N. B. S. M. & Associates
Chartered Accountants
6th Floor, Block C & D, Four Square Complex
Narayan Chaur, Naxal, Kathmandu, Nepal

T +977.1.4533069
T +977.1.4515242
info@nbsm.com.np
www.nbsm.com.np

INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF NIC ASIA GROWTH FUND 2

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of NIC Asia Growth Fund 2 ("the Mutual Fund" which comprise the statement of financial position as at Ashad 32, 2082 [July 16, 2025], 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 32, 2082 (July 16, 2025) 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 Regualtions 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 Apporach 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

- 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.	been done at the closing transaction rate in NEPSE as on 32.03.2082.
2. Compliances	
- Mutual Fund requires to comply with the Securities Act 2063, Mutual Fund Regulation 2067, Mutual Fund Guidelines 2069. - In view of Significance of Compliance that needs to be adhered, we have considered as key audit matters in our audit.	Our audit approach regarding compliance with various laws and regulations includes the following among other things: - 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:

N.B.S.M. & Associates Chartered Accountants Kathmandu Nepal

- 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 evidences 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 evidences obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mutual Fund'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 evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Mutual Fund to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Mutual Fund to express an opinion on the financial statements.We are responsible for the direction, supervision, and performance of the Mutual Fund audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes pubic disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such comment.

Report on Other Legal and Regulatory Requirements

Based on our audit we further report that:

a) 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.

b) During our examination of the books of account of the scheme, we have not come across the cases where fund manager or any of the representative or staffs has acted contrary to the provision of law or caused loss or damage to the scheme.

c) The fund manager has maintained the required internal control system.

d) We have not come across any cases where the scheme has conducted any activities against the interest of unit holders and the capital market.

e) The scheme has effective interal 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

N. B. S. M. & Associates
Kathmandu
Nepal
Chartered Accountants

CA. Rajesh Kumar Sah, FCA
Senior Partner
Date : 2025/08/03

Place: Kathmandu, Nepal
UDIN : 250818CA00546xxXAq

NIC ASIA Growth Fund - 2
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Ltd.)
Balance Sheet As at 32nd Ashad 2082 (16th July 2025)

In NPR

Particulars	Annexure	Ashad End 2082	Ashad End 2081
Capital and Liabilities			
Unit Capital	I	905,000,000	905,000,000
Reserves and Surplus	II	70,042,823	6,113,995
Current Liabilities and Provisions	III	11,903,902	5,404,870
Total		**986,946,725**	**916,518,866**
Assets			
Investments in Debentures	IV	-	-
Investment in Fixed Deposit	V	125,000,000	125,000,000
Investments in Shares	VI	621,191,269	470,619,269
Bank Balances	VII	177,852,455	320,874,346
Other Current Assets	VIII	62,903,001	25,252
Total		**986,946,725**	**916,518,866**

Schedules and Explanatory Notes forms integral part of Balance Sheet

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

As per our Report of even date

NIC ASIA CAPITAL

Bimal Kumar Shah
Mutual Fund - Incharge

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
Chief Executive Officer

Date: 03/08/2025
Place : Kathmandu

NIC ASIA Growth Fund - 2
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement of Financial Position
As at 32nd Ashad 2082 (16th July 2025)

In NPR

Particulars	Notes	32nd Ashad 2082	31st Ashad 2081
Assets			
Non Current Assets			
Financials Assets Measured at Amotised Cost	5		
Current Assets			
Cash and Cash Equivalents	3	177,852,455	320,874,346
Other Assets	6	62,903,001	25,252
Financial Asset Measured at Amortised Cost	7	125,000,000	125,000,000
Financial Assets Held at Fair Value Through Profit or Loss	4	621,191,269	470,619,269
Total		**986,946,725**	**916,518,866**
Liabilities			
Current Liabilities			
Accrued Expenses & Other Payables	8	11,903,902	5,404,870
Liabilities (Excluding Net Assets Attributable to Unitholders)		**11,903,902**	**5,404,870**
Unit Holder's Funds			
Net Assets Attributable to Unit Holders	9	975,042,823	911,113,995
Total		**986,946,725**	**916,518,866**
NAV per Share		10.77	10.07

Significant Accounting Policies and Notes 3-9 forms integral part of Statement of Financial Position

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

As per our Report of even date

NIC ASIA CAPITAL

Bimal Kumar Shah
Mutual Fund- Incharge

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
Chief Executive Officer

Dinesh Bhari
Director

Santosh Kumar Rathi
Chairman

Suman Dangol
Independent Director

Nidhan Srestha
Director

Rabin Sapkota
Independent Director

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

Date: 03/08/2025
Place : Kathmandu

NIC ASIA Growth Fund - 2
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement of Profit or Loss and Other Comprehensive Income
For the Period from 1st Shrawan, 2081 to 32nd Ashadh, 2082 (16th July,2024 to 16th July, 2025)

In NPR

Particulars	Notes	FY 2081/82	FY 2080/81
Income			
Realised Income			
Interest Income	10	8,026,099	10,802,026
Dividend Income	11	6,978,877	1,097,494
Income From Sale of Financial Asset at Fair Value through Profit or Loss	12	41,131,029	-
Other Income	13	2,773	3,596
Unrealised Income			
Fair Value Gains/(Losses)	14	26,903,743	9,884,198
Total		83,042,521	21,787,314
Expenses and Losses			
Bank Charges		1,394	120
Depository Fee	15	1,929,984	1,062,518
Fund Management Fee	15	14,474,880	7,968,885
Software Expenses		-	67,800
Publication Expenses		430,618	97,459
Scheme Audit Fee		113,000	113,000
Supervisor Fee	15	964,992	531,259
Nepse Listing Fee		50,000	-
CDSC Annual Fee		120,000	-
Transaction Cost		1,028,826	-
Pre Operating Expenses	16	-	5,832,278
Total		19,113,694	15,673,319
Increase/(Decrease) in Net Assets Attributable to Unit holders		63,928,827	6,113,995
Other Comprehensive Income		-	-
Total Comprehensive Income		63,928,827	6,113,995

Significant Accounting Policies and Notes 10-15 forms integral part of Statement of Profit or Loss and Other Comprehensive Income

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

As per our Report of even date

NIC ASIA CAPITAL

Bimal Kumar Shah
Mutual Fund- Incharge

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
Chief Executive Officer

Dinesh Bhari
Director

Santosh Kumar Rathi
Chairman

Suman Dangol
Independent Director

Nidhan Shrestha
Director

Rabin Sapkota
Independent Director

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

Date: 03/08/2025
Place : Kathmandu

NIC ASIA Growth Fund - 2
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement of Cash Flows
For the Period from 1st Shrawan, 2081 to 32nd Ashadh, 2082 (16th July,2024 to 16th July, 2025)

In NPR

Particulars	FY 2081/82	FY 2080/81
A. Cash Flow from Operating Activities		
Surplus/ (Deficit) for the year	63,928,827	6,113,995
Adjustments for:		
(Increase)/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	(26,903,743)	(9,884,198)
Increase/(Decrease) in Liabilities	6,499,032	5,404,870
(Increase)/Decrease in Share	(123,668,257)	(460,735,070)
(Increase)/Decrease in Other Assets	(62,877,749)	(125,025,252)
Net cash generated/(used) in Operations (1)	(143,021,891)	(584,125,654)
B. Cash Flow from Financing Activities		
Increase/(Decrease) in Unit Capital	-	905,000,000
Dividend Paid during the year (net of tax)	-	-
Net cash generated/(used) in Financing (2)	-	905,000,000
C. Cash Flow from Investing Activities		
Net cash generated/(used) in Investing (3)	-	-
	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)	(143,021,891)	320,874,346
Cash and Cash Equivalents at beginning of the year/period	320,874,346	-
Cash and Cash Equivalents at end of period	177,852,455	320,874,346
Components of Cash and Cash Equivalents		
Balance with Banks	177,852,455	320,874,346

Significant Accounting Policies forms integral part of Statement of Cash Flows

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

As per our Report of even date

Bimal Kumar Shah
Mutual Fund- Incharge

Pragya Ratna Shakya
Chief Operating Officer

NIC ASIA CAPITAL

Ramendra Rayamajhi
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Director

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Independent Director

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

N.B.S.M. & Associates Chartered Accountants Kathmandu Nepal

Date: 03/08/2025
Place : Kathmandu

NIC ASIA Growth Fund - 2
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

Statement in Changes in Unit Holder's Fund
For the Period from 1st Shrawan, 2081 to 32nd Ashadh, 2082 (16th July,2024 to 16th July, 2025)

In NPR

Particular	Unit Capital	Realized Profit	Unrealized Profit	Total
Opening Balance	-	-	-	-
Issue of Unit Capital	905,000,000	-	-	905,000,000
Net Profit (Loss) Last Year	-	-	-	-
Net Profit (Loss) During the year	-	(3,770,203)	9,884,198	6,113,995
Dividend Paid	-	-	-	-
Balance as on 31/03/2081	905,000,000	(3,770,203)	9,884,198	911,113,995
Particular	**Unit Capital**	**Realized Profit**	**Unrealized Profit**	**Total**
Opening Balance	-	-	-	-
Issue of Unit Capital	905,000,000	-	-	905,000,000
Net Profit (Loss) Last Year	-	(3,770,203)	9,884,198	6,113,995
Net Profit (Loss) During the year	-	37,025,084	26,903,743	63,928,827
Dividend Paid	-	-	-	-
Balance as on 32/03/2082	905,000,000	33,254,881	36,787,942	975,042,823

NAV Per Share 10.77

Significant Accounting Policies forms integral part of Statement of Change in Unit Holder's Fund

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

As per our Report of even date

Bimal Kumar Shah
Mutual Fund- Incharge

Pragya Ratna Shakya
Chief Operating Officer

Ramendra Rayamajhi
Chief Executive Officer

Dinesh Bhari
Director

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Independent Director

Nidhan Shrestha
Director

Rabin Sapkota
Independent Director

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

Date: 03/08/2025
Place : Kathmandu

Significant Accounting Policies and Notes to the Financial Statements for the Year 1st Shrawan, 2081 to 32nd Ashad, 2082

1. **Background**

Fund:	**NIC ASIA Bank Mutual Fund**
Scheme:	**NIC ASIA Growth Fund 2**
Fund Sponsor:	**NIC ASIA Bank Limited (NICA)** (Licensed by NRB as Class "A" Bank)
Fund Management:	**NIC ASIA Capital Limited** (A subsidiary of NIC ASIA Bank Limited)
Fund Supervisors:	Mr. Bodh Raj Niraula Mr. Aashish Adhikari Mr. Shivaraj Ghimire Mr. Santosh Lamichhane Mr. Mahendra Nath Karmacharya
Total Units of Scheme:	90,500,000 (Ninety Million Five Hundred Thousand units)
Total Unit Capital:	NPR 905,000,000 (NPR Nine Hundred Five Million Only)
Scheme type:	Close-Ended

NIC ASIA Growth Fund 2 (the Scheme) under NIC ASIA Bank Mutual Fund (the Fund) is registered under Mutual Fund Regulations, 2067 as a closed-end, diversified investment scheme. The objective of the Fund is to diligently manage the fund with the aim of achieving a high return for unit holders, growth of both capital and income from investment in shares and fixed income securities and conservation of capital. The Scheme commenced its operation on 25th Mangsir 2080 (Scheme allotment date) B.S. with maturity period of 7 years (i.e., 24th Mangsir 2087 B.S.).

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

2. **Significant Accounting Policies**

2.1. **Basis of Preparation**

2.1.1. **Statement of compliance**

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

These financial statements also confirm the compliance with Securities Act, 2063, Mutual Fund Regulations, 2067, Mutual Fund Guidelines, 2069.

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

2.1.2. Accounting Convention

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

Fair Value Measurement

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and

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

Fair Value in an Active Market (Level 1)

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

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

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

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

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

- Equities which are listed but no transactions are made within the last 30 days is valued at 180 days Closing Average Market price provided by NEPSE and Equities which are listed but no transactions are made within the last 180 days is valued, taking lower of cost of acquisition or netbook value of stock as published in the latest quarterly report.
- In the event of a trading halt of the scrip due to merger & acquisition, the last traded price should be taken.
- In case of unprecedented events, where no prescriptive guidelines are proposed to value securities/ portfolios. The following type of events could be classified as unprecedented events where current market information may not be available/ sufficient for valuation of securities:
  - Major policy announcements by Government or NRB or other regulatory Parties
  - Natural Disasters, Disease Outbreak, Wars, or any other events that create public disturbances which force the market to close unexpectedly.
    Under such circumstances capital shall seek the guidance of the company's board in deciding an appropriate methodology for valuation of the stocks.
  - However, the above events will not be accounted for valuation as above, stocks trading within 30 days.

- IPO (Initial Public Offerings) investments shall be valued as:
  - IPO investments are investments made to apply for the securities in IPO till Listing.
  - IPO investments are valued as advance for application amount till allotment at exact amount applied for.
  - After allotment of IPO till listing and if listed but not traded, IPO investments are valued at investment value.

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

2.1.3. Responsibility for Financial Statements

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

2.1.4. Going Concern Assumption

NIC ASIA Growth Fund 2 is a closed-ended fund with maturity of seven years from the allotment of units. As the scheme is in second year of operation and since the fund managers, supervisors, and sponsors cannot liquidate the scheme before the maturity of the scheme by application of statute, the scheme's financial statements have been prepared undergoing concern assumption.

2.1.5. Approval of Financial Statements

The Scheme's Financial Statements were approved by the Board of Directors of the NIC ASIA Capital Limited on 18th Shrawan, 2082 being the Fund Management and Depository Company. Similarly, information regarding the approval of Financial Statements has been shared with Fund Supervisors.

2.1.6. Reporting Period and Approval of Financial Statements

This year's figure consists of the period from 1st Shrawan 2081 to 32nd Ashad 2082 where comparison figure consists of the period from 25th Mangsir 2080 to 31st Ashad 2081.

2.1.7. Functional and Presentation Currency

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

2.1.8. Use of Estimates, Assumptions and Judgments

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

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

NIC ASIA CAPITAL

B.S.H. & Associates Kathmandu Nepal Chartered Accountants

1.9. Financial Instruments

The Fund's principal financial assets comprise assets such as equities, other assets, bonds and debentures, fixed deposit and cash and cash equivalents. 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.

a) Classification

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

- **Financial assets measured at amortized cost:**
  A financial asset is measured at amortized cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets measured at fair value:**
  Financial assets other than those measured at amortized cost are measured at fair value. They are further classified into two categories as below:
  - Financial assets are measured at fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Such assets are subsequently measured at fair value and changes in fair value are recognized in the Statement of Profit or Loss. It includes Investment in Equity Instruments.
  - Financial assets are measured at fair value through other comprehensive income if the Investment in an equity instrument that is not held for trading and at the initial recognition, the Fund makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as financial assets at fair value though other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income. However, Fund doesn't have investment satisfying the criteria to be classified as FVTOCI.

- **Financial Liabilities**
  The Fund classifies its financial liabilities as follows:
  - **Financial Liabilities at Fair Value through Profit or Loss:**
    Financial liabilities are classified at fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs directly attributable to the acquisition are recognized in the Statement of Profit or Loss as incurred. Subsequent changes in fair value are recognized at profit or loss.
  - **Financial Liabilities measured at amortized cost:**
    Financial liabilities other than those measured at fair value though profit or loss are classified as subsequently measured at amortized cost using an effective interest rate method.

b) Recognition / De- recognition

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

De-recognition of Financial Asset

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

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

De-recognition of Financial Liabilities

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

c) **Measurement**

Initial Measurement

A financial asset or financial liability is measured initially at fair value. However, the transaction costs of financial assets carried at fair value through profit or loss are recorded separately under the heading "Transaction cost" in accordance with the NFRS 9 Financial Instrument.

Subsequent Measurement

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

Financial assets are valued at the cost of acquisition.

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

Measurement of Financial Assets/Liabilities at Fair Value

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

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

Financial Assets Measured at Amortized Cost

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

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

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

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

Receivables

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

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

3. **Cash and Cash Equivalent**

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

In NPR

S.N.	Particulars	Ashad End 2082	Ashad End 2081
1	NIC Asia Bank Limited	177,852,455	320,874,346
	Total Amount	**177,852,455**	**320,874,346**

Financial assets held at fair value through profit or loss

In NPR

S.N.	Name	2081-82		
		Unit	Value per unit	Value Amount
	LISTED			
1	Prabhu Bank Limited	29,500	221.89	6,545,755
2	Global IME Bank Limited	10,000	259.57	2,595,700
3	Prime Commercial Bank Limited	19,500	276.31	5,388,045
4	Sanima Bank Limited	14,500	374.77	5,434,165
5	Nepal Investment Mega Bank Limited	36,495	231.02	8,431,075
6	NMB Bank Limited	25,000	269.72	6,743,000
7	Nabil Bank Limited	58,797	541.37	31,830,932
8	Nepal SBI Bank Limited	10,000	439.98	4,399,800
9	Shine Resunga Development Bank Limited	60,371	431.97	26,078,461
10	Muktinath Bikas Bank Limited	64,500	405.92	26,181,840
11	Lumbini Bikas Bank Limited	18,351	480.69	8,821,142
12	Garima Bikas Bank Limited	49,500	428.36	21,203,820
13	Kamana Sewa Bikas Bank Limited	9,500	500.69	4,756,555
14	Api Power Company Limited	19,050	295.92	5,637,276
15	Siddhartha Premier Insurance Limited	52,000	840.35	43,698,200
16	Suryajyoti Life Insurance Company Limited	30,171	446.69	13,477,084
17	Himalayan Life Insurance Limited	45,775	407.11	18,635,460
18	Asian Life Insurance Company Limited	52,292	498.36	26,060,241
19	Neco Insurance Limited	39,071	710.36	27,754,476
20	National Life Insurance Company Limited	23,350	623.58	14,560,593
21	Nepal Insurance Company Limited	33,457	645.18	21,585,787
22	Citizen Life Insurance Company Limited	28,505	474.24	13,518,211
23	IME Life Insurance Company Limited	29,866	462.02	13,798,689

24	Reliable Nepal Life Insurance Limited			
25	Sun Nepal Life Insurance Company Limited	22,029	476.68	10,500,784
26	Sanima GIC Insurance Limited	19,500	490.64	9,567,480
27	IGI Prudential Insurance Limited	28,950	609.99	17,659,211
28	Prabhu Insurance Limited	33,779	556.99	18,814,565
29	Himalayan Everest Insurance Limited	27,000	921.26	24,874,020
30	Nepal Doorsanchar Company Limited	40,510	616.36	24,968,744
31	Kumari Sabal Yojana	27,795	877.27	24,383,720
32	NIBL Stable Fund	3,000,000	10.00	30,000,000
33	First Micro Finance Laghubitta Bittiya Sanstha Limited	1,500,000	9.89	14,835,000
34	Chhimek Laghubitta Bittiya Sanstha Limited	6,000	799.08	4,794,480
35	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	5,000	1,035.98	5,179,900
36	Nepal Investment Mega Bank Limited Promoter Share	22,726	884.41	20,099,102
37	Agricultural Development Bank Limited	12,326	168.00	2,070,768
38	Pure Energy Limited	15,410	327.13	5,041,073
39	Guardian Micro Life Insurance Limited	862	871.71	751,414
40	Nepal Micro Insurance Company Limited	1,471	2,194.29	3,227,801
41	Crest Micro Life Insurance Limited	1,516	1,559.40	2,364,050
42	Muktinath Mutual Fund-1	1,515	1,364.36	2,067,005
43	Garima Samriddhi Yojana	250,000	9.90	2,475,000
44	NMB Hybrid Fund L-II	650,000	9.95	6,467,500
45	Om Megashree Pharmaceuticals Limited	500,000	9.06	4,530,000
46	Trade Tower Limited	1,082	1,517.76	1,642,216
		2,094	100.00	209,400
	UNLISTED			
1	Sanvi Energy Limited - IPO	1,536	100.00	153,600
2	Him Star Urja Company Limited - IPO	487	100.00	48,700
3	Bikash Hydropower Company Limited- IPO	1,855	100.00	185,500
4	Asian Life Insurance Company Limited - Value of Right	26,374	520.03	13,715,271
5	Nepal Insurance Company Limited - Value of Right	11,061	606.65	6,710,156
6	Reliable Nepal Life Insurance Limited- Bonus	2,643	476.68	1,259,865
7	Asian Life Insurance Company Limited - Bonus	4,420	498.36	2,202,751
8	National Life Insurance Company Limited - Bonus	1,650	623.58	1,028,907
9	Neco Insurance Limited - Bonus Share	3,135	710.36	2,226,979
	Grand Total	**6,982,277**		**621,191,269**

S.N.	Name	FY - 2080-81		
		Units	Value per unit	Value Amount
	LISTED			
1.	Prabhu Bank Limited	35,996	163.70	5,892,545
2.	Global IME Bank Limited	42,893	194.20	8,329,821
3.	Prime Commercial Bank Limited	71,996	221.80	15,968,713
4.	Sanima Bank Limited	56,498	279.00	15,762,942
5.	Nepal Investment Mega Bank Limited	33,601	175.10	5,882,535
6.	NMB Bank Limited	28,997	218.00	6,321,346
7.	Nabil Bank Limited	26,885	524.00	14,087,740
8.	Nepal SBI Bank Limited	15,505	328.00	5,085,640
9.	Shine Resunga Development Bank Limited	47,000	405.10	19,039,700

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10.	Muktinath Bikas Bank Limited	48,811	367.00	17,913,637
11.	Lumbini Bikas Bank Limited	30,080	416.60	12,531,328
12.	Garima Bikas Bank Limited	57,154	385.10	22,010,005
13.	Kamana Sewa Bikas Bank Limited	12,000	416.00	4,992,000
14.	Sanima Mai Hydropower Limited	10,000	339.50	3,395,000
15.	Api Power Company Limited	15,000	191.00	2,865,000
16.	Siddhartha Premier Insurance Limited	24,997	859.90	21,494,920
17.	Suryajyoti Life Insurance Company Limited	6,184	429.90	2,658,502
18.	Himalayan Life Insurance Limited	25,000	391.00	9,775,000
19.	Asian Life Insurance Company Limited	47,792	623.00	29,774,416
20.	NLG Insurance Company Limited	19,502	794.90	15,502,140
21.	Neco Insurance Limited	18,591	836.00	15,542,076
22.	National Life Insurance Company Limited	25,586	595.00	15,223,670
23.	Nepal Insurance Company Limited	21,213	880.00	18,667,440
24.	Citizen Life Insurance Company Limited	22,146	544.60	12,060,712
25.	IME Life Insurance Company Limited	11,997	453.00	5,434,641
26.	Reliable Nepal Life Insurance Limited	10,800	458.00	4,946,400
27.	Sun Nepal Life Insurance Company Limited	14,981	511.30	7,659,785
28.	Sanima GIC Insurance Limited	15,000	577.00	8,655,000
29.	IGI Prudential Insurance Limited	12,000	558.00	6,696,000
30.	Prabhu Insurance Limited	23,846	826.00	19,696,796
31.	Himalayan Everest Insurance Limited	21,100	632.00	13,335,200
32.	Nepal Doorsanchar Company Limited	19,795	845.00	16,726,775
33.	Kumari Sabal Yojana	3,000,000	10.00	30,000,000
34.	Sarbottam Cement Limited	2,388	806.50	1,925,922
35.	NIBL Stable Fund	1,500,000	10.00	15,000,000
36.	Hydroelectricity Investment and Development Company Limited Promoter	8,000	103.00	824,000
37.	First Micro Finance Laghubitta Bittiya Sanstha Limited	16,125	681.00	10,981,125
38.	Chhimek Laghubitta Bittiya Sanstha Limited	16,445	900.00	14,800,500
39.	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	11,208	853.70	9,568,270
	UNLISTED			
1.	Prabhu Insurance Limited - Bonus	496	826.00	409,696
2.	Sun Nepal Life Insurance Company Limited - Bonus share	3,565	511.30	1,822,785
3.	IME Life Insurance Company Limited - Bonus Share	2,999	453.00	1,358,547
	Grand Total	**5,434,172**		**470,619,269**

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

There are not any assets representing financial assets held at amortized cost currently held by the scheme.

6. Other Assets:

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

In NPR

S.N.	Particulars	Ashad End 2082	Ashad End 2081
3	Broker Receivables	62,819,025	7,228
3	Dividend Receivables	83,976	18,024
	Total Amount	**62,903,001**	**25,252**

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5. Fund Management, Depository & Supervisor Fees

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

(a) Fund Management fees: 1.5% of NAV

(b) Fund Supervisor Fees: 0.1% of NAV

(c) Depository Fess: 0.2% of NAV

NAV (Net Asset Value) for this purpose is computed based on quarterly average of weekly NAV as per mutual fund regulation, 2067 rule 23(1). The fee for FY 2081/82 is booked at the end of Ashad.

Particular	Ashad End, 2082	Ashad End, 2081
Fund Management	14,474,880	7,968,885
Depository	1,929,984	1,062,518
Supervisory Fee	964,992	531,259
Total	**17,369,856**	**9,562,662**

16. Pre-Operating Expenses

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

Particular	Ashad End, 2082	Ashad End, 2081
Pre-Operating Cost	-	5,832,278
Total	**-**	**5,832,278**

17. Other Information

17.1. Securities Transactions

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

.2. Risk Management

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

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

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

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

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

.2.1 Market Risk:

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. The 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

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

Particulars	Ashad End, 2082	Ashad End, 2081
Fixed Deposit- NIC Asia Bank Limited	125,000,000	125,000,000
Total Amount	**125,000,000**	**125,000,000**

8. **Financial Liabilities**

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

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

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

S.N.	Particulars	Ashad End 2082	Ashad End 2081
1	Broker Payable	6,262,240	-
2	Time Media	70,600	38,421
3	Scheme Audit Fee Payable	111,500	111,500
4	Fund Management Fee Payable	3,570,785	3,363,590
5	Depository Fee Payable	476,105	448,479
6	Supervisor Fee Payable	205,426	193,506
7	TDS Payable	99,379	97,225
8	Other Current Liabilities	1,767	1,152,150
9	Right Advance Payable	1,106,100	-
	Total Amount	**11,903,902**	**5,404,870**

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

Particulars	Ashad End, 2082	Ashad End, 2081
Fund Capital	905,000,000	905,000,000
Reserve	70,042,823	6,113,995
Total	**975,042,823**	**911,113,995**

9.1. **Fund Capital**

The capital of the Scheme comprises of the following

Particulars	Ashad End, 2082	Ashad End, 2081
Unit Capital Account	750,749,300	750,749,300
Unit Seed Capital Account	154,250,700	154,250,700
Total	**905,000,000**	**905,000,000**

9.2. **Reserve**

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

Particulars	Ashad End, 2082	Ashad End, 2081
Opening Reserve	6,113,995	-
Dividend Paid	-	-
Add: Current Year Profit	63,928,827	6,113,995
NFRS and Prior Period Adjustments	-	-
Total	70,042,823	6,113,995

10. Interest Income from Financial Assets

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

Particulars	Ashad End, 2082	Ashad End, 2081
Bank Interest Income Realized	8,026,099	10,802,026
Total	8,026,099	10,802,026

1. Dividend Income

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

Particulars	Ashad End, 2082	Ashad End, 2081
Dividend Income Realized	6,894,901	1,079,471
Dividend Income Unrealized	83,976	18,023
Total	6,978,877	1,097,494

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

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

Particulars	Ashad End, 2082	Ashad End, 2081
Capital Gain	41,131,029	-
Net Capital Gain/(Loss)	41,131,029	-

13. Other Income

Particulars	Ashad End, 2082	Ashad End, 2081
Other Income	2,773	3,596
Net Capital Gain/(Loss)	2,773	3,596

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

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

Particulars	Ashad End, 2082	Ashad End, 2081
Unrealized Gain/(Loss) on Financial Asset Held for Trade	26,903,743	9,884,198
Net Capital Gain/(Loss)	26,903,743	9,884,198

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fair value through profit or loss and assets. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

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

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

Investment Threshold

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

b. Foreign Exchange Rate Risk

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

c. Cash Flow and Fair Value Interest Rate Risk

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

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

17.2.2 Liquidity Risk:

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

NIC ASIA Growth Fund 2 is listed in Nepal Stock Exchange. The fund's listed securities are considered readily realizable, as all are listed on the Nepal Stock Exchange.

In accordance with the fund's policy, the Management Company monitors the fund's liquidity position daily.

17.2.3 Credit Risk:

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

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

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

In accordance with the Fund's policy, the capital monitors the fund's credit position daily. The fund can maximize the returns derived for the level of risk to which the fund is exposed.

17.2.4 Operational Risk:

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

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17.3. Taxation

The Finance Act FY 2078/79 included Mutual Funds under Section 10 of the Income Tax Act, 2058 as tax-exempt entities. TDS on return from the mutual fund (i.e., dividend) paid to an individual is deducted at 5% which is final withholding, and to an entity tax deducted at 15% (which is not final withholding). Therefore, the fund management is of the view that return from the Scheme is duly taxed as per the principle of income tax and is not subject to further tax liability for FY 2081/82.

17.4. Net Asset Value (NAV) per unit

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

7.5. Net Assets Attributable to Unit Holders

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units, and each unit has the same rights attached 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 daily as the Fund is subject to daily changes in Market Price of Share at Nepal Stock Exchange.

17.6. Reporting

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

17.7. Related Party Transactions

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

Name of the Related Party	Nature of the Relationship	Nature of the transaction	Amount (NPR)
NIC ASIA Bank Limited	Fund Sponsor	Unit Holding (at par value of NPR 10 per unit)	150,000,000
		Call account deposit as on Ashad end 2082	177,852,455
		Interest earned from call deposit for FY 2081/82	2,463,352
		Interest earned from Fixed Deposits for FY 2081/82	5,562,747
NIC ASIA Capital Limited (a subsidiary of sponsor NIC ASIA Bank Limited)	Fund Manager and Depository	Fund Management and Depository Fee	16,404,864
		Unit Holding (at par value of NPR 10 per unit)	4,250,700
		Payable as on Ashad end 2082	4,046,890

Further, the following disclosures are made:

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

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17.8. Employee Related Expenses

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

17.9. Contingent Liability

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

NIC ASIA CAPITAL

H. B. S. M. & Associates
Kathmandu
Nepal
Chartered Accountants