

Management Letter

For the Fiscal Year Ended on 31st Ashad, 2081 (FY 2080/81)

Private and Confidential

To
The Board of Directors
NIMB Ace Capital Limited
Lazimpat, Kathmandu

04/09/2024

Dear Sirs

Introduction

Following our recent final audit in connection with the financial statements of NIBL Sahabagita Fund for the FY 2080/81 ending 31st Ashadh 2081, we are writing to bring to your attention certain matters that arose during the course of our work, together with suggestions for improvements of controls and procedures operated by the company. We hope you will find our comments helpful and constructive.

Our work during the audit included an examination of the company's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the FY 2080/81. This work was not directed primarily towards discovering deficiencies in, or the operating effectiveness of your internal controls other than those that would affect our audit opinion or towards the detection of fraud. We have included in this letter only matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all deficiencies in internal control that may exist, of all improvements that might be made, or of the operating effectiveness of your internal controls.

Our work also included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the company. This review identified no significant matters, which we believe are necessary to draw to your attention.

Significant matters encountered during the audit:

Observations

1. Other Payables includes to the amount received from customers but not credited in the Unit Capital amounting to Rs. 29,204,146 due to fund received in excess of approved size of the Fund.
2. Dividend receivable amounting to Rs. 26,013.69 has been outstanding since more than a year and such amount has not been received till the date of audit.

Conclusion

If you require any further information or assistance, we shall be very pleased to help you.

We would appreciate an acknowledgement of the receipt of this letter and look forward to receiving your comments when you have had the opportunity of considering the matters that we have raised.

This letter is for your private use only. It has been prepared on the understanding that it will not be disclosed to any third party, or quoted to or referred to, without our prior written consent and we assume no responsibility to any other party.

We should like to take this opportunity of thanking you and your staff for the assistance and co-operation we have received during the course of our work. The contents of this letter were discussed with and have been approved by Mr. Pradeep K.C. on 2024/09/01.

Yours faithfully



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Signed for and on behalf of N. B. S. M. & Associates
CA. Rajesh Kumar Sah

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF NIBL SAHABHAGITA FUND

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of NIBL SAHABHAGITA FUND ("the Mutual Fund") which comprise the statement of financial position as at Ashad 31, 2081 [July 15, 2024], the statement of profit or loss, the statement of other comprehensive income, the statement of changes in unit holders fund & the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Mutual Fund as at Ashad 31, 2081 (July 15, 2024) and its financial performance, changes in Unit Holders Fund and its cash flows for the year then ended on that date in accordance with Nepal Financial Reporting Standards (NFRSs) and comply with Securities Act 2063, Security Board Regulation 2064, Mutual Fund Regulations 2067, Mutual Fund Guidelines 2069 and other prevailing legislations.

Basis of Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Mutual Fund in accordance with the Institute of Chartered Accountant of Nepal's code of ethics for professional accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

S.N	Key Audit Matters	Our Audit Approach and Response
1.	Investment Valuation Investment of Mutual fund comprises of investments in listed securities, initial public offerings, debentures and fixed deposits. The classifications, valuations and disclosures of the aforesaid investment shall be done in line with NFRS 9 Financial Instruments; NFRS 13 Fair Value Measurements; NFRS 7 Financial Instruments: Disclosures.	Our audit approach regarding valuation of investment, impairment, its accounting included: - We ensured classifications and accounting of investments made by Fund and its valuation were in accordance to NFRS 9 and NFRS 13 issued by Accounting Standard Board of Nepal. - For the investment made on quoted equity instruments, we ensured that fair valuation has been done at the closing transaction rate in NEPSE as on 31.03.2081.

- In view of significance of amount of investment and complexity involved in valuation and treatment of such investments, we have considered it as key audit matters in our audit.

2. Compliances

- Mutual Fund requires to comply with the Securities Act 2063, Mutual Fund Regulation 2067, Mutual Fund Guidelines 2069. Our audit approach regarding compliance with various laws and regulations includes the following among other things:
- In view of Significance of Compliance that needs to be adhered, we have considered as key audit matters in our audit.
 - Ensured the investment made by the fund in various securities were within the limit of threshold limit prescribed by Mutual Fund Regulations 2067 (fourth amendment).
 - Ensured the fees related to supervisor, Fund manager and Depository read with Section 23 of the regulations has been complied with.

Other Information

The directors are responsible for the other information presented in the Mutual Fund's annual report. Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. We have nothing to report in this respect.

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

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

In preparing the financial statements, management is responsible for assessing the Mutual Fund'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 Mutual Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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



- e) The scheme has effective internal audit system.
- f) The funds under the scheme have been invested in accordance with the mutual fund regulations 2067.
- g) The operation of the scheme were found satisfactory.

For N. B. S. M. & Associates
Chartered Accountants


CA. Rajesh Kumar Saini



Partner

Date: 2024/09/05

Place: Kathmandu, Nepal

UDIN: 240906CA00546LW3MM

NIBL Sahabhagita Fund

(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)

In NPR

Particulars	Notes to Account	Current Year	Previous Year
Assets			
Current Assets			
Cash and Cash Equivalents	3.2	1,426,001,212	517,457,251
Other Current Assets	4.5	141,111,682	29,347,509
Financial Assets Held at Amortized Cost	13	573,426,418	425,568,810
Financial Assets Held at Fair Value Through Profit or Loss	4.6	2,217,387,725	1,027,484,342
Total		4,357,927,037	1,999,857,912
Liabilities			
Current Liabilities			
Accrued Expenses & Other Payables	5.2	146,359,462	12,344,158
Liabilities (Excluding Net Assets Attributable to Unitholders)		146,359,462	12,344,158
Unit Holder's Funds			
Net Assets Attributable to Unit Holders	6	4,211,567,575	1,987,513,754
Total		4,357,927,037	1,999,857,912
Outstanding Units		399,722,785	186,154,193
NAV per Unit		10.54	10.68

Schedules and Explanatory Notes forms integral part of Statement of PositionOn Behalf of NIMB Ace Capital Limited
(Fund Management Company)

As per our Report of even date


 Sachin Tibrewal
 Chairman


 Srijana Pandey
 Director


 CA. Rajesh Kumar
 Partner
 N. B. S. M. & Associates,
 Chartered Accountants


 Rabindra Bhattacharai
 Director


 Ananda Kumar Bhattacharai
 Director


 Shivanth Bahadur Pandé
 Chief Executive Officer


 Sachindra Dhungana
 General Manager


 Shulav Shrestha
 Head- Investment Banking
Date : 5th September, 2024
Place : Kathmandu

NIMB ACE CAPITAL
 Managing shares. Managing investments.
 (Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd.)


NIBL MUTUAL FUND
 NIBL Sahabhagita Fund

NIBL Sahabhagita Fund

(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)**

In NPR

Particulars	Notes to Account	Current Year	Previous Year
Income			
Interest Income	7.2	80,031,197	46,980,245
Dividend Income	7.3	9,537,022	2,340,118
Underwriting Incomes	7.4	1,000,000	325,000
Net Gains/(Losses) on Financial Assets at Fair Value through Profit or loss	14(b)	104,254,579	70,594,493
Exit Load Incomes		1,069,581	364,621
Other Income		-	9,835
Total		195,892,379	120,614,312
Expenses and Losses			
Fund Management Fees	8.1	35,923,768	15,091,756
Depository Fees	8.1	5,747,803	2,414,681
Fund Supervisors Fees	8.1	3,448,682	1,448,809
Scheme Listing & Registration Charge- SEBON		2,000,000	1,000,000
Publication Expenses		199,671	304,035
Audit Fees		113,000	113,000
Cerification Charge		-	56,500
Bank Charges		26,608	13,092
Book Building Expenses-NEPSE		5,000	5,000
Communication Expenses		88,406	510,395
Annual Operating Expenses		605,600	419,440
DP & Other Expenses		18,993	14,831
Total expenses		48,177,531	21,391,539
Net Gains/(Losses) for the Period		147,714,848	99,222,773
		-	-
Net Surplus/(Deficit) for the period		147,714,848	99,222,773

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

As per our Report of even date


Sachin Tibrewal
Chairman


Srijana Pandey
Director


CA. Rajesh Kumar
Partner
N. B. S. M. & Associates,
Chartered Accountants


Rabindra Bhattarai
Director


Ananda Kumar Bhattarai
Director


Shivanth Bahadur Pandé
Chief Executive Officer


Sachindra Dhungana
General Manager


Shulav Shrestha
Head-Investment Banking


NIMB ACE CAPITAL
Managing shares, Managing investments
(Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd.)

Date : 5th September, 2024
Place : Kathmandu


NIBL MUTUAL FUND
NIBL Sahabhagita Fund

NIBL Sahabhagita Fund

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

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

In NPR

Particulars	Current Year	Previous Year
A. Cash Flow from Operating Activities		
Surplus/ (Deficit) for the year	147,714,848	99,222,773
Adjustments For :		
Increase/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	(13,765,788)	(21,977,200)
Increase/(Decrease) in Liabilities	134,015,304	9,138,158
(Increase)/Decrease in Share	(1,176,137,594)	(674,511,315)
(Increase)/Decrease in Debenture	(23,857,608)	(85,114,000)
(Increase)/Decrease in Fixed Deposit	(124,000,000)	(185,500,000)
(Increase)/Decrease in Other Assets	(111,764,174)	(20,782,462)
Net Cash Generated / (used) in Operations (1)	(1,167,795,012)	(879,524,046)
B. Cash Flow from Financing Activities		
Issue of Unit Capital	2,152,966,265	1,260,138,183
Dividend Paid during the year	(76,627,292)	(50,424,752)
Net Cash Generated / (used) in financing (2)	2,076,338,973	1,209,713,431
C. Cash Flow from Investing Activities	-	-
Net cash generated/ (used) in investing (3)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (1+2+3)	908,543,961	330,189,385
Cash and Cash Equivalents at beginning of the year/period	517,457,251	187,267,866
Cash and Cash Equivalents at end of period	1,426,001,212	517,457,251
Components of Cash and Cash Equivalents		
Balance with Banks	1,426,001,212	517,457,251

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

As per our Report of even date

Sachin Tibrewal
Chairman

Srijana Pandey
Director

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Partner
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General Manager

Shulav Shrestha
Head- Investment BankingDate : 5th September, 2024
Place : Kathmandu

NIMB ACE CAPITAL
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MUTUAL FUND
NIBL Sahabhagita Fund

NIBL Sahabhagita Fund**(Sponsored by Nepal Investment Mega Bank Ltd. and Managed by NIMB Ace Capital Ltd.)****Statement of Change in Unitholder's Fund****For the Period from 1st Shrawan 2080 to 31st Ashad 2081 (17th July 2023 to 15th July 2024)**

In NPR		
Particular	Current Year	Previous Year
Unit Holders' Fund at the Beginning of the Year/Period	1,987,513,754	678,577,550
Issue of Unit Capital	2,135,685,917	1,228,596,581
Unit Reserve Capital	17,280,348	31,541,602
<u>Increase in Net Assets Attributable to Unit Holders:</u>		
Net Gains/(Losses) for the Period	147,714,848	99,222,773
Other Comprehensive Income	-	-
Distribution to Unit Holders'	(76,627,292)	(50,424,752)
Unit Holders' Fund at the End of the Year/Period	4,211,567,575	1,987,513,754

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

As per our Report of even date


Sachin Tibrewal
Chairman
Srijana Pandey
Director
CA. Rajesh Kumar
Partner
N. B. S. M. & Associates,
Chartered Accountants

Rabindra Bhattarai
Director
Ananda Kumar Bhattarai
Director
Shivanth Bahadur Pandé
Chief Executive Officer
Sachindra Dhungana
General Manager
Shuldev Shrestha
Head- Investment Banking

Date : 5th September, 2024

Place : Kathmandu


NIMB ACE CAPITAL
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MUTUAL FUND
NIBL Sahabhagita Fund

NIBL Sahabagita Fund

Fund Sponsored by Nepal Investment Mega Bank Limited and Fund Managed by NIMB Ace Capital Limited

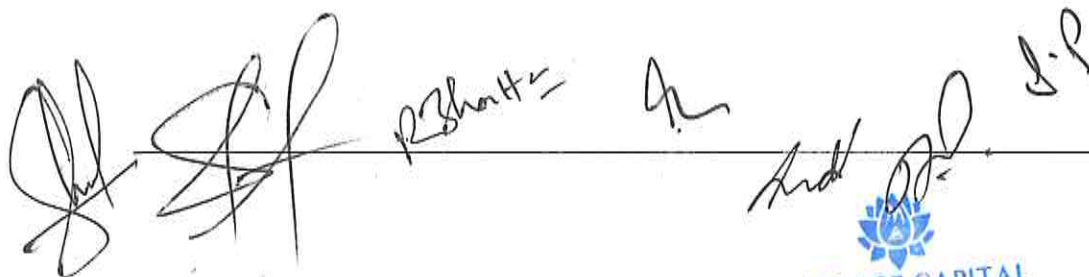
Notes to the Financial Statements as of Ashad End 2081 (15th July 2024)

1. General Information of the Scheme

Fund	:	NIBL Mutual Fund
Scheme	:	NIBL Sahabagita Fund
Fund Sponsor	:	Nepal Investment Mega Bank Limited (NIMB) (Then Nepal Investment Bank Ltd.) (Licensed by NRB as Class A bank)
Fund Management	:	NIMB Ace Capital Limited (Then NIBL Ace Capital Ltd.) (A subsidiary of Nepal Investment Mega Bank Limited)
Fund Supervisors	:	Dr. Bimal Prasad Koirala Dr. Shambhu Ram Simkhada Dr. Durgesh Man Singh CA. Jitendra Bahadur Rajbhandari Mr. Raju Nepal
Total Authorized Units of Scheme	:	400,000,000 (Four Hundred Million Units)
Outstanding Units of Scheme	:	399,722,785 (Three Hundred ninety nine Million, Seven Hundred Twenty Two Thousand, Seven Hundred Eighty Five) NPR. 3,997,227,847 (Three Billion Nine Hundred Ninety Seven Million Two Hundred Twenty Seven Thousand Eight Hundred Forty Seven)
Total Unit Capital	:	Million Two Hundred Twenty Seven Thousand Eight Hundred Forty Seven)
Scheme type	:	Open-ended

NIBL Sahabagita Fund (the Scheme) under NIBL Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as Nepal's first Open Ended Mutual Fund, a diversified investment scheme. The primary objective of the scheme is to explore and establish open ended Mutual Fund in Nepalese Capital Market and provide investors with alternative investment instrument across the country with ease of investment and liquidity. This scheme also encourages the conversion of savings into investments regularly for long period of time. On the other side, the investment objective of the scheme is to provide steady returns to unit-holders over the long period of time.

The Scheme commenced its operation on 24th Ashad, 2076 (Scheme allotment date) B.S. The Scheme's Financial Statements for the year 2080/81 were approved by the Board of Directors of the NIMB Ace Capital Limited (Then NIBL Ace Capital Ltd.) held on 20th Bhadra, 2081 being the Fund Management and Depository Company. Similarly, the Fund Supervisors' consent on the approved Financial Statements has also been duly obtained.



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

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	54,207,325	542,073,252	14%
NIMB Ace Capital Limited	Fund Manager/Depository	4,484,383	44,843,833	1%
General Public		341,031,076	3,410,310,761	85%
Total		399,722,785	3,997,227,847	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, Mutual Fund regulation 2067 (Amendments 2076), other 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 settled within twelve months, except for investments in financial assets and net assets attributable to unit-holders.

2.3. Reporting Pronouncements

The fund has, for the preparation of financial statements, adopted the NFRS pronounced by Accounting Standard Board (ASB). 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.

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NIMB ACE CAPITAL
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(Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd)

NIBL MUTUAL FUND
NIBL Sahabagita Fund

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

2.5. Presentation

The financial statements have been presented in the nearest Nepalese Rupees.

For presentation of the statement of financial position assets and liabilities have been bifurcated into current and non-current distinction.

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

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

2.6. Presentation currency

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

2.7. 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 judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate.

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 are revised and applied prospectively.

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.

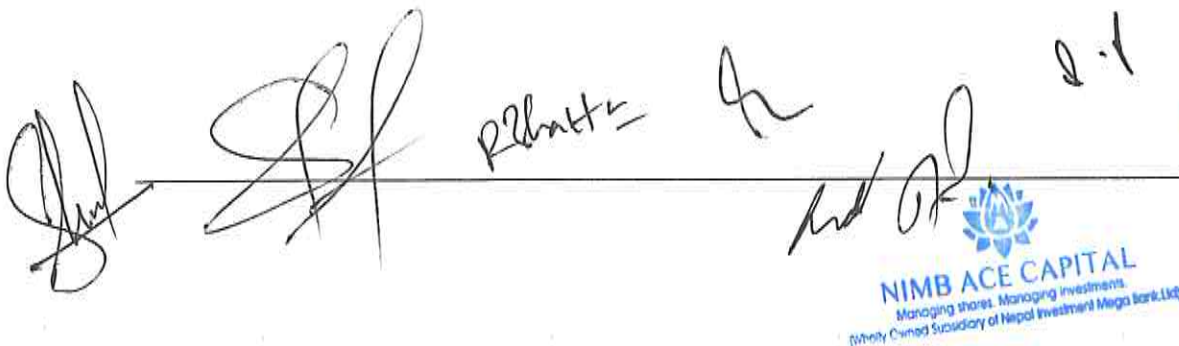
The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under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

2.8. Financial Periods

The fund follows the Nepalese financial year based on the Nepalese calendar.

2.9. Discounting

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



Notes to the Financial Statements as of Ashad End 2081 (15th July 2024)**2.10. 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**3.1. Accounting policy**

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.

3.2. Explanatory notes

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	1,426,001,212	517,457,251
Total	1,426,001,212	517,457,251

4. Financial Instruments**4.1 Accounting policy**

The Fund's principal financial assets comprise assets held at fair value through profit and loss, assets measured at amortized cost, loans and receivables. The main purpose of these financial instruments is to generate a return on the investment made by unitholders. 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, fixed deposits and debentures are classified as "Financial Assets measured at Amortized Cost"; Equity securities 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, fair value at amortized cost and loans and receivables. They comprise:

Financial Assets and Liabilities Held at 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 and unquoted equity securities held for trading. The dividend income from the quoted equity securities is recorded in the profit or loss.

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

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.

Investments are derecognized when the right to receive cash flows from the investments has 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.

4.3 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 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.

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.

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NIMB ACE CAPITAL
Managing shares Managing investments
Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd

NIBL MUTUAL FUND
NIBL Sahabagita Fund

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

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.

4.4 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.

4.5 Other Current Assets

S.N.	Particulars	Ashad End 2081	Ashad End 2080
1	Dividend Income Receivable	86,380	33,846
2	Interest Receivables	26,575,673	14,796,704
3	Broker Receivables	114,409,341	14,501,264
4	Prepaid Expenses	40,288	15,695
	Total Amount	141,111,682	29,347,509

4.6 Financial Assets Held at Fair Value Through Profit or Loss

Particulars	Ashad End 2081	Ashad End 2080
Financial Assets Held for Trading		
Equity Security	2,217,387,725	1,027,484,342
Total Financial Assets held for Trading (A)	2,217,387,725	1,027,484,342
Designated Financial Assets at Fair Value Through Profit or Loss		
Total Designated at Fair Value Through Profit or Loss (B)	-	-
Total Financial Assets Held at Fair Value Through Profit or Loss (A+B)	2,217,387,725	1,027,484,342

NIBL MUTUAL FUND
NIBL Sahabagita Fund

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

Comparative Investment in Listed Shares

S.N.	Name of Companies	Ashad End 2081			Ashad End 2080		
		Unit	Value per Unit	Value Amount	Unit	Value per Unit	Value Amount
	Listed Companies						
1	Prabhu Bank Limited	130,050	164	21,289,185	88,550	163	14,398,230
2	Siddhartha Bank Limited	62,667	283	17,734,761	62,667	253	15,854,751
3	Global IME Bank Limited	76,577	194	14,871,253	75,818	186	14,102,148
4	Neco Insurance Co. Limited	109,129	836	91,231,844	31,934	891	28,456,387
5	Garima Bikas Bank Limited	72,022	385	27,735,672	100,124	405	40,550,220
6	Nabil Bank Limited	66,436	524	34,812,464	60,546	599	36,279,163
7	Prime Commercial Bank Limited	140,242	222	31,105,676	97,823	195	19,075,485
8	Machhapuchhre Bank Limited	115,016	200	23,003,200	89,158	232	20,666,824
9	NIC Asia Bank Limited	108,469	443	48,073,461	82,534	794	65,515,489
10	Chhimek Laghubitta Bikas Bank Limited	101,511	900	91,359,900	18,157	1,000	18,157,000
11	Deprosc Laghubitta Bittiya Sanstha Limited	29,836	841	25,092,076	13,746	826	11,354,196
12	NMB Bank Limited	104,499	218	22,780,782	77,042	226	17,411,492
13	Jyoti Bikas Bank Limited	89,481	314	28,097,034	25,377	298	7,562,346
14	Life Insurance Corporation (Nepal) Limited	24,919	1,438	35,833,522	15,723	1,555	24,449,265
15	Nepal Reinsurance Company Limited	68,595	698	47,879,310	32,817	740	24,284,580
16	Samaj Laghubitta Bittiya Sanstha Limited	89	2,926	260,414	120	166	19,945
17	Sanjen Jalavidhyut Company Limited	25,624	284	7,269,529	14,584	297	4,329,990
18	Rasuwadadi Hydropower Company Limited	31,618	295	9,327,310	31,618	300	9,485,400
19	Mountain Energy Nepal Limited	68,024	597	40,610,328	14,515	995	14,442,425
20	National Life Insurance Co. Limited	43,310	595	25,769,450	46,599	645	30,056,355
21	Mero Microfinance Bittiya Sanstha Limited	2,388	700	1,671,600	2,435	661	1,609,535
22	Grameen Bikas Laghubitta Bittiya Sanstha Limited	18,986	811	15,397,646	5,525	633	3,497,325
23	Nirdhan Uthhan Laghubitta Bittiya Sanstha Limited Promoter Share	25,116	600	15,069,600	25,116	600	15,069,600
24	Kamana Sewa Bikas Bank Limited	37,633	416	15,655,328	66,578	327	21,771,006
25	Soaltee Hotel Limited	84,815	442	37,488,230	23,971	485	11,625,935
26	Sahas Urja Limited	45,375	519	23,549,625	44,500	484	21,533,550
27	Shivam Cements Limited	65,664	502	32,983,027	25,899	652	16,873,199
28	Himalayan Distillery Limited	36,996	1,384	51,202,464	-	-	-
29	Kumari Bank Limited	62,884	154	9,665,271	31,784	165	5,244,360
30	Muktinath Bikas Bank Limited	102,039	367	37,448,313	102,722	407	41,807,854
31	Forward Microfinance Laghubitta Bittiya Sanstha Limited	2,666	1,413	3,767,058	1	1,321	1,321
32	Mahalaxmi Bikas Bank Limited	21,489	352	7,564,128	27,046	326	8,803,473
33	Nepal Bank Limited	83,464	230	19,154,988	83,464	249	20,782,536
34	Citizens Mutual Fund -1	-	-	-	36,777	9	344,968
35	Miteri Development Bank Limited	-	-	-	392	404	158,407
36	ICFC Finance Limited	-	-	-	20,000	525	10,500,000
37	Sadhana Laghubitta Bittiya Sanstha Limited	-	-	-	1	741	741
38	First Micro Finance Laghubitta Bittiya Sanstha Limited	25,832	681	17,591,592	16,000	736	11,780,800
39	Api Power Company Limited	18,719	191	3,575,329	4,759	197	937,523

NIBL Sahabagita Fund

Fund Sponsored by Nepal Investment Mega Bank Limited and Fund Managed by NIMB Ace Capital Limited

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

40	Arun Kabeli Power Limited	70,053	185	12,959,805	40,026	235	9,386,097
41	NIC Asia Flexi CAP Fund	500,000	9	4,625,000	500,000	10	5,085,000
42	Himalayan Everest Insurance Limited	32,471	632	20,521,672	33,912	600	20,347,200
43	Global IME Balanced Fund-1	250,000	9	2,275,000	250,000	9	2,335,000
44	Ridi Power Company Limited	61,221	191	11,662,601	25,035	243	6,083,505
45	NMB Sulav Investment Fund - 2	500,000	10	5,030,000	500,000	10	4,995,000
46	Lumbini Bikas Bank Limited	97,330	417	40,547,678	7,000	413	2,891,000
47	Goodwill Finance Limited	-	-	-	35,966	483	17,371,578
48	Suryajyoti Life Insurance Company Limited	63,517	430	27,305,958	42,801	610	26,108,610
49	Sanima Growth Fund	750,000	10	7,605,000	750,000	10	7,492,500
50	Nepal Investment Mega Bank Limited	-	-	-	29,527	174	5,131,793
51	Himalayan Bank Limited	44,892	204	9,166,946	23,392	213	4,977,818
52	Ngadi Group Power Limited	-	-	-	10,673	234	2,496,415
53	Siddhartha Premier Insurance Limited	14,980	860	12,881,302	25,290	779	19,688,265
54	Sunrise Focused Equity Fund	1,500,000	8	12,360,000	1,500,000	10	14,520,000
55	Prabhu Smart Fund	1,000,000	10	9,610,000	1,000,000	10	9,900,000
56	Himalayan Life Insurance Limited	48,715	391	19,047,565	29,208	507	14,808,456
57	RBB Mutual Fund 2	650,000	10	6,175,000	650,000	10	6,500,000
58	IGI Prudential insurance Limited	61,124	558	34,107,192	17,964	560	10,059,840
59	Taragon Regency Hotel Limited	6,541	807	5,278,587	15,000	790	11,854,500
60	Prabhu Insurance Limited	21,687	826	17,913,462	13,722	747	10,250,334
61	NLG Insurance Company Limited	43,340	795	34,450,966	9,995	840	8,395,800
62	Reliance Finance Limited	-	-	-	13,000	386	5,016,700
63	Prabhu Select Fund	-	-	-	37,850	9	334,973
64	Central Finance Co. Limited	-	-	-	13,000	393	5,109,000
65	Nabil Equity Fund	-	-	-	100	10	961
66	Siddhartha Investment Growth Scheme 3	325,000	9	3,071,250	350,000	10	3,500,000
67	Sanima Bank Limited	8,653	279	2,414,187	-	-	-
68	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	64,477	854	55,044,015	-	-	-
69	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	23,951	712	17,050,717	-	-	-
70	Shine Resunga Development Bank Limited	53,552	405	21,693,915	-	-	-
71	NIC ASIA Laghubitta Bittiya Sanstha Limited	21,785	705	15,358,425	-	-	-
72	Everest Bank Limited	19,076	560	10,682,560	-	-	-
73	Nepal Insurance Co. Limited	27,301	880	24,024,880	-	-	-
74	Nepal Doorsanchar Company Limited	71,766	845	60,642,270	-	-	-
75	Citizen Investment Trust	53,254	1,945	103,579,030	-	-	-
76	Asian Life Insurance Co. Limited	54,311	623	33,835,753	-	-	-
77	Rastriya Beema Company Limited	661	13,490	8,916,890	-	-	-
78	Sanima Middle Tamor Hydropower Limited	17,350	450	7,807,500	-	-	-
79	Sagarmatha Jalabidhyut Company Limited	9,900	406	4,019,400	-	-	-
80	IME Life Insurance Company Limited	38,492	453	17,436,876	-	-	-
81	Citizens Super 30 Mutual Fund	966,800	10	9,668,000	-	-	-
82	Standard Chartered Bank Limited	63,920	602	38,479,840	-	-	-
83	Sanima Reliance Life Insurance Limited	42,252	472	19,959,845	-	-	-
84	Laxmi Sunrise Bank Limited (Former Sunrise Bank Limited)	64,630	175	11,310,250	26,986	173	4,671,277
85	Reliable Nepal Life Insurance Limited	57,719	458	26,435,302	-	-	-
86	Laxmi Value Fund-II	700,000	9	6,468,000	-	-	-

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

87	Kumari Bank Limited Promotor Share	50,000	104	5,200,000	-	-	-
88	Sonapur Minerals And Oil Limited	23,337	456	10,644,006	-	-	-
89	Mukthinath Krishi Company Limited	1,690	1,390	2,349,100	-	-	-
90	Himalayan 80-20	1,499,275	10	14,977,757	-	-	-
91	Nepal Warehousing Company Limited	550	898	493,900	-	-	-
92	Vision Lumbini Urja Company Limited	773	529	408,917	-	-	-
93	Himalayan Reinsurance Limited	42,999	580	24,939,420	-	-	-
94	Oriental Hotels Limited	14,332	785	11,250,620	-	-	-
95	NIC Asia Growth Fund 2	2,500,000	8	20,500,000	-	-	-
96	Bottlers Nepal (Terai) Limited	591	13,000	7,683,000	-	-	-
97	Sarbotam Cement Limited	7,063	807	5,696,310	-	-	-
98	Kumari Sabal Yojana	1,750,000	10	17,500,000	-	-	-
99	Nerude Mirmire Laghubitta Bittiya Sanstha Limited (Former Nerude Laghubitta Bittiya Sanstha Limited)	33,294	720	23,978,339	4,298	688	2,957,024
100	RSDC Laghubitta Bittiya Sanstha Limited	35,869	692	24,821,348	-	-	-
101	Global IME Laghubitta Bittiya Sanstha Limited	3,400	1,365	4,641,000	-	-	-
	Total			1,902,427,725			851,062,469

Comparative Investment in Unlisted Shares

S.N.	Name of Companies	Ashad End 2081			Ashad End 2080		
		Unit	Value per Unit	Value Amount	Unit	Value per Unit	Value Amount
	Unlisted Companies						
1	0087 Citizen Unit Scheme	100,000	100	10,000,000	100,000	100	10,000,000
2	0101 Citizen Unit Scheme	100,000	100	10,000,000	100,000	100	10,000,000
3	0144 Citizen Unit Scheme	300,000	100	30,000,000	300,000	100	30,000,000
4	0205 Citizen Unit Scheme	130,000	100	13,000,000	130,000	100	13,000,000
5	0214 Citizen Unit Scheme	34,000	100	3,400,000	34,000	100	3,400,000
6	0226 Citizen Unit Scheme	64,000	100	6,400,000	64,000	100	6,400,000
7	0244 Citizen Unit Scheme	50,000	100	5,000,000	50,000	100	5,000,000
8	0253 Citizen Unit Scheme	100,000	100	10,000,000	100,000	100	10,000,000
9	0257 Citizen Unit Scheme	50,000	100	5,000,000	50,000	100	5,000,000
10	0270 Citizen Unit Scheme	100,000	100	10,000,000	100,000	100	10,000,000
11	0274 Citizen Unit Scheme	250,000	100	25,000,000	250,000	100	25,000,000
12	0291 Citizen Unit Scheme	100,000	100	10,000,000	100,000	100	10,000,000
13	0419 Citizen Unit Scheme	1,600,000	100	160,000,000	-	-	-
14	Nabil Flexi Cap Fund-IPO	500,000	11	5,320,000	500,000	10	4,950,000
15	Kumari Sunaulo Lagani Yojana	1,000,000	12	11,840,000	1,000,000	11	10,590,000
16	Citizens Super 30 Mutual Fund-IPO	-	-	-	950,000	10	9,500,000
17	Nepal Republic Media Ltd.-IPO	-	-	-	9,834	111	1,091,377
18	Ghorahi Cement Industry Ltd.-IPO	-	-	-	6,400	465	2,977,920
19	Three Star Hydropower Ltd.-IPO	-	-	-	788	158	124,599
20	Upper Syange Hydropower Ltd.-IPO	-	-	-	693	109	75,336

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

21	Kutheli Bukhari Small Hydropower Ltd.-IPO	-	-	-	134	262	35,050
22	IME Life Insurance Co. Ltd.-IPO	-	-	-	13,194	435	5,742,029
23	Arun Kabeli-Right Entitlement	-	-	-	30,026	118	3,535,562
	Total			314,960,000			176,421,873

5. Payables**5.1 Accounting policy**

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

5.2 Accrued Expenses and Other Payables

Particulars	Ashad End 2081	Ashad End 2080
Provision For Audit Fee	111,500	111,500
Provision For Reporting Expense	20,000	20,000
TDS Liability	378,205	188,250
Business Payables- Brokers	98,099,559	414,369
Unit Transactions Payables	3,258,900	3,796,225
Fund Management Fee Payable- NIMB Ace Capital	11,410,054	5,478,131
Depository Fee Payables- NIMB Ace Capital	1,825,608	876,501
Supervisor Fee Payables	945,239	453,823
Other Payables	30,004,146	74,111
Unit Purchase Advance	-	600,100
Software AMC Payable- PCS	133,800	97,948
Provision For Software AMC & Unit Dematerialization- CDSC	167,450	167,450
Provision For Qualified Institutional Investor AMC- NEPSE	5,000	10,000
Sundry Creditors- Initiative Solutions Pvt. Ltd.	-	55,750
Total	146,359,462	12,344,158

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

Provision for reporting expenses includes cost payable for monthly NAV report publication for the month of Ashad-2081 and audited financials publication for fiscal year 2080-81 as per prevailing regulation.

Provision for Software AMC & Unit dematerialization fee includes Software Annual Maintenance Charge and Unit dematerialization fees for FY 2080-81 payable to CDS and Clearing Ltd. as per CDSC Bylaws 2068.

Provision for Qualified Institutional Investor AMC includes fees payable to Nepal Stock Exchange Ltd. for FY 2080-81 as per Book Building Guidelines 2077.

Other Payables refers to the amount received from customers but not credited in the Unit Capital amounting to Rs. 29,204,146 due to fund received in excess of approved size of the Fund.

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NIMB ACE CAPITAL
Managing shares Managing investments
Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd.

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

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.

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	Ashad End 2081	Ashad End 2080
Unit Holders' Fund at the Beginning of the Year/Period	1,987,513,754	678,577,550
Issue of Unit Capital	2,135,685,917	1,228,596,581
Unit Reserve Capital	17,280,348	31,541,602
Increase in Net Assets Attributable to Unit Holders:		
Net Gains/(Losses) for the Period	147,714,848	99,222,773
Other Comprehensive Income	-	-
Distribution to Unit Holders'	(76,627,292)	(50,424,752)
Unit Holders' Fund at the End of the Year/Period	4,211,567,575	1,987,513,754

Unit Reserve Capital reflects the net difference between the face value and traded daily NAV of unit transactions of the Scheme.

6.1 Reserves and Surplus

Particulars	Current Year	Previous Year
Other Reserve Fund		
Accumulated Profit/ (Loss)		
2.1. Opening Realised Retained Earnings	78,213,872	51,393,051
2.2 Less : Dividend distributed for F/Y 2079/80	(76,627,292)	(50,424,752)
2.3. Add : Net Profit/(Loss) during the year 2080/81	133,949,060	77,245,573
Total Net Profit/(Loss) As on year end	135,535,640	78,213,872
2.4. Opening Unrealised Retained Earnings	(77,009,370)	(98,986,570)

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NIMB ACE CAPITAL
 Managing shares, Managing investments
 (Wholly Owned Subsidiary of Nepal Investment Mega Bank Ltd)

NIBL MUTUAL FUND
 NIBL Sahabhagita Fund
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Notes to the Financial Statements as of Ashad End 2081 (15th July 2024)

2.5. Less : Unrealised Gain/(Loss) during the year 2079/80	13,765,788	21,977,200
Total Unrealised Profit As on year end	(63,243,582)	(77,009,370)
Total	72,292,058	1,204,502

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 future cash payments or receipts throughout the expected life of the financial instrument, 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.

Dividend income is recognized on the ex-dividend date.

Explanatory notes**7.2 Interest Income**

S.N.	Particulars	Ashad End 2081	Ashad End 2080
1	Interest Income on Debentures	16,114,522	8,830,895
2	Interest Income on Fixed Deposit	30,607,507	17,896,324
3	Interest income on fixed income instruments	19,385,014	9,699,485
4	Interest Income on Call Deposits	13,924,154	10,553,541
	Total Amount	80,031,197	46,980,245

7.3 Dividend Income

Particulars	Ashad End 2081	Ashad End 2080
Dividend Income Realized	9,537,022	2,340,118
Total	9,537,022	2,340,118

7.4 Underwriting Income

Particulars	Ashad End 2081	Ashad End 2080
Underwriting Income	1,000,000	325,000
Total	1,000,000	325,000

8. Expenses**8.1. Fund Management, Depository and Supervisor Fees**

Fund Management, Depository and Supervisors fees are recognized in profit or loss on accrual basis.

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

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

- Fund Management Fees : 1.25% of Net Assets Value (NAV)
- Depository Fees : 0.2% of NAV
- Fund Supervisor Fees : 0.12% 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.

The total fees are presented in Nepalese currency and charged as under:

Particulars	Ashad End 2081	Ashad End 2080
Fund Management Fee	35,923,768	15,091,756
Depository Fee	5,747,803	2,414,681
Fund Supervisor Fee	3,448,682	1,448,809
Total	45,120,253	18,955,246

9. Income Tax

Income Tax Act, 2058 has not specifically charged corporate tax liability on Mutual Fund. TDS is not applicable on withholding tax on interest, dividend income and gain on disposal of shares of Mutual Fund Scheme. Accordingly, Mutual Fund Scheme is not considered as tax-entity and corporate tax on Fund is not considered. However, the Office of the Auditor's General in its 56th Annual Report has raised concern on taxability of the mutual fund. Further, the finance ordinance of FY 2078/79 has included Mutual Fund under Section 10 of the Income Tax Act, 2058 as tax exempt entities. TDS on return from mutual fund (i.e. dividend) paid to individual is deducted at 5% which is final 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 NIBL Ace Capital 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.

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NIBL  **MUTUAL FUND**
NIBL Sahabagita Fund


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

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

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.

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.

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.

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

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 during the period is valued at last traded price of the stock at NEPSE considering it as level two input.

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

- 1) 50% of the Latest Net Worth Published by the Company.

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

- 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 = $V_r \times$ No. of shares held before Ex-date

13. Financial Assets Held at Amortized Cost

Particulars	Ashad End 2081	Ashad End 2080
Debentures	163,926,418	140,068,810
Fixed Deposit	409,500,000	285,500,000
Total	573,426,418	425,568,810

Note (a):

The investment on fixed deposit is recognized on cost. The maturity period of the fixed deposits are 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 are 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.

14. Net Gain/Losses on financial assets held at fair value through profit or loss

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.

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

b. Explanatory notes

Particulars	Ashad End 2081	Ashad End 2080
Net Realized Gains/(Losses) on Financial Assets at Fair Value Through Profit or Loss	90,488,791	48,617,293
Net Unrealized Gains/(Losses) on Financial Assets at Fair Value Through Profit or Loss	13,765,788	21,977,200
Total	104,254,579	70,594,493

Computation of Unrealized Gains for FY 2080/81:

Name of Companies	Fiscal Year 2080-81				
	Unit	Value per Unit	Value Amount	Cost Price	Total Cost
Listed Companies					
Prabhu Bank Limited	130,050	164	21,289,185	220	28,576,673
Siddhartha Bank Limited	62,667	283	17,734,761	338	21,192,324
Global IME Bank Limited	76,577	194	14,871,253	245	18,771,561
Neco Insurance Co. Limited	109,129	836	91,231,844	845	92,262,474
Garima Bikas Bank Limited	72,022	385	27,735,672	356	25,674,031
Nabil Bank Limited	66,436	524	34,812,464	676	44,939,874
Prime Commercial Bank Limited	140,242	222	31,105,676	241	33,840,370
Machhapuchhre Bank Limited	115,016	200	23,003,200	223	25,603,193
NIC Asia Bank Limited	108,469	443	48,073,461	626	67,906,492
Chhimek Laghubitta Bikas Bank Limited	101,511	900	91,359,900	888	90,110,216
Deprosc Laghubitta Bittiya Sanstha Limited	29,836	841	25,092,076	753	22,472,440
NMB Bank Limited	104,499	218	22,780,782	250	26,139,780
Jyoti Bikas Bank Limited	89,481	314	28,097,034	307	27,478,051
Life Insurance Corporation (Nepal) Limited	24,919	1,438	35,833,522	1,621	40,403,294
Nepal Reinsurance Company Limited	68,595	698	47,879,310	722	49,492,212
Samaj Laghubitta Bittiya Sanstha Limited	89	2,926	260,414	468	41,637
Sanjen Jalavidhyut Company Limited	25,624	284	7,269,529	366	9,374,080
Rasuwadaghi Hydropower Company Limited	31,618	295	9,327,310	388	12,281,949
Mountain Energy Nepal Limited	68,024	597	40,610,328	585	39,808,340
National Life Insurance Co. Limited	43,310	595	25,769,450	654	28,332,620
Mero Microfinance Bittiya Sanstha Limited	2,388	700	1,671,600	668	1,595,073
Grameen Bikas Laghubitta Bittiya Sanstha Limited	18,986	811	15,397,646	797	15,141,043
Nirdhan Uthhan Laghubitta Bittiya Sanstha Limited Promoter Share	25,116	600	15,069,600	358	8,992,161
Kamana Sewa Bikas Bank Limited	37,633	416	15,655,328	365	13,744,731
Soaltee Hotel Limited	84,815	442	37,488,230	454	38,535,804
Sahas Urja Limited	45,375	519	23,549,625	505	22,922,526
Shivam Cements Limited	65,664	502	32,983,027	539	35,369,311
Himalayan Distillery Limited	36,996	1,384	51,202,464	1,585	58,637,967
Kumari Bank Limited	62,884	154	9,665,271	187	11,790,479

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

Muktinath Bikas Bank Limited	102,039	367	37,448,313	364	37,183,045
Forward Microfinance Laghubitta Bittiya Sanstha Limited	2,666	1,413	3,767,058	1,170	3,118,726
Mahalaxmi Bikas Bank Limited	21,489	352	7,564,128	325	6,979,622
Nepal Bank Limited	83,464	230	19,154,988	274	22,871,457
First Micro Finance Laghubitta Bittiya Sanstha Limited	25,832	681	17,591,592	649	16,774,417
Api Power Company Limited	18,719	191	3,575,329	182	3,404,278
Arun Kabeli Power Limited	70,053	185	12,959,805	250	17,528,572
NIC Asia Flexi CAP Fund	500,000	9	4,625,000	10	5,000,000
Himalayan Everest Insurance Limited	32,471	632	20,521,672	592	19,238,642
Global IME Balanced Fund-1	250,000	9	2,275,000	10	2,500,000
Ridi Power Company Limited	61,221	191	11,662,601	239	14,649,315
NMB Sulav Investment Fund - 2	500,000	10	5,030,000	10	5,000,000
Lumbini Bikas Bank Limited	97,330	417	40,547,678	386	37,575,594
SuryaJyoti Life Insurance Company Limited	63,517	430	27,305,958	597	37,926,379
Sanima Growth Fund	750,000	10	7,605,000	10	7,500,000
Himalayan Bank Limited	44,892	204	9,166,946	230	10,312,396
Siddhartha Premier Insurance Limited	14,980	860	12,881,302	816	12,218,852
Sunrise Focused Equity Fund	1,500,000	8	12,360,000	10	15,000,000
Prabhu Smart Fund	1,000,000	10	9,610,000	10	10,000,000
Himalayan Life Insurance Limited	48,715	391	19,047,565	499	24,323,129
RBB Mutual Fund 2	650,000	10	6,175,000	10	6,500,000
IGI Prudential Insurance Limited	61,124	558	34,107,192	541	33,048,574
Taragon Regency Hotel Limited	6,541	807	5,278,587	768	5,023,850
Prabhu Insurance Limited	21,687	826	17,913,462	777	16,854,419
NLG Insurance Company Limited	43,340	795	34,450,966	787	34,117,866
Siddhartha Investment Growth Scheme 3	325,000	9	3,071,250	10	3,250,000
Sanima Bank Limited	8,653	279	2,414,187	258	2,231,083
Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	64,477	854	55,044,015	833	53,725,615
Nirdhan Uthhan Laghubitta Bittiya Sanstha Limited	23,951	712	17,050,717	672	16,094,728
Shine Resunga Development Bank Limited	53,552	405	21,693,915	393	21,066,358
NIC ASIA Laghubitta Bittiya Sanstha Limited	21,785	705	15,358,425	655	14,261,325
Everest Bank Limited	19,076	560	10,682,560	537	10,236,761
Nepal Insurance Co. Limited	27,301	880	24,024,880	862	23,533,754
Nepal Doorsanchar Company Limited	71,766	845	60,642,270	831	59,621,175
Citizen Investment Trust	53,254	1,945	103,579,030	1,870	99,565,023
Asian Life Insurance Co. Limited	54,311	623	33,835,753	639	34,711,415
Rastriya Beema Company Limited	661	13,490	8,916,890	13,318	8,803,458
Sanima Middle Tamor Hydropower Limited	17,350	450	7,807,500	401	6,949,197
Sagarmatha Jalabidhyut Company Limited	9,900	406	4,019,400	404	4,003,593
IME Life Insurance Company Limited	38,492	453	17,436,876	443	17,047,157
Citizens Super 30 Mutual Fund	966,800	10	9,668,000	10	9,667,471
Standard Chartered Bank Limited	63,920	602	38,479,840	564	36,070,227
Sanima Reliance Life Insurance Limited	42,252	472	19,959,845	517	21,828,784
Laxmi Sunrise Bank Limited	64,630	175	11,310,250	174	11,261,088
Reliable Nepal Life Insurance Limited	57,719	458	26,435,302	452	26,115,649
Laxmi Value Fund-II	700,000	9	6,468,000	10	7,000,000
Kumari Bank Limited Promotor Share	50,000	104	5,200,000	101	5,065,933
Sonapur Minerals And Oil Limited	23,337	456	10,644,006	434	10,128,931

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

Muktinath Krishi Company Limited	1,690	1,390	2,349,100	100	169,000
Himalayan 80-20	1,499,275	10	14,977,757	10	14,992,750
Nepal Warehousing Company Limited	550	898	493,900	337	185,094
Vision Lumbini Urja Company Limited	773	529	408,917	245	189,624
Himalayan Reinsurance Limited	42,999	580	24,939,420	433	18,631,389
Oriental Hotels Limited	14,332	785	11,250,620	772	11,069,671
NIC Asia Growth Fund 2	2,500,000	8	20,500,000	10	25,000,000
Bottlers Nepal (Terai) Limited	591	13,000	7,683,000	13,456	7,952,786
Sarbottom Cement Limited	7,063	807	5,696,310	401	2,832,263
Kumari Sabal Yojana	1,750,000	10	17,500,000	10	17,500,000
Nerude Mirmire Laghubitta Bittiya Sanstha Limited	33,294	720	23,978,339	642	21,375,986
RSDC Laghubitta Bittiya Sanstha Limited	35,869	692	24,821,348	685	24,555,289
Global IME Laghubitta Bittiya Sanstha Limited	3,400	1,365	4,641,000	1,488	5,058,886
Sub-Total (A)	16,466,074		1,902,427,725		1,967,831,305
Unlisted Companies					
0087 Citizen Unit Scheme	100,000	100	10,000,000	100	10,000,000
0101 Citizen Unit Scheme	100,000	100	10,000,000	100	10,000,000
0144 Citizen Unit Scheme	300,000	100	30,000,000	100	30,000,000
0205 Citizen Unit Scheme	130,000	100	13,000,000	100	13,000,000
0214 Citizen Unit Scheme	34,000	100	3,400,000	100	3,400,000
0226 Citizen Unit Scheme	64,000	100	6,400,000	100	6,400,000
0244 Citizen Unit Scheme	50,000	100	5,000,000	100	5,000,000
0253 Citizen Unit Scheme	100,000	100	10,000,000	100	10,000,000
0257 Citizen Unit Scheme	50,000	100	5,000,000	100	5,000,000
0270 Citizen Unit Scheme	100,000	100	10,000,000	100	10,000,000
0274 Citizen Unit Scheme	250,000	100	25,000,000	100	25,000,000
0291 Citizen Unit Scheme	100,000	100	10,000,000	100	10,000,000
0419 Citizen Unit Scheme	1,600,000	100	160,000,000	100	160,000,000
Nabil Flexi Cap Fund-IPO	500,000	11	5,320,000	10	5,000,000
Kumari Sunaula Lagani Yojana	1,000,000	12	11,840,000	10	10,000,000
Sub-Total (B)	4,478,000		314,960,000		312,800,000
Grand Total	20,944,074		2,217,387,725		2,280,631,305
Unrealised Gain / (Loss)					(63,243,581)
Less: Previous Year Unrealised Gain/(Loss)					(77,009,369)
Unrealised Gain / (Loss) This Year					13,765,788

15. 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.

16. Related Party Transactions

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

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NIBL Sahabagita Fund
NIBL Sahabagita Fund

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

Related Parties

- Fund Sponsor: Nepal Investment Mega Bank Limited (Then Nepal Investment Bank Ltd.)
- Fund Manager and Depository: NIMB Ace Capital Limited- a subsidiary of the Sponsor (Then NIBL Ace Capital Ltd.)
- Shareholders holding substantial interest in the Fund Manager: Nepal Investment Mega Bank Limited (Then Nepal Investment Bank 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 (Fund Sponsor) amounts to NPR. 542,073,252 (at par value of NPR 10 per unit)
- Unit Holding of NIMB Ace Capital Limited (Fund Manager) amounts to NPR. 44,843,833 (at par value of NPR. 10 per unit)
- NIBL Sahabhagita Fund has earned interest amounting to NPR 5,882,957 (NPR. Five Million Eight Hundred Eighty-Two Thousand Nine Hundred And Fifty-Seven Only) including Fixed Deposit investment from Nepal Investment Mega Bank Limited.
- Fund Management and Depository Fee incurred by NIBL Sahabhagita Fund during the year amounts to NPR. 41,671,571 (Forty-One Million Six Hundred Seventy-One Thousand Five Hundred Seventy One Only). The amount is payable to NIMB Ace Capital Limited (Then NIBL Ace Capital Ltd.)
- Fund management and depository fee payable by NIBL Sahabhagita Fund to NIMB Ace Capital Limited (Then NIBL Ace Capital Ltd.) NPR. 13,235,663 (Thirteen Million Two Hundred Thirty-Five Thousand Six Hundred Sixty-Three Only).
- The Scheme has a Call/Current account bank balance of NPR. 900,148,522 (Nine Hundred Million One Hundred Forty-Eight Thousand Five Hundred Twenty-Two Only) as on Balance Sheet date with the Fund Sponsor - Nepal Investment Mega Bank Limited (Then Nepal Investment Bank Ltd.)

17. 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.

18. Contingent Liability

The Fund have the following contingent liability in respect of underwriting commitments;

Underwriting Commitment to	For	Ashad End 2081	Ashad End 2080
Sun Nepal Life Insurance Co. Ltd.	IPO	-	12,99,99,872
Solu Hydropower Ltd.	IPO	200,000,000	-

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

Total Underwriting Commitment	200,000,000	12,99,99,872
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19. Proposed Dividend

The scheme has not proposed any dividend for fiscal year 2080/81

On Behalf of NIMB Ace Capital Limited

(Fund Management Company)

As per our Report of even date


Sachin Tibrewal
Chairman


Srijana Pandey
Director


CA. Rajesh Kumar Sah, FCA
Partner
N.B.S.M. & Associates,
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



NIBL  MUTUAL FUND
NIBL Sahabagita Fund