

**NFRS Based Financial Statements Directives
for
Non-Life Insurer, 2077**



Beema Samiti
(Insurance Regulatory Authority of Nepal)
Kupandole, Lalitpur
2077

NFRS Based Financial Statements Directives for Non-Life Insurer, 2077

In exercise of the power conferred by Section 8 (d2) of the Insurance Act, 2049, Beema Samiti has issued the following directives.

1. Short title and commencement:

- 1.1 These directives may be cited as "NFRS Based Financial Statements Directives for Non-Life Insurer, 2077".
- 1.2 These directives shall come into force with effect from Shrawan 1, 2077.

2. Definition :

Unless the subject or context otherwise requires, in this directives:-

- 2.1 "Act" means the Insurance Act, 2049.
- 2.2 "Insurer" means a corporate body registered pursuant to Section 10 of Insurance Act, 2049 and the word also includes the reinsurer as well.
- 2.4 "Nepal Financial Reporting Standards (NFRSs)" are Standards and Interpretations issued by the Accounting Standards Board (ASB). They comprise:
 - a) Nepal Financial Reporting Standards ;
 - b) Nepal Accounting Standards ;
 - c) IFRIC Interpretations ;
 - d) SIC Interpretations ; and
 - e) Interpretations developed by the ASB
- 2.5 "Non-Life Insurance Business" means other insurance business other than Life Insurance Business.

All words and expressions used herein and not defined but defined in the Insurance Act, 2049 or in the Insurance Regulation, 2049 shall have the meanings respectively assigned to them in those Acts. For the purpose of this directive, the terms and expressions defined in NFRSs shall prevail.

3. Basis of Preparation:

- 3.1 Every Non-Life Insurer shall comply with the NFRSs and the provisions of these directives while preparing, presenting and publishing Financial Statements.
- 3.2 Every Non-Life Insurer shall prepare Financial Statements for each of the Financial Years commencing on or after Shrawan 1, 2076.
- 3.3 Every Non-Life Insurer having subsidiary company shall prepare and submit Consolidated Financial Statements separately along with Standalone Financial Statements for each of the Financial Years commencing on or after Shrawan 1, 2076.

4 Components of Financial Statements:

- 4.1** Complete set of Financial Statements for the purpose of these Directives comprise:
- Statement of Financial Position (SOFP) as at the end of the period ;
 - Statement of Profit or Loss (SOPL) for the period ;
 - Statement of Other Comprehensive Income (SOCI) for the period ;
 - Statement of Changes in Equity (SOCE) for the period ;
 - Statement of Cash Flows (SCF) for the period ;
 - Notes, comprising a summary of significant accounting policies and other explanatory information and
 - Statement of Financial Position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective reinstatement of items in its financial statements, or when it reclassifies items in its financial statements.
- 4.2** Every Non-Life Insurer shall prepare segment information as required by NFRS on Operating Segments.

5. Submission of Management Report:

Every Non-Life Insurer shall include management report as mentioned in "Annexure II" along with Financial Statements. Such report shall be approved by Board of Directors (BOD) of Non-Life Insurer.

6. Preparation and submission of Statements as Prescribed:

- 6.2** Line items covered in Financial Statements as per these Directives shall be disclosed even though the items do not have any monetary value.
- 6.3** Every Non-Life Insurer shall submit:-
- NFRSs based Financial Statements as per Annexure I;
 - Management Report as per Annexure II;
 - Financial Indicators as per Annexure III;
 - Details of Insured Amount as per Annexure IV.

7. Approval of Financial Statements:

- 7.1 Every Non-Life Insurer shall submit audited Financial Statements to Beema Samiti within 6 (Six) months from the end of Fiscal Year for the purpose of obtaining approval from Beema Samiti.
- 7.2 Along with the statements as prescribed in direction 7.1 above, management report, internal audit report, preliminary report of external auditor and response of BOD to these reports, Long Form Audit Report and Independent Auditor's Report shall also be submitted.
- 7.3 For the reports submitted as per direction 7.2 above, Beema Samiti, on examination of Financial Statements may approve or approve with conditions and directions or direct for resubmission with amendments for any material misstatements.
- 7.4 Every Non-Life Insurer shall re-submit the Financial Statements with amendments as per direction 7.3 above, within 30 (Thirty) days of such direction. For the reports re-submitted, Beema Samiti, on further examination of Financial Statements may approve or approve with conditions and directions or direct for resubmission with amendments for any material misstatements not addressed.
- 7.5 Every Non-Life Insurer shall prepare annual report consisting approval, directions, conditions and orders provided on Financial Statements as per direction 7.3 above.
- 7.6 Non-Life Insurer shall not publish or submit the Annual Report to any entity or call for annual general meeting (AGM) without adhering to direction 7.5 above. Notwithstanding anything contained above, Non-Life insurer may publish or submit statements to other entity required to be submitted or published under prevailing laws.
- 7.7 Every Non-Life Insurer shall make annual report prepared in line with direction 7.5 available in their websites. Non-Life Insurer shall further publish condensed Financial Statements in daily national newspaper as prescribed by Beema Samiti.

8 Right to Interpret:

Beema Samiti reserves the right to interpret any matters, other than the matters stated in the standards and the interpretations issued by Accounting Standard Board, which may arise in the course of implementation of these Directives.

Annexure I
NFRSs based Financial Statements

..... **Non-Life Insurance Limited**
Statement of Financial Position
As At Ashadh, 20X2 (... th July, 20X2)

Fig. in NPR

	Notes	Current Year	Previous Year
Assets			
Intangible Assets	4	-	-
Property, Plant and Equipment	5	-	-
Investment Properties	6	-	-
Deferred Tax Assets	7	-	-
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	-	-
Loans	11	-	-
Reinsurance Assets	12	-	-
Current Tax Assets (Net)	21	-	-
Insurance Receivables	13	-	-
Other Assets	14	-	-
Other Financial Assets	15	-	-
Cash and Cash Equivalents	16	-	-
Total Assets		-	-
Equity & Liabilities			
Equity			
Share Capital	17 (a)	-	-
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17(c)	-	-
Insurance Fund	17(d)	-	-
Catastrophe Reserves	17(e)	-	-
Retained Earnings	17(f)	-	-
Other Equity	17(g)	-	-
Total Equity		-	-
Liabilities			
Provisions	18	-	-
Gross Insurance Contract Liabilities	19	-	-
Deferred Tax Liabilities	7	-	-
Insurance Payables	20	-	-
Current Tax Liabilities (Net)	21	-	-
Borrowings	22	-	-
Other Financial Liabilities	23	-	-
Other Liabilities	24	-	-
Total Liabilities		-	-
Total Equity and Liabilities		-	-

The accompanying notes form an integral part of these Financial Statements.

.... Non-Life Insurance Limited
Statement of Profit or Loss
For The Year Ended Ashadh, 20X2
(For The Year Ended July, 20X2)

Fig. in NPR

	Notes	Current Year	Previous Year
Income:			
Gross Earned Premiums	25	-	-
Premiums Ceded	26	-	-
Net Earned Premiums	27	-	-
Commission Income	28	-	-
Investment Income	29	-	-
Net Gains/ (Losses) on Fair Value Changes	30	-	-
Net Realised Gains/ (Losses)	31	-	-
Other Income	32	-	-
Total Income		-	-
Expenses:			
Gross Claims Paid	33	-	-
Claims Ceded	34	-	-
Gross Change in Contract Liabilities	35(a)	-	-
Change in Contract Liabilities Ceded to Reinsurers	35(b)	-	-
Net Claims Paid		-	-
Commission Expenses	36	-	-
Service Fees	37	-	-
Employee Benefits Expenses	38	-	-
Depreciation and Amortization Expenses	39	-	-
Impairment Losses	40	-	-
Other Expenses	41	-	-
Finance Cost	42	-	-
Total Expenses		-	-
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		-	-
Share of Net Profit of Associates accounted using Equity Method	9		
Profit Before Tax		-	-
Income Tax Expense	43	-	-
Net Profit/ (Loss) For The Year		-	-
Earning Per Share	50		
Basic EPS			
Diluted EPS			

The accompanying notes form an integral part of these Financial Statements.

..... Non-Life Insurance Limited
Statement of Comprehensive Income
For The Year Ended Ashadh, 20X2
(For The Year Ended July, 20X2)

Fig. in NPR

	Current Year	Previous Year
Net Profit/ (Loss) For The Year	-	-
Other Comprehensive Income		
<u>a) Items that are or may be Reclassified to Profit or Loss</u>		
Changes in Fair Value of FVOCI Debt Instruments		
Cash Flow Hedge - Effective Portion of Changes in Fair Value		
Exchange differences on translation of Foreign Operation		
Share of other comprehensive income of associates accounted for using the equity method		
Income Tax Relating to Above Items		
Reclassified to Profit or Loss		
<u>b) Items that will not be Reclassified to Profit or Loss</u>		
Changes in fair value of FVOCI Equity Instruments		
Revaluation of Property, Plant and Equipment/ Intangible Assets		
Remeasurement of Post-Employment Benefit Obligations		
Share of other comprehensive income of associates accounted for using the equity method		
Income Tax Relating to Above Items		
Total Other Comprehensive Income For the Year, Net of Tax	-	-
Total Comprehensive Income For the Year, Net of Tax	-	-

The accompanying notes form an integral part of these Financial Statements.

..... Non-Life Insurance Limited
Statement of Cash Flows
For The Year Ended Ashadh, 20X2
(For The Year Ended July, 20X2)

Fig. in NPR

	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received		
Commission Received		
Claim Recovery Received from Reinsurers		
Realised Foreign Exchange Income other than on Cash and Cash Equivalents		
Others (to be Specified)		
Cash Paid		
Gross Claims Paid		
Reinsurance Premium Paid		
Commission Paid		
Service Fees Paid		
Employee Benefits Expenses Paid		
Other Expenses Paid		
Others (to be Specified)		
Income Tax Paid		
Net Cash Flow From Operating Activities [1]	-	-
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets		
Proceeds From Sale of Intangible Assets		
Acquisitions of Investment Properties		
Proceeds From Sale of Investment Properties		
Rental Income Received		
Acquisitions of Property, Plant & Equipment		
Proceeds From Sale of Property, Plant & Equipment		
Payment for acquisition of Subsidiaries/ Investment in Subsidiaries		
Investment in Associates		
Receipts from Sale of Investments in Subsidiaries		
Receipts from Sale of Investments in Associates		
Purchase of Equity Instruments		
Proceeds from Sale of Equity Instruments		
Purchase of Mutual Funds		
Proceeds from Sale of Mutual Funds		
Purchase of Preference Shares		
Proceeds from Sale of Preference Shares		
Purchase of Debentures		
Proceeds from Sale of Debentures		
Purchase of Bonds		
Proceeds from Sale of Bonds		
Investments in Deposits		
Maturity of Deposits		
Proceeds from Finance Lease		
Loans Paid		
Proceeds from Loans		
Interest Income Received		
Dividend Received		
Others (to be Specified)		
Total Cash Flow From Investing Activities [2]	-	-

Cash Flow From Financing Activities		
Interest Paid		
Proceeds From Borrowings		
Repayment of Borrowings		
Payment of Finance Lease		
Proceeds From Issue of Share Capital		
Share Issuance Cost Paid		
Dividend Paid		
Dividend Distribution Tax Paid		
Others (to be Specified)		
Total Cash Flow From Financing Activities [3]	-	-
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	-	-
Cash & Cash Equivalents At Beginning of The Year/Period	-	
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash & Cash Equivalents At End of The Year/Period	-	-
Components of Cash & Cash Equivalents		
Cash In Hand	-	-
Cheques In Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	-	-

Notes:

Insurers shall prepare Statement of Cash Flows using Direct Method. Insurers may voluntarily prepare Cash Flow Statement using Indirect Method as well.

The accompanying notes form an integral part of these Financial Statements.

.... Non-Life Insurance Limited
Notes to the Financial Statements for the year ended Ashadh... .., 20X2 (July ..., 20X2)

1 General Information

.....Insurance Company Limited (herein after referred to as the 'Company') was incorporated on and operated as general insurance company after obtaining license on under the Insurance Act 2049.
The registered office of the Company is located at The Company's shares are listed on

The financial statements are approved for issue by the Company's Board of Directors on

2 Basis of Preparation

(a) Statement of Compliance

The Financial Statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB), as per the provisions of The Nepal Chartered Accountants Act, 1997. These confirm, in material respect, to NFRS as issued by the Nepal Accounting Standards Board. The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.

(b) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for following Assets & Liabilities which have been measured at Fair Value amount:

- i. Certain Financial Assets & Liabilities which are required to be measured at fair value
- ii. Defined Employee Benefits
- iii. Insurance Contract Liabilities which are required to be determined using actuarial valuation for Liability Adequacy Test (LAT).

Historical cost is generally Fair Value of the consideration given in exchange for goods & services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for Financial Reporting purposes, Fair Value measurements are categorized into Level 1, or 2, or 3 based on the degree to which the inputs to the Fair Value measurements are observable & the significance of the inputs to the Fair Value measurement in its entirety, which are described as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical Assets or Liabilities that the entity can access at the measurement date;
- Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the Asset or Liability, either directly or indirectly; and
- Level 3 - Inputs are unobservable inputs for the Asset or Liability.

(c) Use of Estimates

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the reported balances of Assets & Liabilities, disclosures relating to Contingent Liabilities as at the date of the Financial Statements and the reported amounts of Income & Expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the financial statements.

(d) Functional and Presentation Currency

These Financial Statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

(e) Going Concern

The financial statements are prepared on a going concern basis. The Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources while assessing the going concern basis. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it.

Notes to the Financial Statements (Continued...)

(f) Changes in Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The Company is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

(g) Recent Accounting Pronouncements

Accounting standards issued and effective

Accounting standards issued and non-effective

(h) Carve-outs

3 Significant Accounting Policies

This note provides a list of the significant policies adopted in the preparation of these Financial Statements.

(a) Property, Plant and Equipment (PPE)

i) Recognition

Freehold land is carried at historical cost and other items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Company and it can be used for more than one year and the cost can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

ii) Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure

that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date. Valuation of the land and buildings are undertaken by professionally qualified valuers.

An increase in the carrying amount as a result of revaluation, is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss. A decrease in the carrying amount as a result of revaluation, is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

Alternatively, accumulated depreciation can be increased proportionately as allowed by NAS 16

Difference between depreciation on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings.

.... Non-Life Insurance Limited

Notes to the Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Financial Statements (Continued...)

iii) Depreciation

Depreciation on Property, Plant and Equipment other than Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on "Straight Line Method (SLM)/ Diminishing Balance Method (DBM)" based on Useful Life estimated by technical expert of the management.

The Assets Useful Life/ Rate of Depreciation and Residual Values are reviewed at the Reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

Useful Life of Property, Plant and Equipment based on SLM/ DBM is categorised as stated below:

List of Asset Categories	Useful Life (In Years) for SLM	Rate of Depreciation (In %) for DBM
Land	Not Applicable	Not Applicable
Buildings	20	5%
Leasehold Improvement	Lease Period	Lease Period
Furniture & Fixtures	4	25%
Computers and IT Equipments	4	25%
Office Equipment	4	25%
Vehicles	5	20%
Other Assets	4	25%

iv) Derecognition

An item of Property, Plant and Equipment is derecognized upon disposal or when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

v) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

vi) Capital Work-In-Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development which are to be capitalized. Capital Work in Progress would be transferred to the relevant asset when it is available for use. Capital Work in Progress is stated at cost less any accumulated impairment losses.

Notes to the Financial Statements (Continued...)

(b) Intangible Assets

i) Recognition

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

ii) Amortization

The useful lives of intangible assets are assessed to be either finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected generate net cash inflow for the entity.

Amortisation is recognised in income statement on straight line method over the estimated useful life of the intangible assets or diminishing balance method from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Useful Life of Intangible Assets based on SLM/ DBM is categorised as stated below:

List of Asset Categories	Useful Life (In Years) for SLM	Rate of Depreciation (In %) for DBM
Softwares	5	20%
Licences	Licence Period	Licence Period
Others (to be specified)		

iii) Derecognition

An Intangible Asset is derecognised when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

iv) Impairment of Assets

The Company assesses at each reporting date as to whether there is any indication that Intangible Assets may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognised in the Statement of Profit or Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

Notes to the Financial Statements (Continued...)

(c) **Investment Properties**

Cost Model:

Property that is held for rental income or for capital appreciation or both, is classified as investment property. Investment properties are measured initially at cost, including related transaction cost. It is subsequently carried at cost less accumulated depreciation. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Land is carried at historical cost, however, buildings are depreciated over their estimated useful lives as mentioned above.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE becomes an investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

OR

Fair Value Model:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect.

The fair value of investment property is determined by an external, independent property valuer, having appropriate recognised professional qualification and recent experience in the location and category of property being valued.

Alternatively, valuation can also be done by competent property valuer other than external independent valuator and such fact are to be disclosed.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE becomes an investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

(d) **Cash & Cash Equivalent**

Cash & Cash Equivalents includes Cash In Hand, Bank Balances and short term deposits with a maturity of three months or less.

Notes to the Financial Statements (Continued...)

(e) **Financial Assets**

i) Initial Recognition & Measurement

Financial Assets are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Assets at initial recognition.

When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss.

ii) Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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. Interest income in these financial assets is measured using effective interest rate method.

b) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and 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. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income.

c) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A Financial Asset which is not classified in any of the above categories are measured at FVTPL. These financial assets are measured at fair value and changes are taken to statement of profit or loss.

iii) De-Recognition

A Financial Asset is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Asset. Where the Company has transferred an Asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the Financial Asset. In such cases, the Financial Asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the Financial Asset, the Financial Asset is not derecognized. Where the Company retains control of the Financial Asset, the Asset is continued to be recognized to the extent of continuing involvement in the Financial Asset.

iv) Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a financial asset or a group of financial assets is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

.... Non-Life Insurance Limited

Notes to the Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Financial Statements (Continued...)

Expected Credit Loss for Impairment of Financial Assets is applicable after implementation of NFRS 9

In accordance with NFRS 9 “Financial Instrument”, the Company uses ‘Expected Credit Loss’ (ECL) Model, for evaluating impairment of Financial Assets other than those measured at Fair Value through Profit or Loss (FVTPL).

Expected Credit Losses are measured through a loss allowance at an amount equal to:

The 12-months Expected Credit Losses (Expected Credit Losses that result from those default events on the Financial Instrument that are possible within 12 months after the reporting date); or

Full Lifetime Expected Credit Losses (Expected Credit Losses that result from all possible default events over the life of the Financial Instrument)

For other assets, the Company uses 12 months Expected Credit Losses to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk Full Lifetime ECL is used.

(f) Financial Liabilities

i) Initial Recognition & Measurement

Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition.

All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

ii) Subsequent Measurement

After initial recognition, Financial Liabilities are subsequently measured at amortized cost using the Effective Interest Method.

For trade and other payables maturing within one year from the date of Statement of Financial Position, the carrying amounts approximate Fair value due to short maturity of these instruments.

iii) De-Recognition

A Financial Liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing Financial Liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

.... Non-Life Insurance Limited

Notes to the Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Financial Statements (Continued...)

(h) Reinsurance Assets

Reinsurance assets are the assets which are created against insurance contract liabilities of the amount which are recoverable from the reinsurer. These assets are created for the reinsurer's share of insurance contract liabilities.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the company will receive from the re-insurer. If a reinsurance asset is impaired, the company reduces the carrying amount accordingly and is recognized in statement of profit or loss.

(i) Equity

Financial Instruments issued by the Company are classified as Equity only to the extent that they do not meet the definition of a Financial Liability or Financial Asset.

(j) Reserves and Funds

i) Share Premium: If the Company issues share capital at premium it receives extra amount other than share capital such amount is transferred to share premium. The amount in share premium is allowed for distribution subject to provisions of company act & regulatory requirement.

ii) Insurance Fund: The Company has allocated insurance fund for the amount which is 50% of the net profit every year as per Regulator's Directive.

iii) Catastrophe Reserves: The Company has allocated catastrophe reserve for the amount which is 10% of the net profit for the year as per Regulator's Directive.

iv) Fair Value Reserves: The Company has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.

v) Regulatory Reserves: Reserve created out of net profit in line with different circulars issued by regulatory authority.

vi) Actuarial Reserves: Reserve against actuarial gain or loss on present value of defined benefit obligation resulting from, experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and the effects of changes in actuarial assumptions.

vii) Cashflow Hedge Reserves: Is the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Reserve represent effective portion of the gain or loss on the hedging instrument recognized in other comprehensive income.

viii) Revaluation Reserves: Reserve created against revaluation gain on property, plant & equipments & intangible assets, other than the reversal of earlier revaluation losses charged to profit or loss.

ix) Other Reserves: Reserve other than above reserves, for e.g. deferred tax reserve, others (to be specified)

(k) Insurance Contract Liabilities

i) Provision for unearned premiums

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Change in reserve for unearned insurance premium represents the net portion of the gross written premium transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

ii) Outstanding claims provisions

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not, together with related claims handling costs.

.... Non-Life Insurance Limited

Notes to the Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Financial Statements (Continued...)

iii) Provision for claim incurred but not reported (IBNR)

Significant delays are experienced in the notification and settlement of certain types of claims, the ultimate cost of which cannot be known with certainty at the statement of financial position date.

The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

Liability adequacy

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. The calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognized in the statement of profit or loss by setting up a provision for liability.

(I) Employee Benefits

i) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

ii) Post - Employment Benefits

- Defined Contribution Plan

The Company pays Provident Fund contributions to publicly administered Provident Funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as Employee Benefit Expense when they are due.

- Defined Benefit Plan

For Defined Benefit Plan , the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains & Losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a Straight Line Basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the Fair Value of plan Assets (If Any). Any Asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

iii) Long Term Employee Benefits

The liabilities for un-availed earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Leave Encashment has been computed using Actuarial Assumptions and these are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the year using the Projected Unit Credit Method. The benefits are discounted using the market yields at the end of the year that have terms approximating to the terms of assumptions.

Notes to the Financial Statements (Continued...)

iv) Termination

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Company recognises termination benefits at the earlier of the following dates:

- a) when the Company can no longer withdraw the offer of those benefits; and
- b) when the entity recognises costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits.

The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme.

(m) Revenue Recognition

i) Gross Earned Premiums

Gross Earned Premiums are arrived at after deducting unearned premium reserves from Direct Premium and Premiums on Reinsurance Accepted. Direct premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy commences.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

ii) Reinsurance Premium

Direct Reinsurance premiums comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks- attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net claims, respectively, because this is consistent with how the business is managed.

iii) Commission Income

Commission Income is recognised on accrual basis. If the income is for future periods, then they are deferred and recognised over those future periods.

iv) Investment income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

v) Net realised gains and losses

Net realised gains and losses recorded in the statement of profit or loss include gains and losses on financial assets and properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

.... Non-Life Insurance Limited

Notes to the Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Financial Statements (Continued...)

(n) **Product Classification**

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Company has following portfolios under which it operates its business:

i) Fire Portfolio - Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

ii) Motor Portfolio - Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third party risks but exclusive of transit risks.

iii) Marine Portfolio - Marine insurance business means the business of affecting and carrying out contracts of insurance against loss of consignment of goods during transit.

iv) Engineering Portfolio - Engineering insurance business means the insurance that provides economic safeguard to the risks faced by the ongoing construction project, installation project, and machines and equipment in project operation.

v) Micro Portfolio - Micro Insurance protects against loss of or damage to crops or livestock. It has great potential to provide value to low-income farmers and their communities, both by protecting farmers when shocks occur and by encouraging greater investment in crops.

vi) Aviation Portfolio - Aviation Insurance provides coverage for hull losses as well as liability for passenger injuries, environmental and third-party damage caused by aircraft accidents.

vii) Cattle and Crop Portfolio - Cattle and Crop Insurance provides insurance against loss of or damage to Cattle and crops.

viii) Miscellaneous Portfolio - All the insurance business which doesn't fall in above categories fall under miscellaneous insurance business. Group Personal Accidents, Medical Insurances, Professional indemnity insurance etc. fall under this category of business.

(o) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

(p) **Cash Flow Statement**

Cash Flows are reported using the direct method, whereby major classes of cash receipts and cash payments are disclosed as cash flows.

Notes to the Financial Statements (Continued...)

(q) **Leases**

Finance Leases

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as Finance Leases. Assets acquired under Finance Leases are capitalised at the lower of the Fair Value of the Leased Assets at the inception of the Lease Term & the Present Value of Minimum Lease Payments. Lease Payments are apportioned between the Finance charge and the reduction of the outstanding liability. The Finance Charge is allocated to periods during the Lease Term at a constant periodic Rate of Interest on the remaining balance of the liability.

Operating Lease

Leases in which the Company doesn't have substantial portion of the risks and rewards of ownership are classified as Operating Leases. Payment made under Operating Leases are charged to Statement of Profit & Loss on a Straight Line Basis.

(r) **Income Taxes**

Income Tax Expense represents the sum of the tax currently payable & Deferred Tax.

i) Current Tax

Current Tax Expenses are accounted in the same period to which the revenue and expenses relate. Provision for Current Income Tax is made for the Tax Liability payable on Taxable Income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii) Deferred Tax

Deferred Tax is recognized on temporary differences between the carrying amounts of Assets & Liabilities in the Statement of Financial Position and their Tax Base. Deferred tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liabilities and their carrying amount in Financial Statements, except when the Deferred Income Tax arises from the initial recognition of goodwill, an Asset or Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profits or Loss at the time of the transaction.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred Tax Liabilities are generally recognized for all taxable Temporary differences.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the Deferred Tax Asset to be utilized.

(s) **Provisions, Contingent Liabilities & Contingent Assets**

(i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions for Contingent Liability are recognized in the books as a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.

Notes to the Financial Statements (Continued...)

(ii) Contingent Liabilities

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

(iii) Contingent Assets

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements.

(t) Foreign Currency Transactions

The Financial Statements of the Company are presented in Nepalese Rupees, which is the Company's Functional Currency. In preparing the Financial Statements of the Company, transactions in currencies other than the Company's Functional Currency i.e. Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

(u) Earnings Per Share

Basic Earning per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Number of equity shares outstanding during the Financial Year.

For diluted earning per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

(v) Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined by NFRS 8, "Operating Segment".

Company's Income & Expenses including interest are considered as part of un-allocable Income & Expenses which are not identifiable to any business segment. Company's Asset & Liabilities are considered as part of un-allocable Assets & Liabilities which are not identifiable to any business.

..... Non-Life Insurance Limited
Notes to the Financial Statements
For The Year Ended Ashadh, 20X2
(For The Year Ended July, 20X2)

Fig. in NPR

4 Intangible Assets

Particulars	Software	License	Others (to be Specified)	Total
Gross carrying amount				
As at Shrawan 1, 20X1				
Additions				-
Acquisition				
Internal Development				
Business Combination (to be Specified)				
Disposals				-
Revaluation				-
Balance as at Ashadh .., 20X2	-	-	-	-
Accumulated amortization and impairment				
As at Shrawan 1, 20X1				
Additions				-
Disposals				-
Impairment losses				-
Impairment reversal				-
Balance as at Ashadh .., 20X2	-	-	-	-
Net Carrying Amount				
As at Ashadh .., 20X1	-	-	-	-
As at Ashadh .., 20X2	-	-	-	-

6 Investment Properties

Particulars	Land	Buildings	Total
Gross carrying amount			
As at Shrawan 1, 20X1			
Additions			
Disposals			
Transfer/ adjustments			
Balance as at Ashadh .., 20X2	-	-	-
Depreciation and impairment			
As at Shrawan 1, 20X1			
Depreciation			
Disposals			
Impairment losses			
Impairment reversal			
Transfer/ adjustments			
Balance as at Ashadh .., 20X2	-	-	-
Capital Work-In-Progress			
As at Shrawan 1, 20X1			
Additions			
Capitalization			
Disposals			
Impairment losses			
Impairment reversal			
Balance as at Ashadh .., 20X2			
Net Carrying Amount			
As at Ashadh ..., 20X1	-	-	-
As at Ashadh ..., 20X2	-	-	-

(i) Amounts recognised in profit or loss

Particulars	Current Year	Previous Year
Rental income		
Direct operating expenses from property that generated rental income		
Direct operating expenses from property that didn't generate rental income		
Profit from investment properties before depreciation	-	-
Depreciation		
Profit from investment properties	-	-

(ii) Contractual obligations: Refer note no. 54 for disclosure of contractual obligations relating to investment properties.

(iii) Disclose whether there are any restrictions on the realisability of investment properties or proceeds of disposal.

(iv) Fair value of investment properties:

Particulars	Current Year	Previous Year
Land		
Buildings		
Total	-	-

Estimation of Fair Value

The Company obtains independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data.

OR

Particulars	Land	Buildings	Total
Investment properties at fair value			
As at Shrawan 1, 20X1			
Additions			
Disposals			
Net changes in fair value			
Adjustment/ Transfer			
As at Ashadh .., 20X2	-	-	-
Capital Work-In-Progress			
As at Shrawan 1, 20X1			
Additions			
Capitalisation			
Disposals			
Impairment losses			
Impairment reversal			
As at Ashadh .., 20X2			
Closing Fair Value			
As at Ashadh ..., 20X1	-	-	-
As at Ashadh ..., 20X2	-	-	-

Estimation of Fair Value

The Company obtains independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data.

(i) Amounts recognised in profit or loss

Particulars	Current Year	Previous Year
Rental income		
Direct operating expenses from property that generated rental income		
Direct operating expenses from property that didn't generate rental income		
Profit from investment properties	-	-

(ii) Contractual obligations: Refer note no. 54 for disclosure of contractual obligations relating to investment properties.

(iii) Disclose whether there are any restrictions on the realisability of investment properties or proceeds of disposal.

7 Deferred Tax Assets/ (Liabilities)

Particulars	Current Year	Previous Year
Intangible Assets		
Property, Plant and Equipment		
Financial Assets at FVTPL		
Financial Assets at FVTOCI		
Provision for Leave Encashment		
Defined Benefits Plan (Specify the name)		
Impairment Loss on Financial Assets		
Impairment Loss on Other Assets		
Tax losses		
Other (to be Specified)		
Total	-	-

Movements in deferred tax assets/ (liabilities)

Particulars	Current Year	Previous Year
As at Shrawan 1, 20X1		
Charged/(Credited) to Profit or Loss		
Charged/(Credited) to Other Comprehensive Income		
As at Ashadh.....20X2	-	-

8 Investment in Subsidiaries

Particulars	Current Year	Previous Year
Investment in Quoted Subsidiaries		
Investment in Unquoted Subsidiaries		
Less: Impairment Losses		
Total	-	-

Investment in Quoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
..... Shares of Rs..... each of Ltd.				
..... Shares of Rs..... each of Ltd.				
Total			-	-

Investment in Unquoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
..... Shares of Rs..... each of Ltd.				
..... Shares of Rs..... each of Ltd.				
Total			-	-

Information Relating to Subsidiaries

Particulars	Percentage of Ownership	
	Current Year	Previous Year
..... Shares of Rs..... each of Ltd.		
..... Shares of Rs..... each of Ltd.		
..... Shares of Rs..... each of Ltd.		
..... Shares of Rs..... each of Ltd.		

9 Investment in Associates

Particulars	Current Year	Previous Year
Investment in Quoted Associates		
Investment in Unquoted Associates		
Less: Impairment Losses		
Total	-	-

Investment in Quoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equity Method	Cost	Fair Value	(or) Equity Method
..... Shares of Rs..... each of Ltd.						
..... Shares of Rs..... each of Ltd.						
Add: Share of Profit or Loss for Earlier Years						
Add: Share of Profit or Loss for Current Year						
Total	-	-	-	-	-	-

Investment in Unquoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equity Method	Cost	Fair Value	(or) Equity Method
..... Shares of Rs..... each of Ltd.						
..... Shares of Rs..... each of Ltd.						
Add: Share of Profit or Loss for Earlier Years						
Add: Share of Profit or Loss for Current Year						
Total	-	-	-	-	-	-

Information Relating to Associates

Particulars	Current Year	Previous Year
Name		
Place of Business		
Accounting Method		
% of Ownership		
Current Assets		
Non-Current Assets		
Current Liabilities		
Non-Current Liabilities		
Income		
Net Profit or Loss		
Other Comprehensive Income		
Total Comprehensive Income		
Company's share of profits		
Net Profit or Loss		
Other Comprehensive Income	-	-

10 Investments

Particulars	Current Year	Previous Year
Investments measured at Amortised Cost		
i) Investment in Preference Shares of Bank and Financial Institutions		
ii) Investment in Debentures		
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		
iv) Fixed Deposits in "A" Class Financial Institutions		
v) Fixed Deposits in Infrastructure Banks		
vi) Fixed Deposits in "B" Class Financial Institutions		
vii) Fixed Deposits in "C" Class Financial Institutions		
viii) Others (to be Specified)		
Less: Impairment Losses		
Investments measured at FVTOCI		
i) Investment in Equity Instruments		
ii) Investment in Equity Instruments (Quoted)		
iii) Investment in Equity Instruments (Unquoted)		
iv) Investment in Mutual Funds		
v) Investment in Debentures		
vi) Others (to be Specified)		
Investments measured at FVTPL		
i) Investment in Equity Instruments		
ii) Investment in Equity Instruments (Quoted)		
iii) Investment in Mutual Funds		
iv) Others (to be Specified)		
	-	-

a) Details of Impairment Losses

Particulars	Current Year	Previous Year
Investment in Preference Shares of Bank and Financial Institutions		
Investment in Debentures		
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		
Fixed Deposit with "A" Class Financial Institutions		
Fixed Deposit with Infrastructure Banks		
Fixed Deposits with "B" Class Financial Institutions		
Fixed Deposits with "C" Class Financial Institutions		
Others (to be Specified)		
Total	-	-

b) Investments having expected maturities less than 12 months:

Particulars	Current Year	Previous Year
Investment in Equity Instruments (Quoted)		
Investment in Equity Instruments (Unquoted)		
Investment in Mutual Funds		
Investment in Preference Shares of Bank and Financial Institutions		
Investment in Debentures		
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		
Fixed Deposit with "A" Class Financial Institutions		
Fixed Deposit with Infrastructure Banks		
Fixed Deposits with "B" Class Financial Institutions		
Fixed Deposits with "C" Class Financial Institutions		
Others (to be Specified)		
Total	-	-

c) The Company has earmarked investments amounting to NPR to Insurance Board.

11 Loans

Particulars	Current Year	Previous Year
Loan to Associates		
Loan to Employees		
Loan to Agents		
Others (to be Specified)		
Less: Impairment Losses		
Total	-	-

a) Expected recovery within 12 months:

Particulars	Current Year	Previous Year
Loan to Associates		
Loan to Employees		
Loan to Agents		
Others (to be Specified)		
Total	-	-

12 Reinsurance Assets

Particulars	Current Year	Previous Year
Reinsurance Assets on:		
Unearned Premiums		
Premium Deficiency		
IBNR and IBNER Claims		
Outstanding Claims		
Margin For Adverse Deviations		
Less: Impairment Losses		
Total	-	-

13 Insurance Receivables

Particulars	Current Year	Previous Year
Receivable from Reinsurers		
Receivable from Other Insurance Companies		
Others (to be Specified)		
Less: Impairment Losses		
Total	-	-

a) Expected recovery within 12 months:

Particulars	Current Year	Previous Year
Receivable from Reinsurers		
Receivable from Other Insurance Companies		
Others (to be Specified)		
Total	-	-

14 Other Assets

Particulars	Current Year	Previous Year
Capital Advances		
Prepaid Expenses		
Claim Advances		
Advances to Suppliers		
Staff Advances		
VAT Receivable		
Printing and Stationery Stocks		
Stamp Stocks		
Deferred Expenses		
Deferred Re-Insurance Commission Expenses		
Deferred Agent Commission Expenses		
Finance Lease Receivables		
Others (to be Specified)		
Less: Impairment Losses		
Total	-	-

a) Expected to be recovered/ settled within 12 months:

Particulars	Current Year	Previous Year
Capital Advances		
Prepaid Expenses		
Claim Advances		
Advances to Suppliers		
Staff Advances		
VAT Receivable		
Printing and Stationery Stocks		
Stamp Stocks		
Deferred Expenses		
Deferred Re-Insurance Commission Expenses		
Deferred Agent Commission Expenses		
Finance Lease Receivables		
Others (to be Specified)		
Total	-	-

15 Other Financial Assets

Particulars	Current Year	Previous Year
Security Deposits		
Accrued Interest		
Other Receivables		
Other Deposits		
Sundry Debtors		
Other (to be Specified)		
Less: Impairment Losses		
Total	-	-

a) Expected maturities within 12 months:

Particulars	Current Year	Previous Year
Security Deposits		
Accrued Interest		
Other Receivables		
Other Deposits		
Sundry Debtors		
Other (to be Specified)		
Total	-	-

16 Cash and Cash Equivalents

Particulars	Current Year	Previous Year
Cash in Hand		
Cheques in Hand		
Bank Balances		
i) Balance with "A" Class Financial Institutions		
ii) Balance with Infrastructure Banks		
iii) Balance with "B" Class Financial Institutions		
iv) Balance with "C" Class Financial Institutions		
Less: Impairment Losses		
Deposits with initial maturity upto 3 months		
Others (to be Specified)		
Less: Impairment Losses		
Total	-	-

17 (a) Share Capital

Particulars	Current Year	Previous Year
Ordinary Shares		
As at Shrawan 1, 20X1		
Additions during the year		
i) Bonus Share Issue		
ii) Share Issue		
As at Ashadh ..., 20X2		
Convertible Preference Shares (Equity Component Only)		
As at Shrawan 1, 20X1		
Additions during the year		
As at Ashadh ..., 20X2		
Irredeemable Preference Shares (Equity Component Only)		
As at Shrawan 1, 20X1		
Additions during the year		
As at Ashadh ..., 20X2		
Total	-	-

(i) Ordinary Shares

Particulars	Current Year	Previous Year
Authorised Capital:		
..... Ordinary Shares of Rs.each		
Issued Capital:		
..... Ordinary Shares of Rs.each		
Subscribed and Paid Up Capital:		
..... Ordinary Shares of Rs.each		
Total	-	-

(ii) Preference Share Capital

Particulars	Current Year	Previous Year
Authorised Capital:		
..... Convertible Preference Shares of Rs. ... each		
..... Irredeemable Preference Shares of Rs. ... each		
Issued Capital:		
..... Convertible Preference Shares of Rs. ... each		
..... Irredeemable Preference Shares of Rs. ... each		
Subscribed and Paid Up Capital:		
..... Convertible Preference Shares of Rs. ... each		
..... Irredeemable Preference Shares of Rs. ... each		
Total	-	-

Shareholding Structure of Share Capital

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Promoters				
Government of Nepal				
Nepali Organized Institutions				
Nepali Citizens				
Foreigners				
Others (to be Specified)				
Total (A)	-	-	-	-
Other than Promoters				
General Public				
Others (to be Specified)				
Total (B)	-	-	-	-
Total (A+B)	-	-	-	-

Details of shareholders holding 1% or more than 1% of the aggregate shares in the Company:

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year

17 (b) Share Application Money Pending Allotment

Particulars	Current Year	Previous Year
Share Application Money Pending Allotment		
Total	-	-

17(c) Share Premium

Particulars	Current Year	Previous Year
As at Shrawan 1, 20X1		
Increase due to issue of shares at premium		
Decrease due to issue of bonus shares		
Transaction costs on issue of shares		
Others (to be Specified)		
As at Ashadh ..., 20X2	-	-

17(d) Insurance Fund

Particulars	Current Year	Previous Year
As at Shrawan 1, 20X1		
Additions		
Utilizations		
As at Ashadh ..., 20X2	-	-

17(e) Catastrophe Reserves

Particulars	Current Year	Previous Year
As at Shrawan 1, 20X1		
Additions		
Utilizations		
As at Ashadh ..., 20X2	-	-

17(f) Retained Earnings

Particulars	Current Year	Previous Year
As at Shrawan 1 20X1		
Net Profit or Loss		
Items of OCI recognised directly in retained earnings		
Remeasurement of Post-Employment Benefit Obligations		
Transfer to reserves		
Capital Reserves		
Insurance Fund		
Catastrophe Reserves		
Regulatory Reserves		
Fair Value Reserves		
Actuarial Reserves		
Revaluation Reserves		
Deferred Tax Reserves		
Compulsory Reserve Fund		
Transfer of Depreciation on Revaluation of Property, Plant and Equipment		
Transfer on Disposal of Revalued Property, Plant and Equipment		
Transfer on Disposal of Equity Instruments Measured at FVTOCI		
Transaction costs on issuance of shares		
Issuance of Bonus Shares		
Dividend Paid		
Dividend Distribution Tax		
Others (to be specified)		
As at Ashadh ., 20X2	-	-

17(g) Other Equity

Particulars	Current Year	Previous Year
Capital Reserves		
Insurance Reserves		
Regulatory Reserves		
Fair Value Reserves		
Actuarial Reserves		
Revaluation Reserves		
Cash Flow Hedge Reserves		
Other Reserves		
Total	-	-

18 Provisions

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment		
ii) Defined Benefits Plan (Specify the name)		
iii) Termination Benefits		
iv) Other employee benefit obligations (to be Specified)		
Provision for tax related legal cases		
Provision for non-tax related legal cases		
Others (to be Specified)		
Total	-	-

(a) Additional Disclosure under of Provisions

Description	Opening Balance	Additions During the Year	Utilised During the Year	Reversed During the Year	Unwinding of Discount	Closing Balance
Provision for tax related legal cases						
Provision for non-tax related legal cases						

(b) Provision with expected payouts within 12 months:

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment		
ii) Defined Benefits Plan (Specify the name)		
iii) Termination Benefits		
iv) Other employee benefit obligations (to be Specified)		
Provision for tax related legal cases		
Provision for non-tax related legal cases		
Others (to be Specified)		
Total	-	-

19 Gross Insurance Contract Liabilities

Particulars	Current Year	Previous Year
Unearned Premiums		
Premium Deficiency		
IBNR and IBNER Claims		
Outstanding Claims		
Margin For Adverse Deviations		
Total	-	-

20 Insurance Payables

Particulars	Current Year	Previous Year
Payable to Reinsurers		
Payable to Other Insurance Companies		
Withdrawal Premiums		
Withdrawal Claims		
Others (to be Specified)		
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
Payable to Reinsurers		
Payable to Other Insurance Companies		
Withdrawal Premiums		
Withdrawal Claims		
Others (to be Specified)		
Total	-	-

21 Current Tax (Assets)/ Liabilities (Net)

Particulars	Current Year	Previous Year
Income Tax Liabilities		
Income Tax Assets		
Total	-	-

22 Borrowings

Particulars	Current Year	Previous Year
Bonds		
Debentures		
Term Loans - Bank and Financial Institution		
Bank Overdrafts		
Others (to be Specified)		
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
Bonds		
Debentures		
Term Loans - Bank and Financial Institution		
Bank Overdrafts		
Others (to be Specified)		
Total	-	-

23 Other Financial Liabilities

Particulars	Current Year	Previous Year
Redeemable Preference Shares		
Irredeemable Cumulative Preference Shares		
Payable to Agents		
Payable to Surveyors		
Refundable Share Application Money		
Payable to Insured		
Sundry Creditors		
Retention and deposits		

Notes to the Financial Statements (Continued...)**Fig. in NPR**

Short-term employee benefits payables		
i) Salary Payables		
ii) Bonus Payables		
iii) Other employee benefit payables (to be Specified)		
Audit Fee Payable		
Dividend Payable		
Others (to be Specified)		
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
Redeemable Preference Shares		
Irredeemable Cumulative Preference Shares		
Payable to Agents		
Payable to Surveyors		
Refundable Share Application Money		
Payable to Insured		
Sundry Creditors		
Retention and deposits		
Short-term employee benefits payables		
i) Salary Payables		
ii) Bonus Payables		
iii) Other employee benefit payables (to be Specified)		
Audit Fee Payable		
Dividend Payable		
Others (to be Specified)		
Total	-	-

24 Other Liabilities

Particulars	Current Year	Previous Year
TDS Payable		
VAT Payable		
Deposit Premiums		
Deferred Commission Income		
Insurance Service Fee Payable		
Lease Liability		
Deferred Income		
Others (to be Specified)		
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
TDS Payable		
VAT Payable		
Deposit Premiums		
Deferred Commission Income		
Insurance Service Fee Payable		
Lease Liability		
Deferred Income		
Others (to be Specified)		
Total	-	-

25 Gross Earned Premiums

Particulars	Current Year	Previous Year
Direct Premiums		
Premiums on Reinsurance Accepted		
Gross Change in Unearned Premiums		
Total	-	-

Portfolio-wise details of Gross Earned Premiums

Particulars	Direct Premiums		Premiums on Reinsurance Accepted		Gross Change in Unearned Premiums		Gross Earned Premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire								
Motor								
Marine								
Engineering								
Micro								
Aviation								
Cattle and Crop								
Miscellaneous								
Total	-	-	-	-	-	-	-	-

26 Premiums Ceded

Particulars	Current Year	Previous Year
Premiums Ceded to Reinsurers		
Reinsurer's Share of Change in Unearned Premiums		
Total	-	-

Portfolio-wise detail of Premiums Ceded to Reinsurers

Particulars	Premiums Ceded to Reinsurers		Reinsurer's Share of Change in Unearned Premiums		Premium Ceded	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire						
Motor						
Marine						
Engineering						
Micro						
Aviation						
Cattle and Crop						
Miscellaneous						
Total	-	-	-	-	-	-

27 Net Earned Premiums

Particulars	Current Year	Previous Year
Gross Earned Premiums		
Premiums Ceded		
Total	-	-

Portfolio-wise detail of Net Earned Premiums

Particulars	Gross Earned Premiums		Premiums Ceded		Net Earned Premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire						
Motor						
Marine						
Engineering						
Micro						
Aviation						
Cattle and Crop						
Miscellaneous						
Total	-	-	-	-	-	-

28 Commission Income

Particulars	Current Year	Previous Year
Reinsurance Commission Income		
Deferred Commission Income		
Profit Commission		
Others (to be Specified)		
Total	-	-

Particulars	Reinsurance Commission Income		Deferred Commission Income		Profit Commission		Others (to be Specified)		Commission Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire										
Motor										
Marine										
Engineering										
Micro										
Aviation										
Cattle and Crop										
Miscellaneous										
Total			-	-	-	-	-	-	-	-

29 Investment Income

Particulars	Current Year	Previous Year
Interest Income from Financial Assets Measured at Amortised Costs		
i) Fixed Deposits with "A" Class Financial Institutions		
ii) Fixed Deposits with Infrastructure Banks		
iii) Fixed Deposits with "B" Class Financial Institutions		
iv) Fixed Deposits with "C" Class Financial Institutions		
v) Debentures		
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		
vii) Preference Shares of Bank and Financial Institutions		
viii) Bank Deposits other than Fixed Deposit		
ix) Agent Loans		
x) Employee Loans		
xi) Other Interest Income (to be Specified)		
Financial Assets Measured at FVTOCI		
i) Interest Income on Debentures		
ii) Dividend Income		
iii) Other Interest Income (to be Specified)		
Financial Assets Measured at FVTPL		
i) Dividend Income		
ii) Other Interest Income (to be Specified)		
Rental Income		
Others (to be Specified)		
Total	-	-

30 Net Gains/ (Losses) on Fair Value Changes

Particulars	Current Year	Previous Year
Changes in Fair Value of Financial Assets Measured at FVTPL		
i) Equity Instruments		
ii) Mutual Fund		
iii) Others (to be Specified)		
Changes in Fair Value on Investment Properties		
Changes in Fair Value on Hedged Items in Fair Value Hedges		
Changes in Fair Value on Hedging Instruments in Fair Value Hedges		
Gains/(Losses) of Ineffective Portion on Cash Flow Hedges		
Others (to be Specified)		
Total	-	-

31 Net Realised Gains/ (Losses)

Particulars	Current Year	Previous Year
Realised Gains/ (Losses) on Derecognition of Financial Assets Measured at FVTPL		
i) Equity Instruments		
ii) Mutual Fund		
iii) Others (to be Specified)		
Realised Gains/ (Losses) on Derecognition of Financial Assets at Amortised Costs		
i) Debentures		
ii) Bonds		
iii) Others (to be Specified)		
Total	-	-

32 Other Income

Particulars	Current Year	Previous Year
Unwinding of discount on Financial Assets at Amortised Costs		
i) Employee Loans		
ii) Bonds		
iii) Others (to be Specified)		
Foreign Exchange Gains		
Interest Income from Finance Lease		
Profit from disposal of Property, Plant and Equipment		
Amortization of Deferred Income		
Stamp Income		
Others (to be Specified)		
Total	-	-

33 Gross Claims Paid

Particulars	Current Year	Previous Year
Gross Claims Paid		
Total	-	-

34 Claims Ceded

Particulars	Current Year	Previous Year
Claims Ceded to Reinsurers		
Total	-	-

Portfolio-wise detail of Gross Claims Paid and Claims Ceded

Particulars	Gross Claims Paid		Claims Ceded		Net Claims Paid before Change in Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire						
Motor						
Marine						
Engineering						
Micro						
Aviation						
Cattle and Crop						
Miscellaneous						
Total	-	-	-	-	-	-

35 Change in Contract Liabilities

Particulars	Current Year	Previous Year
(a) Gross Change in Contract Liabilities		
Change in Contract Outstanding Claims		
Change in IBNR and IBNER		
Change in Margin for Adverse Deviations (MAD)		
Change in Premium Deficiency		
Total Gross Change in Contract Liabilities	-	-
(b) Change in Reinsurance Assets		
Change in Reinsurance Assets Created on Outstanding Claims		
Change in Reinsurance Assets Created on IBNR and IBNER		
Change in Reinsurance Assets Created on Margin for Adverse Deviations (MAD)		
Change in Reinsurance Assets Created on Premium Deficiency		
Total Change in Reinsurance Assets	-	-
Net Change in Contract Liabilities	-	-

Particulars	Gross Change in Contract Liabilities		Change in Reinsurance Assets		Net Change in Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire						
Motor						
Marine						
Engineering						
Micro						
Aviation						
Cattle and Crop						
Miscellaneous						
Total	-	-	-	-	-	-

36 Commission Expenses

Particulars	Current Year	Previous Year
Commission Expenses on Direct Insurance Contracts		
Commission Expenses on Reinsurance Accepted		
Deferred Commission Expenses		
Others (to be Specified)		
Total	-	-

Portfolio-wise detail of Commission Expenses

Particulars	Commission Expenses on Direct Insurance Contracts		Commission Expenses on Reinsurance Accepted		Deferred Commission Expenses		Others (to be Specified)		Commission Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire										
Motor										
Marine										
Engineering										
Micro										
Aviation										
Cattle and Crop										
Miscellaneous										
Total	-	-	-	-	-	-	-	-	-	-

37 Service Fees

Particulars	Current Year	Previous Year
Gross Service Fees		
Reinsurer's Share of Service Fees		
Total	-	-

Portfolio-wise detail of Service Fees

Particulars	Gross Service Fees		Reinsurer's Share of Service Fees		Net Service Fees	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire						
Motor						
Marine						
Engineering						
Micro						
Aviation						
Cattle and Crop						
Miscellaneous						
Total	-	-	-	-	-	-

38 Employee Benefits Expenses

Particulars	Current Year	Previous Year
Salaries	-	-
Allowances		
Defined Benefit Plans		
i) Gratuity		
ii) Others (to be Specified)		
Defined Contribution Plans		
i) Provident Fund		
ii) Others (to be Specified)		
Leave Encashment		
Termination Benefits		
Festival Allowances		
Training Expenses		
Uniform Expenses		
Medical Expenses		
Staff Insurance Expenses		
Staff Welfare		
Bonus		
Others (to be Specified)		
Total	-	-

39 Depreciation & Amortization Expenses

Particulars	Current Year	Previous Year
Depreciation on Property, Plant and Equipment (Refer Note 5)		
Depreciation on Investment Properties (Refer Note 6)		
Amortization of Intangible Assets (Refer Note 4)		
Total	-	-

40 Impairment Losses

Particulars	Current Year	Previous Year
Impairment Losses on Property, Plant and Equipment, Investment Properties and Intangible Assets		
i) Property, Plant and Equipment		
ii) Investment Properties		
iii) Intangible Assets		
Impairment Losses on Financial Assets		
i) Investments		
ii) Loans		
iii) Other Financial Assets		
iv) Cash and Cash Equivalents		
v) Others (to be Specified)		
Impairment Losses on Other Assets		
i) Reinsurance Assets		
ii) Insurance Receivables		
iii) Lease Receivables		
iv) Others (to be Specified)		
Total	-	-

41 Other Expenses

Particulars	Current Year	Previous Year
Rent Expenses		
Electricity and Water		
Repair & Maintenance		
i) Buildings		
ii) Vehicles		
iii) Office Equipments		
iv) Others (to be Specified)		
Telephone & Communication		
Printing & Stationary		
Office Consumable Expenses		
Travelling Expenses		
i) Domestic		
ii) Foreign		
Agent Training		
Other Agent Expenses		
Insurance Premium		
Security Expenses		
Legal and Consulting Expenses		
Newspapers, Books and Periodicals		
Advertisement & Promotion Expenses		
Business Promotion		
Guest Entertainment		
Gift and Donations		
Board Meeting Fees and Expenses		
i) Meeting Allowances		
ii) Other Allowances		
Other Committee/ Sub-committee Expenses		
i) Meeting Allowances		
ii) Other Allowances		
General Meeting Expenses		
Audit Related Expenses		
i) Statutory Audit		
ii) Tax Audit		
iii) Long Form Audit Report		
iv) Other Fees		
v) Internal Audit		
vi) Others (to be Specified)		
Bank Charges		
Fee and Charges		
Postage Charges		
Foreign Exchange Losses		
Others (to be Specified)		
Total	-	-

42 Finance Cost

Particulars	Current Year	Previous Year
Unwinding of discount on Provisions		
Unwinding of discount on Financial Liabilities at Amortised Costs		
Interest Expenses - Bonds		
Interest Expenses - Debentures		
Interest Expenses - Term Loans		
Interest Expenses - Leases		
Interest expenses - Overdraft Loans		
Others (to be Specified)		
Total	-	-

43 Income Tax Expense

(a) Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year		
ii) Income Tax Relating to Prior Periods		
Deferred Tax For The Year		
i) Originating and reversal of temporary differences		
ii) Changes in tax rate		
iii) Recognition of previously unrecognised tax losses		
iv) Write-down or reversal		
v) Others (to be Specified)		
Income Tax Expense	-	-

(b) Reconciliation of Taxable Profit & Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	-	-
Applicable Tax Rate		
Tax at the applicable rate on Accounting Profit	-	-
Add: Tax effect of expenses that are not deductible for tax purpose		
i)		
ii)		
Less: Tax effect on exempt income and additional deduction		
i)		
ii)		
Less: Adjustments to Current Tax for Prior Periods		
i)		
ii)		
Add/ (Less): Others (to be Specified)		
i)		
ii)		
Income Tax Expense	-	-
Effective Tax Rate		

OR

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	-	-
Income Tax Expense	-	-
Average Effective Tax Rate	-	-
Less: Tax effect of expenses that are not deductible for tax purpose		
i)		
ii)		
Add: Tax effect on exempt income and additional deduction		
i)		
ii)		
Add: Adjustments to Current Tax for Prior Periods		
i)		
ii)		
Add/ (Less): Others (to be Specified)		
i)		
ii)		
Applicable Tax Rate	-	-

44 Employee Retirement Benefits**a) Post Employment Benefit - Defined Contribution Plans**

For the year ended Ashadh,20X2 (July..., 20X2) the company has recognised an amount of NPR. as an expenses under the defined contribution plans in the Statement of Profit or Loss.

b) Post Employment Benefit - Defined Benefit Plans

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out.

c) Total Expenses Recognised in the Statement of Profit or Loss

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost				
Past service cost				
Net interest cost (a-b)				
a. Interest expense on defined benefit obligation (DBO)				
b. Interest (income) on plan assets				
Defined benefit cost included in Statement of Profit or Loss	-	-	-	-

d) Remeasurement effects recognised in Statement of Other Comprehensive Income (OCI)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Actuarial (gain)/ loss due to financial assumption changes in DE				
b. Actuarial (gain)/ loss due to experience on DBO				
c. Return on plan assets (greater)/ less than discount rate				
Total actuarial (gain)/ loss included in OCI	-	-	-	-

e) Total cost recognised in Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cost recognised in Statement of Profit or Loss				
Remeasurements effects recognised in OCI				
Total cost recognised in Comprehensive Income	-	-	-	-

e) Change in Defined Benefit Obligation

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation as at the beginning of the year				
Service cost				
Interest cost				
Benefit payments from plan assets				
Actuarial (gain)/ loss - financial assumptions				
Actuarial (gain)/ Loss - experience				
Defined Benefit Obligation as at Year End	-	-	-	-

g) Change in Fair Value of Plan Assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of plan assets at end of prior year				
Expected return on plan assets				
Employer contributions				
Participant contributions				
Benefit payments from plan assets				
Transfer in/ transfer out				
Actuarial gain/ (loss) on plan assets				
Fair value of Plan Assets as at Year End	-	-	-	-

h) Net Defined Benefit Liability/ (Asset)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit Obligation				
Fair Value of Plan Assets				
Liability/ (Asset) Recognised in Statement of Financial Position	-	-	-	-

i) Expected Company Contributions for the Next Year

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Expected company contributions for the next year				

j) Reconciliation of amounts in Statement of Financial Position

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Net defined benefit liability/(asset) at prior year end				
Defined benefit cost included in Statement of Profit or Loss				
Total remeasurements included in OCI				
Acquisition/ divestment				
Employer contributions				
Net defined benefit liability/ (asset)	-	-	-	-

k) Reconciliation of Statement of Other Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cumulative OCI - (Income)/Loss, beginning of period				
Total remeasurements included in OCI				
Cumulative OCI - (Income)/Loss	-	-	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability				
Non - Current Liability				
Total	-	-	-	-

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year				
Between 1-2 years				
Between 2-5 years				
From 6 to 10				
Total	-	-	-	-

n) Plan assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year (% Invested)	Previous Year (% Invested)	Current Year (% Invested)	Previous Year (% Invested)
Government Securities				
Corporate Bonds (including Public Sector bonds)				
Mutual Funds				
Deposits				
Cash and bank balances				
Retirement Fund				
Others (to be Specified)				
Total	-	-	-	-

o) Sensitivity Analysis

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Effect in Defined Benefit Obligation Due to 1% Increase in Discount Rate				-
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate				-
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate				-
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate				
Effect in Defined Benefit Obligation Due to 1% Increase in Attrition Rate				
Effect in Defined Benefit Obligation Due to 1% Decrease in Attrition Rate				-

p) Assumptions

Particulars	Employee Benefit Plan	Any Other Funded Liability
Discount Rate		
Escalation Rate (Rate of Increase in Compensation Levels)		
Attrition Rate (Employee Turnover)		
Mortality Rate During Employment		

Notes to the Financial Statements (Continued...)

45 Insurance Risk

Insurance risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims, frequency and severity and the risk of change in the legal or economic conditions of insurance or reinsurance cover. This may result in the insurer having either received too little premium for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claims, or that claims are in excess of those expected.

The Company seeks to minimise insurance risk through a formalised reinsurance arrangement with an appropriate mix and spread of business based on its overall strategy. This is complemented by observing formalised risk management policies.

The Company considers insurance risk to be a combination of the following components of risks:

- a) Product development
- b) Pricing
- c) Underwriting
- d) Reinsurance
- e) Claims Handling
- f) Reserving

a) Product development:

The Company principally issues the following types of Non-Life Insurance contracts:

- Fire
- Motor
- Marine
- Engineering
- Micro
- Aviation
- Cattle and Crop
- Miscellaneous

The significant risks arising under the Non-Life Insurance portfolio emanates from changes in the climate leading to natural disasters, behavioral trends of people due to changing life styles, the steady escalation of costs in respect of spares in the auto industry's.

The above risk exposure is mitigated by the diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

b) Pricing:

The pricing of an insurance product involves the estimation of claims, operational and financing costs and the income arising from investing the premium received. The pricing process typically comprises collecting data on the underlying risks to be covered, determining the pricing assumptions and the base rate, setting the final premium rate, and monitoring the review of the appropriateness of pricing.

The Company collects adequate data to validate the reasonableness of the underlying assumptions used for pricing. The base rate represents the amount required to meet the value of anticipated benefits, expenses, and margins for risks and profit. Data primarily relates to the company's own historical experience and that of the industry where relevant. These may be supplemented by other internal and external data, and could include trends observed in claims costs and expenses.

Notes to the Financial Statements (Continued...)

Claim development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive incident year at each reporting date, together with cumulative payments to date.

Gross outstanding claim provision

Year of incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year							-
One year later							-
Two year later							-
Three year later							-
Four year later							-
More than Four years							-
Current estimate of cumulative claims	-	-	-	-	-	-	-
At end of incident year							-
One year later							-
Two year later							-
Three year later							-
Four year later							-
More than Four years							-
Cumulative payments to date	-	-	-	-	-	-	-
Gross outstanding claim provision	-	-	-	-	-	-	-

Net outstanding claim provision

Year of incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year							-
One year later							-
Two year later							-
Three year later							-
Four year later							-
More than Four years							-
Current estimate of cumulative claims	-	-	-	-	-	-	-
At end of incident year							-
One year later							-
Two year later							-
Three year later							-
Four year later							-
More than Four years							-
Cumulative payments to date	-	-	-	-	-	-	-
Net outstanding claim provision	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued...)

f) Reserving

Insurance Contract Liabilities are created to cover this risk based on the actuarial valuation report.

The table below sets out the concentration of risk associated with above mentioned products. Risk as at year end has been measured as insurance contract liabilities and disclosed as below:

Particulars	Current Year			Previous Year		
	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities
Fire			-			-
Motor			-			-
Marine			-			-
Engineering			-			-
Micro			-			-
Aviation			-			-
Cattle and Crop			-			-
Miscellaneous			-			-
Total	-	-	-	-	-	-

Notes to the Financial Statements (Continued...)

46 Fair Value Measurements

(i) Financial Instruments by Category & Hierarchy

This section explains the judgements and estimates made in determining the Fair Values of the Financial Instruments that are (a) recognised and measured at fair value and (b) measured at Amortised Cost and for which Fair Values are disclosed in the Financial Statements.

To provide an indication about the reliability of the inputs used in determining Fair Value, the Company has classified its financial instruments into Three Levels prescribed as per applicable NFRS.

Particulars	Level	Current Year			Previous Year		
		FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Investments							
i) Investment in Equity Instruments							
ii) Investment in Mutual Funds							
iii) Investment in Preference Shares of Bank and Financial Institutions							
iv) Investment in Debentures							
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)							
vi) Fixed Deposits							
vii) Others (to be specified)							
Loans							
Other Financial Assets							
Cash and Cash Equivalents							
Total Financial Assets			-	-	-	-	-
Borrowings							
Other Financial Liabilities							
Total Financial Liabilities			-	-	-	-	-

Level 1: Level 1 Hierarchy includes Financial Instruments measured using Quoted Prices.

Level 2: Fair Value of Financial Instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine Fair Value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There is no transfer of Financial Instruments between different levels as mentioned above during the year.

(ii) Valuation Technique Used to Determine Fair Value

- Use of quoted market prices or dealer quotes for similar instruments
- Fair Value of remaining financial instruments is determined using discounted cash flow analysis

(iii) Valuation Process

The finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes. Valuation processes and results are reviewed at least once in a year.

The main level 3 inputs are derived and evaluated as follows:

- Discount rate is arrived at considering the internal and external factors.
- Discounting has been applied where assets and liabilities are non-current, and the impact of the discounting is material

(iv) Fair Value of Financial Assets and Liabilities Measured at Amortised Cost

Particulars	Current Year		Previous Year	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments				
i) Investment in Preference Shares of Bank and Financial Institutions				
ii) Investment in Debentures				
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)				
iv) Fixed Deposit				
v) Others (to be Specified)				
Loans				
i) Loan to Associates				
ii) Loan to Employees				
iv) Loan to Agents				
v) Others (to be Specified)				
Other Financial Assets				
Total Financial Liabilities at Amortised Cost		-	-	-
Borrowings				
i) Bond				
ii) Debenture				
iii) Term Loan - Bank and Financial Institution				
iv) Bank Overdraft				
v) Others (to be Specified)				
Other Financial Liabilities				
Total Financial Liabilities at Amortised Cost		-	-	-

The fair values of the above financial instruments measured at amortised cost are calculated based on cash flows discounted using current discount rate.

The carrying amounts of cash and cash equivalents are considered to be the same as their fair values due to their short-term nature.

Notes to the Financial Statements (Continued...)

47 Financial Risk Management

The Company's activities expose it to Credit Risk, Liquidity Risk & Market Risk.

i) Credit Risk

Credit risk is the risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to the Company. Thus, for an insurance contract, credit risk includes the risk that an insurer incurs a financial loss because a reinsurer defaults on its obligations under the reinsurance contract.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

a) Company has credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures/ breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

b) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by entering into agreement with more than one party. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

c) The company deals with only creditworthy counterparties and obtains sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh ..., 20X2

Particulars		Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses					
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time expected credit losses					
Credit Risk has significantly increased and credit impaired						

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh .., 20X1

Particulars		Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses					
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time expected credit losses					
Credit Risk has significantly increased and credit impaired						

Reconciliation of Loss Allowance Provision

Particulars	Measured at 12 months expected credit losses	Measured at life-time expected credit losses	
		Credit Risk has significantly increased and not credit impaired	Credit Risk has significantly increased and credit impaired
Loss Allowance on Ashadh .., 20X1			
Changes in loss allowances			
Write-offs			
Recoveries			
Loss Allowance on Ashadh .., 20X2	-	-	-

Notes to the Financial Statements (Continued...)

ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

Maturity of Financial Liabilities:

The table below summarises the Company's Financial Liabilities into Relevant Maturity Groupings based on their Contractual Maturities for all Financial Liabilities.

Particulars	Current Year			Previous Year		
	Upto 1 Year	1 Year to 5 Year	More than 5 Year	Upto 1 Year	1 Year to 5 Year	More than 5 Year
Borrowings						
Other Financial Liabilities						
Total Financial Liabilities	-	-	-	-	-	-

iii) Market Risk

a1) Foreign Currency Risk Exposure

Foreign exchange risk is the potential for the Company to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency. The Company does not maintain foreign currency denominated assets in its investment portfolios and as such is not exposed to foreign exchange risk related to investments.

The Company has no significant concentration of currency risk. The amount with reinsurer is settled in Nepali Rupee.

Alternative note for Foreign Currency Risk Exposure (where there is Foreign Currency Risk)

Operation of the Company has exposed it to foreign exchange risk arising from foreign currency transactions, with respect to the USD and Currency A. The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the NPR cash flows of highly probable forecast transactions.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in NPR, are as follows:

Particulars	-		-	
	USD	Currency A	USD	Currency A
Investments				
Loans				
Insurance Receivables				
Other Financial Assets				
Less: Derivative Assets				
i) Foreign exchange forward contracts - Sell Foreign Currency				
ii) Foreign exchange option contracts - Sell Foreign Currency				
Net Exposure to Foreign Currency Risk/ (Assets)	-	-	-	-
Insurance Payables				
Other Financial Liabilities				
Less: Derivative Liabilities				
i) Foreign exchange forward contracts - Buy Foreign Currency				
ii) Foreign exchange option contracts - Buy Foreign Currency				
Net Exposure to Foreign Currency Risk/ (Liabilities)	-	-	-	-

a2) Foreign Currency Risk - Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on the other components of equity arising from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

Particulars	Impact on profit after tax		Impact on other component of equity	
	Current Year	Previous Year	Current Year	Previous Year
USD sensitivity				
NPR/ USD - Increases by 10% *				
NPR/ USD - Decreases by 10% *				
Currency A sensitivity				
NPR/ Currency A - Increases by 10% *				
NPR/ Currency A - Decreases by 10% *				

* Holding all other variable constant

Notes to the Financial Statements (Continued...)

b1) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

b2) Interest Rate Sensitivity

Profit or Loss is sensitive to changes in Interest Rate for Borrowings. A change in Market Interest Level by 1% which is reasonably possible based on Management's Assessment would have the following effect on the Profit After Tax.

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%*		
Interest Rate - Decrease By 1%*		

* Holding all other Variable Constant

c1) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The Company has invested in equity securities and the exposure is equity securities price risk from investments held by the Company and classified in the statement of financial position as fair value through OCI/ fair value through profit or loss.

c2) Sensitivity

The table below summarises the impact of increase/decrease of the index in the Company's equity and impact on OCI/ profit or loss for the period. The analysis is based on the assumption that the equity index had increased/ decreased by 1% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%		
Interest Rate - Decrease By 1%		

48 Operational Risk

Operational Risk is the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

49 Capital Management

The Company's objectives when managing Capital are to:

- Safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Regulatory minimum paid up capital

Non-Life insurance companies were required by the Directive issued by Beema Samiti to attain a stipulated minimum paid up capital of NPR 1 billion by mid-July 2018. As on the reporting date, the company's paid up capital is NPR

Dividend

Particulars	Current Year	Previous Year
(i) Dividends recognised		
Final dividend for the year ended Ashadh .., 20X1 of NPR/- (Ashadh .., 20XX - NPR/-) per fully paid share	-	-
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since the year ended the directors have recommended the payment of a final dividend of NPR/- per fully paid equity share (Ashadh .., 20X1 - NPR /-). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting	-	-

50 Earnings Per Share (EPS)

a) Basic Earnings Per Share

Particulars	Current Year	Previous Year
Profit For the Year		
Less: Dividend on Preference Shares		
Adjusted profit attributable to ordinary share holders		
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share		
Basic Earnings Per Share		

Notes to the Financial Statements (Continued...)

b) Diluted Earnings Per Share

Particulars	Current Year	Previous Year
Adjusted profit attributable to ordinary share holders		
Add: Interest saving on Convertible Bonds		
Profit For the Year used for Calculating Diluted Earning per Share	-	-
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share		
Adjustments for calculation of Diluted Earning per Share:		
i) Dilutive Shares		
ii) Options		
iii) Convertible Bonds		
Weighted Average Number of Equity Shares Outstanding During the Year for Diluted Earning Per Share		
Nominal Value of Equity Shares		
Diluted Earnings Per Share		

Notes to the Financial Statements (Continued...)

e) Reconciliation of Segmental Profit with Statement of Profit or Loss

Particulars	Current Year	Previous Year
Segmental Profit	-	-
Less: Depreciation and Amortization		
Less: Non-cash expenses other than Depreciation and Amortization		
Less: Unallocable Corporate Expenditures		
Add: Unallocable Other Income		
Less: Finance Cost		
Profit Before Tax	-	-

f) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	-	-
Intangible Assets		
Property, Plant and Equipment		
Investment Properties		
Deferred Tax Assets		
Investments		
Loans		
Current Tax Assets (Net)		
Other Assets		
Total Assets	-	-

g) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	-	-
Provisions		
Deferred Tax Liabilities		
Current Tax Liabilities (Net)		
Other Financial Liabilities		
Other Liabilities		
Total Liabilities	-	-

Notes to the Financial Statements (Continued...)

52 Related Party Disclosure

(a) Identify Related Parties

Holding Company:

Subsidiaries:

Associates:

Fellow Subsidiaries:

Key Management Personnel:

(b) Key Management Personnel Compensation:

Particulars	Current Year	Previous Year
Short-term employee benefits		
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Total	-	-

Payment to Chief Executive Officer (CEO)

Particulars	Current Year	Previous Year
Annual salary and allowances		
Performance based allowances		
i) Employee Bonus		
ii) Benefits as per prevailing provisions		
iii) Incentives		
Insurance related benefits		
i) Life Insurance		
ii) Accident Insurance		
iii) Health Insurance (including family members)		
Total	-	-

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						
Commission Income						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						
Rental Income						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						
Interest Income						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						
Sale of Property, Plant & Equipment						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						
Purchase of Property, Plant & Equipment						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						
Premium Paid						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						

Notes to the Financial Statements (Continued...)

Commission Expenses						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						
Dividend						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						
Meeting Fees						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						
Allowances to Directors						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						
Others (to be specified)						
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)						
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)						

(d) Related Party Balances:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
As at Ashadh,20X2 (July .., 20X2)						
As at Ashadh,20X1 (July .., 20X1)						
Other Receivables (to be Specified)						
As at Ashadh,20X2 (July .., 20X2)						
As at Ashadh,20X1 (July .., 20X1)						
Payables including Reinsurance Payables						
As at Ashadh,20X2 (July .., 20X2)						
As at Ashadh,20X1 (July .., 20X1)						
Other Payables (to be Specified)						
As at Ashadh,20X2 (July .., 20X2)						
As at Ashadh,20X1 (July .., 20X1)						

Notes to the Financial Statements (Continued...)

53 Leases

(a) Leases as Lessee

(i) Operating Leases:

The Company has various operating leases ranging from years to years for and Non-cancellable periods range from months to months. The leases are renewable by mutual consent and contain escalation clause. Rental expenses for operating leases recognised in the Statement of Profit and Loss for the year is NPR (Ashadh ..., 20X1: NPR).

Disclosure in respect of Non-cancellable lease is as given below:

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year		
ii) Later than 1 year and not later than 5 years		
iii) Later than 5 years		

(ii) Finance Lease:

The Company holds assets under finance leases. Future minimum lease payments and lease liability at the end of the year is given below:

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year		
ii) Later than 1 year and not later than 5 years		
iii) Later than 5 years		
Total Future Minimum Lease Payments	-	-
Less: Effect of Discounting		
Finance lease liability recognised	-	-

(b) Leases as Lessor

(i) Operating Lease:

The Company has leased out certain office spaces that are renewable on a periodic basis. Rental income received during the year in respect of operating lease is NPR (Ashadh ..., 20X1/ July ..., 20X1: NPR). Details of assets given on operating lease as at year end are as below.

Disclosure in respect of Non-cancellable lease is as given below

Future Minimum Lease Income	Current Year	Previous Year
i) Not Later than 1 year		
ii) Later than 1 year and not later than 5 years		
iii) Later than 5 years		

(ii) Finance Lease:

The Company has given assets under finance leases. At the year end receivables under finance lease agreements fall due as follows:

Particulars	Current Year			Previous Year		
	Gross Investment	Unearned Finance Income	Net Investment	Gross Investment	Unearned Finance Income	Net Investment
i) Not Later than 1 year						
ii) Later than 1 year and not later than 5 years						
iii) Later than 5 years						
Total	-	-	-	-	-	-

54 Capital Commitments

Estimated amount of contracts remaining to be executed and not provided for

Particulars	Current Year	Previous Year
Intangible Assets		
Property, Plant and Equipment		
Investment Properties		
Total	-	-

55 Contingent Liabilities

Particulars	Current Year	Previous Year
Claims against Company not acknowledged as debts		
a) Income Tax		
b) Indirect Taxes		
c) Other (to be Specified)		
Total	-	-

Notes to the Financial Statements (Continued...)

56 Events occurring after Balance Sheet

57 Assets Pledged as Security (only if pledged)

The carrying amount of assets pledged as security are:

Particulars	Current Year	Previous Year
Reinsurance Receivables		
Investments in equity		
Fixed Deposits		
Property, plant and equipment		
Others (to be Specified)		
Total	-	-

58 Miscellaneous

- (i) All amounts are in Nepalese Rupees unless otherwise stated.
- (ii) All figures are in the Nearest Rupee & Rounded off.

59 Others (to be Specified)

... Non-Life Insurance Company Limited
Annexure II
Minimum Disclosure in Management Report
(Year Ended Upto Ashadh ..., 20X2)

A Information related to Non Life Insurer

Under this title following matters shall be disclosed

- 1 Date of establishment
- 2 Insurer licence date
- 3 Insurance business type, nature
- 4 Date of commencement of business
- 5 Other matters which insurer wish to include

B Insurer's Board of Directors shall approve following matters

- 1 Validity of license issued by Beema Samiti to carry insurance business
- 2 Tax, service charges, fine and penalties to be paid under laws & regulation whether paid or not
- 3 Share structure of the insurer, changes if any in line with prevailing laws & regulation
- 4 Whether solvency ratio as prescribed by Beema Samiti is maintained or not
- 5 a) Statement regarding assets that financial amount contained in SOFP are not overstated than it's fair value.
b) Measurement basis of the assets recognized in financial statements.
- 6 Declaration on investment made by insurer that are in line with prevailing laws. If not reason to be disclosed.
- 7 Number of claim settled within the year and outstanding claim number and time frame to settle the outstanding claim.
Declaration on compliance with the provision of Insurance Act 2049, Insurance Regulation 2049, Company Act 2063, NFRSs
- 8 and other prevailing laws & regulation to which insurer shall adhere to and any non compliance with reasons thereof.

- 9 Declaration that the appropriate accounting policy has been consistently adopted.
- 10 Declaration on Financial Statements as at Reporting Date that the insurer's Financial Position and Financial Performance are presented true & fairly.
Declaration that Board of Directors have implemented adequate and appropriate provision to safeguard the assets and for
- 11 identification and mitigation against losses due to fraud, embezzlement and irregularities.

- 12 Declaration that Financial Statements have been prepared based on going concern basis.
- 13 Declaration that the internal control system is commensurate with the size, nature & volume of the insurer's business.
Declaration that the insurer has not conducted any transactions contrary to Insurance Act, 2049, Companies Act, 2063,
- 14 related regulations and directions with any person, firm, company and insurer's director or with any entity in which insurer's director has interest.
- 15 Disclosure on any penalties, levied by Beema Samiti for the particular financial year.
- 16 Other disclosure which is deemed appropriate by management

... Non-Life Insurance Company Limited
Annexure III
Major Financial Indicator

S.N.	Particular	Indicators	Fiscal Year				
			Year 1	Year 2	Year 3	Year 4	Year 5
1	Net worth	NRs.					
2	Number of Shares	Number					
3	Book value per shares	NRs.					
4	Net Profit	NRs.					
5	Earning per Shares (EPS)	NRs.					
6	Dividend per Shares (DPS)	NRs.					
7	Market Price per Shares (MPPS)	NRs.					
8	Price Earning Ratio	Ratio					
9	Return on Equity	%					
10	Return on Investment	%					
11	Loss Ratio {(Claim Paid + change in reserve)/ (Net Written Premium)}	%					
12	Expense Ratio (Underwriting Expense including Commission/Net Written Premium)	%					
11	Combined Ratio (Loss Ratio + Expense Ratio)'	%					
13	Net Insurance Premium/ Gross Insurance Premium	%					
14	Net Profit/ Gross Insurance Premium	%					
15	Gross Insurance Premium/ Total Assets	%					
16	Investment & loan income/ Total investment & loan amount	%					
17	Reinsurance commission/ Gross Reinsurance Premium	%					
18	Management expenses/ Gross Insurance Premium	%					
19	Agent Related Expenses/ Gross Insurance Premium	%					
20	Number of Agents	Numbers					
21	Number of Branch and Sub-Branch	Numbers					
22	Employee expenses/ Management expenses	%					
23	Employee expenses/ Employee numbers	%					
24	Outstanding Claim Expenses/ Claim Paid	%					
25	Outstanding Claim Expenses/ Number of Claim Paid	%					
26	Total Number of Existing Insurance Policies	Numbers					
27	Renewed Insurance Policy/ Total Insurance Policies last year	%					
28	Number of Claim Insurance Policies/ Total Number of Policy Outstanding	%					
29	Technical Provisions/ Total Equity	%					
30	Gross Premium/ Owner Equity	%					
31	Net Premium/ Equity	%					
32	Insurable Debt/ Total Equity	%					
33	Net Premium Growth Rate	%					
34	Change in Gross Written Premium	%					
35	Cession Ratio	%					
36	Net Technical Reserve/ Average of Net Claim Paid for Last 3 Years	%					
37	Liquidity Ratio	%					
38	Affiliate Ratio	%					
39	(Unquoted Equities + Debtors)/ Net Total Assets	%					
40	Solvency Margin	%					
41	Change in Equity	%					

Annexure I
NFRSs based Financial Statements

..... **Non-Life Insurance Limited**
Consolidated Statement of Financial Position
As At Ashadh, 20X2 (... th July, 20X2)

Fig. in NPR

	Notes	Current Year	Previous Year
Assets			
Intangible Assets	4	-	-
Property, Plant and Equipment	5	-	-
Investment Properties	6	-	-
Deferred Tax Assets	7	-	-
Investment in Associates	8	-	-
Investments	9	-	-
Loans	10	-	-
Reinsurance Assets	11	-	-
Current Tax Assets (Net)	21	-	-
Insurance Receivables	12	-	-
Other Assets	13	-	-
Other Financial Assets	14	-	-
Cash and Cash Equivalents	15	-	-
Total Assets		-	-
Equity & Liabilities			
Equity			
Share Capital	16 (a)	-	-
Share Application Money Pending Allotment	16 (b)	-	-
Share Premium	16(c)	-	-
Insurance Fund	16(d)	-	-
Catastrophe Reserves	16(e)	-	-
Retained Earnings	16(f)	-	-
Other Equity	16(g)	-	-
Non-Controlling Interest	17	-	-
Total Equity		-	-
Liabilities			
Provisions	18	-	-
Gross Insurance Contract Liabilities	19	-	-
Deferred Tax Liabilities	7	-	-
Insurance Payables	20	-	-
Current Tax Liabilities (Net)	21	-	-
Borrowings	22	-	-
Other Financial Liabilities	23	-	-
Other Liabilities	24	-	-
Total Liabilities		-	-
Total Equity and Liabilities		-	-

The accompanying notes form an integral part of these Financial Statements.

.... Non-Life Insurance Limited
Consolidated Statement of Profit or Loss
For The Year Ended Ashadh, 20X2
(For The Year Ended July, 20X2)

Fig. in NPR

	Notes	Current Year	Previous Year
Income:			
Gross Earned Premiums	25	-	-
Premiums Ceded	26	-	-
Net Earned Premiums	27	-	-
Commission Income	28	-	-
Investment Income	29	-	-
Net Gains/ (Losses) on Fair Value Changes	30	-	-
Net Realised Gains/ (Losses)	31	-	-
Other Income	32	-	-
Total Income		-	-
Expenses:			
Gross Claims Paid	33	-	-
Claims Ceded	34	-	-
Gross Change in Contract Liabilities	35(a)	-	-
Change in Contract Liabilities Ceded to Reinsurers	35(b)	-	-
Net Claims Paid		-	-
Commission Expenses	36	-	-
Service Fees	37	-	-
Employee Benefits Expenses	38	-	-
Depreciation and Amortization Expenses	39	-	-
Impairment Losses	40	-	-
Other Expenses	41	-	-
Finance Cost	42	-	-
Total Expenses		-	-
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		-	-
Share of Net Profit of Associates accounted using Equity Method	8		
Profit Before Tax		-	-
Income Tax Expense	43	-	-
Net Profit/ (Loss) For The Year		-	-
Profit Attributable to:			
i) Equity Holders			
ii) Non-Controlling Interest			
Earning Per Share	50		
Basic EPS			
Diluted EPS			

The accompanying notes form an integral part of these Financial Statements.

..... Non-Life Insurance Limited
Consolidated Statement of Comprehensive Income
For The Year Ended Ashadh, 20X2
(For The Year Ended July, 20X2)

Fig. in NPR

	Current Year	Previous Year
Net Profit/ (Loss) For The Year	-	-
Other Comprehensive Income		
a) Items that are or may be Reclassified to Profit or Loss		
Changes in Fair Value of FVOCI Debt Instruments		
Cash Flow Hedge - Effective Portion of Changes in Fair Value		
Exchange differences on translation of Foreign Operation		
Share of other comprehensive income of associates accounted for using the equity method		
Income Tax Relating to Above Items		
Reclassified to Profit or Loss		
b) Items that will not be Reclassified to Profit or Loss		
Changes in fair value of FVOCI Equity Instruments		
Revaluation of Property, Plant and Equipment/ Intangible Assets		
Remeasurement of Post-Employment Benefit Obligations		
Share of other comprehensive income of associates accounted for using the equity method		
Income Tax Relating to Above Items		
Total Other Comprehensive Income For the Year, Net of Tax	-	-
Total Comprehensive Income For the Year, Net of Tax	-	-
Total Comprehensive Income Attributable to:		
i) Equity holders		
ii) Non-controlling interest		

The accompanying notes form an integral part of these Financial Statements.

..... Non-Life Insurance Limited
Consolidated Statement of Cash Flows
For The Year Ended Ashadh, 20X2
(For The Year Ended July, 20X2)

Fig. in NPR

	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received		
Commission Received		
Claim Recovery Received from Reinsurers		
Realised Foreign Exchange Income other than on Cash and Cash Equivalents		
Others (to be Specified)		
Cash Paid		
Gross Claims Paid		
Reinsurance Premium Paid		
Commission Paid		
Service Fees Paid		
Employee Benefits Expenses Paid		
Other Expenses Paid		
Others (to be Specified)		
Income Tax Paid		
Net Cash Flow From Operating Activities [1]	-	-
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets		
Proceeds From Sale of Intangible Assets		
Acquisitions of Investment Properties		
Proceeds From Sale of Investment Properties		
Rental Income Received		
Acquisitions of Property, Plant & Equipment		
Proceeds From Sale of Property, Plant & Equipment		
Payment for acquisition of Subsidiaries/ Investment in Subsidiaries		
Investment in Associates		
Receipts from Sale of Investments in Subsidiaries		
Receipts from Sale of Investments in Associates		
Purchase of Equity Instruments		
Proceeds from Sale of Equity Instruments		
Purchase of Mutual Funds		
Proceeds from Sale of Mutual Funds		
Purchase of Preference Shares		
Proceeds from Sale of Preference Shares		
Purchase of Debentures		
Proceeds from Sale of Debentures		
Purchase of Bonds		
Proceeds from Sale of Bonds		
Investments in Deposits		
Maturity of Deposits		
Proceeds from Finance Lease		
Loans Paid		
Proceeds from Loans		
Interest Income Received		
Dividend Received		
Others (to be Specified)		
Total Cash Flow From Investing Activities [2]	-	-

Cash Flow From Financing Activities		
Interest Paid		
Proceeds From Borrowings		
Repayment of Borrowings		
Payment of Finance Lease		
Proceeds From Issue of Share Capital		
Share Issuance Cost Paid		
Dividend Paid		
Dividend Distribution Tax Paid		
Others (to be Specified)		
Total Cash Flow From Financing Activities [3]	-	-
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	-	-
Cash & Cash Equivalents At Beginning of The Year/Period	-	
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash & Cash Equivalents At End of The Year/Period	-	-
Components of Cash & Cash Equivalents		
Cash In Hand	-	-
Cheques In Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	-	-

Notes:

Insurers shall prepare Statement of Cash Flows using Direct Method. Insurers may voluntarily prepare Cash Flow Statement using Indirect Method as well.

The accompanying notes form an integral part of these Financial Statements.

.... Non-Life Insurance Limited
Notes to the Consolidated Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

1 General Information

.....Insurance Company Limited (herein after referred to as the 'Company') was incorporated on and operated as general insurance company after obtaining license on under the Insurance Act 2049.

The registered office of the Company is located at The Company's shares are listed on

The financial statements are approved for issue by the Company's Board of Directors on

2 Basis of Preparation

(a) Statement of Compliance

The Financial Statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB), as per the provisions of The Nepal Chartered Accountants Act, 1997. These confirm, in material respect, to NFRS as issued by the Nepal Accounting Standards Board. The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.

(b) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for following Assets & Liabilities which have been measured at Fair Value amount:

- i. Certain Financial Assets & Liabilities which are required to be measured at fair value
- ii. Defined Employee Benefits
- iii. Insurance Contract Liabilities which are required to be determined using actuarial valuation for Liability Adequacy Test (LAT).

Historical cost is generally Fair Value of the consideration given in exchange for goods & services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for Financial Reporting purposes, Fair Value measurements are categorized into Level 1, or 2, or 3 based on the degree to which the inputs to the Fair Value measurements are observable & the significance of the inputs to the Fair Value measurement in its entirety, which are described as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical Assets or Liabilities that the entity can access at the measurement date;
- Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the Asset or Liability, either directly or indirectly; and
- Level 3 - Inputs are unobservable inputs for the Asset or Liability.

(c) Use of Estimates

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the reported balances of Assets & Liabilities, disclosures relating to Contingent Liabilities as at the date of the Financial Statements and the reported amounts of Income & Expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the financial statements.

(d) Functional and Presentation Currency

These Financial Statements are presented in Nepalese Rupees (NPR) which is the Group's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

(e) Going Concern

The financial statements are prepared on a going concern basis. The Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources while assessing the going concern basis. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it.

Notes to the Consolidated Financial Statements (Continued...)

(f) Changes in Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Group in preparing and presenting financial statements. The Group is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

(g) Recent Accounting Pronouncements

Accounting standards issued and effective

Accounting standards issued and non-effective

(h) Carve-outs

3 Significant Accounting Policies

This note provides a list of the significant policies adopted in the preparation of these Financial Statements.

(a) Property, Plant and Equipment (PPE)

i) Recognition

Freehold land is carried at historical cost and other items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Group and it can be used for more than one year and the cost can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

ii) Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure

that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date. Valuation of the land and buildings are undertaken by professionally qualified valuers.

An increase in the carrying amount as a result of revaluation, is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss. A decrease in the carrying amount as a result of revaluation, is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

Alternatively, accumulated depreciation can be increased proportionately as allowed by NAS 16

Difference between depreciation on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings.

.... Non-Life Insurance Limited

Notes to the Consolidated Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Consolidated Financial Statements (Continued...)

iii) Depreciation

Depreciation on Property, Plant and Equipment other than Freehold Land i.e. the Group's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on "Straight Line Method (SLM)/ Diminishing Balance Method (DBM)" based on Useful Life estimated by technical expert of the management.

The Assets Useful Life/ Rate of Depreciation and Residual Values are reviewed at the Reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

Useful Life of Property, Plant and Equipment based on SLM/ DBM is categorised as stated below:

List of Asset Categories	Useful Life (In Years) for SLM	Rate of Depreciation (In %) for DBM
Land	Not Applicable	Not Applicable
Buildings	20	5%
Leasehold Improvement	Lease Period	Lease Period
Furniture & Fixtures	4	25%
Computers and IT Equipments	4	25%
Office Equipment	4	25%
Vehicles	5	20%
Other Assets	4	25%

iv) Derecognition

An item of Property, Plant and Equipment is derecognized upon disposal or when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

v) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

vi) Capital Work-In-Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development which are to be capitalized. Capital Work in Progress would be transferred to the relevant asset when it is available for use. Capital Work in Progress is stated at cost less any accumulated impairment losses.

.... Non-Life Insurance Limited

Notes to the Consolidated Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Consolidated Financial Statements (Continued...)

(b) Intangible Assets

i) Recognition

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

ii) Amortization

The useful lives of intangible assets are assessed to be either finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected generate net cash inflow for the entity.

Amortisation is recognised in income statement on straight line method over the estimated useful life of the intangible assets or diminishing balance method from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Useful Life of Intangible Assets based on SLM/ DBM is categorised as stated below:

List of Asset Categories	Useful Life (In Years) for SLM	Rate of Depreciation (In %) for DBM
Softwares	5	20%
Licences	Licence Period	Licence Period
Others (to be specified)		

iii) Derecognition

An Intangible Asset is derecognised when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

iv) Impairment of Assets

The Group assesses at each reporting date as to whether there is any indication that Intangible Assets may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognised in the Statement of Profit or Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

Notes to the Consolidated Financial Statements (Continued...)

(c) **Investment Properties**

Cost Model:

Property that is held for rental income or for capital appreciation or both, is classified as investment property. Investment properties are measured initially at cost, including related transaction cost. It is subsequently carried at cost less accumulated depreciation. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Land is carried at historical cost, however, buildings are depreciated over their estimated useful lives as mentioned above.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE becomes an investment property, the Group accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

OR

Fair Value Model:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect.

The fair value of investment property is determined by an external, independent property valuer, having appropriate recognised professional qualification and recent experience in the location and category of property being valued.

Alternatively, valuation can also be done by competent property valuer other than external independent valuator and such fact are to be disclosed.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE becomes an investment property, the Group accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

(d) **Cash & Cash Equivalent**

Cash & Cash Equivalents includes Cash In Hand, Bank Balances and short term deposits with a maturity of three months or less.

Notes to the Consolidated Financial Statements (Continued...)

(e) Financial Assets

i) Initial Recognition & Measurement

Financial Assets are recognized when, and only when, the Group becomes a party to the contractual provisions of the Financial Instrument. The Group determines the classification of its Financial Assets at initial recognition.

When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss.

ii) Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and 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. Interest income in these financial assets is measured using effective interest rate method.

b) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and 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. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income.

c) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A Financial Asset which is not classified in any of the above categories are measured at FVTPL. These financial assets are measured at fair value and changes are taken to statement of profit or loss.

iii) De-Recognition

A Financial Asset is derecognized only when the Group has transferred the rights to receive cash flows from the Financial Asset. Where the Group has transferred an Asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the Financial Asset. In such cases, the Financial Asset is derecognized. Where the Group has not transferred substantially all risks and rewards of ownership of the Financial Asset, the Financial Asset is not derecognized. Where the Group retains control of the Financial Asset, the Asset is continued to be recognized to the extent of continuing involvement in the Financial Asset.

iv) Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a financial asset or a group of financial assets is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

.... Non-Life Insurance Limited

Notes to the Consolidated Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Consolidated Financial Statements (Continued...)

Expected Credit Loss for Impairment of Financial Assets is applicable after implementation of NFRS 9

In accordance with NFRS 9 “Financial Instrument”, the Group uses ‘Expected Credit Loss’ (ECL) Model, for evaluating impairment of Financial Assets other than those measured at Fair Value through Profit or Loss (FVTPL).

Expected Credit Losses are measured through a loss allowance at an amount equal to:

The 12-months Expected Credit Losses (Expected Credit Losses that result from those default events on the Financial Instrument that are possible within 12 months after the reporting date); or

Full Lifetime Expected Credit Losses (Expected Credit Losses that result from all possible default events over the life of the Financial Instrument)

For other assets, the Group uses 12 months Expected Credit Losses to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk Full Lifetime ECL is used.

(f) Financial Liabilities

i) Initial Recognition & Measurement

Financial Liabilities are recognized when, and only when, the Group becomes a party to the contractual provisions of the Financial Instrument. The Group determines the classification of its Financial Liabilities at initial recognition.

All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

ii) Subsequent Measurement

After initial recognition, Financial Liabilities are subsequently measured at amortized cost using the Effective Interest Method.

For trade and other payables maturing within one year from the date of Statement of Financial Position, the carrying amounts approximate Fair value due to short maturity of these instruments.

iii) De-Recognition

A Financial Liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing Financial Liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

.... Non-Life Insurance Limited

Notes to the Consolidated Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Consolidated Financial Statements (Continued...)

(h) Reinsurance Assets

Reinsurance assets are the assets which are created against insurance contract liabilities of the amount which are recoverable from the reinsurer. These assets are created for the reinsurer's share of insurance contract liabilities.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the Group will receive from the re-insurer. If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly and is recognized in statement of profit or loss.

(i) Equity

Financial Instruments issued by the Group are classified as Equity only to the extent that they do not meet the definition of a Financial Liability or Financial Asset.

(j) Reserves and Funds

i) Share Premium: If the Group issues share capital at premium it receives extra amount other than share capital such amount is transferred to share premium. The amount in share premium is allowed for distribution subject to provisions of Group act & regulatory requirement.

ii) Insurance Fund: The Group has allocated insurance fund for the amount which is 50% of the net profit every year as per Regulator's Directive.

iii) Catastrophe Reserves: The Group has allocated catastrophe reserve for the amount which is 10% of the net profit for the year as per Regulator's Directive.

iv) Fair Value Reserves: The Group has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.

v) **Regulatory Reserves:** Reserve created out of net profit in line with different circulars issued by regulatory authority.

vi) **Actuarial Reserves:** Reserve against actuarial gain or loss on present value of defined benefit obligation resulting from, experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and the effects of changes in actuarial assumptions.

vii) **Cashflow Hedge Reserves:** Is the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Reserve represent effective portion of the gain or loss on the hedging instrument recognized in other comprehensive income.

viii) **Revaluation Reserves:** Reserve created against revaluation gain on property, plant & equipments & intangible assets, other than the reversal of earlier revaluation losses charged to profit or loss.

ix) **Other Reserves:** Reserve other than above reserves, for e.g. deferred tax reserve, others (to be specified)

(k) Insurance Contract Liabilities

i) Provision for unearned premiums

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Change in reserve for unearned insurance premium represents the net portion of the gross written premium transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

ii) Outstanding claims provisions

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not, together with related claims handling costs.

.... Non-Life Insurance Limited

Notes to the Consolidated Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Consolidated Financial Statements (Continued...)

iii) Provision for claim incurred but not reported (IBNR)

Significant delays are experienced in the notification and settlement of certain types of claims, the ultimate cost of which cannot be known with certainty at the statement of financial position date.

The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

Liability adequacy

At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. The calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognized in the statement of profit or loss by setting up a provision for liability.

(I) Employee Benefits

i) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

ii) Post - Employment Benefits

- Defined Contribution Plan

The Group pays Provident Fund contributions to publicly administered Provident Funds as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as Employee Benefit Expense when they are due.

- Defined Benefit Plan

For Defined Benefit Plan , the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains & Losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a Straight Line Basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the Fair Value of plan Assets (If Any). Any Asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

iii) Long Term Employee Benefits

The liabilities for un-availed earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Leave Encashment has been computed using Actuarial Assumptions and these are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the year using the Projected Unit Credit Method. The benefits are discounted using the market yields at the end of the year that have terms approximating to the terms of assumptions.

.... Non-Life Insurance Limited

Notes to the Consolidated Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Consolidated Financial Statements (Continued...)

iv) Termination

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Group recognises termination benefits at the earlier of the following dates:

- a) when the Group can no longer withdraw the offer of those benefits; and
- b) when the entity recognises costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits.

The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme.

(m) Revenue Recognition

i) Gross Earned Premiums

Gross Earned Premiums are arrived at after deducting unearned premium reserves from Direct Premium and Premiums on Reinsurance Accepted. Direct premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy commences.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

ii) Reinsurance Premium

Direct Reinsurance premiums comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks- attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net claims, respectively, because this is consistent with how the business is managed.

iii) Commission Income

Commission Income is recognised on accrual basis. If the income is for future periods, then they are deferred and recognised over those future periods.

iv) Investment income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

v) Net realised gains and losses

Net realised gains and losses recorded in the statement of profit or loss include gains and losses on financial assets and properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

.... Non-Life Insurance Limited

Notes to the Consolidated Financial Statements for the year ended Ashadh....., 20X2 (July ..., 20X2)

Notes to the Consolidated Financial Statements (Continued...)

(n) Product Classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Group has following portfolios under which it operates its business:

i) Fire Portfolio - Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

ii) Motor Portfolio - Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third party risks but exclusive of transit risks.

iii) Marine Portfolio - Marine insurance business means the business of affecting and carrying out contracts of insurance against loss of consignment of goods during transit.

iv) Engineering Portfolio - Engineering insurance business means the insurance that provides economic safeguard to the risks faced by the ongoing construction project, installation project, and machines and equipment in project operation.

v) Micro Portfolio - Micro Insurance protects against loss of or damage to crops or livestock. It has great potential to provide value to low-income farmers and their communities, both by protecting farmers when shocks occur and by encouraging greater investment in crops.

vi) Aviation Portfolio - Aviation Insurance provides coverage for hull losses as well as liability for passenger injuries, environmental and third-party damage caused by aircraft accidents.

vii) Cattle and Crop Portfolio - Cattle and Crop Insurance provides insurance against loss of or damage to Cattle and crops.

viii) Miscellaneous Portfolio - All the insurance business which doesn't fall in above categories fall under miscellaneous insurance business. Group Personal Accidents, Medical Insurances, Professional indemnity insurance etc. fall under this category of business.

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

(p) Cash Flow Statement

Cash Flows are reported using the direct method, whereby major classes of cash receipts and cash payments are disclosed as cash flows.

Notes to the Consolidated Financial Statements (Continued...)

(q) Leases

Finance Leases

Leases in which the Group has substantial portion of the risks and rewards of ownership are classified as Finance Leases. Assets acquired under Finance Leases are capitalised at the lower of the Fair Value of the Leased Assets at the inception of the Lease Term & the Present Value of Minimum Lease Payments. Lease Payments are apportioned between the Finance charge and the reduction of the outstanding liability. The Finance Charge is allocated to periods during the Lease Term at a constant periodic Rate of Interest on the remaining balance of the liability.

Operating Lease

Leases in which the Group doesn't have substantial portion of the risks and rewards of ownership are classified as Operating Leases. Payment made under Operating Leases are charged to Statement of Profit & Loss on a Straight Line Basis.

(r) Income Taxes

Income Tax Expense represents the sum of the tax currently payable & Deferred Tax.

i) Current Tax

Current Tax Expenses are accounted in the same period to which the revenue and expenses relate. Provision for Current Income Tax is made for the Tax Liability payable on Taxable Income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii) Deferred Tax

Deferred Tax is recognized on temporary differences between the carrying amounts of Assets & Liabilities in the Statement of Financial Position and their Tax Base. Deferred tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liabilities and their carrying amount in Financial Statements, except when the Deferred Income Tax arises from the initial recognition of goodwill, an Asset or Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profits or Loss at the time of the transaction.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred Tax Liabilities are generally recognized for all taxable Temporary differences.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the Deferred Tax Asset to be utilized.

(s) Provisions, Contingent Liabilities & Contingent Assets

(i) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions for Contingent Liability are recognized in the books as a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the Group are remote and there will not be any probable cash outflow.

Notes to the Consolidated Financial Statements (Continued...)

(ii) Contingent Liabilities

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

(iii) Contingent Assets

Contingent assets where it is probable that future economic benefits will flow to the Group are not recognized but disclosed in the Financial Statements.

(t) Foreign Currency Transactions

The Financial Statements of the Group are presented in Nepalese Rupees, which is the Group's Functional Currency. In preparing the Financial Statements of the Group, transactions in currencies other than the Group's Functional Currency i.e. Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

(u) Earnings Per Share

Basic Earning per share is calculated by dividing the profit attributable to owners of the Group by the Weighted Average Number of equity shares outstanding during the Financial Year.

For diluted earning per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

(v) Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined by NFRS 8, "Operating Segment".

Group's Income & Expenses including interest are considered as part of un-allocable Income & Expenses which are not identifiable to any business segment. Group's Asset & Liabilities are considered as part of un-allocable Assets & Liabilities which are not identifiable to any business.

..... Non-Life Insurance Limited
Notes to the Consolidated Financial Statements
For The Year Ended Ashadh, 20X2
(For The Year Ended July, 20X2)

Fig. in NPR

4 Intangible Assets

Particulars	Software	License	Others (to be Specified)	Total
Gross carrying amount				
As at Shrawan 1, 20X1				
Additions				-
Acquisition				
Internal Development				
Business Combination (to be Specified)				
Disposals				-
Revaluation				-
Balance as at Ashadh .., 20X2	-	-	-	-
Accumulated amortization and impairment				
As at Shrawan 1, 20X1				
Additions				-
Disposals				-
Impairment losses				-
Impairment reversal				-
Balance as at Ashadh .., 20X2	-	-	-	-
Net Carrying Amount				
As at Ashadh .., 20X1	-	-	-	-
As at Ashadh .., 20X2	-	-	-	-

6 Investment Properties

Particulars	Land	Buildings	Total
Gross carrying amount			
As at Shrawan 1, 20X1			
Additions			
Disposals			
Transfer/ adjustments			
Balance as at Ashadh .., 20X2	-	-	-
Depreciation and impairment			
As at Shrawan 1, 20X1			
Depreciation			
Disposals			
Impairment losses			
Impairment reversal			
Transfer/ adjustments			
Balance as at Ashadh .., 20X2	-	-	-
Capital Work-In-Progress			
As at Shrawan 1, 20X1			
Additions			
Capitalization			
Disposals			
Impairment losses			
Impairment reversal			
Balance as at Ashadh .., 20X2			
Net Carrying Amount			
As at Ashadh ..., 20X1	-	-	-
As at Ashadh ..., 20X2	-	-	-

(i) Amounts recognised in profit or loss

Particulars	Current Year	Previous Year
Rental income		
Direct operating expenses from property that generated rental income		
Direct operating expenses from property that didn't generate rental income		
Profit from investment properties before depreciation	-	-
Depreciation		
Profit from investment properties	-	-

(ii) Contractual obligations: Refer note no. 54 for disclosure of contractual obligations relating to investment properties.

(iii) Disclose whether there are any restrictions on the realisability of investment properties or proceeds of disposal.

(iv) Fair value of investment properties:

Particulars	Current Year	Previous Year
Land		
Buildings		
Total	-	-

Estimation of Fair Value

The Group obtains independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data.

OR

Particulars	Land	Buildings	Total
Investment properties at fair value			
As at Shrawan 1, 20X1			
Additions			
Disposals			
Net changes in fair value			
Adjustment/ Transfer			
As at Ashadh .., 20X2	-	-	-
Capital Work-In-Progress			
As at Shrawan 1, 20X1			
Additions			
Capitalisation			
Disposals			
Impairment losses			
Impairment reversal			
As at Ashadh .., 20X2			
Closing Fair Value			
As at Ashadh ..., 20X1	-	-	-
As at Ashadh ..., 20X2	-	-	-

Estimation of Fair Value

The Group obtains independent valuations for its investment properties. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data.

(i) Amounts recognised in profit or loss

Particulars	Current Year	Previous Year
Rental income		
Direct operating expenses from property that generated rental income		
Direct operating expenses from property that didn't generate rental income		
Profit from investment properties	-	-

(ii) Contractual obligations: Refer note no. 54 for disclosure of contractual obligations relating to investment properties.

(iii) Disclose whether there are any restrictions on the realisability of investment properties or proceeds of disposal.

7 Deferred Tax Assets/ (Liabilities)

Particulars	Current Year	Previous Year
Intangible Assets		
Property, Plant and Equipment		
Financial Assets at FVTPL		
Financial Assets at FVTOCI		
Provision for Leave Encashment		
Defined Benefits Plan (Specify the name)		
Impairment Loss on Financial Assets		
Impairment Loss on Other Assets		
Tax losses		
Other (to be Specified)		
Total	-	-

Movements in deferred tax assets/ (liabilities)

Particulars	Current Year	Previous Year
As at Shrawan 1, 20X1		
Charged/(Credited) to Profit or Loss		
Charged/(Credited) to Other Comprehensive Income		
As at Ashadh.....20X2	-	-

8 Investment in Associates

Particulars	Current Year	Previous Year
Investment in Quoted Associates		
Investment in Unquoted Associates		
Less: Impairment Losses		
Total	-	-

Investment in Quoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equity Method	Cost	Fair Value	(or) Equity Method
..... Shares of Rs..... each of Ltd.						
..... Shares of Rs..... each of Ltd.						
Add: Share of Profit or Loss for Earlier Years						
Add: Share of Profit or Loss for Current Year						
Total	-	-	-	-	-	-

Investment in Unquoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equity Method	Cost	Fair Value	(or) Equity Method
..... Shares of Rs..... each of Ltd.						
..... Shares of Rs..... each of Ltd.						
Add: Share of Profit or Loss for Earlier Years						
Add: Share of Profit or Loss for Current Year						
Total	-	-	-	-	-	-

Information Relating to Associates

Particulars	Current Year	Previous Year
Name		
Place of Business		
Accounting Method		
% of Ownership		
Current Assets		
Non-Current Assets		
Current Liabilities		
Non-Current Liabilities		
Income		
Net Profit or Loss		
Other Comprehensive Income		
Total Comprehensive Income		
Group's share of profits		
Net Profit or Loss		
Other Comprehensive Income	-	-

9 Investments

Particulars	Current Year	Previous Year
Investments measured at Amortised Cost		
i) Investment in Preference Shares of Bank and Financial Institutions		
ii) Investment in Debentures		
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		
iv) Fixed Deposits in "A" Class Financial Institutions		
v) Fixed Deposits in Infrastructure Banks		
vi) Fixed Deposits in "B" Class Financial Institutions		
vii) Fixed Deposits in "C" Class Financial Institutions		
viii) Others (to be Specified)		
Less: Impairment Losses		
Investments measured at FVTOCI		
i) Investment in Equity Instruments		
ii) Investment in Equity Instruments (Quoted)		
iii) Investment in Equity Instruments (Unquoted)		
iv) Investment in Mutual Funds		
v) Investment in Debentures		
vi) Others (to be Specified)		
Investments measured at FVTPL		
i) Investment in Equity Instruments		
ii) Investment in Equity Instruments (Quoted)		
iii) Investment in Mutual Funds		
iv) Others (to be Specified)		
	-	-

a) Details of Impairment Losses

Particulars	Current Year	Previous Year
Investment in Preference Shares of Bank and Financial Institutions		
Investment in Debentures		
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		
Fixed Deposit with "A" Class Financial Institutions		
Fixed Deposit with Infrastructure Banks		
Fixed Deposits with "B" Class Financial Institutions		
Fixed Deposits with "C" Class Financial Institutions		
Others (to be Specified)		
Total	-	-

b) Investments having expected maturities less than 12 months:

Particulars	Current Year	Previous Year
Investment in Equity Instruments (Quoted)		
Investment in Equity Instruments (Unquoted)		
Investment in Mutual Funds		
Investment in Preference Shares of Bank and Financial Institutions		
Investment in Debentures		
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		
Fixed Deposit with "A" Class Financial Institutions		
Fixed Deposit with Infrastructure Banks		
Fixed Deposits with "B" Class Financial Institutions		
Fixed Deposits with "C" Class Financial Institutions		
Others (to be Specified)		
Total	-	-

c) The Group has earmarked investments amounting to NPR to Insurance Board.

10 Loans

Particulars	Current Year	Previous Year
Loan to Associates		
Loan to Employees		
Loan to Agents		
Others (to be Specified)		
Less: Impairment Losses		
Total	-	-

a) Expected recovery within 12 months:

Particulars	Current Year	Previous Year
Loan to Associates		
Loan to Employees		
Loan to Agents		
Others (to be Specified)		
Total	-	-

11 Reinsurance Assets

Particulars	Current Year	Previous Year
Reinsurance Assets on:		
Unearned Premiums		
Premium Deficiency		
IBNR and IBNER Claims		
Outstanding Claims		
Margin For Adverse Deviations		
Less: Impairment Losses		
Total	-	-

12 Insurance Receivables

Particulars	Current Year	Previous Year
Receivable from Reinsurers		
Receivable from Other Insurance Companies		
Others (to be Specified)		
Less: Impairment Losses		
Total	-	-

a) Expected recovery within 12 months:

Particulars	Current Year	Previous Year
Receivable from Reinsurers		
Receivable from Other Insurance Companies		
Others (to be Specified)		
Total	-	-

13 Other Assets

Particulars	Current Year	Previous Year
Capital Advances		
Prepaid Expenses		
Claim Advances		
Advances to Suppliers		
Staff Advances		
VAT Receivable		
Printing and Stationery Stocks		
Stamp Stocks		
Deferred Expenses		
Deferred Re-Insurance Commission Expenses		
Deferred Agent Commission Expenses		
Finance Lease Receivables		
Others (to be Specified)		
Less: Impairment Losses		
Total	-	-

a) Expected to be recovered/ settled within 12 months:

Particulars	Current Year	Previous Year
Capital Advances		
Prepaid Expenses		
Claim Advances		
Advances to Suppliers		
Staff Advances		
VAT Receivable		
Printing and Stationery Stocks		
Stamp Stocks		
Deferred Expenses		
Deferred Re-Insurance Commission Expenses		
Deferred Agent Commission Expenses		
Finance Lease Receivables		
Others (to be Specified)		
Total	-	-

14 Other Financial Assets

Particulars	Current Year	Previous Year
Security Deposits		
Accrued Interest		
Other Receivables		
Other Deposits		
Sundry Debtors		
Other (to be Specified)		
Less: Impairment Losses		
Total	-	-

a) Expected maturities within 12 months:

Particulars	Current Year	Previous Year
Security Deposits		
Accrued Interest		
Other Receivables		
Other Deposits		
Sundry Debtors		
Other (to be Specified)		
Total	-	-

15 Cash and Cash Equivalents

Particulars	Current Year	Previous Year
Cash in Hand		
Cheques in Hand		
Bank Balances		
i) Balance with "A" Class Financial Institutions		
ii) Balance with Infrastructure Banks		
iii) Balance with "B" Class Financial Institutions		
iv) Balance with "C" Class Financial Institutions		
Less: Impairment Losses		
Deposits with initial maturity upto 3 months		
Others (to be Specified)		
Less: Impairment Losses		
Total	-	-

16 (a) Share Capital

Particulars	Current Year	Previous Year
Ordinary Shares		
As at Shrawan 1, 20X1		
Additions during the year		
i) Bonus Share Issue		
ii) Share Issue		
As at Ashadh ..., 20X2		
Convertible Preference Shares (Equity Component Only)		
As at Shrawan 1, 20X1		
Additions during the year		
As at Ashadh ..., 20X2		
Irredeemable Preference Shares (Equity Component Only)		
As at Shrawan 1, 20X1		
Additions during the year		
As at Ashadh ..., 20X2		
Total	-	-

(i) Ordinary Shares

Particulars	Current Year	Previous Year
Authorised Capital:		
..... Ordinary Shares of Rs.each		
Issued Capital:		
..... Ordinary Shares of Rs.each		
Subscribed and Paid Up Capital:		
..... Ordinary Shares of Rs.each		
Total	-	-

(ii) Preference Share Capital

Particulars	Current Year	Previous Year
Authorised Capital:		
..... Convertible Preference Shares of Rs. ... each		
.....Irredeemable Preference Shares of Rs. ... each		
Issued Capital:		
..... Convertible Preference Shares of Rs. ... each		
.....Irredeemable Preference Shares of Rs. ... each		
Subscribed and Paid Up Capital:		
..... Convertible Preference Shares of Rs. ... each		
.....Irredeemable Preference Shares of Rs. ... each		
Total	-	-

Shareholding Structure of Share Capital

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Promoters				
Government of Nepal				
Nepali Organized Institutions				
Nepali Citizens				
Foreigners				
Others (to be Specified)				
Total (A)	-	-	-	-
Other than Promoters				
General Public				
Others (to be Specified)				
Total (B)	-	-	-	-
Total (A+B)	-	-	-	-

Details of shareholders holding 1% or more than 1% of the aggregate shares in the Company:

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year

16 (b) Share Application Money Pending Allotment

Particulars	Current Year	Previous Year
Share Application Money Pending Allotment		
Total	-	-

16(c) Share Premium

Particulars	Current Year	Previous Year
As at Shrawan 1, 20X1		
Increase due to issue of shares at premium		
Decrease due to issue of bonus shares		
Transaction costs on issue of shares		
Others (to be Specified)		
As at Ashadh ..., 20X2	-	-

16(d) Insurance Fund

Particulars	Current Year	Previous Year
As at Shrawan 1, 20X1		
Additions		
Utilizations		
As at Ashadh ..., 20X2	-	-

16(e) Catastrophe Reserves

Particulars	Current Year	Previous Year
As at Shrawan 1, 20X1		
Additions		
Utilizations		
As at Ashadh ..., 20X2	-	-

16(f) Retained Earnings

Particulars	Current Year	Previous Year
As at Shrawan 1 20X1		
Net Profit or Loss		
Items of OCI recognised directly in retained earnings		
Remeasurement of Post-Employment Benefit Obligations		
Transfer to reserves		
Capital Reserves		
Insurance Fund		
Catastrophe Reserves		
Regulatory Reserves		
Fair Value Reserves		
Actuarial Reserves		
Revaluation Reserves		
Deferred Tax Reserves		
Compulsory Reserve Fund		
Transfer of Depreciation on Revaluation of Property, Plant and Equipment		
Transfer on Disposal of Revalued Property, Plant and Equipment		
Transfer on Disposal of Equity Instruments Measured at FVTOCI		
Transaction costs on issuance of shares		
Issuance of Bonus Shares		
Dividend Paid		
Dividend Distribution Tax		
Others (to be specified)		
As at Ashadh .., 20X2	-	-

16(g) Other Equity

Particulars	Current Year	Previous Year
Capital Reserves		
Insurance Reserves		
Regulatory Reserves		
Fair Value Reserves		
Actuarial Reserves		
Revaluation Reserves		
Cash Flow Hedge Reserves		
Other Reserves		
Total	-	-

17 Non-Controlling Interest

Particulars	Current Year	Previous Year
Equity Interest Held by Non-Controlling Interest (NCI) (%)		
Accumulated Balance of NCI as on Shrawan 1, 20X1		
Total Comprehensive Income Allocated to NCI for the Year		
Dividend Paid to NCI		
Accumulated Balance of NCI as on Ashad ..., 20X2	-	-

18 Provisions

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment		
ii) Defined Benefits Plan (Specify the name)		
iii) Termination Benefits		
iv) Other employee benefit obligations (to be Specified)		
Provision for tax related legal cases		
Provision for non-tax related legal cases		
Others (to be Specified)		
Total	-	-

(a) Additional Disclosure under of Provisions

Description	Opening Balance	Additions During the Year	Utilised During the Year	Reversed During the Year	Unwinding of Discount	Closing Balance
Provision for tax related legal cases						
Provision for non-tax related legal cases						

(b) Provision with expected payouts within 12 months:

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave Encashment		
ii) Defined Benefits Plan (Specify the name)		
iii) Termination Benefits		
iv) Other employee benefit obligations (to be Specified)		
Provision for tax related legal cases		
Provision for non-tax related legal cases		
Others (to be Specified)		
Total	-	-

19 Gross Insurance Contract Liabilities

Particulars	Current Year	Previous Year
Unearned Premiums		
Premium Deficiency		
IBNR and IBNER Claims		
Outstanding Claims		
Margin For Adverse Deviations		
Total	-	-

20 Insurance Payables

Particulars	Current Year	Previous Year
Payable to Reinsurers		
Payable to Other Insurance Companies		
Withdrawal Premiums		
Withdrawal Claims		
Others (to be Specified)		
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
Payable to Reinsurers		
Payable to Other Insurance Companies		
Withdrawal Premiums		
Withdrawal Claims		
Others (to be Specified)		
Total	-	-

21 Current Tax (Assets)/ Liabilities (Net)

Particulars	Current Year	Previous Year
Income Tax Liabilities		
Income Tax Assets		
Total	-	-

22 Borrowings

Particulars	Current Year	Previous Year
Bonds		
Debentures		
Term Loans - Bank and Financial Institution		
Bank Overdrafts		
Others (to be Specified)		
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
Bonds		
Debentures		
Term Loans - Bank and Financial Institution		
Bank Overdrafts		
Others (to be Specified)		
Total	-	-

23 Other Financial Liabilities

Particulars	Current Year	Previous Year
Redeemable Preference Shares		
Irredeemable Cumulative Preference Shares		
Payable to Agents		
Payable to Surveyors		
Refundable Share Application Money		
Payable to Insured		
Sundry Creditors		
Retention and deposits		

Notes to the Consolidated Financial Statements (Continued...)

Fig. in NPR

Short-term employee benefits payables		
i) Salary Payables		
ii) Bonus Payables		
iii) Other employee benefit payables (to be Specified)		
Audit Fee Payable		
Dividend Payable		
Others (to be Specified)		
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
Redeemable Preference Shares		
Irredeemable Cumulative Preference Shares		
Payable to Agents		
Payable to Surveyors		
Refundable Share Application Money		
Payable to Insured		
Sundry Creditors		
Retention and deposits		
Short-term employee benefits payables		
i) Salary Payables		
ii) Bonus Payables		
iii) Other employee benefit payables (to be Specified)		
Audit Fee Payable		
Dividend Payable		
Others (to be Specified)		
Total	-	-

24 Other Liabilities

Particulars	Current Year	Previous Year
TDS Payable		
VAT Payable		
Deposit Premiums		
Deferred Commission Income		
Insurance Service Fee Payable		
Lease Liability		
Deferred Income		
Others (to be Specified)		
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
TDS Payable		
VAT Payable		
Deposit Premiums		
Deferred Commission Income		
Insurance Service Fee Payable		
Lease Liability		
Deferred Income		
Others (to be Specified)		
Total	-	-

25 Gross Earned Premiums

Particulars	Current Year	Previous Year
Direct Premiums		
Premiums on Reinsurance Accepted		
Gross Change in Unearned Premiums		
Total	-	-

Portfolio-wise details of Gross Earned Premiums

Particulars	Direct Premiums		Premiums on Reinsurance Accepted		Gross Change in Unearned Premiums		Gross Earned Premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire								
Motor								
Marine								
Engineering								
Micro								
Aviation								
Cattle and Crop								
Miscellaneous								
Total	-	-	-	-	-	-	-	-

26 Premiums Ceded

Particulars	Current Year	Previous Year
Premiums Ceded to Reinsurers		
Reinsurer's Share of Change in Unearned Premiums		
Total	-	-

Portfolio-wise detail of Premiums Ceded to Reinsurers

Particulars	Premiums Ceded to Reinsurers		Reinsurer's Share of Change in Unearned Premiums		Premium Ceded	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire						
Motor						
Marine						
Engineering						
Micro						
Aviation						
Cattle and Crop						
Miscellaneous						
Total	-	-	-	-	-	-

27 Net Earned Premiums

Particulars	Current Year	Previous Year
Gross Earned Premiums		
Premiums Ceded		
Total	-	-

Portfolio-wise detail of Net Earned Premiums

Particulars	Gross Earned Premiums		Premiums Ceded		Net Earned Premiums	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire						
Motor						
Marine						
Engineering						
Micro						
Aviation						
Cattle and Crop						
Miscellaneous						
Total	-	-	-	-	-	-

28 Commission Income

Particulars	Current Year	Previous Year
Reinsurance Commission Income		
Deferred Commission Income		
Profit Commission		
Others (to be Specified)		
Total	-	-

Portfolio-wise detail of Commission Income

Particulars	Reinsurance Commission Income		Deferred Commission Income		Profit Commission		Others (to be Specified)		Commission Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire										
Motor										
Marine										
Engineering										
Micro										
Aviation										
Cattle and Crop										
Miscellaneous										
Total			-	-	-	-	-	-	-	-

29 Investment Income

Particulars	Current Year	Previous Year
Interest Income from Financial Assets Measured at Amortised Costs		
i) Fixed Deposits with "A" Class Financial Institutions		
ii) Fixed Deposits with Infrastructure Banks		
iii) Fixed Deposits with "B" Class Financial Institutions		
iv) Fixed Deposits with "C" Class Financial Institutions		
v) Debentures		
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)		
vii) Preference Shares of Bank and Financial Institutions		
viii) Bank Deposits other than Fixed Deposit		
ix) Agent Loans		
x) Employee Loans		
xi) Other Interest Income (to be Specified)		
Financial Assets Measured at FVTOCI		
i) Interest Income on Debentures		
ii) Dividend Income		
iii) Other Interest Income (to be Specified)		
Financial Assets Measured at FVTPL		
i) Dividend Income		
ii) Other Interest Income (to be Specified)		
Rental Income		
Others (to be Specified)		
Total	-	-

30 Net Gains/ (Losses) on Fair Value Changes

Particulars	Current Year	Previous Year
Changes in Fair Value of Financial Assets Measured at FVTPL		
i) Equity Instruments		
ii) Mutual Fund		
iii) Others (to be Specified)		
Changes in Fair Value on Investment Properties		
Changes in Fair Value on Hedged Items in Fair Value Hedges		
Changes in Fair Value on Hedging Instruments in Fair Value Hedges		
Gains/(Losses) of Ineffective Portion on Cash Flow Hedges		
Others (to be Specified)		
Total	-	-

31 Net Realised Gains/ (Losses)

Particulars	Current Year	Previous Year
Realised Gains/ (Losses) on Derecognition of Financial Assets Measured at FVTPL		
i) Equity Instruments		
ii) Mutual Fund		
iii) Others (to be Specified)		
Realised Gains/ (Losses) on Derecognition of Financial Assets at Amortised Costs		
i) Debentures		
ii) Bonds		
iii) Others (to be Specified)		
Total	-	-

32 Other Income

Particulars	Current Year	Previous Year
Unwinding of discount on Financial Assets at Amortised Costs		
i) Employee Loans		
ii) Bonds		
iii) Others (to be Specified)		
Foreign Exchange Gains		
Interest Income from Finance Lease		
Profit from disposal of Property, Plant and Equipment		
Amortization of Deferred Income		
Stamp Income		
Others (to be Specified)		
Total	-	-

33 Gross Claims Paid

Particulars	Current Year	Previous Year
Gross Claims Paid		
Total	-	-

34 Claims Ceded

Particulars	Current Year	Previous Year
Claims Ceded to Reinsurers		
Total	-	-

Portfolio-wise detail of Gross Claims Paid and Claims Ceded

Particulars	Gross Claims Paid		Claims Ceded		Net Claims Paid before Change in Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire						
Motor						
Marine						
Engineering						
Micro						
Aviation						
Cattle and Crop						
Miscellaneous						
Total	-	-	-	-	-	-

35 Change in Contract Liabilities

Particulars	Current Year	Previous Year
(a) Gross Change in Contract Liabilities		
Change in Contract Outstanding Claims		
Change in IBNR and IBNER		
Change in Margin for Adverse Deviations (MAD)		
Change in Premium Deficiency		
Total Gross Change in Contract Liabilities	-	-
(b) Change in Reinsurance Assets		
Change in Reinsurance Assets Created on Outstanding Claims		
Change in Reinsurance Assets Created on IBNR and IBNER		
Change in Reinsurance Assets Created on Margin for Adverse Deviations (MAD)		
Change in Reinsurance Assets Created on Premium Deficiency		
Total Change in Reinsurance Assets	-	-
Net Change in Contract Liabilities	-	-

Particulars	Gross Change in Contract Liabilities		Change in Reinsurance Assets		Net Change in Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire						
Motor						
Marine						
Engineering						
Micro						
Aviation						
Cattle and Crop						
Miscellaneous						
Total	-	-	-	-	-	-

36 Commission Expenses

Particulars	Current Year	Previous Year
Commission Expenses on Direct Insurance Contracts		
Commission Expenses on Reinsurance Accepted		
Deferred Commission Expenses		
Others (to be Specified)		
Total	-	-

Portfolio-wise detail of Commission Expenses

Particulars	Commission Expenses on Direct Insurance Contracts		Commission Expenses on Reinsurance Accepted		Deferred Commission Expenses		Others (to be Specified)		Commission Expenses	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire										
Motor										
Marine										
Engineering										
Micro										
Aviation										
Cattle and Crop										
Miscellaneous										
Total	-	-	-	-	-	-	-	-	-	-

37 Service Fees

Particulars	Current Year	Previous Year
Gross Service Fees		
Reinsurer's Share of Service Fees		
Total	-	-

Portfolio-wise detail of Service Fees

Particulars	Gross Service Fees		Reinsurer's Share of Service Fees		Net Service Fees	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Fire						
Motor						
Marine						
Engineering						
Micro						
Aviation						
Cattle and Crop						
Miscellaneous						
Total	-	-	-	-	-	-

38 Employee Benefits Expenses

Particulars	Current Year	Previous Year
Salaries	-	-
Allowances		
Defined Benefit Plans		
i) Gratuity		
ii) Others (to be Specified)		
Defined Contribution Plans		
i) Provident Fund		
ii) Others (to be Specified)		
Leave Encashment		
Termination Benefits		
Festival Allowances		
Training Expenses		
Uniform Expenses		
Medical Expenses		
Staff Insurance Expenses		
Staff Welfare		
Bonus		
Others (to be Specified)		
Total	-	-

39 Depreciation & Amortization Expenses

Particulars	Current Year	Previous Year
Depreciation on Property, Plant and Equipment (Refer Note 5)		
Depreciation on Investment Properties (Refer Note 6)		
Amortization of Intangible Assets (Refer Note 4)		
Total	-	-

40 Impairment Losses

Particulars	Current Year	Previous Year
Impairment Losses on Property, Plant and Equipment, Investment Properties and Intangible Assets		
i) Property, Plant and Equipment		
ii) Investment Properties		
iii) Intangible Assets		
Impairment Losses on Financial Assets		
i) Investments		
ii) Loans		
iii) Other Financial Assets		
iv) Cash and Cash Equivalents		
v) Others (to be Specified)		
Impairment Losses on Other Assets		
i) Reinsurance Assets		
ii) Insurance Receivables		
iii) Lease Receivables		
iv) Others (to be Specified)		
Total	-	-

41 Other Expenses

Particulars	Current Year	Previous Year
Rent Expenses		
Electricity and Water		
Repair & Maintenance		
i) Buildings		
ii) Vehicles		
iii) Office Equipments		
iv) Others (to be Specified)		
Telephone & Communication		
Printing & Stationary		
Office Consumable Expenses		
Travelling Expenses		
i) Domestic		
ii) Foreign		
Agent Training		
Other Agent Expenses		
Insurance Premium		
Security Expenses		
Legal and Consulting Expenses		
Newspapers, Books and Periodicals		
Advertisement & Promotion Expenses		
Business Promotion		
Guest Entertainment		
Gift and Donations		
Board Meeting Fees and Expenses		
i) Meeting Allowances		
ii) Other Allowances		
Other Committee/ Sub-committee Expenses		
i) Meeting Allowances		
ii) Other Allowances		
General Meeting Expenses		
Audit Related Expenses		
i) Statutory Audit		
ii) Tax Audit		
iii) Long Form Audit Report		
iv) Other Fees		
v) Internal Audit		
vi) Others (to be Specified)		
Bank Charges		
Fee and Charges		
Postage Charges		
Foreign Exchange Losses		
Others (to be Specified)		
Total	-	-

42 Finance Cost

Particulars	Current Year	Previous Year
Unwinding of discount on Provisions		
Unwinding of discount on Financial Liabilities at Amortised Costs		
Interest Expenses - Bonds		
Interest Expenses - Debentures		
Interest Expenses - Term Loans		
Interest Expenses - Leases		
Interest expenses - Overdraft Loans		
Others (to be Specified)		
Total	-	-

43 Income Tax Expense

(a) Income Tax Expense

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year		
ii) Income Tax Relating to Prior Periods		
Deferred Tax For The Year		
i) Originating and reversal of temporary differences		
ii) Changes in tax rate		
iii) Recognition of previously unrecognised tax losses		
iv) Write-down or reversal		
v) Others (to be Specified)		
Income Tax Expense	-	-

(b) Reconciliation of Taxable Profit & Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	-	-
Applicable Tax Rate		
Tax at the applicable rate on Accounting Profit	-	-
Add: Tax effect of expenses that are not deductible for tax purpose		
i)		
ii)		
Less: Tax effect on exempt income and additional deduction		
i)		
ii)		
Less: Adjustments to Current Tax for Prior Periods		
i)		
ii)		
Add/ (Less): Others (to be Specified)		
i)		
ii)		
Income Tax Expense	-	-
Effective Tax Rate		

OR

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	-	-
Income Tax Expense	-	-
Average Effective Tax Rate	-	-
Less: Tax effect of expenses that are not deductible for tax purpose		
i)		
ii)		
Add: Tax effect on exempt income and additional deduction		
i)		
ii)		
Add: Adjustments to Current Tax for Prior Periods		
i)		
ii)		
Add/ (Less): Others (to be Specified)		
i)		
ii)		
Applicable Tax Rate	-	-

44 Employee Retirement Benefits**a) Post Employment Benefit - Defined Contribution Plans**

For the year ended Ashadh,20X2 (July..., 20X2) the Group has recognised an amount of NPR. as an expenses under the defined contribution plans in the Statement of Profit or Loss.

b) Post Employment Benefit - Defined Benefit Plans

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out.

c) Total Expenses Recognised in the Statement of Profit or Loss

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost				
Past service cost				
Net interest cost (a-b)				
a. Interest expense on defined benefit obligation (DBO)				
b. Interest (income) on plan assets				
Defined benefit cost included in Statement of Profit or Loss	-	-	-	-

d) Remeasurement effects recognised in Statement of Other Comprehensive Income (OCI)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
a. Actuarial (gain)/ loss due to financial assumption changes in DBO				
b. Actuarial (gain)/ loss due to experience on DBO				
c. Return on plan assets (greater)/ less than discount rate				
Total actuarial (gain)/ loss included in OCI	-	-	-	-

e) Total cost recognised in Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cost recognised in Statement of Profit or Loss				
Remeasurements effects recognised in OCI				
Total cost recognised in Comprehensive Income	-	-	-	-

e) Change in Defined Benefit Obligation

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation as at the beginning of the year				
Service cost				
Interest cost				
Benefit payments from plan assets				
Actuarial (gain)/ loss - financial assumptions				
Actuarial (gain)/ Loss - experience				
Defined Benefit Obligation as at Year End	-	-	-	-

g) Change in Fair Value of Plan Assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of plan assets at end of prior year				
Expected return on plan assets				
Employer contributions				
Participant contributions				
Benefit payments from plan assets				
Transfer in/ transfer out				
Actuarial gain/ (loss) on plan assets				
Fair value of Plan Assets as at Year End	-	-	-	-

h) Net Defined Benefit Liability/ (Asset)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit Obligation				
Fair Value of Plan Assets				
Liability/ (Asset) Recognised in Statement of Financial Position	-	-	-	-

i) Expected Group Contributions for the Next Year

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Expected Group contributions for the next year				

j) Reconciliation of amounts in Statement of Financial Position

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Net defined benefit liability/ (asset) at prior year end				
Defined benefit cost included in Statement of Profit or Loss				
Total remeasurements included in OCI				
Acquisition/ divestment				
Employer contributions				
Net defined benefit liability/ (asset)	-	-	-	-

k) Reconciliation of Statement of Other Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cumulative OCI - (Income)/Loss, beginning of period				
Total remeasurements included in OCI				
Cumulative OCI - (Income)/Loss	-	-	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability				
Non - Current Liability				
Total	-	-	-	-

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year				
Between 1-2 years				
Between 2-5 years				
From 6 to 10				
Total	-	-	-	-

n) Plan assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
	(% Invested)	(% Invested)	(% Invested)	(% Invested)
Government Securities				
Corporate Bonds (including Public Sector bonds)				
Mutual Funds				
Deposits				
Cash and bank balances				
Retirement Fund				
Others (to be Specified)				
Total	-	-	-	-

o) Sensitivity Analysis

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Effect in Defined Benefit Obligation Due to 1% Increase in Discount Rate				-
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate				-
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate				-
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate				
Effect in Defined Benefit Obligation Due to 1% Increase in Attrition Rate				
Effect in Defined Benefit Obligation Due to 1% Decrease in Attrition Rate				-

p) Assumptions

Particulars	Employee Benefit Plan	Any Other Funded Liability
Discount Rate		
Escalation Rate (Rate of Increase in Compensation Levels)		
Attrition Rate (Employee Turnover)		
Mortality Rate During Employment		

Notes to the Consolidated Financial Statements (Continued...)

45 Insurance Risk

Insurance risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims, frequency and severity and the risk of change in the legal or economic conditions of insurance or reinsurance cover. This may result in the insurer having either received too little premium for the risks it has agreed to underwrite and hence has not enough funds to invest and pay claims, or that claims are in excess of those expected.

The Group seeks to minimise insurance risk through a formalised reinsurance arrangement with an appropriate mix and spread of business based on its overall strategy. This is complemented by observing formalised risk management policies.

The Group considers insurance risk to be a combination of the following components of risks:

- a) Product development
- b) Pricing
- c) Underwriting
- d) Reinsurance
- e) Claims Handling
- f) Reserving

a) Product development:

The Group principally issues the following types of Non-Life Insurance contracts:

- Fire
- Motor
- Marine
- Engineering
- Micro
- Aviation
- Cattle and Crop
- Miscellaneous

The significant risks arising under the Non-Life Insurance portfolio emanates from changes in the climate leading to natural disasters, behavioral trends of people due to changing life styles, the steady escalation of costs in respect of spares in the auto industry's.

The above risk exposure is mitigated by the diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

b) Pricing:

The pricing of an insurance product involves the estimation of claims, operational and financing costs and the income arising from investing the premium received. The pricing process typically comprises collecting data on the underlying risks to be covered, determining the pricing assumptions and the base rate, setting the final premium rate, and monitoring the review of the appropriateness of pricing.

The Group collects adequate data to validate the reasonableness of the underlying assumptions used for pricing. The base rate represents the amount required to meet the value of anticipated benefits, expenses, and margins for risks and profit. Data primarily relates to the Group's own historical experience and that of the industry where relevant. These may be supplemented by other internal and external data, and could include trends observed in claims costs and expenses.

Notes to the Consolidated Financial Statements (Continued...)

Claim development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive incident year at each reporting date, together with cumulative payments to date.

Gross outstanding claim provision

Year of incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year							-
One year later							-
Two year later							-
Three year later							-
Four year later							-
More than Four years							-
Current estimate of cumulative claims	-	-	-	-	-	-	-
At end of incident year							-
One year later							-
Two year later							-
Three year later							-
Four year later							-
More than Four years							-
Cumulative payments to date	-	-	-	-	-	-	-
Gross outstanding claim provision	-	-	-	-	-	-	-

Net outstanding claim provision

Year of incident	> PY 4	PY 4	PY 3	PY 2	PY 1	Current Year	Total
At end of incident year							-
One year later							-
Two year later							-
Three year later							-
Four year later							-
More than Four years							-
Current estimate of cumulative claims	-	-	-	-	-	-	-
At end of incident year							-
One year later							-
Two year later							-
Three year later							-
Four year later							-
More than Four years							-
Cumulative payments to date	-	-	-	-	-	-	-
Net outstanding claim provision	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements (Continued...)

f) Reserving

Insurance Contract Liabilities are created to cover this risk based on the actuarial valuation report.

The table below sets out the concentration of risk associated with above mentioned products. Risk as at year end has been measured as insurance contract liabilities and disclosed as below:

Particulars	Current Year			Previous Year		
	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities
Fire			-			-
Motor			-			-
Marine			-			-
Engineering			-			-
Micro			-			-
Aviation			-			-
Cattle and Crop			-			-
Miscellaneous			-			-
Total	-	-	-	-	-	-

Notes to the Consolidated Financial Statements (Continued...)

46 Fair Value Measurements

(i) Financial Instruments by Category & Hierarchy

This section explains the judgements and estimates made in determining the Fair Values of the Financial Instruments that are (a) recognised and measured at fair value and (b) measured at Amortised Cost and for which Fair Values are disclosed in the Financial Statements.

To provide an indication about the reliability of the inputs used in determining Fair Value, the Group has classified its financial instruments into Three Levels prescribed as per applicable NFRS.

Particulars	Level	Current Year			Previous Year		
		FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Investments							
i) Investment in Equity Instruments							
ii) Investment in Mutual Funds							
iii) Investment in Preference Shares of Bank and Financial Institutions							
iv) Investment in Debentures							
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)							
vi) Fixed Deposits							
vii) Others (to be specified)							
Loans							
Other Financial Assets							
Cash and Cash Equivalents							
Total Financial Assets			-	-	-	-	-
Borrowings							
Other Financial Liabilities							
Total Financial Liabilities			-	-	-	-	-

Level 1: Level 1 Hierarchy includes Financial Instruments measured using Quoted Prices.

Level 2: Fair Value of Financial Instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine Fair Value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There is no transfer of Financial Instruments between different levels as mentioned above during the year.

(ii) Valuation Technique Used to Determine Fair Value

- Use of quoted market prices or dealer quotes for similar instruments
- Fair Value of remaining financial instruments is determined using discounted cash flow analysis

(iii) Valuation Process

The finance and accounts department of the Group performs the valuation of financial assets and liabilities required for financial reporting purposes. Valuation processes and results are reviewed at least once in a year.

The main level 3 inputs are derived and evaluated as follows:

- Discount rate is arrived at considering the internal and external factors.
- Discounting has been applied where assets and liabilities are non-current, and the impact of the discounting is material

(iv) Fair Value of Financial Assets and Liabilities Measured at Amortised Cost

Particulars	Current Year		Previous Year	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments				
i) Investment in Preference Shares of Bank and Financial Institutions				
ii) Investment in Debentures				
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)				
iv) Fixed Deposit				
v) Others (to be Specified)				
Loans				
i) Loan to Associates				
ii) Loan to Employees				
iv) Loan to Agents				
v) Others (to be Specified)				
Other Financial Assets				
Total Financial Liabilities at Amortised Cost		-	-	-
Borrowings				
i) Bond				
ii) Debenture				
iii) Term Loan - Bank and Financial Institution				
iv) Bank Overdraft				
v) Others (to be Specified)				
Other Financial Liabilities				
Total Financial Liabilities at Amortised Cost		-	-	-

The fair values of the above financial instruments measured at amortised cost are calculated based on cash flows discounted using current discount rate.

The carrying amounts of cash and cash equivalents are considered to be the same as their fair values due to their short-term nature.

Notes to the Consolidated Financial Statements (Continued...)

47 Financial Risk Management

The Group's activities expose it to Credit Risk, Liquidity Risk & Market Risk.

i) Credit Risk

Credit risk is the risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to the Group. Thus, for an insurance contract, credit risk includes the risk that an insurer incurs a financial loss because a reinsurer defaults on its obligations under the reinsurance contract.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

a) Group has credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures/ breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

b) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by entering into agreement with more than one party. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

c) The Group deals with only creditworthy counterparties and obtains sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh ..., 20X2

Particulars		Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses					
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at					
Credit Risk has significantly increased and credit impaired	life-time expected credit losses					

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh .., 20X1

Particulars		Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses					
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at					
Credit Risk has significantly increased and credit impaired	life-time expected credit losses					

Reconciliation of Loss Allowance Provision

Particulars	Measured at 12 months expected credit losses	Measured at life-time expected credit losses	
		Credit Risk has significantly increased and not credit impaired	Credit Risk has significantly increased and credit impaired
Loss Allowance on Ashadh .., 20X1			
Changes in loss allowances			
Write-offs			
Recoveries			
Loss Allowance on Ashadh .., 20X2	-	-	-

Notes to the Consolidated Financial Statements (Continued...)

ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

Maturity of Financial Liabilities:

The table below summarises the Group's Financial Liabilities into Relevant Maturity Groupings based on their Contractual Maturities for all Financial Liabilities.

Particulars	Current Year			Previous Year		
	Upto 1 Year	1 Year to 5 Year	More than 5 Year	Upto 1 Year	1 Year to 5 Year	More than 5 Year
Borrowings						
Other Financial Liabilities						
Total Financial Liabilities	-	-	-	-	-	-

iii) Market Risk

a1) Foreign Currency Risk Exposure

Foreign exchange risk is the potential for the Group to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency. The Group does not maintain foreign currency denominated assets in its investment portfolios and as such is not exposed to foreign exchange risk related to investments.

The Group has no significant concentration of currency risk. The amount with reinsurer is settled in Nepali Rupee.

Alternative note for Foreign Currency Risk Exposure (where there is Foreign Currency Risk)

Operation of the Group has exposed it to foreign exchange risk arising from foreign currency transactions, with respect to the USD and Currency A. The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the NPR cash flows of highly probable forecast transactions.

The Group's exposure to foreign currency risk at the end of the reporting period expressed in NPR, are as follows:

Particulars	-		-	
	USD	Currency A	USD	Currency A
Investments				
Loans				
Insurance Receivables				
Other Financial Assets				
Less: Derivative Assets				
i) Foreign exchange forward contracts - Sell Foreign Currency				
ii) Foreign exchange option contracts - Sell Foreign Currency				
Net Exposure to Foreign Currency Risk/ (Assets)	-	-	-	-
Insurance Payables				
Other Financial Liabilities				
Less: Derivative Liabilities				
i) Foreign exchange forward contracts - Buy Foreign Currency				
ii) Foreign exchange option contracts - Buy Foreign Currency				
Net Exposure to Foreign Currency Risk/ (Liabilities)	-	-	-	-

a2) Foreign Currency Risk - Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on the other components of equity arising from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

Particulars	Impact on profit after tax		Impact on other component of equity	
	Current Year	Previous Year	Current Year	Previous Year
USD sensitivity				
NPR/ USD - Increases by 10% *				
NPR/ USD - Decreases by 10% *				
Currency A sensitivity				
NPR/ Currency A - Increases by 10% *				
NPR/ Currency A - Decreases by 10% *				

* Holding all other variable constant

Notes to the Consolidated Financial Statements (Continued...)**b1) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

b2) Interest Rate Sensitivity

Profit or Loss is sensitive to changes in Interest Rate for Borrowings. A change in Market Interest Level by 1% which is reasonably possible based on Management's Assessment would have the following effect on the Profit After Tax.

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%*		
Interest Rate - Decrease By 1%*		

* Holding all other Variable Constant

c1) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The Group has invested in equity securities and the exposure is equity securities price risk from investments held by the Group and classified in the statement of financial position as fair value through OCI/ fair value through profit or loss.

c2) Sensitivity

The table below summarises the impact of increase/decrease of the index in the Group's equity and impact on OCI/ profit or loss for the period. The analysis is based on the assumption that the equity index had increased/ decreased by 1% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%		
Interest Rate - Decrease By 1%		

48 Operational Risk

Operational Risk is the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

49 Capital Management

The Group's objectives when managing Capital are to:

- Safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Regulatory minimum paid up capital

Non-Life insurance companies were required by the Directive issued by Beema Samiti to attain a stipulated minimum paid up capital of NPR 1 billion by mid-July 2018. As on the reporting date, the Group's paid up capital is NPR

Dividend

Particulars	Current Year	Previous Year
(i) Dividends recognised		
Final dividend for the year ended Ashadh .., 20X1 of NPR/- (Ashadh .., 20XX - NPR/-) per fully paid share	-	-
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since the year ended the directors have recommended the payment of a final dividend of NPR/- per fully paid equity share (Ashadh .., 20X1 - NPR /-). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting	-	-

50 Earnings Per Share (EPS)**a) Basic Earnings Per Share**

Particulars	Current Year	Previous Year
Profit For the Year		
Less: Dividend on Preference Shares		
Adjusted profit attributable to ordinary share holders		
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share		
Basic Earnings Per Share		

Notes to the Consolidated Financial Statements (Continued...)

b) Diluted Earnings Per Share

Particulars	Current Year	Previous Year
Adjusted profit attributable to ordinary share holders		
Add: Interest saving on Convertible Bonds		
Profit For the Year used for Calculating Diluted Earning per Share	-	-
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share		
Adjustments for calculation of Diluted Earning per Share:		
i) Dilutive Shares		
ii) Options		
iii) Convertible Bonds		
Weighted Average Number of Equity Shares Outstanding During the Year for Diluted Earning Per Share		
Nominal Value of Equity Shares		
Diluted Earnings Per Share		

Notes to the Consolidated Financial Statements (Continued...)

e) Reconciliation of Segmental Profit with Statement of Profit or Loss

Particulars	Current Year	Previous Year
Segmental Profit	-	-
Less: Depreciation and Amortization		
Less: Non-cash expenses other than Depreciation and Amortization		
Less: Unallocable Corporate Expenditures		
Add: Unallocable Other Income		
Less: Finance Cost		
Profit Before Tax	-	-

f) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	-	-
Intangible Assets		
Property, Plant and Equipment		
Investment Properties		
Deferred Tax Assets		
Investments		
Loans		
Current Tax Assets (Net)		
Other Assets		
Total Assets	-	-

g) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	-	-
Provisions		
Deferred Tax Liabilities		
Current Tax Liabilities (Net)		
Other Financial Liabilities		
Other Liabilities		
Total Liabilities	-	-

52 Related Party Disclosure

(a) Identify Related Parties

Holding Company:

Associates:

Fellow Subsidiaries:

Key Management Personnel:

(b) Key Management Personnel Compensation:

Particulars	Current Year	Previous Year
Short-term employee benefits		
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Total	-	-

Payment to Chief Executive Officer (CEO)

Particulars	Current Year	Previous Year
Annual salary and allowances		
Performance based allowances		
i) Employee Bonus		
ii) Benefits as per prevailing provisions		
iii) Incentives		
Insurance related benefits		
i) Life Insurance		
ii) Accident Insurance		
iii) Health Insurance (including family members)		
Total	-	-

(c) Related Party Transactions:

Particulars	Holding Company	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					
Commission Income					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					
Rental Income					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					
Interest Income					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					
Sale of Property, Plant & Equipment					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					
Purchase of Property, Plant & Equipment					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					
Premium Paid					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					

Notes to the Consolidated Financial Statements (Continued...)

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Notes to the Consolidated Financial Statements (Continued...)

Commission Expenses					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					
Dividend					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					
Meeting Fees					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					
Allowances to Directors					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					
Others (to be specified)					
For The Year Ended Ashadh ..., 20X2 (July ..., 20X2)					
For The Year Ended Ashadh ..., 20X1 (July ..., 20X1)					

(d) Related Party Balances:

Particulars	Holding Company	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables					
As at Ashadh,20X2 (July .., 20X2)					
As at Ashadh,20X1 (July .., 20X1)					
Other Receivables (to be Specified)					
As at Ashadh,20X2 (July .., 20X2)					
As at Ashadh,20X1 (July .., 20X1)					
Payables including Reinsurance Payables					
As at Ashadh,20X2 (July .., 20X2)					
As at Ashadh,20X1 (July .., 20X1)					
Other Payables (to be Specified)					
As at Ashadh,20X2 (July .., 20X2)					
As at Ashadh,20X1 (July .., 20X1)					

Notes to the Consolidated Financial Statements (Continued...)

53 Leases

(a) Leases as Lessee

(i) Operating Leases:

The Group has various operating leases ranging from years to years for and Non-cancellable periods range from months to months. The leases are renewable by mutual consent and contain escalation clause. Rental expenses for operating leases recognised in the Statement of Profit and Loss for the year is NPR (Ashadh ..., 20X1: NPR).

Disclosure in respect of Non-cancellable lease is as given below:

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year		
ii) Later than 1 year and not later than 5 years		
iii) Later than 5 years		

(ii) Finance Lease:

The Group holds assets under finance leases. Future minimum lease payments and lease liability at the end of the year is given below:

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year		
ii) Later than 1 year and not later than 5 years		
iii) Later than 5 years		
Total Future Minimum Lease Payments	-	-
Less: Effect of Discounting		
Finance lease liability recognised	-	-

(b) Leases as Lessor

(i) Operating Lease:

The Group has leased out certain office spaces that are renewable on a periodic basis. Rental income received during the year in respect of operating lease is NPR (Ashadh ..., 20X1/ July ..., 20X1: NPR). Details of assets given on operating lease as at year end are as below.

Disclosure in respect of Non-cancellable lease is as given below

Future Minimum Lease Income	Current Year	Previous Year
i) Not Later than 1 year		
ii) Later than 1 year and not later than 5 years		
iii) Later than 5 years		

(ii) Finance Lease:

The Group has given assets under finance leases. At the year end receivables under finance lease agreements fall due as follows:

Particulars	Current Year			Previous Year		
	Gross Investment	Unearned Finance Income	Net Investment	Gross Investment	Unearned Finance Income	Net Investment
i) Not Later than 1 year						
ii) Later than 1 year and not later than 5 years						
iii) Later than 5 years						
Total	-	-	-	-	-	-

54 Capital Commitments

Estimated amount of contracts remaining to be executed and not provided for

Particulars	Current Year	Previous Year
Intangible Assets		
Property, Plant and Equipment		
Investment Properties		
Total	-	-

55 Contingent Liabilities

Particulars	Current Year	Previous Year
Claims against Group not acknowledged as debts		
a) Income Tax		
b) Indirect Taxes		
c) Other (to be Specified)		
Total	-	-