

**INDEPENDENT AUDITOR'S REPORT TO
THE FUND MANAGER AND UNIT HOLDERS OF MEGA MUTUAL FUND-1**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mega Mutual Fund - I ("the Scheme")**, which comprise the Statement of Financial Position as at Ashad 31, 2081, (July 15, 2024), the Statement of Profit or Loss (including Other Comprehensive Income), the Statement of Change in Unit Holders' Fund and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid the financial statements presents fairly, in all material respects, the financial position of the Scheme, as at Ashad 31, 2081 (July 15, 2024), and its financial performance, changes in Unit Holders' Fund, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards (NFRS) and other prevailing laws.

Basis for Opinion

We conducted our audit of the financial statements in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Handbook of The Code of Ethics for Professional Accountants issued by The Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of The Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of financial statement as a whole, and in forming the auditor opinion thereon, and the auditor does not provide a separate opinion on these matters.

We have determined that there are no any key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Scheme's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial Statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud and error.

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

The Board of Directors / Scheme managers are responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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



Report on Other Legal and Regulatory Requirements

Based on our examination, we would like to further report that:

- i. The Financial Statement dealt by this report are prepared in accordance with Nepal Financial Reporting Standards (NFRS); Securities Act, 2063; Securities Board Regulations, 2064; Mutual Fund Regulations, 2067; Mutual Fund Guidelines, 2069 and other prevailing laws and are in agreement with the books of account maintained by the Scheme.
- ii. During our examination of the books of account of the Scheme, we have not come across the cases where any office holder or any employee of the Scheme has acted contrary to the provisions of law or caused loss or damage to the Scheme.
- iii. The Fund manager has maintained the required internal control system.
- iv. We have not come across any cases where the Scheme has conducted any activities against the interest of unit holders and the capital market.
- v. The Scheme has an effective internal audit system.
- vi. The Scheme has invested its funds according to Mutual Fund Regulations 2067.
- vii. The operations of the Scheme were found satisfactory.
- viii. Contrary to Clause 6(1) of Mutual Fund Regulation 2067, the fund only had three fund supervisors for the period from 19th December, 2023 till 15th July, 2024.

Place: Kathmandu
Date: 5th September, 2024
UDIN: 240906CA00081vbTaQ

For, S. R. Pandey & Co.
Chartered Accountants



A handwritten signature in black ink, appearing to read "Rajesh Poudel", written over a horizontal dotted line.

Rajesh Poudel, FCA
Partner

Mega Mutual Fund-1

(Sponsored by Nepal Investment Mega Bank Ltd. and Managed by NIMB Ace Capital Ltd.)

Statement of Financial position as at 31st Ashad 2081 (15th July 2024)

NPR

Particulars	Notes	31 Ashad 2081	31 Ashad 2080
Assets			
Current Assets			
Cash and Cash Equivalents	3.2	66,248,250	121,073,034
Other Current Assets	4.6	860,202	328,993
Financial Assets Held at Amortized Cost	4.7	108,858,000	108,915,250
Financial Assets Held at Fair Value Through Profit or Loss	4.8	990,226,490	888,379,475
Total		1,166,192,942	1,118,696,752
Liabilities			
Current Liabilities			
Accrued Expenses & Other Payables	5.2	6,647,901	5,193,206
Liabilities (Excluding Net Assets Attributable to Unitholders)		6,647,901	5,193,206
Unit Holder's Funds			
Net Assets Attributable to Unit Holders	6	1,159,545,041	1,113,503,546
Total		1,166,192,942	1,118,696,752
NAV per Unit		9.28	8.91

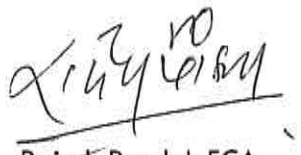
Schedules and Explanatory Notes forms integral part of Statement of Position

On Behalf of NIMB Ace Capital Limited
(Fund Management Company)

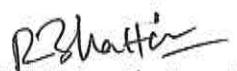
As per our Report of even date


Sachin Tibrewal
Chairman


Srijana Pandey
Director


Rajesh Poudel, FCA
Partner
S. R. Pandey & Co.,
Chartered Accountants




Rabindra Bhattarai
Director


Ananda Kumar Bhattarai
Director


Shivanth Bahadur Pandé
Chief Executive Officer


Sachindra Dhungana
General Manager


Shulav Shrestha
Head- Investment Banking

Date : 5th September, 2024

Place : Kathmandu

Mega Mutual Fund-1

(Sponsored by Nepal Investment Mega Bank Ltd. and Managed by NIMB Ace Capital Ltd.)

Statement of Profit or Loss and other Comprehensive Income

For the Period from 1st Shrawan 2080 to 31st Ashad 2081 (17th July 2023 to 15th July 2024)

NPR

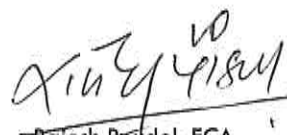
Particulars	Notes	31 Ashad 2081	31 Ashad 2080
Income			
Interest Income	7.2	12,827,550	12,417,681
Dividend Income	7.3	11,229,267	19,133,025
Net Profit/(Loss) on Financial Assets Held at Fair Value through Profit and Loss	13b	41,968,800	21,083,341
Total		66,025,617	52,634,047
Expenses and Losses			
Fund Management Fees	8	16,351,563	15,669,027
Depository Fees	8	2,180,208	2,089,204
Fund Supervisors Fees	8	824,213	1,044,602
Publication Expenses		156,820	175,262
Listing Fees		50,000	50,000
Audit Fees		113,000	113,000
Bank Charges		2,268	5,177
Book Building Registration & AMC Expenses- NEPSE		-	10,000
DP Expenses		-	250
Software Charges		135,600	-
Other Expenses		450	6,113
CDS Dematerialisation Registration Fee		170,000	170,000
Total expenses		19,984,122	19,332,635
Net Gains/(Losses) for the Period		46,041,495	33,301,412
Other Comprehensive income		-	-
Net Surplus/(Deficit) for the period		46,041,495	33,301,412

On Behalf of NIMB Ace Capital Limited
(Fund Management Company)

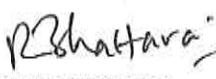
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Chief Executive officer


Sachindra Dhungana
General Manager


Shulav Shrestha
Head- Investment Banking

Date : 5th September, 2024
Place : Kathmandu

Mega Mutual Fund-1

(Sponsored by Nepal Investment Mega Bank Ltd. and Managed by NIMB Ace Capital Ltd.)

Statement of Cash Flows

For the Period from 1st Shrawan 2080 to 31st Ashad 2081 (17th July 2023 to 15th July 2024)

NPR

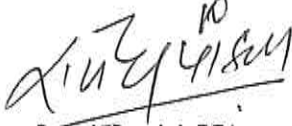
Particulars	31 Ashad 2081	31 Ashad 2080
A. Cash Flow from Operating Activities		
Surplus/ (Deficit) for the year	46,041,495	33,301,412
Adjustments for:		
Increase/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	(6,735,242)	39,609,123
Increase/(Decrease) in Liabilities	1,454,695	(6,862,048)
(Increase)/Decrease in Share	(95,054,523)	(13,381,039)
(Increase)/Decrease in Debenture	-	(3,858,000)
(Increase)/Decrease in Fixed Deposit	-	25,000,000
(Increase)/Decrease in Other Assets	(531,209)	11,190,041
Net cash generated/(used) in Operations (1)	(54,824,784)	84,999,489
B. Cash Flow from Financing Activities		
Issue of Unit Capital	-	-
Dividend Paid during the year	-	-
Net cash generated/(used) in financing (2)	-	-
C. Cash Flow from Investing Activities		
(Increase)/Decrease in Financial Assets at amortized cost	-	-
Net cash generated/(used) in investing (3)	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)	(54,824,784)	84,999,489
Cash and Cash Equivalents at beginning of the year/period	121,073,034	36,073,545
Cash and Cash Equivalents at end of period	66,248,250	121,073,034
Components of Cash and Cash Equivalents		
Balance with Banks	66,248,250	121,073,034

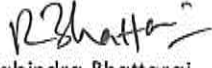
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Head- Investment Banking

Date : 5th September, 2024

Place : Kathmandu

Mega Mutual Fund-1

(Sponsored by Nepal Investment Mega Bank Ltd. and Managed by NIMB Ace Capital Ltd.)

Statement in Changes in Unit holders' Fund

For the Period from 1st Shrawan 2080 to 31st Ashad 2081 (17th July 2023 to 15th July 2024)

In NPR

Particular	Unit Capital	Realized Profit	Unrealized Profit	Total
Opening Balance	-	-	-	-
Issue of Unit Capital	1,250,000,000	-	-	1,250,000,000
Net Profit (Loss) Upto Last Year	-	7,564,256	(177,362,122)	(169,797,866)
Net Profit (Loss) During the year	-	72,910,535	(39,609,123)	33,301,412
Dividend Paid	-	-	-	-
Balance as on 31/03/2080	1,250,000,000	80,474,791	(216,971,245)	1,113,503,546
Opening Balance	1,250,000,000	-	-	1,250,000,000
Issue of Unit Capital	-	-	-	-
Net Profit (Loss) Upto Last Year	-	80,474,791	(216,971,245)	(136,496,454)
Net Profit (Loss) During the year	-	39,306,253	6,735,242	46,041,495
Dividend Paid	-	-	-	-
Balance as on 31/03/2081	1,250,000,000	119,781,044	(210,236,003)	1,159,545,041

On Behalf of NIMB Ace Capital Limited
(Fund Management Company)

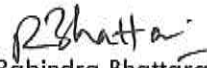
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Date : 5th September, 2024
Place : Kathmandu

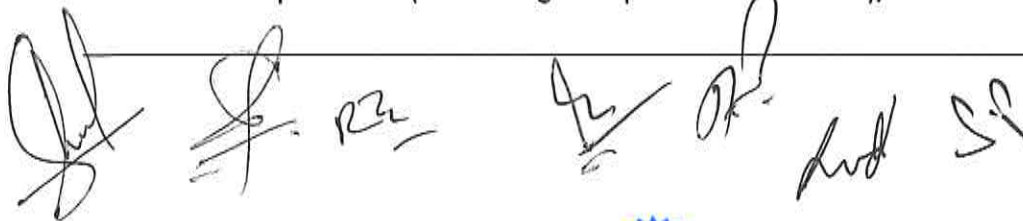
Notes to the Financial Statements as of 31st Ashad 2081 (15th July 2024)

1. General Information of the Scheme

Fund	Mega Mutual Fund
Scheme	Mega Mutual Fund-1
Fund Sponsor	Nepal Investment Mega Bank Limited (Then Mega Bank Nepal Ltd.) (Licensed by NRB as Class 'A' Bank)
Fund Management	NIMB Ace Capital Limited (Then Mega Capital Markets Ltd.) (A subsidiary of Nepal Investment Mega Bank Ltd.)
Fund Supervisors	Prof. Dr. Bishwambhar Pyakurel Prof. Dr. Bharat Bahadur Karki Dr. Yuba Raj Pandey
Total Units of Scheme	125,000,000 (One Hundred Twenty-Five Million units)
Total Unit Capital	NPR. 1,250,000,000 (One Billion Two Hundred Fifty Million)
Scheme type	Close-ended

Mega Mutual Fund-1 (the Scheme) under Mega Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as a closed-end, growth investment scheme. The objective of the Fund is long term capital appreciation investing predominantly in equity and equity related instruments and partly in fixed income securities. The Scheme commenced its operation on 23 Bhadra, 2078 B.S. (Scheme allotment date) with maturity period of 10 years (i.e., 22 Bhadra 2088 B.S.). It was listed in NEPSE on 28th Kartik, 2078. The Scheme's Financial Statements were approved by the Board of Directors of the NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.) on 20th Bhadra 2081 being the Fund Management and Depository Company. Similarly, the Fund Supervisors' consent on the approved Financial Statements has also been obtained.

Nepal Investment Mega Bank Ltd.- NIMB (Then Mega Bank Nepal Ltd.) is the Fund Sponsor and NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.), a subsidiary of NIMB duly licensed by





Mega Mutual Fund-1

Fund Sponsored by Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)

Fund Managed by NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.)

Securities Board of Nepal (SEBON), has been appointed as the Fund Manager of the Scheme by the Sponsor after obtaining due approval from SEBON. Further, the Fund Manager is also providing Depository services to the unit holders of the Scheme in line with the prevailing regulations on mutual fund.

The Unit Capital of the Scheme comprises of the following:

Holder	Status	No. of Units	Holding Amount @ 10 Each	Holding (%)
Nepal Investment Mega Bank Ltd.	Fund Sponsor	18,750,000	187,500,000	15%
General Public		106,250,000	1,062,500,000	85%
Total		125,000,000	1,250,000,000	100%

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

2.1. Statement of Compliance

The Financial Statements are presented in Nepalese Rupees, rounded to the nearest Rupee. The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS). Further the financial statements are in compliance with Securities Act, 2063 and its regulation and other relevant laws.

2.2. Basis of Preparation

The fund while complying with the reporting standards, makes critical accounting judgment as having potentially material impact on the financial statements. The significant accounting policies that relate to the financial statements as a whole along with the judgment made are described herein.

Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the fund to exercise judgment in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied. The financial statements are prepared on the basis of fair value measurement of assets and liabilities.

The statement of financial position is presented on liquidity basis. Assets and liabilities are presented in decreasing order of liquidity. All balances are expected to be recovered or





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settled within twelve months, except for investments in financial assets and net assets attributable to unit holders.

The statement of profit or loss has been prepared using classification "by nature" method.

The cash flow from operation within the statement of cash flows have been derived using the indirect method.

2.3. Reporting Pronouncements

The fund has, for the preparation of financial statements, adopted the NFRS pronounced by Accounting Standard Board, Nepal and Pronounced by Institute of Chartered Accountant of Nepal (ICAN) as effective on September 13, 2013. NFRS conform, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.4. Accounting Conventions

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The financial statements have been prepared on a going concern basis where the accounting policies and judgments as required by the standards are consistently used and in case of deviations disclosed specifically.

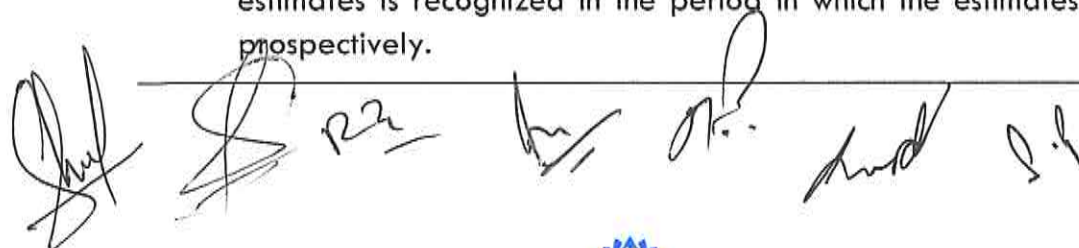
2.5. Accounting Policies and accounting estimates

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

Accounting policies have been included in the relevant notes for each item of the financial statements.

NFRS requires the fund to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements.

The fund applies estimates in preparing and presenting the financial statements. The estimates and underlying assumptions are reviewed periodically. Revision to accounting estimates is recognized in the period in which the estimates is revised and are applied prospectively.

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

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.6. Reporting Periods

The fund follows the Nepalese financial year based on the Nepalese calendar as reporting period.

2.7. Presentation and Functional Currency

Financial statements are denominated in Nepalese Rupees, which is the functional and presentation currency of the company.

2.8. Comparatives

The comparatives comprise of the previous year figure for period from 01 Shrawan, 2079 to 31 Ashad, 2080.

2.9. Limitation of NFRS implementation

If the information is not available and the cost to develop would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective section.

3. Cash and Cash Equivalents

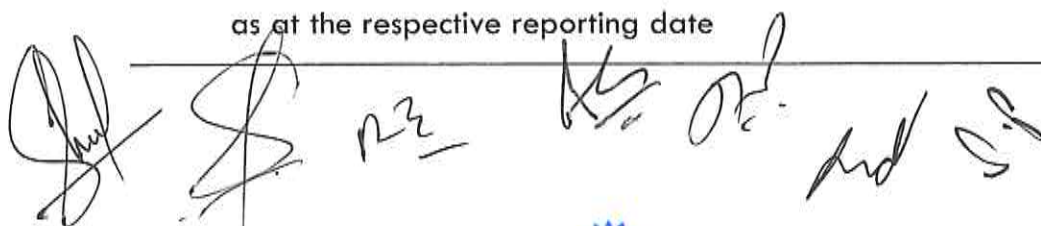
Accounting policy

- 3.1.** For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

Explanatory notes

- 3.2.** The carrying amount of cash and cash equivalents are representative of their fair values as at the respective reporting date





Particulars	31 Ashad 2081	31 Ashad 2080
Cash at Bank	66,248,250	121,073,034
Total	66,248,250	121,073,034

4. Financial Instruments

Accounting policy

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

In Accordance with NFRS 9; Financial Instruments: Recognition and Measurement, the Fund's interest receivables are classified as 'Financial Assets measured at Amortized Cost'. Equity securities/debentures are classified as fair value through profit and loss. The amount attributable to unit holders is classified as equity and is carried at the redemption amount being net asset value. Payables are designated as 'other financial liabilities' at amortized cost.

4.2 Classification

The Fund's investments are classified as fair value through profit or loss and loans and receivables. They comprise:

▪ **Financial instruments classified as fair value through profit or loss**

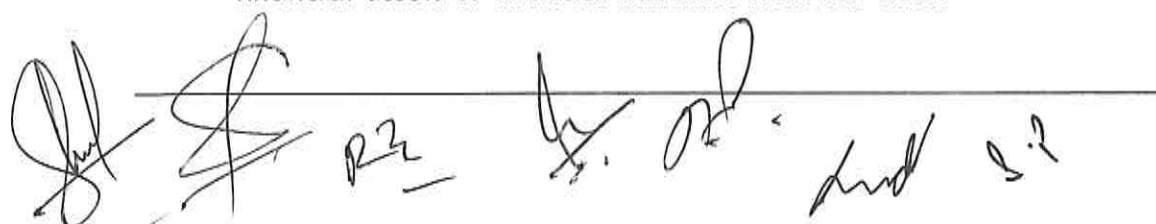
Financial assets, held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized through profit or loss. This classification includes quoted equity securities and listed debentures held for trading. The dividend income from the quoted equity securities and interest income from listed debenture is recorded in the profit or loss.

▪ **Financial assets measured at amortized cost**

These are non-derivative financial assets with fixed or determinable payments.

4.3 Recognition / De- recognition

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

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Investments are derecognized when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged or expired.

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

4.4 Measurement

a. Financial Assets and Liabilities Held at Fair Value through Profit or Loss

At initial recognition, the Fund measures a financial asset at its fair value.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category is presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

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

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

b. Financial Assets Measured at Amortized Cost

Financial assets at this category are measured initially at fair value plus transaction costs and subsequently amortized using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognized in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

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If in a subsequent period the amount of an impairment loss recognized on a financial asset carried at amortized cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

Receivables may include amounts for dividends, interest and trade receivables. Dividends are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(6) above.

Receivable are recognized and carried at amortized cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Recoverability of receivable is reviewed on an ongoing basis at an individual portfolio level, Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognized when there is objective evidence that the Fund will not be able to collect the receivable. Financial difficulties of the debtor, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

4.5 Offsetting Financial Instruments

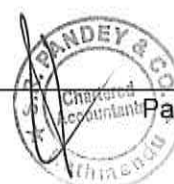
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Explanatory note

4.6 Other Current Assets

S.N.	Particulars	31 Ashad 2081	31 Ashad 2080
1	Dividend Income Receivable	129,415	16,842
2	Interest Receivables	560,452	260,864
3	Broker Receivables	170,335	-
4	Other Receivable	-	51,288
	Total Amount	860,202	328,993

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4.7 Financial Assets Held at Amortized Cost

Particulars	31 Ashad 2081	31 Ashad 2080
Debentures	8,858,000	6,358,000
Fixed Deposit	100,000,000	100,000,000
Total	108,858,000	106,358,000

Comparative Investment in Debenture

Name of Debenture	31 Ashad 2081		31 Ashad 2080	
	Investment Amount	Interest Rate	Investment Amount	Interest Rate
Mlbi Debenture	1,652,000	11.00%	1,652,000	11.00%
Lbbl Debenture	4,706,000	11.00%	4,706,000	11.00%
Century Debenture	2,500,000	10.50%	-	-
Total	6,358,000		6,358,000	

Comparative Investment in Fixed Deposit

Name of Bank	31 Ashad 2081		31 Ashad 2080	
	Principal Amount	Interest Rate	Principal Amount	Interest Rate
Shangri-La Development Bank Limited	30,000,000	5.85%	-	-
Sadbl-3	-	-	20,000,000	9.10%
ICFC	-	-	50,000,000	9.60%
Shree Finance	30,000,000	6.00%	15,000,000	9.60%
Manjushree Finance	40,000,000	6.50%	15,000,000	9.60%
Total	100,000,000		100,000,000	

Note a:

The investment in debentures is recognized on cost. They are classified based on maturity period using the effective interest rate and classified as held to maturity. Interest on the debentures is recognized daily as per accrual basis. The interest is received on half yearly basis. The debentures are listed on the stock exchange. As there are no other associated costs, premium or discount the investment and the investment are settled with receiving the principal and interest the intrinsic coupon rate has been used as effective interest rate.

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Note b:

The investment in fixed deposit is recognized on cost. The maturity period of the fixed deposits is not more than one year from the reporting date. They are classified based on maturity period using the effective interest rate and classified as held to maturity. Interest on the fixed deposits are recognized daily as per accrual basis. The interest is received on quarterly and on maturity as per the deals executed with the banks. As there are no other associated costs, premium or discount the investment and the investment are settled with receiving the principal and interest the intrinsic coupon rate has been used as effective interest rate.

4.8 Financial Assets Held at Fair Value Through Profit or Loss (FVTPL)

Particulars	31 Ashad 2081	31 Ashad 2080
Financial Assets		
Equity Security	990,226,490	888,379,475
Corporate Debentures	-	2,557,250
Total Financial Assets	990,226,490	890,936,725

Comparative Investment in Listed Shares

Name	2080-81			2079-80		
	Unit	Value per unit	Value Amount	Unit	Value per unit	Value Amount
LISTED						
Sanima Bank Limited	113,499	279.00	31,666,221	104,127	261	27,125,084
Nepal Bank Limited	122,517	229.50	28,117,652	122,517	249	30,506,733
Agricultural Development Bank Limited	31,232	294.00	9,182,208	31,232	234	7,305,165
Citizens Bank International Limited	167,182	193.50	32,349,717	167,182	173	28,939,204
IGI Prudential insurance Limited	61,844	558.00	34,508,952	53,844	560	30,152,640
Chhimek Laghubitta Bittiya Sanstha Limited	42,622	900.00	38,359,800	38,698	1,000	38,698,000
NIC Asia Bank Ltd.	37,603	443.20	16,665,650	29,150	794	23,139,270
Kamana Sewa Bikas Bank Limited	62,124	416.00	25,843,584	62,124	327	20,314,548
Manjushree Finance Ltd.	16,569	602.90	9,989,450	20,043	550	11,023,650
Jyoti Bikas Bank Limited	41,909	314.00	13,159,426	41,909	298	12,488,882
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	23,105	811.00	18,738,155	24,006	633	15,195,798
Mahalaxmi Bikas Bank Ltd.	103,773	352.00	36,528,096	103,773	326	33,778,112



Mega Mutual Fund-1**Fund Sponsored by Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)****Fund Managed by NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.)**

Name	2080-81			2079-80		
	Unit	Value per unit	Value Amount	Unit	Value per unit	Value Amount
Sanima Mai Hydropower Ltd.	180,401	339.50	61,246,140	164,001	355	58,220,355
Garima Bikas Bank Limited	-	-	-	51,809	405	20,982,645
Swabalamban Laghubitta Bittiya Sanstha Limited	14,407	940.00	13,542,580	12,822	901	11,547,493
Neco Insurance Limited	23,740	836.00	19,846,640	3,841	891	3,422,715
Siddhartha Bank Limited	145,624	283.00	41,211,592	145,624	253	36,842,872
Prime Commercial Bank Ltd.	132,764	221.80	29,447,055	132,764	195	25,888,980
Prabhu Bank Limited	205,774	163.70	33,685,204	205,774	163	33,458,852
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	39,851	711.90	28,369,927	39,851	765	30,486,015
Muktinath Bikas Bank Ltd.	37,258	367.00	13,673,686	33,948	407	13,816,836
Shivam Cements Ltd	13,531	502.30	6,796,621	11,577	652	7,542,416
Panchakanya Mai Hydropower Ltd	19,841	236.20	4,686,444	19,841	204	4,047,564
Panchthar Power Compant Limited	123,385	253.90	31,327,452	123,385	269	33,190,565
Forward Microfinance Laghubitta Bittiya Sanstha Limited	2,905	1,413.00	4,104,765	2,137	1,321	2,822,977
Machhapuchhre Bank Limited	179,750	200.00	35,950,000	158,650	232	36,775,070
NABIL BALANCED FUND-2	1,717,379	9.00	15,456,411	1,717,379	9	15,112,935
NMB 50	1,509,054	10.04	15,150,902	1,509,054	11	15,845,067
Siddhartha Equity Fund	426,848	8.39	3,581,255	426,848	9	4,025,177
CYC Nepal Laghubitta Bittiya Sanstha Limited	-	-	-	395	1,410	556,950
Himalayan Distillery Limited	11,795	1,384.00	16,324,280	-	-	-
Kalika Laghubitta Bittiya Sanstha Ltd	-	-	-	2,866	736	2,109,376
Nepal Life Insurance Co. Ltd.	10,044	619.00	6,217,236	6,518	744	4,849,392
Kumari Bank Limited	283,362	153.70	43,552,739	283,362	165	46,754,730
Nepal Doorsanchar Company Limited	18,681	845.00	15,785,445	10,000	907	9,069,000
NIC Asia Flexi CAP Fund	3,000,000	9.25	27,750,000	3,000,000	10	30,510,000
Kumari Dhanabridhi Yojana	2,250,000	9.67	21,757,500	2,250,000	10	22,590,000
Nabil Bank Limited	10,425	524.00	5,462,700	27,425	599	16,433,060
Swarajgar Laghu Bitta Bikas Bank Ltd.	-	-	-	12,078	705	8,514,990
Unilever Nepal Limited	-	-	-	4	32,998	131,992
HIDCL - Promoter	99,778	103.00	10,277,134	99,778	103	10,257,178
Global IME Balanced Fund-1	400,000	9.10	3,640,000	400,000	9	3,736,000
United Modi Hydropower Ltd.	-	-	-	23,276	213	4,957,788
Arun Valley Hydropower Development Co. Ltd.	40,277	177.90	7,165,278	20,138	255	5,135,190
First Micro Finance Laghubitta Bittiya Sanstha Limited	-	-	-	207	736	152,414

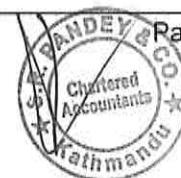
**NIMB ACE CAPITAL**

Managing shares. Managing investments.

(Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd.)

Mega Mutual Fund-1**Fund Sponsored by Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)****Fund Managed by NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.)**

Name	2080-81			2079-80		
	Unit	Value per unit	Value Amount	Unit	Value per unit	Value Amount
Dhaulagiri Laghubitta Bittiya Sanstha Limited	-	-	-	1,063	749	796,187
NMB Sulav Investment Fund - 2	390,000	10.06	3,923,400	400,000	10	3,996,000
Sanima Growth Fund	150,000	10.14	1,521,000	150,000	10	1,498,500
Excel Development Bank Ltd.	7	453.00	3,171	10,500	325	3,416,700
Everest Bank Limited	-	-	-	12,500	563	7,037,500
NIBL Growth Fund	-	-	-	1,000,000	11	10,640,000
Global IME Bank Limited	24,958	194.20	4,846,844	24,711	186	4,596,246
NABIL Flexi Cap Fund	-	-	-	200,000	10	1,980,000
Siddhartha Premier Insurance Limited	-	-	-	5,942	779	4,625,847
Singati Hydro Energy Limited	15,388	171.50	2,639,042	7,694	280	2,154,320
Molung Hydropower Company Limited	-	-	-	2	209	419
Sagarmatha Lumbini Insurance Co. Limited	8,340	727.00	6,063,180	8,340	748	6,238,320
Sanima Reliance Life Insurance Limited	-	-	-	5,203	556	2,892,868
Prabhu Smart Fund	400,000	9.61	3,844,000	400,000	10	3,960,000
Himalayan Life Insurance Limited	18,483	391.00	7,226,853	16,483	507	8,356,881
RBB Mutual Fund 2	9,280	9.50	88,160	50,000	10	500,000
Deprosc Laghubitta Bittiya Sanstha Limited	-	-	-	44	826	36,344
Siddhartha Investment Growth Scheme 3	145,000	9.45	1,370,250	150,000	10	1,500,000
Citizens Super 30 Mutual Fund	250,000	10.00	2,500,000	-	-	-
Soaltee Hotel Limited	19,695	442.00	8,705,190	-	-	-
Reliable Nepal Life Insurance Limited	19,253	458.00	8,817,874	-	-	-
Upper Lahore Khola Hydropower Company Limited	4,730	394.00	1,863,620	-	-	-
Mid Solu Hydropower Limited	763	657.10	501,367	-	-	-
Sonapur Minerals And Oil Limited	17,249	456.10	7,867,269	-	-	-
Mathillo Mailun Khola Jalvidhyut Limited	467	558.80	260,960	-	-	-
Citizen Investment Trust	13,226	1,945.00	25,724,570	-	-	-
Lumbini Bikas Bank Ltd.	25,886	416.60	10,784,108	-	-	-
Mukthinath Krishi Company Limited	390	1,390.00	542,100	-	-	-
Prabhu Insurance Ltd.	15,254	826.00	12,599,804	-	-	-
Nepal Warehousing Company Limited	100	898.00	89,800	-	-	-
Chirkhwa Hydropower Limited	200	606.70	121,340	-	-	-
Vision Lumbini Urja Company Limited	2,461	529.00	1,301,869	-	-	-
Himalayan Reinsurance Limited	39,103	580.00	22,679,740	-	-	-



Mega Mutual Fund-1**Fund Sponsored by Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)****Fund Managed by NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.)**

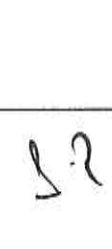
Name	2080-81			2079-80		
	Unit	Value per unit	Value Amount	Unit	Value per unit	Value Amount
Nepal Reinsurance Company Limited	1,975	698.00	1,378,550	-	-	-
Sarbottom Cement Limited	4,370	806.50	3,524,405	-	-	-
Kumari Sabal Yojana	500,000	10.00	5,000,000	-	-	-
RSDC Laghubitta Bittiya Sanstha Ltd.	4,700	692.00	3,252,400	-	-	-
Shangrila Development Bank Ltd.	5,500	349.00	1,919,500	-	-	-
Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	4,017	853.70	3,429,313	-	-	-
NLG Insurance Company Ltd.	3,270	794.90	2,599,323	-	-	-
Rastriya Beema Company Limited	175	13,490.00	2,360,750	-	-	-
Global IME Laghubitta Bittiya Sanstha Ltd.	3,745	1,365.00	5,111,925	-	-	-
Sanima GIC Insurance Limited	5,364	577.00	3,095,028	-	-	-
Mountain Energy Nepal Limited	5,400	597.00	3,223,800	-	-	-
Shine Resunga Development Bank Ltd.	2,000	405.10	810,200	-	-	-
Radhi Bidyut Company Ltd	5,700	268.20	1,528,740	-	-	-
Kalinchowk Darshan Limited	1,500	1,171.00	1,756,500	-	-	-
Sanima Middle Tamor Hydropower Limited	4,677	450.00	2,104,650	-	-	-
Sub-Total (A)			988,098,490			862,679,811

Comparative Investment in Unlisted Shares

Name	2080-81			2079-80		
	Unit	Value per unit	Value Amount	Unit	Value per unit	Value Amount
UNLISTED						
Citizens Super 30- NFO	-	-	-	250,000	10	2,500,000
Nepal Republic Media Ltd.- IPO shares	-	-	-	30,730	168	5,173,703
Three Star Hydropower Ltd.- IPO	-	-	-	2,462	119	293,987
Upper Syange Hydropower Ltd.- IPO	-	-	-	2,167	114	247,601
Kutheli Bukhari Small Hydropower Ltd.- IPO	-	-	-	406	188	76,373
IME Life Insurance Company Ltd.- IPO	-	-	-	40,000	435	17,408,000
Nabil Flexi Cap Fund	200,000	10.64	2,128,000	-	-	-
Sub-Total (B)			2,128,000			25,699,664









Comparative Investment in Debentures

	Fiscal Year 2079-80			Fiscal Year 2078-79		
	Unit	Value per unit	Value Amount	Unit	Value per unit	Value Amount
DEBENTURES						
Century Debenture 2088	-	-	-	2,500	1,023	2,557,250
Sub-Total (C)			-			2,557,250

5. Payables

Accounting policy

- 5.1 Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

Explanatory notes

5.2 Accrued Expenses and Other Payables

Particulars	31 Ashad 2081	31 Ashad 2080
Reporting Expenses Payables	20,000	20,000
Broker's Payables	1,259,413	-
Audit Fee Payables	111,500	111,500
TDS Liability	103,046	114,045
AMC Software Payables	133,800	-
Payable to CDSC	167,450	167,450
Fund Management Fee Payable - NIMB Ace Capital	4,155,232	4,005,676
Depository Fee Payables - NIMB Ace Capital	554,031	534,090
Supervisor Fee Payables	143,429	230,445
Book Building Registration at NEPSE AMC	-	10,000
Total	6,647,901	5,193,206

Fund management fee and depository fee includes fee payable to NIMB Ace Capital Limited (Then Mega Capital Markets Ltd.) for fund management and depository services.

6. Net Assets Attributable to Unit holders

Unit holders' funds have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit holders, as at the statement of financial position date.

The Fund Manager calculates the NAV per unit of the Scheme by deducting the Schemes' expenses over market value of the total investment plus investment income divided by number of units on a weekly basis in accordance with the prevailing regulations/guidelines

on mutual funds and publishes the same on its official website: www.nimbacecapital.com. The said information is also shared with the Board members of the Fund Manager & the Fund Supervisors via e-mail. Further, the NAV per unit calculated on a monthly basis is published on a national daily newspaper and uploaded on the website of the Fund Manager with prior notification of the same forwarded to the Fund Supervisors & SEBON in writing.

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

Distribution to unit holders is recognized in the statement of changes in unit holders' funds. Income not distributed is included in net assets attributable to unit holders.

Particular	For the Year Ended on 31 st Ashad 2081	For the Year Ended on 31 st Ashad 2080
Unit Holders' Fund at the Beginning of the Year/Period	1,113,503,546	1,080,202,134
Increase / (Decrease) in Net Assets Attributable to Unit Holders		
Net Gains/(Losses) for the Period	46,041,495	33,301,412
Other Comprehensive income	-	-
Distribution to Unit Holders'	-	-
Unit Holders' Fund at the End of the Year/Period	1,159,545,041	1,113,503,546

7. Investment Income

7.1 Accounting Policy

Interest income is recognized in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/ (losses) on financial instruments.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated

or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

The Fund recognize its dividend income when its right to receive the dividend is established.

Explanatory notes

7.2 Interest Income

Particulars	FY 2080/81	FY 2079/80
Interest income on Debentures, Fixed and Call Deposit	12,827,550	12,417,681
Total	12,827,550	12,417,681

7.3 Dividend Income

Particulars	FY 2080/81	FY 2079/80
Dividend Income Realized	11,229,267	19,133,025
Total	11,229,267	19,133,025

8. Expenses

All expenses, including management fees supervisor fees and depository fees, are recognized in profit or loss on accruals basis.

The management participation fees of the fund of the period 1st Shrawan 2080 to 31st Ashad 2081 are as follows:

Fund Management Fees : 1.5% of Net Assets Value (NAV)

Depository Fees : 0.2% of NAV

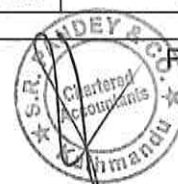
Fund Supervisor Fees : 0.10% of NAV

Total Fund Management, Depository & Fund Supervisor's Fees are calculated and recognized as per the Mutual Fund Regulation 2067 and Mutual Fund Guidelines, 2069.

Total Fund Management, Depository & Fund Supervisor's Fees calculated on the basis of 365 days a year is presented in Nepalese currency and charged as under:

Particulars	FY 2080/81	FY 2079/80
Fund Management Fee	16,351,563	15,669,027
Depository Fee	2,180,208	2,089,204

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Fund Supervisor Fee	824,213	1,044,602
Total	19,355,984	18,802,833

9. Income Tax

As per section 10 (Tha) of Income Tax Act, 2058 (with amendments), Income earned by mutual fund approved by Securities Board of Nepal as per its objective are tax exempted. TDS on return from mutual fund (i.e., dividend) paid to individual is deducted at 5% which is final and to entity is tax deducted at 15% (which is not final). Therefore, the fund management is of the view that return from the fund is duly taxed as per the principal of income tax and is not subject to further tax liability for FY 2080/81.

10. Distributions

The distributions, if any to unit holders are recognized in statement of changes in unit holders' funds.

11. Financial Risk Management

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

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

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

The management of these risks is carried out by the NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.), the fund management company. The fund supervisors provide principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and non-derivative financial instruments and the investment of excess liquidity.

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

11.1. Market Risk

a. Price Risk

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

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

All of the Fund's equity investments in companies are listed in NEPSE. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Management Company. The table below is a summary of the significant sector concentrations within the equity portfolio.

For Fiscal Year 2080-81

Sector	Value	Cost	Proportionate Exposure	Growth %
Commercial Banks	389,552,997	534,194,215	39.34%	-27.08%
Development Banks	102,721,771	121,334,194	10.37%	-15.34%
Finance	9,989,450	9,919,214	1.01%	0.71%
Hotels And Tourism	10,461,690	10,635,831	1.06%	-1.64%
Hydro Power	128,247,835	153,958,340	12.95%	-16.70%
Investment	25,724,570	24,671,397	2.60%	4.27%
Life Insurance	22,261,963	26,748,065	2.25%	-16.77%
Manufacturing And Processing	34,512,575	35,958,647	3.49%	-4.02%
Microfinance	114,908,865	125,980,111	11.60%	-8.79%
Mutual Fund	30,295,462	34,603,353	3.06%	-12.45%
Non-Life Insurance	81,073,677	87,855,140	8.19%	-7.72%
Others	40,475,635	34,603,985	4.09%	16.97%
Total	990,226,490	1,200,462,492		-17.51%

For Fiscal Year 2079-80

Sector	Value	Cost	Proportionate Exposure	Growth%
Commercial Banks	324,802,766	468,718,386	36.56%	-30.70%
Development Banks	104,797,723	132,073,040	11.80%	-20.65%
Finance Companies	11,023,650	11,998,962	1.24%	-8.13%
Hydro Power	108,324,162	137,008,798	12.19%	-20.94%
Investment	10,257,178	10,635,059	1.15%	-3.55%
Life Insurance	33,507,141	26,660,369	3.77%	25.68%
Manufacturing And Processing	7,674,408	6,842,074	0.86%	12.16%
Microfinance	110,916,544	124,490,773	12.49%	-10.90%
Mutual Fund	118,393,679	124,675,861	13.33%	-5.04%
Non-Life Insurance	44,439,522	50,100,723	5.00%	-11.30%
Others	14,242,703	12,203,923	1.60%	16.71%
Total	888,379,476	1,105,407,969	100%	-19.63%

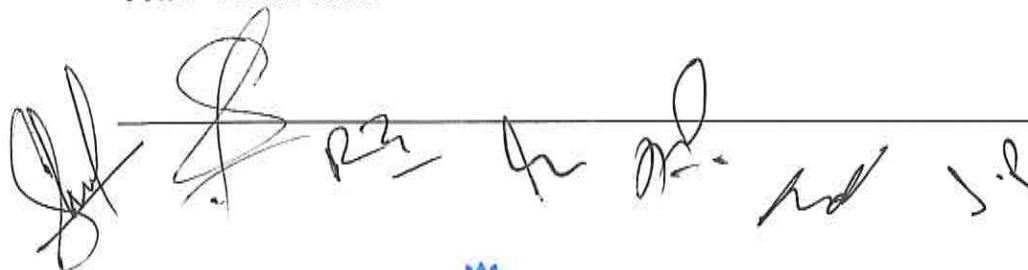
b. Foreign Exchange Rate Risk

The Fund is not exposed to the fluctuations in exchange rates as all investments and transactions of the fund are made in investments denominated in NPR.

c. Cash Flow and Fair Value Interest Rate Risk

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

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

11.2. Credit Risk



The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. However, there is no investment in debt securities.

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

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

11.3. Liquidity Risk

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

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

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

The Fund has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the period.

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

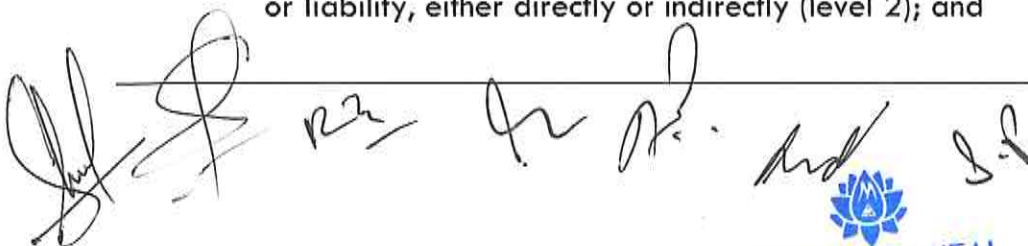
12. Fair Value Measurement

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

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period:

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and



(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

i. Fair value in an active market (level 1)

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

The Fund values its investments in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

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

ii. Fair value in an inactive or unquoted market (level 2 and level 3)

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

Equities which are listed but no transactions are made within last 30 days is valued at 180 days Average Market price provided by NEPSE and Equities which are listed but no transactions are made within last 180 days is valued at last traded price of the stock at NEPSE considering it as level two input.

Listed stocks that are not trading due to suspension by NEPSE citing Merger, Acquisition, Natural calamity and/or any other reasons is valued at the Closing Price available of particular stock of the last day of its trading on NEPSE

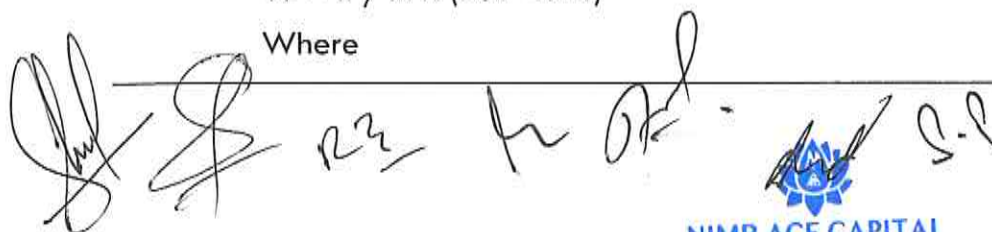
The Fair value of IPO Investments after allotment till listing, is valued applying the valuation model as specified below:

- I) 50% of the Latest Net Worth Published by the Company.
- II) 50% based on the Earnings Capitalization, based on the projections of the company by considering latest interest rate of the Government Bonds after applicable tax deductions as discount factor which is considered as level 3 input.

After the book closure date and till the rights are listed, right entitlements are valued as difference between the right price and ex-right price. This is explained with the help of following formula:

$$V_r = n / m \times (P_{ex} - P_{of})$$

Where



V_r = Value of Rights

n = Number of rights offered

m = Number of original shares held

P_{ex} = Ex-right price

P_{of} = Rights offer price

Valuation of total Right Entitlement = $V_r \times \text{No. of shares held before Ex- date}$

The unlisted debenture are valued at the cost price and the listed debenture are valued at the fair value based on the last trading price before the year end.

13. Net Gain/Losses on financial assets held at fair value through profit or loss (FVTPL)

a. Accounting policy

Realized gain is the difference between the cost price and realized price on the sale of the shares after deducting the selling expenses.

Unrealized gain is the difference between the cost price and the closing market price available at the end of the reporting period or the latest trading price if the closing price as on the year end is not available.

b. Explanatory notes

Particulars	31 Ashad 2081	31 Ashad 2080
Net Realized Gains/(Losses) on Financial Assets at FVTPL	35,233,558	60,692,464
Net Unrealized Gains/(Losses) on Financial Assets at FVTPL	6,735,242	(39,609,123)
Total	41,968,800	21,083,341

Computation of Unrealized Gains/loss for FY 2080/81:

Name	Unit	Value per unit	Value Amount	Cost Price	Total Cost	Gain / (Loss)
LISTED SHARES						
Sanima Bank Limited	113,499	279.00	31,666,221	312.41	35,457,772	(3,791,551)
Nepal Bank Limited	122,517	229.50	28,117,652	382.23	46,829,563	(18,711,912)
Agricultural Development Bank Limited	31,232	294.00	9,182,208	412.81	12,892,780	(3,710,572)
Citizens Bank International Limited	167,182	193.50	32,349,717	294.67	49,262,801	(16,913,084)
IGI Prudential insurance Limited	61,844	558.00	34,508,952	655.13	40,515,566	(6,006,614)
Chhimek Laghubitta Bittiya Sanstha Limited	42,622	900.00	38,359,800	986.61	42,051,340	(3,691,540)

Mega Mutual Fund-1**Fund Sponsored by Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)****Fund Managed by NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.)**

Name	Unit	Value per unit	Value Amount	Cost Price	Total Cost	Gain / (Loss)
NIC Asia Bank Ltd.	37,603	443.20	16,665,650	643.03	24,179,810	(7,514,160)
Kamana Sewa Bikas Bank Limited	62,124	416.00	25,843,584	489.44	30,405,797	(4,562,213)
Manjushree Finance Ltd.	16,569	602.90	9,989,450	598.66	9,919,214	70,236
Jyoti Bikas Bank Limited	41,909	314.00	13,159,426	416.24	17,444,085	(4,284,659)
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	23,105	811.00	18,738,155	799.19	18,465,281	272,874
Mahalaxmi Bikas Bank Ltd.	103,773	352.00	36,528,096	429.75	44,596,665	(8,068,569)
Sanima Mai Hydropower Ltd.	180,401	339.50	61,246,140	367.25	66,252,292	(5,006,152)
Swabalamban Laghubitta Bittiya Sanstha Limited	14,407	940.00	13,542,580	968.61	13,954,698	(412,118)
Neco Insurance Limited	23,740	836.00	19,846,640	858.06	20,370,323	(523,683)
Siddhartha Bank Limited	145,624	283.00	41,211,592	350.03	50,973,122	(9,761,530)
Prime Commercial Bank Ltd.	132,764	221.80	29,447,055	332.52	44,147,190	(14,700,135)
Prabhu Bank Limited	205,774	163.70	33,685,204	300.79	61,894,764	(28,209,560)
Nirdhan Uthhan Laghubitta Bittiya Sanstha Limited	39,851	711.90	28,369,927	867.49	34,570,430	(6,200,503)
Muktinath Bikas Bank Ltd.	37,258	367.00	13,673,686	434.69	16,195,693	(2,522,007)
Shivam Cements Ltd	13,531	502.30	6,796,621	513.35	6,946,079	(149,458)
Panchakanya Mai Hydropower Ltd	19,841	236.20	4,686,444	384.75	7,633,841	(2,947,397)
Panchthar Power Compant Limited	123,385	253.90	31,327,452	399.88	49,338,708	(18,011,256)
Forward Microfinance Laghubitta Bittiya Sanstha Limited	2,905	1,413.00	4,104,765	1,667.89	4,845,234	(740,469)
Machhapuchhre Bank Limited	179,750	200.00	35,950,000	247.57	44,500,018	(8,550,018)
NABIL BALANCED FUND-2	1,717,379	9.00	15,456,411	10.79	18,536,801	(3,080,390)
NMB 50	1,509,054	10.04	15,150,902	12.66	19,110,553	(3,959,651)
Siddhartha Equity Fund	426,848	8.39	3,581,255	10.61	4,528,508	(947,253)
Himalayan Distillery Limited	11,795	1,384.00	16,324,280	1,702.41	20,079,913	(3,755,633)
Nepal Life Insurance Co. Ltd.	10,044	619.00	6,217,236	700.67	7,037,483	(820,247)
Kumari Bank Limited	283,362	153.70	43,552,739	232.04	65,752,667	(22,199,928)
Nepal Doorsanchar Company Limited	18,681	845.00	15,785,445	876.83	16,380,030	(594,585)
NIC Asia Flexi CAP Fund	3,000,000	9.25	27,750,000	10.00	30,000,000	(2,250,000)
Kumari Dhanabridhi Yojana	2,250,000	9.67	21,757,500	10.00	22,500,000	(742,500)
Nabil Bank Limited	10,425	524.00	5,462,700	722.25	7,529,431	(2,066,731)
HIDCL- Promoter	99,778	103.00	10,277,134	106.59	10,635,059	(357,925)
Global IME Balanced Fund-1	400,000	9.10	3,640,000	10.00	4,000,000	(360,000)
Arun Valley Hydropower Development Co. Ltd.	40,277	177.90	7,165,278	189.53	7,633,609	(468,331)
NMB Sulav Investment Fund - 2	390,000	10.06	3,923,400	10.00	3,900,000	23,400
Sanima Growth Fund	150,000	10.14	1,521,000	10.00	1,500,000	21,000
Excel Development Bank Ltd.	7	453.00	3,171	367.66	2,574	597

Mega Mutual Fund-1**Fund Sponsored by Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)****Fund Managed by NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.)**

Name	Unit	Value per unit	Value Amount	Cost Price	Total Cost	Gain / (Loss)
Global IME Bank Limited	24,958	194.20	4,846,844	250.78	6,258,988	(1,412,144)
Singati Hydro Energy Limited	15,388	171.50	2,639,042	207.01	3,185,478	(546,436)
Sagarmatha Lumbini Insurance Co. Limited	8,340	727.00	6,063,180	823.80	6,870,481	(807,301)
Prabhu Smart Fund	400,000	9.61	3,844,000	10.00	4,000,000	(156,000)
Himalayan Life Insurance Limited	18,483	391.00	7,226,853	571.20	10,557,462	(3,330,609)
RBB Mutual Fund 2	9,280	9.50	88,160	10.00	92,800	(4,640)
Siddhartha Investment Growth Scheme 3	145,000	9.45	1,370,250	10.00	1,450,000	(79,750)
Citizens Super 30 Mutual Fund	250,000	10.00	2,500,000	10.00	2,500,000	-
Soaltee Hotel Limited	19,695	442.00	8,705,190	450.36	8,869,812	(164,622)
Reliable Nepal Life Insurance Limited	19,253	458.00	8,817,874	475.41	9,153,120	(335,246)
Upper Lohore Khola Hydropower Company Limited	4,730	394.00	1,863,620	396.47	1,875,279	(11,659)
Mid Solu Hydropower Limited	763	657.10	501,367	270.36	206,285	295,083
Sonapur Minerals And Oil Limited	17,249	456.10	7,867,269	426.43	7,355,521	511,748
Mathillo Mailun Khola Jalvidhyut Limited	467	558.80	260,960	282.44	131,897	129,062
Citizen Investment Trust	13,226	1,945.00	25,724,570	1,865.37	24,671,397	1,053,173
Lumbini Bikas Bank Ltd.	25,886	416.60	10,784,108	393.37	10,182,797	601,310
Muktinath Krishi Company Limited	390	1,390.00	542,100	100.00	39,000	503,100
Prabhu Insurance Ltd.	15,254	826.00	12,599,804	801.35	12,223,826	375,978
Nepal Warehousing Company Limited	100	898.00	89,800	100.00	10,000	79,800
Chirkhwa Hydropower Limited	200	606.70	121,340	379.75	75,949	45,391
Vision Lumbini Urja Company Limited	2,461	529.00	1,301,869	325.70	801,536	500,333
Himalayan Reinsurance Limited	39,103	580.00	22,679,740	432.63	16,917,041	5,762,699
Nepal Reinsurance Company Limited	1,975	698.00	1,378,550	636.92	1,257,915	120,635
Sarbottom Cement Limited	4,370	806.50	3,524,405	360.90	1,577,133	1,947,272
Kumari Sabal Yojana	500,000	10.00	5,000,000	10.00	5,000,000	-
RSDC Laghubitta Bittiya Sanstha Ltd.	4,700	692.00	3,252,400	688.47	3,235,787	16,613
Shangrila Development Bank Ltd.	5,500	349.00	1,919,500	316.56	1,741,099	178,401
Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	4,017	853.70	3,429,313	820.77	3,297,041	132,272
NLG Insurance Company Ltd.	3,270	794.90	2,599,323	747.67	2,444,883	154,440
Rastriya Beema Company Limited	175	13,490.00	2,360,750	13,310.88	2,329,403	31,347
Global IME Laghubitta Bittiya Sanstha Ltd.	3,745	1,365.00	5,111,925	1,484.73	5,560,302	(448,377)
Sanima GIC Insurance Limited	5,364	577.00	3,095,028	578.05	3,100,658	(5,630)
Mountain Energy Nepal Limited	5,400	597.00	3,223,800	518.46	2,799,705	424,095
Shine Resunga Development Bank Ltd.	2,000	405.10	810,200	382.74	765,484	44,716
Radhi Bidyut Company Ltd	5,700	268.20	1,528,740	267.87	1,526,873	1,867

Mega Mutual Fund-1**Fund Sponsored by Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)****Fund Managed by NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.)**

Name	Unit	Value per unit	Value Amount	Cost Price	Total Cost	Gain / (Loss)
Kalinchowk Darshan Limited	1,500	1,171.00	1,756,500	1,177.35	1,766,019	(9,519)
Sanima Middle Tamor Hydropower Limited	4,677	450.00	2,104,650	398.08	1,861,828	242,822
Sub-Total (A)			988,098,490		1,198,462,492	(210,364,002)

UNLISTED						
Nabil Flexi Cap Fund	200,000	10.64	2,128,000	10	2,000,000	128,000
Sub-Total (B)			2,128,000		2,000,000	128,000
Grand Total			990,226,490		1,200,462,492	
Unrealised Gain / (Loss)					(210,236,002)	
Less: Previous year unrealised gain/(loss)					(216,971,244)	
Unrealised Gain / (Loss) This Year					6,735,242	

Computation of Unrealized Gains/loss for FY 2079/80:

Name	Unit	Value per unit	Value Amount	Cost Price	Total Cost	Gain/(Loss)
LISTED SHARES						
Sanima Bank Limited	104,127	260.50	27,125,084	340.52	35,457,772	(8,332,688)
Nepal Bank Limited	122,517	249.00	30,506,733	382.23	46,829,563	(16,322,830)
Agricultural Development Bank Limited	31,232	233.90	7,305,165	412.81	12,892,780	(5,587,615)
Citizens Bank International Limited	167,182	173.10	28,939,204	294.67	49,262,801	(20,323,597)
IGI Prudential insurance Limited	53,844	560.00	30,152,640	666.22	35,872,119	(5,719,479)
Chhimek Laghubitta Bittiya Sanstha Limited	38,698	1,000.00	38,698,000	1,042.96	40,360,279	(1,662,279)
NIC Asia Bank Ltd.	29,150	793.80	23,139,270	829.50	24,179,810	(1,040,540)
Kamana Sewa Bikas Bank Limited	62,124	327.00	20,314,548	489.44	30,405,797	(10,091,249)
Manjushree Finance Ltd.	20,043	550.00	11,023,650	598.66	11,998,962	(975,312)
Jyoti Bikas Bank Limited	41,909	298.00	12,488,882	416.24	17,444,085	(4,955,203)
Grameen Bikas Laghubitta Bittiya Sanstha Ltd.	24,006	633.00	15,195,798	799.19	19,185,351	(3,989,553)
Mahalaxmi Bikas Bank Ltd.	103,773	325.50	33,778,112	429.75	44,596,665	(10,818,554)
Sanima Mai Hydropower Ltd.	164,001	355.00	58,220,355	403.97	66,252,292	(8,031,937)
Garima Bikas Bank Limited	51,809	405.00	20,982,645	377.74	19,570,417	1,412,228
Swabalamban Laghubitta Bittiya Sanstha Limited	12,822	900.60	11,547,493	1,088.34	13,954,698	(2,407,204)
Neco Insurance Limited	3,841	891.10	3,422,715	852.22	3,273,380	149,335
Siddhartha Bank Limited	145,624	253.00	36,842,872	350.03	50,973,122	(14,130,250)
Prime Commercial Bank Ltd.	132,764	195.00	25,888,980	332.52	44,147,190	(18,258,210)
Prabhu Bank Limited	205,774	162.60	33,458,852	300.79	61,894,764	(28,435,911)
Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	39,851	765.00	30,486,015	867.49	34,570,430	(4,084,415)
Muktinath Bikas Bank Ltd.	33,948	407.00	13,816,836	477.07	16,195,693	(2,378,857)
Shivam Cements Ltd	11,577	651.50	7,542,416	584.42	6,765,850	776,565
Panchakanya Mai Hydropower Ltd	19,841	204.00	4,047,564	384.75	7,633,841	(3,586,277)

Mega Mutual Fund-1

Fund Sponsored by Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)

Fund Managed by NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.)

Name	Unit	Value per unit	Value Amount	Cost Price	Total Cost	Gain/(Loss)
Panchthar Power Compant Limited	123,385	269.00	33,190,565	399.88	49,338,708	(16,148,143)
Forward Microfinance Laghubitta Bittiya Sanstha Limited	2,137	1,321.00	2,822,977	1,888.38	4,035,458	(1,212,481)
Machhapuchhre Bank Limited	158,650	231.80	36,775,070	280.49	44,500,018	(7,724,948)
NABIL BALANCED FUND-2	1,717,379	8.80	15,112,935	10.79	18,536,801	(3,423,865)
NMB 50	1,509,054	10.50	15,845,067	12.66	19,110,553	(3,265,486)
Siddhartha Equity Fund	426,848	9.43	4,025,177	10.61	4,528,508	(503,331)
CYC Nepal Laghubitta Bittiya Sanstha Limited	395	1,410.00	556,950	-	-	556,950
Kalika Laghubitta Bittiya Sanstha Ltd	2,866	736.00	2,109,376	898.54	2,575,206	(465,830)
Nepal Life Insurance Co. Ltd.	6,518	744.00	4,849,392	755.74	4,925,944	(76,552)
Kumari Bank Limited	283,362	165.00	46,754,730	232.04	65,752,667	(18,997,937)
Nepal Doorsanchar Company Limited	10,000	906.90	9,069,000	913.09	9,130,923	(61,923)
NIC Asia Flexi CAP Fund	3,000,000	10.17	30,510,000	10.00	30,000,000	510,000
Kumari Dhanabridhi Yojana	2,250,000	10.04	22,590,000	10.00	22,500,000	90,000
Nabil Bank Limited	27,425	599.20	16,433,060	722.25	19,807,640	(3,374,580)
Swarajgar Laghu Bitta Bikas Bank Ltd.	12,078	705.00	8,514,990	803.37	9,703,052	(1,188,062)
Unilever Nepal Limited	4	32,998.00	131,992	19,055.86	76,223	55,769
HIDCL- Promoter	99,778	102.80	10,257,178	106.59	10,635,059	(377,881)
Global IME Balanced Fund-1	400,000	9.34	3,736,000	10.00	4,000,000	(264,000)
United Modi Hydropower Ltd.	23,276	213.00	4,957,788	225.32	5,244,470	(286,682)
Arun Valley Hydropower Development Co. Ltd.	20,138	255.00	5,135,190	279.06	5,619,709	(484,519)
First Micro Finance Laghubitta Bittiya Sanstha Limited	207	736.30	152,414	-	0	152,414
Dhaulagiri Laghubitta Bittiya Sanstha Limited	1,063	749.00	796,187	100.00	106,300	689,887
NMB Sulav Investment Fund - 2	400,000	9.99	3,996,000	10.00	4,000,000	(4,000)
Sanima Growth Fund	150,000	9.99	1,498,500	10.00	1,500,000	(1,500)
Excel Development Bank Ltd.	10,500	325.40	3,416,700	367.66	3,860,383	(443,683)
Everest Bank Limited	12,500	563.00	7,037,500	540.90	6,761,271	276,229
NIBL Growth Fund	1,000,000	10.64	10,640,000	10.00	10,000,000	640,000
Global IME Bank Limited	24,711	186.00	4,596,246	253.29	6,258,988	(1,662,742)
NABIL Flexi Cap Fund	200,000	9.90	1,980,000	10.00	2,000,000	(20,000)
Siddhartha Premier Insurance Limited	5,942	778.50	4,625,847	687.44	4,084,744	541,103
Singati Hydro Energy Limited	7,694	280.00	2,154,320	314.02	2,416,078	(261,758)
Molung Hydropower Company Limited	2	209.40	419	100.00	200	219
Sagarmatha Lumbini Insurance Co. Limited	8,340	748.00	6,238,320	823.80	6,870,481	(632,161)
Sanima Reliance Life Insurance Limited	5,203	556.00	2,892,868	479.07	2,492,626	400,242
Prabhu Smart Fund	400,000	9.90	3,960,000	10.00	4,000,000	(40,000)
Himalayan Life Insurance Limited	16,483	507.00	8,356,881	592.45	9,765,400	(1,408,519)
RBB Mutual Fund 2	50,000	10.00	500,000	10.00	500,000	-
Deprosc Laghubitta Bittiya Sanstha Limited	44	826.00	36,344	-	-	36,344
Siddhartha Investment Growth Scheme 3	150,000	10.00	1,500,000	10.00	1,500,000	-
Sub-Total (A)			862,679,811		1,089,855,069	(227,175,258)

UNLISTED SHARE						
Citizens Super 30- NFO	250,000	10	2,500,000	10	2,500,000	-
Nepal Repulic Media Ltd.- IPO shares	30,730	168	5,173,703	100	3,073,000	2,100,703
Three Star Hydropower Ltd.- IPO	2,462	119	293,987	100	246,200	47,787
Upper Syange Hydropower Ltd.- IPO	2,167	114	247,601	100	216,700	30,901
Kutheh-Bukhari Small Hydropower Ltd.- IPO	406	188	76,373	100	40,600	35,773

Mega Mutual Fund-1**Fund Sponsored by Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)****Fund Managed by NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.)**

IME Life Insurance Company Ltd.- IPO	40,000	435	17,408,000	237	9,476,400	7,931,600
Sub-Total (B)			2,56,99,664		1,55,52,900	1,01,46,764
DEBENTURES						
Century Debenture 2088	2,500	1,023	2,557,250	1,000	25,00,000	-
Sub-Total (C)			2,557,250		25,00,000	57,250
Grand Total			890,936,725		1,10,79,07,969	
					Unrealised Gain / (Loss)	(216,971,244)
					Less: Previous year unrealised gain/(loss)	(177,362,121)
					Unrealised Gain / (Loss) This Year	(39,609,123)

14. Impairment**Accounting policy**

The fund assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets.

15. Related Party Transactions

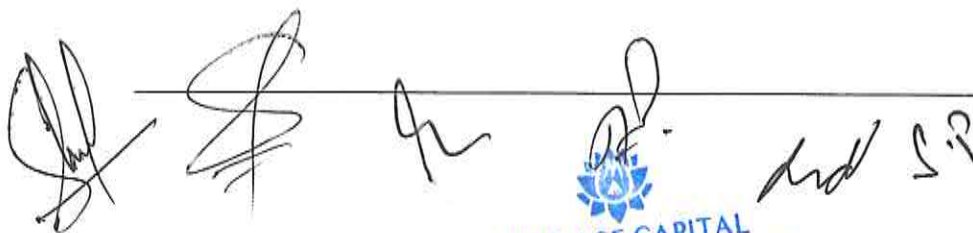
(As identified by the management and relied upon by the auditors)

Related Parties

- Fund Sponsor: Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)
- Fund Manager and Depository: NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.), a subsidiary of the Sponsor.
- Shareholders holding substantial interest in the Fund Manager: Nepal Investment Mega Bank Limited (Then Mega Bank Nepal Ltd.).
- Subsidiaries of Major Shareholders of Fund Manager with whom the Fund transacted: None

The Scheme has entered into transactions with related parties which are required to be disclosed in accordance with Accounting Standard - on 'Related Party Disclosures'.

- Unit Holding of Nepal Investment Mega Bank Limited (Then Mega Bank Nepal Ltd.)- Fund Sponsor amounts to NPR 187,500,000 (at par value of NPR 10 per unit)
- Mega Mutual Fund-1 have earned interest amounting to NPR. 2,199,190 (NPR. Two Million One Hundred Ninety-Nine Thousand One Hundred Ninety Only) from Nepal Investment Mega Bank Limited (Then Mega Bank Nepal Ltd.)



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- Fund Management and Depository Fee incurred by Mega Mutual Fund-1 during the year amounts to NPR. 18,531,771 (NPR. Eighteen Million Five Hundred Thirty-One Thousand Seven Hundred Seventy-One Only).
- Fund management and depository fee payable at year end by Mega Mutual Fund-1 to NIMB Ace Capital Limited NPR. 4,709,263 (NPR. Four Million Seven Hundred Nine-Thousand Two Hundred Sixty-Three Only).
- The Scheme has a current/call account bank balance of NPR. 25,446,508 (NPR. Twenty-Five Million Four Hundred Forty Thousand Five Hundred Eight Only) as on Balance Sheet date with the Fund Sponsor - Nepal Investment Mega Bank Limited (Then Nepal Mega Bank Nepal Ltd.) earning interest at the rate of 2.70%.

16. Reporting

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

17. Contingent Liability

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

18. Event after Reporting Date

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

There are no material events that has occurred subsequent to 31st Ashad 2081 till the signing of this financial statement.

19. Proposed Dividend

The Scheme has not proposed any cash dividend for fiscal year 2080/81 to its unit-holders.

20. Reclassification and Restatement

Previous year figures have been regrouped/ rearranged wherever necessary and practicable to facilitate comparison as mentioned below:

Particulars	Old Reporting	New Reporting	Remarks
Financial Assets Held at Amortized Cost		2,500,000	Century Debenture 2088 has been shown under Financial Asset: Held at Fair Value Through Profit or Loss previously. Same has beer
Unrealised gain/(loss) on financial assets at fair value through Profit and Loss (FVTPL)	(57,500)		

Mega Mutual Fund-1

Fund Sponsored by Nepal Investment Mega Bank Ltd. (Then Mega Bank Nepal Ltd.)

Fund Managed by NIMB Ace Capital Ltd. (Then Mega Capital Markets Ltd.)

Financial Assets Held at Fair Value Through Profit or Loss	2,557,500	reclassified as Financial Assets Held at Amortized Cost.
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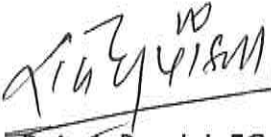


**On Behalf of NIMB Ace Capital Limited
(Fund Management Company)**

As per our report of even date
For: S.R Pandey & Co.
Chartered Accountants


Sachin Tibrewal
Chairman


Srijana Pandey
Director

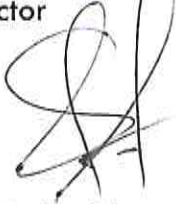

Rajesh Poudel, FCA
Partner




Rabindra Bhattarai
Director


Ananda Kumar Bhattarai
Director


Shivanth Bahadur Pandé
Chief Executive Officer


Sachindra Dhungana
General Manager


Shulav Shrestha
Head-Investment Banking

Date : 5th September, 2024

Place : Kathmandu