

INDEPENDENT AUDITOR'S REPORT

To the Fund Manager and Unit Holders of NIC ASIA Select 30 (Index Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **NIC ASIA Select 30 (Index Fund) (the Scheme)**, which comprise the Statement of Financial Position as at 32nd Ashad 2082, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Unit Holder's Fund and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of Significant Accounting Policies and Notes to Accounts.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NIC ASIA Select 30 (Index Fund) as at 32nd Asadh 2082, and its financial performance and its cash flows for the period then ended in accordance with Nepal Financial Reporting Standards (NFRS) and Mutual Fund Regulations, 2067.

Basis for 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 Scheme in accordance with the Institute of Chartered Accountants of Nepal's *Code of Ethics for Professional Accountants 2023* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our 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:

Key Audit Matters	How the key audit matters were addressed
Existence and valuation of investment (Refer to Note 2 significant accounting policies and Note 4, 5 and 7 of the financial statements.)	
The fund's portfolio of investments is the most significant asset of the fund. As of 32nd Ashad 2082, the portfolio primarily consisted of listed equity	We performed the following procedures in relation to existence and valuation of investments. documenting and understanding the processes in place to record investment

Key Audit Matters	How the key audit matters were addressed
shares, unlisted equity shares and fixed income securities. Given the materiality of the investment portfolio within the financial statements, it is considered a significant area for audit. There is a risk related to the existence of the investments and the proper determination of their fair value. Therefore, the existence and valuation of the investments are identified as key audit matters.	transactions and to value the portfolio as well as assessing the design and implementation of controls over valuation and existence of investments. • trace the quantity held from the confirmation with the books as at period end. • test the valuation of the investments as per the approved investment valuation policy and in accordance with the Mutual Funds Regulations.

Other Information

Management is responsible for the other information. The other information comprises the annual report but does not include the financial statements and our auditor's report thereon. Such information is expected to be made available to us after the date of this auditor's report.

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

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

When we read such information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risk of material misstatement of the financial statement whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, actions taken to eliminate threats or safeguards applied.



Report on Other Legal and Regulatory Requirements

As required by the Mutual Fund Regulation, 2067 issued by Securities Board of Nepal (SEBON), we report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. Proper books of account as required by law have been kept by the Scheme so far as it appeared from our examination of those books. The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by Accounting Standards Board (ASB) of Nepal and pronounced by the Institute of Chartered Accountants of Nepal (ICAN). These financial statements also confirm the compliance with Securities Act, 2063, Mutual Fund Regulations, 2067, Mutual Fund Guidelines, 2069 and are in agreement with the books of accounts maintained by the scheme.
- During our examination of the books of account of the Scheme, we have not come across cases where any office holder or any employee of the Scheme has acted contrary to the provisions of law to cause loss or damage to the Scheme.
- The scheme has maintained the necessary internal control system.
- We have not come across any cases where the Scheme has conducted activities against the interest of unit holders and the capital market.
- The internal audit of the Scheme is carried out as part of Fund Manager's internal audit on periodic basis and the internal audit so carried out is effective.
- The scheme has invested its fund according to the Mutual Fund Regulation, 2067.
- The operations of the Scheme were found satisfactory, and nothing came to our attention that causes us to believe otherwise.


CA. Shankar Thapa,
Partner,
Shankar Associates,
Chartered Accountants



UDIN: 250829CA00914KRy2C

Place: Kathmandu
Date: 2025-08-03

NIC ASIA Select 30 (Index Fund)
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

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

In NPR

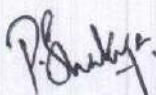
Particulars	Notes	Ashad End 2082	Ashad End 2081
Assets			
Current Assets			
Cash and Cash Equivalents	3	224,981,966	270,858,135
Financial Assets Held at Fair Value Through Profit or Loss	4	1,053,599,471	959,230,065
Financial Asset Measured at Amortised Cost	5	117,500,000	192,500,000
Other Assets	6	48,559,754	16,270,782
Non Current Assets			
Financial Asset Measured at Amortised Cost	7		
Fixed Deposit			
Total		1,444,641,191	1,438,858,981
Liabilities			
Financial Liabilities (Current)	8		
Accrued Expenses & Other Payables		39,198,853	6,523,002
Liabilities (Excluding Net Assets Attributable to Unitholders)		39,198,853	6,523,002
Unit Holder's Funds			
Net Assets Attributable to Unit Holders	9	1,405,442,338	1,432,335,979
Total		1,444,641,191	1,438,858,981
NAV per Share		11.24	11.46

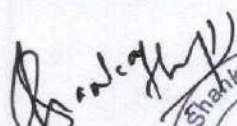
Explanatory Notes form integral part of Financial Statement

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

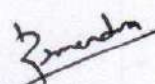
As per our Report of even date


Bimal Kumar Shah
Mutual Fund - Incharge


Pragya Ratna Shakya
Chief Operating Officer


CA Shankar Thapa
Partner
Shankar Associates
Chartered Accountants

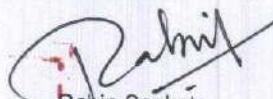



Ramendra Rayamajhi
Chief Executive Officer


Santosh Kumar Rathi
Chairman


Dinesh Bhari
Director


Nidhaan Shrestha
Director


Rabin Sapkota
Independent Director


Suman Dangol
Independent Director



Date: 03/08/2025
Place : Kathmandu

NIC ASIA Select 30 (Index Fund)
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

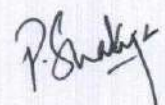
Statement of Profit or Loss and Other Comprehensive Income
For the Period from 1st Shrawan, 2081 to 32nd Asadh, 2082 (16th July, 2024 to 16th July, 2025)

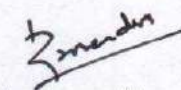
In NPR

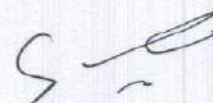
Particulars	Notes	FY 2081/82	FY 2080/81
Income			
Realised Income			
Interest Income	10	14,824,300	52,753,683
Dividend Income	11	17,002,286	5,094,167
Gain on Sale of Equity Stocks	12	103,709,286	22,062,825
Other Income		125,000	344,213
Unrealised Income			
Fair Value Gains/(losses)	13	41,209,531	35,403,851
Total		176,870,383	115,658,739
Expenses and Losses			
NEPSE Listing Fee		50,000	50,000
Bank Charges		2,536	1,297
Book Building Licence Fee		5,000	5,000
CDSC Listing and Software Fee		170,000	170,000
Depository Fee		2,816,745	2,695,989
Fund Management Fee		21,125,591	20,219,916
Software Expenses		-	135,600
Publication Expenses		377,823	158,057
Scheme Audit Fee		113,000	113,000
Sebon Fee		3,750	7,500
Supervisor Fee		1,408,373	1,347,994
Transaction Cost		2,691,155	956,034
Other Expenses		50	-
Total		28,764,023	25,860,387
Profit (Loss) for the period		148,106,359	89,798,352
Other Comprehensive income			
Increase/(Decrease) in Net Assets Attributable to Unitholders		148,106,359	89,798,352

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

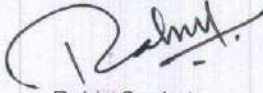

Bimal Kumar Shah
Mutual Fund - Incharge


Pragya Ratna Shakya
Chief Operating Officer


Ramendra Rayamajhi
Chief Executive Officer


Santosh Kumar Rathi
Chairman

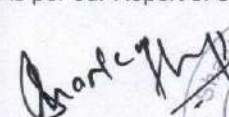

Nidhaan Shrestha
Director

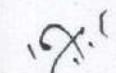

Rabin Sapkota
Independent Director

Date: 03/08/2025
Place : Kathmandu



As per our Report of even date


CA Shankar Thapa
Partner
Shankar Associates,
Chartered Accountants


Dinesh Bhari
Director


Sunan Dangol
Independent Director

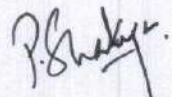
NIC ASIA Select 30 (Index Fund)
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

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

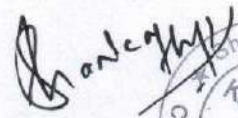
Particulars	In NPR	
	FY 2081/82	FY 2080/81
A. Cash Flow from Operating Activities		
Surplus/ (Deficit) for the year	148,106,359	89,798,352
Adjustments for:		
(Increase)/Decrease in Unrealised (gain)/loss on financial assets held for trading purposes	(41,209,531)	(35,403,851)
Increase/(Decrease) in Liabilities	32,675,851	(18,553,646)
(Increase)/Decrease in Share	(53,159,875)	(282,292,183)
(Increase)/Decrease in Other Assets	42,711,027	(83,120,117)
Net cash generated/(used) in Operations (1)	129,123,831	(329,571,444)
B. Cash Flow from Financing Activities		
Increase/(Decrease) in Unit Capital	-	-
Dividend Paid during the year (net of tax)	(175,000,000)	-
Net cash generated/(used) in financing (2)	(175,000,000)	-
C. Cash Flow from Investing Activities		
Net cash generated/(used) in investing (3)	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)	(45,876,169)	(329,571,444)
Cash and Cash Equivalents at beginning of the year/period	270,858,135	600,429,579
Cash and Cash Equivalents at end of period	224,981,966	270,858,135
Components of Cash and Cash Equivalents		
Balance with Banks	224,981,966	270,858,135

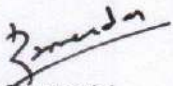
On Behalf of NIC ASIA Capital Limited
(Fund Management Company)


Bimal Kumar Shah
Mutual Fund - Incharge


Pragya Ratna Shakya
Chief Operating Officer

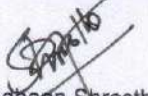
As per our Report of even date

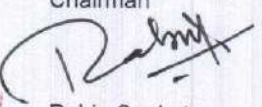

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Director


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Rabin Sapkota
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Suman Dangol
Independent Director

Date: 03/08/2025
Place : Kathmandu



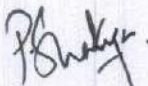
NIC ASIA Select 30 (Index Fund)
(Sponsored by NIC ASIA Bank Limited and Managed by NIC ASIA Capital Limited)

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

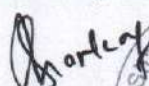
Particular	Unit Capital	Realized Profit	Unrealized Profit	Total	In NPR
Opening Balance	-	-	-	-	-
Issue of Unit Capital	1,250,000,000	-	-	1,250,000,000	-
Net Profit (Loss) Upto Last Year	-	122,295,310	(29,757,683)	92,537,627	-
Net Profit (Loss) During the year	-	54,394,501	35,403,851	89,798,352	-
Dividend Paid	-	-	-	-	-
Balance as on 31/03/2081	1,250,000,000	176,689,811	5,646,168	1,432,335,979	
Opening Balance	-	-	-	-	-
Issue of Unit Capital	1,250,000,000	-	-	1,250,000,000	-
Net Profit (Loss) Upto Last Year	-	176,689,811	5,646,168	182,335,979	-
Net Profit (Loss) During the year	-	106,896,828	41,209,531	148,106,359	-
Dividend Paid	-	(175,000,000)	-	(175,000,000)	-
Balance as on 32/03/2082	1,250,000,000	108,586,640	46,855,699	1,405,442,338	

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

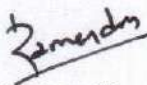

Bimal Kumar Shah
Mutual Fund - Incharge

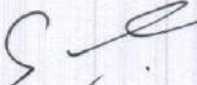

Pragya Ratna Shakya
Chief Operating Officer

As per our report of even date

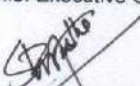

CA Shankar Thapa
Partner
Shankar Associates
Chartered Accountants

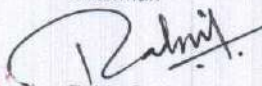



Ramendra Rayamajhi
Chief Executive Officer


Santosh Kumar Rathi
Chairman


Dinesh Bhari
Director


Nidhan Shrestha
Director


Rabin Sapkota
Independent Director


Suman Dangol
Independent Director

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 Select 30 (Index Fund)
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:	125,000,000 (One Hundred Twenty-Five Million units)
Total Unit Capital:	NPR 1,250,000,000 (NPR One Billion Two Hundred Fifty Million Only)
Scheme type:	Close-Ended

NIC ASIA Select 30 (Index Fund) (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 20th Ashad 2078 (Scheme allotment date) B.S. with maturity period of 7 years (i.e., 19th Ashad, 2085 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 a member of the Institute of Chartered Accountants of Nepal.



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.

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 case of a trading halt of the scrip due to merger & acquisition, the last traded price is 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 Assets Management Company 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 are 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, the 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 Directors of Fund Manager is responsible for the preparation and presentation of Financial Statements of the fund.

2.1.4. Going Concern Assumption

NIC ASIA Select 30 (Index Fund) is a closed-ended fund with maturity in seven years from the allotment of units. As the scheme is in fourth 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.

2.1.6. Reporting Period and Approval of Financial Statements

These financial statements for the year ended 32nd Ashad, 2082. The comparative information covers the period from 1st Shrawan 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 is



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.

2.1.9. Financial Instruments

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

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 instruments 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 through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income. However, Fund does not 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 through 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 now recorded separately under the heading "Transaction cost" in accordance with the NFRS 9 Financial Instruments.

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 the Statement of Profit or Loss.



value through other comprehensive income are recognized in other comprehensive income. However, equity instruments classified under this category, the transaction cost during purchase of such instruments are expensed 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 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.

- 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).
- 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 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	223,108,377	270,653,603
2	Jyoti Bikas Bank Limited	25,637	25,330
3	Kumari Bank Limited	-	16,517
4	Shangri-la Development Bank Limited	14,075	13,782
5	Muktinath Bikas Bank Limited	1,350,079	3,021
6	Mahalaxmi Bikas Bank Limited	469,312	136,439
7	Lumbini Bikash Bank Limited	14,486	9,443
	Total Amount:	224,981,966	270,858,135

4. **Financial assets are held at fair value through profit or loss.**

The details of financial assets held at fair value through profit or loss are as follows:

S.N.	Name	Ashad End 2082			
		Units	Value per unit	Value Amount	Fair Value Hierarchy
	LISTED				
1	Prime Commercial Bank Limited	104,000	276.31	28,736,240	Level 1
2	Sanima Bank Limited	77,925	374.77	29,203,952	Level 1
3	Nepal Bank Limited	105,537	291.44	30,757,703	Level 1
4	Agricultural Development Bank Limited	146,348	327.13	47,874,821	Level 1
5	Citizens Bank International Limited	121,625	228.28	27,764,555	Level 1
6	Machhapuchhre Bank Limited	153,619	259.41	39,850,305	Level 1
7	Prabhu Bank Limited	119,897	221.89	26,603,945	Level 1
8	Garima Bikas Bank Limited	60,000	428.36	25,701,600	Level 1
9	Mahalaxmi Bikas Bank Limited	89,500	411.67	36,844,465	Level 1
10	National Life Insurance Company Limited	91,118	623.58	56,819,362	Level 1
11	Nirdhan Utthan Bank Limited	51,454	768.71	39,553,204	Level 1
12	Prabhu Insurance Company Limited	63,500	921.26	58,500,010	Level 1
13	Muktinath Bikas Bank Limited	5,000	405.92	2,029,600	Level 1
14	NIBL Growth Fund	1,000,000	9.86	9,860,000	Level 1
15	Sunrise Focused Equity Fund	1,500,000	10.04	15,060,000	Level 1
16	Shine Resunga Development Bank Limited	53,400	431.97	23,067,198	Level 1
17	Suryajyoti Life Insurance Company Limited	129,102	446.69	57,668,572	Level 1
18	Siddhartha Premier Insurance Limited	85,740	840.35	72,051,609	Level 1
19	Nepal Insurance Company Limited	62,979	645.18	40,632,791	Level 1
20	Asian Life Insurance Company Limited	99,960	498.36	49,816,066	Level 1
21	Sagarmatha Lumbini Insurance Company Limited	105,000	726.09	76,239,450	Level 1
22	IGI Prudential Insurance Limited	59,657	556.99	33,228,352	Level 1
23	Himalayan Life Insurance Limited	111,411	407.11	45,356,532	Level 1
24	Api Power Company Limited	35,000	295.92	10,357,200	Level 1
25	Himalayan Everest Insurance Limited	61,585	616.36	37,958,531	Level 1
26	Siddhartha Investment Growth Scheme 3	653,300	10.44	6,820,452	Level 1
27	Citizens Super 30 Mutual Fund	1,500,000	10.08	15,120,000	Level 1

29	NIBL Stable Fund	3,000,000	9.89	29,670,000	Level 1
30	Pure Energy Limited	815	871.71	710,444	Level 1
31	Guardian Micro Life Insurance Limited	1,422	2,194.29	3,120,280	Level 1
32	Nepal Micro Insurance Company Limited	1,513	1,559.40	2,359,372	Level 1
33	Crest Micro Life Insurance Limited	1,511	1,364.36	2,061,548	Level 1
34	NMB Hybrid Fund L-II	1,000,000	9.06	9,060,000	Level 1
35	Om Megashree Pharmaceuticals Limited	1,028	1,517.76	1,560,257	Level 1
36	Reliable Samriddhi Yojana	1,500,000	9.93	14,895,000	Level 1
37	Trade Tower Limited	1,966	100.00	196,600	Level 1
	Sub-Total (A)	12,654,912		1,012,110,019	
	Unlisted				
1	Sanvi Energy Limited - IPO	1,443	100.00	144,300	Level 2
2	Him Star Urja Company Limited - IPO	453	100.00	45,300	Level 2
3	Bikash Hydropower Company Limited- IPO	1,729	100.00	172,900	Level 2
4	Asian Life Insurance Company Limited -Value of Right	43,245	520.03	22,489,217	Level 3
5	Nepal Insurance Company Limited - Value of Right	17,937	606.65	10,881,481	Level 3
6	National Life Insurance Company Limited - Bonus Share	5,000	623.58	3,117,900	Level 2
7	Asian Life Insurance Company Limited - Bonus Share	7,226	498.36	3,601,149	Level 2
8	Himalayan Reinsurance Limited - Bonus Share	1,124	922.78	1,037,205	Level 2
	Sub-Total (B)	78,157		41,489,453	
	Grand Total	12,733,069		1,053,599,471	

The details of the previous year's figures are as follows:

S.N.	Name	Ashad End 2081			
		Units	Value	Value	Fair Value Hierarchy
			per unit	Amount	
	LISTED				
1	Everest Bank Limited	42,848	560	23,994,880	Level 1
2	Mero Microfinance Bittiya Sanstha Limited	4,736	700	3,315,200	Level 1
3	Prime Commercial Bank Limited	99,789	222	22,133,200	Level 1
4	Sanima Bank Limited	108,865	279	30,373,335	Level 1
5	Nepal Bank Limited	96,537	230	22,155,242	Level 1
6	Agricultural Development Bank Limited	88,038	294	25,883,172	Level 1
7	Citizens Bank International Limited	67,759	194	13,111,367	Level 1
8	Machhapuchhre Bank Limited	106,909	200	21,381,800	Level 1
9	Prabhu Bank Limited	64,697	164	10,590,899	Level 1
10	Garima Bikas Bank Limited	70,444	385	27,127,984	Level 1
11	Mahalaxmi Bikas Bank Limited	81,455	352	28,672,160	Level 1
12	National Life Insurance Company Limited	84,655	595	50,369,725	Level 1
13	Nirdhan Utthan Laghubitta Bittiya Sanstha Limited	28,611	712	20,368,171	Level 1
14	First Micro Finance Laghubitta Bittiya Sanstha Limited	21,625	681	14,726,625	Level 1
15	Prabhu Insurance Limited	62,817	826	51,886,842	Level 1
16	CYC Nepal Laghubitta Bittiya Sanstha Limited	1	1,550	1,550	Level 1
17	Muktinath Bikas Bank Limited	11,885	367	4,361,795	Level 1

19	Sunrise Focused Equity Fund	1,500,000	8	12,360,000	Level 1
20	Prabhu Smart Fund	1,000,000	10	9,610,000	Level 1
21	NMB Bank Limited	38,787	218	8,455,566	Level 1
22	Shine Resunga Development Bank Limited	82,911	405	33,587,246	Level 1
23	Sanima Mai Hydropower Limited	28,600	340	9,709,700	Level 1
24	Rasuwadagadhi Hydropower Company Limited	32,575	295	9,609,625	Level 1
25	Sanjen Jalavidhyut Company Limited	23,961	284	6,797,736	Level 1
26	Ridi Power Company Limited	21,918	191	4,175,379	Level 1
27	Molung Hydropower Company Limited	7	410	2,870	Level 1
28	Butwal Power Company Limited	10,500	310	3,255,000	Level 1
29	Chilime Hydropower Company Limited	11,380	465	5,291,700	Level 1
30	SuryaJyoti Life Insurance Company Limited	85,639	430	36,816,206	Level 1
31	Siddhartha Premier Insurance Limited	67,555	860	58,090,545	Level 1
32	Nepal Insurance Company Limited	34,949	880	30,755,120	Level 1
33	Asian Life Insurance Company Limited	68,954	623	42,958,342	Level 1
34	NLG Insurance Company Limited	22,777	795	18,105,437	Level 1
35	Sanima Reliance Life Insurance Limited	8,270	472	3,906,748	Level 1
36	Sagarmatha Lumbini Insurance Company Limited	64,668	727	47,013,636	Level 1
37	IGI Prudential insurance Limited	32,666	558	18,227,628	Level 1
38	Himalayan Life Insurance Limited	60,368	391	23,603,888	Level 1
39	Citizen Investment Trust	9,592	1,945	18,656,440	Level 1
40	RSDC Laghubitta Bittiya Sanstha Limited	22,720	692	15,722,240	Level 1
41	Laxmi Sunrise Bank Limited	12,305	175	2,153,375	Level 1
42	Kamana Sewa Bikas Bank Limited	25,000	416	10,400,000	Level 1
43	Api Power Company Limited	15,010	191	2,866,910	Level 1
44	Sun Nepal Life Insurance Company Limited	13,489	511	6,896,926	Level 1
45	Citizen Life Insurance Company Limited	10,446	545	5,688,892	Level 1
46	Himalayan Everest Insurance Limited	24,000	632	15,168,000	Level 1
47	Siddhartha Investment Growth Scheme 3	2,000,000	9	18,900,000	Level 1
48	Citizens Super 30 Mutual Fund	1,500,000	10	15,000,000	Level 1
49	Himalayan 80-20	1,000,000	10	9,990,000	Level 1
50	Himalayan Reinsurance Limited	24,979	580	14,487,820	Level 1
51	Kumari Sabal Yojana	500,000	10	5,000,000	Level 1
52	Sarbottam Cement Limited	2,337	807	1,884,791	Level 1
53	NIBL Stable Fund	3,000,000	10	30,000,000	Level 1
54	HIDCL Promoter Shares	10,000	103	1,030,000	Level 1
55	Swabalamban Laghubitta Bittiya Sanstha Limited	7,567	940	7,112,980	Level 1
56	Sana Kisan Bikas Laghubitta Bittiya Sanstha Limited	10,397	853.7	8,875,919	Level 1
57	Chhimek Laghubitta Bittiya Sanstha Limited	1,575	900	1,417,500	Level 1
58	Deprosc Laghubitta Bittiya Sanstha Limited	14	841	11,774	Level 1
	Sub-Total (A)	13,427,587		954,689,884	
	UNLISTED				
1	Prabhu Insurance Company Limited - Bonus	2,246	826	1,855,196	Level 2
2	Sun Nepal Life Insurance Company Limited- Bonus share	3,210	511	1,641,273	Level 2
3	IME Life Insurance Company Limited - Bonus Share	2,304	453	1,043,712	Level 2
	Sub-Total (B)	7,760		4,540,181	
	Grand Total	13,435,347		959,230,065	

5. Financial Assets Held at Amortized Cost (Current)

The Current Portion of Financial assets Measured at Amortized cost includes the investments in the Fixed Deposits as below:

In NPR

Assets measured at amortized cost			
S.N.	Particulars	Ashad End 2082	Ashad End 2081
	Current Assets		
1	NIC ASIA Bank Limited	-	192,500,000
2	Muktinath Bikash Bank Limited	32,500,000	-
3	Mahalaxmi Bikas Bank Limited	85,000,000	-
	Total Amount	117,500,000	192,500,000

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
1	Broker Receivables	47,863,884	15,573,360
2	Dividend Receivables	695,870	697,421
	Total Amount	48,559,754	16,270,782

7. Financial Assets Held at Amortized Cost (non-Current)

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

8. Financial Liabilities (Current)

Financial Liabilities are measured at amortized cost using an effective interest rate. Financial liabilities are subsequently measured at amortized cost, with any difference between proceedings 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 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.

In NPR

S.N.	Particulars	Ashad End, 2082	Ashad End, 2081
1	Broker Payable	30,987,268	-
2	Time Media	60,000	63,779
3	Scheme Audit Fee Payable	111,500	111,500
4	Fund Management Fee Payable	5,120,823	5,208,145
5	Depository Fee Payable	682,776	694,419
6	Supervisor Fee Payable	294,599	299,623
7	TDS Payable	143,087	145,536
8	Right Advance Payable	1,793,700	-
9	Other Current Liabilities	5,100	-
	Total	39,198,853	6,523,002



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9. Net Asset attributable to Unit holder's Fund

Particulars	Ashad End, 2082	Ashad End, 2081
Fund Capital	1,250,000,000	1,250,000,000
Reserve	155,442,338	182,335,979
Total	1,405,442,338	1,432,335,979

9.1. Fund Capital

The capital of the Scheme comprises of the following

Particulars	Ashad End, 2082	Ashad End, 2081
Unit Capital Account	1,062,500,000	1,062,500,000
Unit Seed Capital Account	187,500,000	187,500,000
Total	1,250,000,000	1,250,000,000

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	182,335,979	92,537,627
Add: Current Year Profit	148,106,359	89,798,352
Less: Dividend Paid	(175,000,000)	
Total	155,442,338	182,335,979

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.

In NPR

S.N.	Particulars	Ashad End, 2082	Ashad End, 2081
1	Bank Interest Income Realized	14,824,300	52,753,683
	Total Amount	14,824,300	52,753,683

11. Dividend Income

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

S.N.	Particulars	Ashad End, 2082	Ashad End, 2081
1	Dividend Income	17,002,266	5,094,167
	Total Amount	17,002,266	5,094,167



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

S.N.	Particulars	Ashad End, 2082	Ashad End, 2081
1	Gain on Sale of Stocks	103,709,286	22,062,825
	Total Amount	103,709,286	22,062,825

13. Unrealized Gain/(Loss) on Financial Asset Measured at Fair Value through Profit and Loss

It refers to changes in the fair value of financial assets recorded as unrealized gain/ (loss) in the income statement. The total fair value gain is Rs. 41,209,531 for the current year, which was Rs. 35,403,851 the previous year.

14. 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 prospectus:

(a) Fund Management fees: 1.5% of NAV

(b) Fund Supervisor Fees: 0.1% of NAV

(c) Depository Fees: 0.2% of NAV

NAV (Net Asset Value) for this purpose is computed based on the 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
Average NAV	1,345,790,052	1,368,738,913
Fund Management	21,125,591	20,219,916
Depository	2,816,745	2,695,989
Supervisory Fee	1,408,373	1,347,994
Total	25,350,709	24,263,899

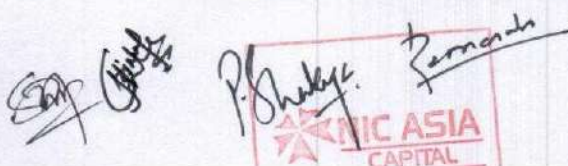
15. Other Information

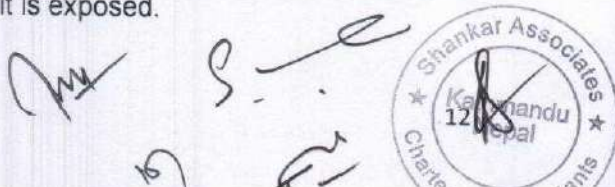
15.1. Securities Transactions

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.

15.2. 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.

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15.2.1 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. 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 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 overall Investment policy of NIC ASIA Capital Limited is used to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management company. The investment policy requires that the overall market position is monitored daily by the Fund Management Company.

Investment Threshold

As per the Mutual Fund Regulation, 2067 investment in Fixed deposit cannot be made more than 15% of Net Asset Value or Fund size 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.

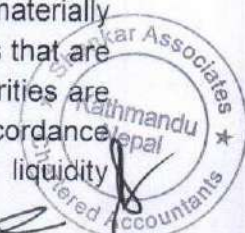
c. Cash Flow and Fair Value Interest Rate Risk

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 in 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.

15.2.2 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. Its policy is therefore to invest most of its assets in investments that are traded in an active market or can be readily disposed of. The Fund's listed securities are considered readily realizable, as all are listed on the Nepal Stock Exchange. In accordance with the Investment's policy, the Management Company monitors the Fund's liquidity position daily.



15.2.3 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 Investment policy, the Management Company 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.

15.2.4 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 Select 30 doesn't have a specific policy for risk management, so the scheme uses the risk management policy of NIC ASIA Capital Limited. The Scheme seeks to minimize 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 a risk management practice that defines 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.

15.3. Taxation

Finance Act FY 2078/79 included Mutual Funds under Section 10 of the Income Tax Act, 2058 as tax-exempt entities. Therefore, there is no income tax implication.

15.4. 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 and the Board members of the Fund Manager. 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.

15.5. 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 unitholders as capital (which includes unit capital, realized and unrealized gain), notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly daily as the Fund is subject to daily changes in Market Price of equities at Nepal Stock Exchange.



15.6. Reporting

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

15.7. Related Party Transactions

As identified by the management and relied upon by the auditors following related 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	2081/82	2080/81
NIC ASIA Bank Limited	Fund Sponsor	Unit Holding (at par value of NPR 10 per unit)	187,500,000	187,500,000
		Call account deposit	223,108,377	270,653,603
		FD maintained	-	222,500,000
		Interest earned from call	4,151,445	9,193,290
		Interest earned from fixed deposit	8,997,212	32,914,736
NIC ASIA Capital Limited (a subsidiary of sponsor NIC ASIA Bank Limited)	Fund Manager and Depository	Fund Management and Depository Fee	23,942,336	22,915,875
		Payable as on Ashad end	5,803,600	5,902,565

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

15.8. Employee Related Expenses

There are no current and future employee-related expenses and liabilities as the fund pays fund management fee for the fund management services and fund does not employ employees on its own.

15.9. Contingent Liability

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

The bottom of the page features several handwritten signatures and official stamps. On the left, there are two signatures. In the center, there is a red rectangular stamp for 'NIC ASIA CAPITAL' with a star logo. To the right of this is a circular stamp for 'Shankar Associates' with 'Kathmandu' written below it. Further right, there are more handwritten signatures and a small circular stamp.

16. Transaction Costs Related to Investments in Financial Instruments

16.1. Change in Presentation of Broker Fees

In the current reporting period, the Fund has changed the treatment of broker fees incurred on the purchase and sale of financial instruments held for trading, which are measured at fair value through profit or loss (FVTPL). Previously, these transaction costs, including broker fees, were capitalised as part of the initial cost of the investment. Under the revised presentation, transaction costs are now presented separately in the statement of profit or loss and other comprehensive income.

This change in presentation aligns with the requirements of NFRS 9 and NFRS 13, which state that the fair value of financial instruments should not include transaction costs that would not be incurred in a typical exchange transaction. As such, transaction costs are expensed as incurred and no longer included in the carrying amount of financial instruments classified as FVTPL.

16.2. Comparative Information Restated

Comparative figures for the prior period have been restated to reflect this change in presentation. The impact of the restatement on the prior period is as follows:

Description	As previously reported	Adjustment	Restated
Net gain/(loss) on financial assets at FVTPL	21,106,791	956,034	22,062,825
Transaction costs (new line item)	-	(956,034)	(956,034)
Net profit/(loss) for the year	21,106,791	-	21,106,791

The change in presentation has no impact on the net profit or loss for the period or on net assets.

17. Disclosure on Reclassification of Comparative Information

In the previous year, investment in fixed deposits with NIC Asia Bank Limited amounting to NPR 192,500,000 was presented under Non-Current Assets. Upon further review, management has determined that this investment should have been classified as a Current Asset. Accordingly, the comparative figures have been reclassified. This reclassification has no impact on the previously reported profit, net assets, or equity of the Company.

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NIC ASIA CAPITAL

Shankar Associates
Kathmandu
Nepal
Chartered Accountants