium | 41,580,386 | 29,742,567 |
| Travel Allowance & Expense | 6,784,403 | 11,060,775 |
| Entertainment | 926,495 | 186,622 |
| Annual/Special General Meeting Expense | 407,610 | 513,847 |
| Other Meeting Expenses | 154,000 | 203,000 |
| Internet Expenses | 1,907,174 | 2,173,385 |
| Registration and Renewal | 983,100 | 1,706,557 |
| Other Expenses | - | - |
| Total | 68,290,548 | 58,485,901 |

4.35.2 Others Expenses:

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--------------------------|-------------------|-------------------|
| Share Issue expenses | 846,618 | - |
| RTS Expenses | 103,336 | 100,000 |
| Fuel Expenses | 15,033,251 | 15,393,732 |
| Lunch expenses | 10,493,760 | 11,442,967 |
| Bank Charges | 89,659 | 74,211 |
| Transportation Expenses | 169,065 | 128,818 |
| BOD Orientation Expenses | 131,300 | 213,577 |
| Consultancy Expenses | 203,400 | - |
| Miscellaneous Expenses | 3,296,194 | 3,111,844 |
| Total | 30,366,582 | 30,465,149 |

Depreciation and Amortization**4.36**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--|------------------|------------------|
| Depreciation on property and equipment | 6,000,712 | 5,764,007 |
| Depreciation on investment property | - | - |
| Amortization of intangible assets | 150,859 | 305,916 |
| Total | 6,151,570 | 6,069,923 |

Non Operating Income**4.37**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|------------------------------|-----------------|------------------|
| Recovery of loan written off | - | - |
| Other non operating income | 712,216 | 1,001,451 |
| Total | 712,216 | 1,001,451 |

4.37.1 Other Income

| Particulars | Ashad end, 2082 | FY 2080/81 |
|--------------|-----------------|------------------|
| Grant income | - | - |
| Other Income | 712,216 | 1,001,451 |
| Total | 712,216 | 1,001,451 |

Non Operating Expenses**4.38**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|------------------------------|------------------|------------|
| Loan written off | - | - |
| Redundancy provision | - | - |
| Expense of restructuring | - | - |
| Other Non Operating Expenses | 3,436,418 | - |
| Total | 3,436,418 | - |

Income Tax Expenses**4.39**

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|-------------------|-------------------|
| Current tax expense | | |
| Current year | 89,690,564 | 44,621,763 |
| Adjustments for prior years | - | - |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | - | (1,944,280) |
| Changes in tax rate | - | - |
| Recognition of previously unrecognised tax losses | - | - |
| Total income tax expense | 89,690,564 | 42,677,483 |

Property and Equipment

4.11

| Particulars | Land | Building | Leasehold Properties | Computer & Accessories | Vehicles | Furniture & Fixtures | Equipment & others | Total |
|--------------------------------------|------|----------|----------------------|------------------------|-------------------|----------------------|--------------------|-------------------|
| Balance as on Shrawan 1, 2081 | | | 1,507,234 | 13,639,947 | 10,806,252 | 19,220,718 | 9,184,594 | 54,358,746 |
| Addition during the Year | | | | | | | | - |
| Acquisition | | | - | 4,593,501 | - | 325,393 | 1,187,757 | 6,106,650 |
| Capitalization | | | | | | | | - |
| Transfer from acquisition | | | | | | | | - |
| Disposal during the year | | | | | | | | - |
| Adjustment/Revaluation | | | | | | | | - |
| Balance as on Ashad end 2082 | | | 1,507,234 | 18,233,447 | 10,806,252 | 19,546,111 | 10,372,352 | 60,465,396 |
| Depreciation and Impairment | | | | | | | | |
| Balance as on Shrawan 1, 2081 | | | 1,488,550 | 7,595,093 | 6,760,354 | 10,051,753 | 5,244,763 | 31,140,513 |
| Depreciation charge for the year | | | | | | | | |
| Impairment for the year | | | 3,743 | 1,624,728 | 810,639 | 2,339,887 | 1,221,714 | 6,000,712 |
| Transfer from acquisition | | | | | | | | |
| Disposals | | | | | | | | |
| Adjustments | | | | | | | | |
| Balance as on Ashad end 2082 | | | 1,492,293 | 9,219,821 | 7,570,993 | 12,391,640 | 6,466,477 | 37,141,224 |
| Capital Work in Progress | | | | | | | | |
| Net Book Value | | | | | | | | |
| As on Shrawan 1, 2081 | | | 18,684 | 6,044,854 | 4,045,898 | 9,168,965 | 3,939,831 | 23,218,233 |
| As on Ashad end 2082 | | | 14,941 | 9,013,627 | 3,235,259 | 7,154,471 | 3,905,875 | 23,324,172 |

Goodwill and Intangible Assets
4.12

| Particulars | Goodwill | Software | | Total |
|----------------------------------|------------|-----------|-----------|------------|
| | | Purchased | Developed | |
| Balance as on Ashad end 2081 | 12,168,000 | 2,419,408 | | 14,587,408 |
| Addition during the year | | | | |
| Acquisition | | - | | |
| Capitalization | | | | |
| Disposal during the year | | | | |
| Adjustment/Revaluation | | | | |
| Balance as on Ashad end 2082 | 12,168,000 | 2,419,408 | - | 14,587,408 |
| Amortisation and Impairment | | | | |
| Balance as on Ashad end 2081 | | 2,003,795 | | 2,003,795 |
| Amortisation charge for the year | | | | |
| Impairment for the year | | 150,859 | | |
| Disposals | | | | |
| Adjustment | | | | |
| Balance as on Ashad end 2082 | - | 2,154,654 | - | 2,154,654 |
| Capital Work in Progress | | | | |
| Net Book Value | | | | |
| As on Ashad end 2081 | 12,168,000 | 415,612 | - | 12,583,612 |
| As on Ashad end 2082 | 12,168,000 | 264,754 | - | 12,432,754 |

Deferred Tax
4.13

| Particulars | Deferred Tax Assets | Deferred Tax Liabilities | Ashad end 2082 |
|---|---------------------|--------------------------|--|
| | | | Net Deferred Tax Assets /(Liabilities) |
| Deferred tax on temporary differences on following items | | | |
| Loans and Advances to BFIs | - | - | - |
| Loans and Advances to Customers | - | - | - |
| Investment Properties | - | - | - |
| Investment Securities | - | - | - |
| Property and Equipment | - | - | - |
| Employees' Defined Benefit Plan and Leave Encashment | - | - | - |
| Lease Liabilities/Right of Use Assets | - | - | - |
| Provisions | - | - | - |
| Other Temporary Differences | 16,700,734 | - | 16,700,733.91 |
| Deferred tax on temporary differences | - | - | 16,700,734 |
| Deferred tax on carry forward of unused tax losses | - | - | - |
| Deferred tax due to changes in tax rate | - | - | - |
| Net Deferred Tax Asset (Liabilities) as on Poush end, 2081 | - | - | 16,700,734 |
| Deferred Tax (Asset)/ Liabilities as on Shrawan 01, 2081 | - | - | 16,700,734 |
| Origination/(Reversal) during the year | - | - | - |
| Deferred Tax expense (income) recognized in profit or loss | - | - | - |
| Deferred Tax expense (income) recognized in OCI | - | - | - |
| Deferred Tax expense (income) recognized directly in Equity | - | - | - |

Capital Structure and Capital Adequacy

| Particulars | Ashad end, 2082 | FY 2080/81 |
|---|----------------------|---------------------|
| A. Tier 1 Capital | 1,038,942,848 | 842,592,704 |
| Paid-up Equity Share Capital | 733,046,280 | 641,616,000 |
| Proposed Bonus Shares | - | - |
| Equity Share Premium | - | - |
| Statutory General Reserves | 158,951,564 | 117,095,968 |
| Retained Earnings | 163,645,738 | 100,581,470 |
| Un-audited current year cumulative profit/(Loss) | - | - |
| Capital Redemption Reserve | - | - |
| Capital Adjustment Reserve | - | - |
| Calls in Advance | - | - |
| Other free reserves | - | - |
| Deductions; | (16,700,734) | (16,700,734) |
| Less: Goodwill | - | - |
| Less: Deferred tax assets | (16,700,734) | (16,700,734) |
| Less: Investment in equity of institutions in excess of limits | - | - |
| Less: Investments arising out of underwriting commitments | - | - |
| Less: Fictitious Assets | - | - |
| Less: Purchase of land & building in excess of limit and unutilized | - | - |
| Less: Other Deductions | - | - |
| B. Tier 2 Capital | 82,811,788 | 114,554,086 |
| Provisions of loan loss made for pass loan | 50,726,985 | 50,422,173 |
| Additional loan loss provision | 32,074,803 | 64,121,913 |
| Hybrid capital instruments | - | - |
| Unsecured Subordinated Term Debt | - | - |
| Exchange Equalization Fund | - | - |
| Assets revaluation Fund | - | - |
| Investment adjustment Fund | 10,000 | 10,000 |
| C. Total Capital Fund (A+B) | 1,121,754,636 | 957,146,789 |
| Minimum capital Fund to be maintained based on Risk Weighted Assets: | | |
| Capital Fund maintained (in %) | 9.82% | 9.31% |
| Core Capital maintained (in %) | 9.10% | 8.20% |

Statement of Risk Weighted Assets (RWA)

| Description | Weight (%) | Ashad end, 2082 | | FY 2080/81 | |
|---|------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | Amount | Risk Weighted Assets | Amount | Risk Weighted Assets |
| A. On-Balance-sheet Items | | | | | |
| Cash Balance | 0 | 8,730,854 | - | 9,531,026 | - |
| NRB Balance | 0 | - | - | - | - |
| Investment to Govt. Bond | 0 | - | - | - | - |
| Investment to NRB Bond | 0 | - | - | - | - |
| Loan against Own FD | 0 | - | - | - | - |
| Loan against Govt. Bond | 0 | - | - | - | - |
| Accrued interests on Govt. bond | 0 | - | - | - | - |
| Balance on domestic banks and financial institutions | 20 | 49,935,802 | 9,987,160 | 46,785,802 | 9,357,160 |
| Money at call | 20 | 541,202,551 | 108,240,510 | 691,420,445 | 138,284,089 |
| Inter-bank lending | 20 | - | - | - | - |
| Investment on shares/debentures/bonds | 100 | 710,000 | 710,000 | - | - |
| Other investments | 100 | 1,335,759 | 1,335,759 | - | - |
| Loans & advances, bills purchase/discount | 100 | 10,650,569,058 | 10,650,569,058 | 9,763,240,117 | 9,763,240,117 |
| Fixed assets | 100 | 23,324,172 | 23,324,172 | 23,218,233 | 23,218,233 |
| Net interest receivables | 100 | 308,502,993 | 308,502,993 | - | - |
| Net Non-Banking Asset | 100 | - | - | - | - |
| Other assets (Except advance tax payment) | 100 | 85,425,887 | 85,425,887 | 129,739,181 | 129,739,181 |
| Total On-Balance-sheet Items (A) | | 11,669,737,076 | 11,188,095,540 | ##### | 10,063,838,781 |
| B. 'Off-Balance-sheet Items | | | | | |
| Bills collection | 100 | - | - | - | - |
| Irrevocable loan commitment | 100 | - | - | - | - |
| Possible liabilities for income tax | 100 | - | - | - | - |
| All types of possible liabilities including acceptance | 100 | - | - | - | - |
| Unpaid portion of partly paid share investment | 100 | - | - | - | - |
| Unpaid guarantee claims | 200 | - | - | - | - |
| Amount to be maintained for operational risk (2% of Total Assets) | 100 | 233,394,742 | 233,394,742 | 213,278,696 | 213,278,696 |
| Total Off-Balance-sheet Items (B) | | 233,394,742 | 233,394,742 | 213,278,696 | 213,278,696 |
| Total Risk Weighted Assets (A) + (B) | | 11,903,131,818 | 11,421,490,282 | 10,877,213,500 | 10,277,117,477 |

Deferred Tax
4.13

| Particulars | Deferred Tax Assets | Deferred Tax Liabilities | Ashad end 2082 |
|---|---------------------|--------------------------|--|
| | | | Net Deferred Tax Assets /(Liabilities) |
| Deferred tax on temporary differences on following items | | | |
| Loans and Advances to BFIs | | | |
| Loans and Advances to Customers | | | |
| Investment Properties | | | |
| Investment Securities | | | |
| Property and Equipment | | | |
| Employees' Defined Benefit Plan and Leave Encashment | | | |
| Lease Liabilities/Right of Use Assets | | | |
| Provisions | | | |
| Other Temporary Differences | 16,700,734 | | 16,700,733.91 |
| Deferred tax on temporary differences | | | 16,700,734 |
| Deferred tax on carry forward of unused tax losses | | | |
| Deferred tax due to changes in tax rate | | | |
| Net Deferred Tax Asset (Liabilities) as on Poush end, 2081 | | | 16,700,734 |
| Deferred Tax (Asset)/ Liabilities as on Shrawan 01, 2081 | | | 16,700,734 |
| Origination/(Reversal) during the year | | | - |
| | | | |
| Deferred Tax expense (income) recognized in profit or loss | | | - |
| Deferred Tax expense (income) recognized in OCI | | | - |
| Deferred Tax expense (income) recognized directly in Equity | | | - |

Top 20 Depositors as on Ashad, 2082

| S.N. | Name | Total Deposits |
|------|---------------------|----------------|
| 1 | KALAWATI DHAMI | 3,696,848.29 |
| 2 | Rupesh Ghimire | 2,111,102.01 |
| 3 | PASANG DOMA TAMANG | 2,040,338.63 |
| 4 | Gita Bisnet | 1,849,711.02 |
| 5 | DHANI RANA | 1,637,612.54 |
| 6 | Binu Thing | 1,499,201.98 |
| 7 | Dambari Devi Deuba | 1,357,527.82 |
| 8 | ANJU BASNET | 1,348,843.57 |
| 9 | Sabitra Thapa | 1,192,135.39 |
| 10 | JAYANTI SHRESTHA | 1,112,965.81 |
| 11 | Lalsari Pun | 1,104,459.73 |
| 12 | MANITA KUMARI SINGH | 1,086,622.45 |
| 13 | Sarina Shrestha | 1,055,800.68 |
| 14 | Sunita yadav | 885,630.71 |
| 15 | DUKHANI DEVI KOERI | 849,750.70 |
| 16 | Sanjaya Dulal | 815,836.80 |
| 17 | Jitendra Ray | 814,834.89 |
| 18 | RITA ADHIKARI | 807,050.17 |
| 19 | Kalyani Kharel | 778,892.63 |
| 20 | DEBAKI DARLAMI | 720,242.03 |

Asha Laghubitta Bittiya Sanstha Limited
Significant Accounting Policies and Notes to Account forming part of Financial Statements
For the Quarter ended Ashad, 2082

1. Reporting Entity

Asha Laghubitta Bittiya Sanstha Limited ('the Microfinance') is a public limited company established under the Bank & Financial Institution Act, 2073. It is a D class financial institution and obtained license to carry out financial transaction from Nepal Rastra Bank on 23rd Shrawan 2073 and officially started its operation on 15th Bhadra 2073. The Microfinance acquired former Rastra Utthan Laghubitta Bittiya Sanstha Ltd.(RULB) and started the joint operation from 31st Ashad 2080. The Microfinance has its registered office located at Banepa-13, Sanga, Kavrepalanchowk District, Nepal. 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. Out of total shares of the company, 67.42% is held by Promoter shareholders and remaining 32.58% is being held by Public Shareholders as at Ashad 32, 2082.

Having approval to operate at National Level, by the end of Ashad 2080 the microfinance is operating in 45 Districts with its 132 branches (16 districts and 101 branches added after acquisition of former RULB).

Being D Class licensed institution, major activities of the microfinance include deprived sector lending under the group guarantee without collateral in order to enhance economic and social factors of the members. Also, the microfinance provides additional microenterprise loan to its members within the limit as prescribed by Nepal Rastra Bank from time to time. The major sources of fund are member savings along with loan from other BFIs and Equity holders' fund.

2. Basis of Preparation

2.1 Going Concern

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

2.2 Statement of Compliance

The financial statements of the Microfinance have been prepared in accordance with Nepal Financial Reporting Standard (NFRS) issued by Accounting Standard Board (ASB) of Institute of Chartered Accountants of Nepal. The financial statements are based on the formats mandated by the Directive No. 4 of The Unified Directives, 2080 as made applicable by the Nepal Rastra Bank.

2.3 Reporting Period and Approval of Financial Statements

Reporting Period: As on Ashad end, 2082

2.4 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupees (NPR) which is the currency of the primary economic environment in which the Microfinance operates. The financial information presented has been rounded off to nearest rupee except where otherwise stated.

2.5 Use of Estimates, Assumptions and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively in current and future periods.

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

2.6 Changes in Accounting Policies

The accounting policies are applied consistently to all the periods except where deviations have been explicitly mandated by the applicable accounting standards presented in the financial statements.

2.7 Discounting

The non-current assets and liabilities are discounted whenever the discounting is material and if required by the NFRS.

3. Significant Accounting Policies

3.1 Basis of Measurement

The Financial Statements of Microfinance have been prepared on the historical cost basis, except for the following material items:

| Items | | | Basis of Measurement |
|-------------------------|--------------------|--|--|
| Employees Obligation | Defined Benefit | | Present Value of defined benefits obligation less the fair value of the plan assets. |

3.2 Cash & Cash Equivalent

The cash and cash equivalents for the purpose of cashflow statement 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.

Cash and Cash equivalents includes cash in hands, deposits with BFIs and other short-term investments with original maturities of three months or less. Details of Cash and Cash Equivalents are presented under Note 4.1.

Balances with BFIs includes fixed deposit of Client Protection Fund maintained on following banks:

Everest Bank Limited : Rs. 47,000,000 Interest : 3.25% p.a.

3.3 Financial Assets and Financial Liabilities

3.4.1. Recognition

The Microfinance recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities which are carried at fair value through profit or loss (FVTPL), are charged to the statement of profit and loss.

3.4.2. Classification and Measurement

The financial assets and liabilities are subsequently measured at amortized cost or fair value on the basis of business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

3.4.2.1. Financial assets

Financial assets are classified under three categories as required by NFRS 9, namely:

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:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). 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 or loss:

The Microfinance classifies the financials 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.

3.4.2.2. Financial Liabilities

Financial liabilities are classified under three categories as required by NFRS 9, namely:

a. Financial liabilities at fair value through profit or 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 is 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. Financial liabilities measured at amortized cost:

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

3.4.3. De-recognition

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.

3.4.4. 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 are 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.

3.4.5. 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:

- General Loan
- Seasonal Loan
- Micro Entrepreneur Loan
- Asha Entrepreneur Loan
- Personal Loan
- Other 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.

3.5 Trading Assets

Financial assets are classified as trading assets (held for trading) if they have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short- term profit taking. They are recognized on trade date, when the Microfinance enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transaction costs taken to profit or loss. Subsequent changes in their fair values are recognized in profit or loss in 'Net trading income'.

However, the Microfinance does not have such assets to be recognized as trading assets as on Ashad end 2082.

3.6 Derivative Assets and Derivative Liabilities

Derivative instruments include transactions like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. However, the Microfinance does not have such instruments as on Ashad end 2082.

3.7 Property, Plant and 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: 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% |
| Computers & Accessories | 25% |
| Vehicles | 20% |
| Furniture & Fixtures | 25% |
| Equipment & Others | 25% |
| Leasehold Assets | Rate set, on the basis of lease term |
| 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.

3.8 Goodwill/ Intangible Assets

3.8.1 Gain on Bargain Purchase on Acquisition of other microfinance institutions

NFRS 3 Business Combination applies to the acquisition of the business. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired in Business Combination is recognized as goodwill. Conversely, if the consideration is less than the net assets of the acquired business, the amount is recognized as a gain from the bargain purchase. Goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

The Microfinance has acquired former Rastra Utthan Laghubitta Bittiya Sanstha Ltd. (RULB) and commenced joint operation from 31st Ashadh 2080. The considerations are issued in the form of equity instruments – 26,00,000 ordinary equity shares in the swap ratio 1:1.

The Microfinance has recognized business combination transaction as per the Merger and Acquisition Bylaws, 2073 issued by Nepal Rastra Bank and as per explanatory notes issued by Institute of Chartered Accountants of Nepal (ICAN). Accordingly, as per the carve out issued by the Accounting Standards Board on July 2022, the shares of the microfinance were valued at the valuation per share provided by the Due Diligence Audit Report and approved by the Special General Meeting.

Goodwill amounting to Rs. 12,168,000 has been recognized as follows on such acquisition of business with corresponding credit to other reserve (Merger and Acquisition Reserve).

| Particulars | Amount (Rs.) |
|------------------------------------|-------------------|
| Consideration transferred by ALBSL | 450,164,000 |
| Less: Business Value of RULB | 437,996,000 |
| Goodwill | 12,168,000 |

The DDA valuation referred above doesn't consider NFRS Adjustments made at the year end of previous year and as a result of which the value of goodwill calculated as above might differ. However, we have considered the valuation of goodwill based on DDA Report made available with us.

3.8.2 Intangible Assets

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.

3.9 Investment Property

Investment properties are land or building or both other than those classified as property and equipment under NAS 16 – “Property, Plant and Equipment”; and assets classified as non-current assets held for sale under NFRS 5 – “Non-Current Assets Held for Sale and Discontinued Operations”. Land and Building acquired as non-banking assets are recognized as investment property.

Investment properties are initially measured at cost, including transaction costs. Subsequently all investment properties are reported at fair value with any gains or losses in fair value reported in the statement of profit and loss as they arise. No depreciation is charged in investment property as they are not intended for the owner-occupied use. NBA amounting to NPR 1,335,759 has been booked as investment property (acquired after acquisition of RULB), includes land, acquired from Mr. Arbind Jha (ex staff) in 2071.08.17. Respective amount has been transferred from Retained Earnings to regulatory reserve as per unified directive.

3.10 Income Tax

Tax expenses comprises of current tax and deferred tax.

3.10.1. 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.

3.10.2 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.

3.11 Deposit, debt securities issued and subordinated liabilities

3.11.1. Deposits:

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.

3.11.2 Debt Securities Issued

Debt Securities are initially measured at the fair value less incremental direct cost and subsequently at their amortized cost using effective interest method except where the microfinance designates liabilities at fair value through profit or loss.

However, the Microfinance does not have such Debt Securities as on Ashad end 2082.

3.11.3 Subordinate Liabilities

These are the liabilities subordinated, at the event of winding up, to claims of depositors, debt securities issued and other creditors. It shall include redeemable preference shares, subordinated notes issued, borrowings etc. During the reporting period the Microfinance does not have any such liabilities.

3.12 Provisions, other Liabilities 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, considering 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.

The contingent liabilities are the liabilities for which it is uncertain as to whether it will become an obligation as it depends on the occurrence of an uncertain future event. These amounts are off-balance sheet items and are disclosed when there is a possible obligation that may but probably will not require an outflow of resources.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Microfinance from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Microfinance does not have such contingent liabilities and onerous contracts as on Ashad end 2082.

3.13 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:

3.13.1 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 necessary. Such 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.

The interest income recognized in the statement of profit and loss includes the following:

- Interest income on financial assets measured at amortized cost calculated on an effective interest rate method, except for impaired loans and advances. These financial assets include investment in government securities, investment in NRB Bond and deposit instruments, reverse repos, inter-bank lending, etc.
- As per carve out on NAS 39 Para 9, the Microfinance has not included the fees paid or received in loans and advances that are immaterial or impracticable to determine reliably the effective interest rate and have recognized them directly as revenue in the Statement of Profit or Loss.
- Interest on investment securities measured at fair value is calculated on effective interest rate.
- Income on discounted instruments like bills purchased, documents negotiation is recognized over the period of discounting on accrual basis using effective interest rate. • Interest income on all trading assets is considered to be incidental to the Group's trading operations and are presented together with all other changes in fair value of trading assets and liabilities in net trading income.

The Microfinance has suspended the interest income where there is reasonable doubt about the collectability of the interest in case of Loans where contractual payments of principal and/or interest are more than 12 months in arrears, irrespective of the net realizable value of collateral.

3.13.2 Fee and Commission Income

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

3.13.3 Dividend Income

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

3.13.4. Net Trading Income

Net Trading Income includes all gains and losses from changes in fair value, related capital gain/loss and dividend from financial assets 'Held for Trading'. Trading expenses are deducted from the trading income and the amount net of trading expenses are disclosed in statement of profit and loss.

3.13.5 Net Income from Other Financial Instrument at Fair Value Through Profit and Loss.

Net income from other financial instrument measured at fair value through Profit or Loss includes all gains/(losses) raised from the revaluation of financial instrument at fair value.

3.14 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 carve- outs and treat coupon rate as effective interest rate.

3.15 Employee Benefits

3.15.1 Short term employee benefits

The Microfinance's short-term employee benefits mainly include wages, salaries, allowances, social security expenses, bonuses as provided in the law and other employee related expenses. Short term employee benefits are measured on an undiscounted basis and are charged to statement of profit and loss as and when the related service is provided.

3.15.2. Post-Employment employee benefits

3.15.2.1 Defined Contribution Plans

Post-Employment benefits plan under which the microfinance pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay future amounts are categorized under defined contribution plans. The contributions to defined contribution plans are recognized in profit or loss as and when the services are rendered by employees.

Employee Provident Fund

Employee provident fund is the defined contribution plan opt by the microfinance. Complying with The Labor Act, 2074, the microfinance contributes 10% of the Basic salary and Grade Amount of all the employees to the Approved Retirement Fund, established by the microfinance. The Microfinance has no further obligations under these plans beyond its periodic contributions.

3.15.2.2. Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Microfinance's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is

discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on corporate bonds, that have maturity dates approximating the terms of the Microfinance's obligation and that are denominated in the currency in which the benefit is expected to be paid. The defined benefit obligation is recognized on the basis of the report of qualified actuary using the projected unit credit method. The Microfinance recognizes all actuarial gains and losses arising from defined benefit plans immediately in OCI and all expenses related to defined benefits plans in employee benefit are expensed in profit and loss account. When the calculation results in a potential asset for the group, the recognized assets are limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits consideration is given to any applicable minimum funding requirements.

Measurements of the net defined benefit liability comprise actuarial gains and losses. The return on plan assets (excluding interest income) and the effect of the assets ceiling (if any excluding interest) are recognized immediately in OCI. The Microfinance determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefits liability (assets), considering any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefits payments. Net interest expenses and other expenses related to defined benefit plans are recognized as personal expenses in Statement of profit and Loss.

Gratuity

As per Labor Act, 2074 which came into force after 19th of Bhadra, 2074 requires to provide minimum of 8.33% of Basic Salary plus Grade as gratuity every month which is in nature of Define contribution plan. However, gratuity benefits have been provisioned as per the Employees byelaw of the microfinance as below:

- a. To the employee serving more than 5 years to 10 years, half month's last drawn salary for each year of service
- b. To the employee serving more than 10 years to 15 years, one month's last drawn salary for each year of service
- c. To the employee serving more than 15 years to 20 years, one and half month's last drawn salary for each year of service
- d. To the employee serving more than 20 years, two month's last drawn salary for each year of service

Provision for Gratuity is made by the microfinance as per actuarial valuation done by certified actuary.

Leave Benefits:

The microfinance provides accumulated leave benefits under its Employees Byelaw. The Home leave is accumulated up to 90 days and there is no limit for the accumulation of sick leave. Accumulated leave benefits are treated as long term benefit liability. Accumulated leave obligations are estimated on the basis of last drawn salary of the employee and provision for the same is made as per the actuarial valuation done by certified actuary.

3.16 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.

3.16.1 Financial Lease

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. As a lessor under finance leases, the Microfinance presents the amounts due under the leases, after deduction of unearned charges, in 'Loans and advances to BFIs' or 'Loans and advances to customers. As a lessee under finance leases, the Microfinance presents the leased assets in 'Property, plant and equipment's

and the corresponding liability to the lessor is included in 'Other liabilities. A finance lease and its corresponding liability are recognized initially at the fair value of the asset or, if lower, the present value of the minimum lease payments. However, Microfinance does not have any financial lease transaction as on Ashad end 2082.

3.16.2. Operating Lease

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 operated its branches in number of lease facilities 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.

3.17 Share Capital and Reserves

3.17.1. 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.

3.17.2. Reserves

The reserve includes regulatory and free reserves.

a) 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 Circular GHA/05/079/80 of NRB Dated 2079/11/10 shall be set aside to the general reserve.

b) Exchange Equalization Reserve

This is statutory reserve created in compliance with BAFIA. 25% of the revaluation on the foreign currency computed as per regulatory books is set aside to Exchange Equalization Reserve.

c) Assets Revaluation Reserve

This is a non-statutory reserve and is the requirement in the application of accounting policy for non-financial assets such as property, equipment, investment property and intangible assets that are measured following revaluation model. Revaluation reserve often serve as a cushion against unexpected loss but may not be fully available to absorb unexpected losses due to the subsequent deterioration in the market values and tax consequences of revaluation. The microfinance hasn't followed revaluation model.

d) Capital reserve

This is a non-statutory reserve and represents the amount of all the capital nature reserves such as the amounts arising from share forfeiture, capital grants and capital reserve arising out of business combinations. Funds in this reserve are not available for distribution of cash dividend but can be capitalized by issuing bonus shares upon obtaining prior approval from the central bank.

e) Corporate Social Responsibility Fund

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

f) 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 Ashad end 2082 not recovered, Reserve on deferred tax assets, non-banking assets, reduction in fair value of investment in equity below cost price, actuarial loss etc.

g) 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.

h) Client protection fund

Client protection fund is created at 1% of net profit. In addition to this, 35% of additional amount of Cash Dividend and Bonus Shares if declared and distributed in excess of 15% shall be allocated to this fund as per NRB Directives.

As per the directives 4(1)(Ja)(aa) of NRB issued for microfinance, the microfinance shall earmark and invest separately the portion of residual amount of the fund. In compliance with this provision, the microfinance has invested major portion of the fund in Fixed Deposit in commercial bank and residual amount has been kept in bank account for future expenditure purpose.

i) Other reserves

Any other reserve created with specific or non-specific purpose are presented under this by disclosing account heads.

j) Proposed bonus distribution

The board of the microfinance has recommended not to distribute dividend .

3.18 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.

3.19 Investment in Associates

For the purpose of consolidation, NAS 28 - Investments in Associates is applied. Associates are entities in which the Microfinance has significant influence, but not control, over the operating and financial policies.

The microfinance's investments in associates are initially recorded at cost and increased (or decreased) each year by the entity's share of the post- acquisition profit/(loss). The entity ceases to recognize its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses.

The Microfinance doesn't have any investment in associates