Interim Condensed Financial Statements

Quarter Ended Ashoj, 2083

Life Insurance Corporation (Nepal) Limited.

Putalisadak, Kathmandu

LIFE INSURANCE CORPORATION (NEPAL) LIMITED
(Star Mall 4'th Floor,Putalisadak,Tel:-014012613,www.licnepal.com.np)
Quarterly Financial Results for First Quarter, F.Y. 2083/84 B.S.

Unaudited	Unaudited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	At the end of this Quarter	At the end of Immediate Previous Year
Assets:		
Goodwill & Intangible Assets	-	-
Property and Equipment	341,690,728	349,287,391
Investment Properties	-	-
Deferred Tax Assets	-	53,603,240
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	137,391,967,672	131,497,132,789
Loans	19,775,614,137	20,155,287,947
Reinsurance Assets	-	-
Current Tax Assets	-	68,513,368
Insurance Receivables	-	4,742,595
Other Assets	102,543,318	6,170,736
Other Financial Assets	3,653,488,565	3,635,045,379
Cash and Cash Equivalent	2,577,734,057	3,535,067,128
Total Assets	**163,843,038,477**	**159,304,850,574**
Equity:		
Share Capital	5,500,000,000	5,500,000,000
Share Application Money Pending Allotment	-	-
Share Premium	498,012,562	498,012,562
Catastrophe Reserves	783,251,379	773,554,528
Retained Earnings	2,742,420,626	2,656,118,649
Other Equity	383,015,250	355,064,351
Total Equity	**9,906,699,817**	**9,782,750,090**
Liabilities:		
Provisions	180,717,379	172,009,394
Gross Insurance Contract Liabilities	152,325,926,239	148,178,748,844
Deferred Tax Liabilities	78,000,806	-
Insurance Payable	21,024,355	15,412,812
Current Tax Liabilities	429,008,675	-
Borrowings	-	-
Other Liabilities	486,446,017	458,057,248
Other Financial Liabilities	415,215,188	697,872,188
Total Liabilities	**153,936,338,660**	**149,522,100,485**
Total Equity and Liabilities	**163,843,038,477**	**159,304,850,574**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS Q1 (17.07.2026 TO 17.10.2026)

Fig in NPR.

Particulars	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Income:				
Gross Earned Premiums	5,463,360,999.80	5,463,361,000	4,983,715,022	4,983,715,022
Premiums Ceded	(26,004,632)	(26,004,632)	(20,773,519)	(20,773,519)
Net Earned Premiums	**5,437,356,368**	**5,437,356,368**	**4,962,941,503**	**4,962,941,503**
Commission Income	1,544,189.34	1,544,189	408,560	408,560
Other Direct Income	56,214,869.22	56,214,869	57,966,325	57,966,325
Interest Income on Loan to Policyholders	563,759,674.08	563,759,674	650,395,768	650,395,768
Income from Investments and Loans	2,531,569,593.00	2,531,569,593	2,468,142,285	2,468,142,285
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-
Other Income	8,999	8,999	-	-
Total Income	**8,590,453,693**	**8,590,453,693**	**8,139,854,441**	**8,139,854,441**
Expenses:				
Gross Benefits and Claims Paid	3,468,629,460.33	3,468,629,460	2,841,170,472	2,841,170,472
Claims Ceded	(6,408,791)	(6,408,791)	-	-
Gross Change in Contract Liabilities	3,791,846,471.27	3,791,846,471	3,979,692,998	3,979,692,998
Change in Contract Liabities Ceded to Reinsurers	-	-	-	
Net Benefits and Claims Paid	**7,254,067,140**	**7,254,067,140**	**6,820,863,471**	**6,820,863,471**
Commission Expenses	367,813,818	367,813,818	345,861,389	345,861,389
Service Fees	40,780,173	40,780,173	37,222,061	37,222,061
Other Direct expenses	-	-	-	-
Employee Benefits Expenses	137,734,819	137,734,819	122,332,228	122,332,228
Depreciation and Amortization Expenses	12,734,894	12,734,894	9,765,277	9,765,277
Impairment Losses	- 2,984,601	- 2,984,601	-	-
Other Operating Expenses	75,410,662	75,410,662	69,122,538	69,122,538
Finance Cost	3,545,721	3,545,721	4,454,335	4,454,335
Total Expenses	**7,889,102,626**	**7,889,102,626**	**7,409,621,299**	**7,409,621,299**

Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**701,351,067**	**701,351,067**	**730,233,142**	**730,233,142**
Share of Net Profit of Associates accounted using Equity Method				
Profit Before Tax	**701,351,067**	**701,351,067**	**730,233,142**	**730,233,142**
Income Tax Expenses	604,382,553	604,382,553	621,863,050	621,863,050
Net Profit/(Loss) For The Year	**96,968,514**	**96,968,514**	**108,370,092**	**108,370,092**
Earning Per Share				
Basic EPS		7.05		5.74
Diluted EPS		7.05		5.74

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Fig in NPR.

Particulars	**Current Year**		**Corresponding Previous Year**	
	This Quarter	**Upto this Quarter (YTD)**	**This Quarter**	**Upto this Quarter (YTD)**
Net Profit/(Loss) For The Year	96,968,514	96,968,514	108,370,092	108,370,092
Other Comprehensive Income	394,812,138	394,812,138	(412,610,670)	(412,610,670)
Total Comprehensive Income	491,780,652	**491,780,651.76**	**(304,240,578)**	**(304,240,578)**

Disclosure as per Section 84(3) of Insurance Act, 2079

1 **Solvency Ratio related disclosure:**

The Solvency Ratio for the year ended Asadh 32, 2082 is declared as 1.6 which is above the requirements prescribed by Nepai Insurance Authority & Actuarial valaution for FY 2025-26 IS submitted to NIA for approval.

2 **Reinsurance related disclosure:**

A. The Company currently has reinsurance arrangements with Nepal Re and Himalayan Re in Nepal and Hannover Re in Malaysia.

B. Reinsurance Premium ceded to the reinsurers up to FY 2025-26 has been already made, is in accordance with the directives issued by Nepal Insurance Authority (NIA) from time to time and as per the terms already agreed between the insurer and reinsurer.

C.Claims recoverable from reinsurers are based on the cession made in respect of each risk. The estimated recoverable is aligned with the provisions made by the company for outstanding claims, ensuring consistency between the loss provisions and the amounts expected from reinsurance recoveries

D. Although we mitigate our exposures through prudent reinsurance arrangements, the primary responsibility for fulfilling claims made by policy holders' rests with the Company. Default of reinsurers does not negate this obligation and in that respect the Company carries a credit risk up to the extent ceded to each reinsurer. Proper provision to mitigate such credit risk has already incorporated in our Valuation report as prescribed by the Regulator

3 **Details regarding legal proceeding:**

Certain legal cases concerning tax matters are currently pending before the honorable Supreme Court, following our successful outcomes in the Revenue Tribunal.

4 **Corporate Governance:**

We declare that we comply with the provision of Corporate Governance Directives, 2075 issued by Nepal InsuranceAuthority and other prevailing laws & regulation to which company shall adhere to.

5 **Regulatory limit on expenses ratio:**

	Current Year	Previous Year
Particulars	**Upto This Quarter End (YTD)**	**Upto This Quarter End (YTD)**
Total Expenditure	226,441,495	205,674,378
Agent related Expenditure	54,862,558	41,050,505
Total Premium	5,463,361,000	4,983,715,022
First Premium	813,979,106	678,861,822
Total Expenditure as percentage of Total Premium	4.14%	4.13%
Agent related Expenditure as percentage of First Premium	6.74%	6.05%

6 **Any other disclosure as deemed relevant**

The preparation of the financials in accordance with IFRS 17 is currently underway, including the application of the relevant recognition, measurement, presentation, and disclosure requirements.

Disclosure as required by Rule 26 (1) of Annexure 14 of Securities Listing and Issue Directives, 2073

Financial Statements

1

The Financial Statements for the company for First quarter of FY 2082-83 has been published along with this report. The interim financial reports have been prepared as per the Quarterly Financials Circular, 2080 issued by Nepal insurance Authority.

2 Major Financial Indicators

Earnings per Share (Annualized)	7.05
PE Ratio	114.13
Net worth per share	180.12
Assets per share	2,978.96

3 **Management Analysis**

The transactions of the company for the First Quarter of FY 2083-84 can be summarized as below:

Particulars	**Q1 FY 2083-84**	**Q1 FY 2082-83**
Total Premium	5,463,361,000	4,983,715,022
Net Profits	96,968,514	108,370,092
Life Insurance Fund	151,082,079,320	136,958,112,008
Total investrments	137,391,967,672	119,510,499,963

4 Details of Share Transactions

The shares of the companies are listed and actively traded in Nepal Stock Exchange Limited. The details of the share transactions of the company during the quarter are mentioned below

Maximum Rate	844.00
Minimum Rate	741.50
Closing Price	804.90
No. of Transaction	3,947
No. of Transaction days	61

5 **Problems and Challenges:**

Internal

High acquisition cost

External

- Decreasing interest rate on fixed deposit
- Limited scope of secured investment

6 **Strategies to overcome challenges**

- Maintaining appropriate portfolio mix
- Moving towards digitalization
- Diversifying the investment

7 Climate Risk

The Company recognizes climate-related risks as an emerging area that may affect mortality, investments, operations, and financial performance. The Company has adopted policies and risk management practices to identify, assess, and mitigate climate-related risks in line with regulatory guidelines issued by the Nepal Insurance Authority. Management regularly reviews climate risk exposure and its potential financial impact on the Company's operations and investments.

8 **Declaration by CEO:**

I, CEO of the Company take responsibility for the truthfulness of the information and details disclosed in this report. I also hereby declare that to the best of my knowledge and belief, the information disclosed in this report are true,fair and complete and have not concealed any matters that can adversely affect the investment decision of the investors.

Disclosures in both group and standalone financial statements disclosures:

Other Details/Indicators

	Current Year	*Previous Year*
Particulars	**Upto This Quarter End (YTD)**	**Upto This Quarter End (YTD)**
1. Total Inforce Policy count	708,057	692,801
2. Total no of policy issued during the year	15,223	12,547
3. First Year Premium (including single premium)	813,979,106	678,861,822
4. Single Premium	204,520,789	186,631,527
5. Renewal Premium	4,649,381,894	4,304,853,200
6. Total Benefits and Claims Paid in Count	7,652	6,552
7. Outstanding Benefits and Claims in Count	11,883	9,487
8. Gross Claim outstanding (Amount)	1,243,846,919	905,711,453
9. Declared Bonus rate (FY 2024-25)	41-65	41-65
10. Interim bonus rate FY	41-65	41-65
11. Long Term Investments (Amount)	85,730,864,537	91,310,223,314
12. Short Term Investments (Amount)	51,661,103,135	28,200,276,649
13. Policyholders Loan	19,687,213,135	21,142,139,569
14. Investment in cost value	136,822,804,863	119,577,226,731
15. Life Insurance Fund	151,082,079,320	136,958,112,008
16. Unexpired risk	877,846	492,804
17. Solvency Margin Ratio (As on 16.07.2025)	1.61	1.61

LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Statement of Distributable Profit or Loss
For Period 17th July, 2026 - 17'th October 2026
(For the Quarter Ended Ashoj, 2083)

Particulars	Current Year
Opening Balance in Retained Earnings	2,656,118,649
Transfer from OCI reserves to retained earning in current year	
Net profit or (loss) as per statement of profit or loss	96,968,514
Appropriations:	
i)Transfer to Insurance Fund	
ii)Transfer to Catastrophe Reserve	(9,696,851)
iii)Transfer to Capital Reserve	
iv)Transfer to CSR reserve	(969,685)
v)Transfer to/from Regulatory Reserve	
vi)Transfer to Fair Value Reserve	
vii)Transfer of Deferred Tax Reserve	-
viii)Transfer to OCI reserves due to change in classification	
ix)Others (to be Specified)	
Deductions:	
i) Accumulated Fair Value Gain on each Financial Assets Measured at FVTPL	
a) Equity Instruments	
b) Mutual Fund	
c) Others (if any)	
ii) Accumulated Fair Value gain on Investment Properties	
iii) Accumulated Fair Value gain on Hedged Items in Fair Value Hedges	
iv) Accumulated Fair Value gain on Hedging Instruments in Fair Value Hedges	
v) Accumulated Fair value gain of Ineffective Portion on Cash Flow Hedges	
vi)) Goodwill Recognised	
vii) Unrealised Gain on fluctuation of Foreign Exchange Currency	
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account	
ix) Overdue loans	
x) Fair value gain recognised in Statement of Profit or Loss	
xi) Investment in unlisted shares as per sec 16 of Financial Directive	(7,280,000)
xii) Delisted share investment or mutual fund investment	
xiii) Bonus share/dividend paid	
xiv) Deduction as per Sec 17 of Financial directive	
xiv) Deduction as per Sec 18 of Financial directive	
xv) Transfer from Regulatory Reserve	-
Adjusted Retained Earning	**2,735,140,626**
Add: Transfer from Share Premium Account	
Less: Amount apportioned for Assigned capital	
Less: Deduction as per sec 15(1) Of Financial directive	
Add/Less: Others (to be specified)	**11,800,538**
Total Distributable Profit/(loss)	**2,723,340,087**

LIFE INSURANCE CORPORATION (NEPAL) LIMITED
Statement of Changes In Equity
For Period 17th July, 2026 - 17th October 2026
(For the Quarter Ended Ashoj, 2083)

Fig. in NPR

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Regulatory Reserves	Employee Training Reserve	Total
Restated Balance as at Shrawan 1, 2082	**5,500,000,000**	-	-	**498,032,562**	**2,656,118,648**	-	-	**773,554,528**	**22,441,908**	-	**3,205,997**	**(54,487,749)**	**50,667,959**	**331,031,641**	**2,204,596**	**9,782,730,090**
Profit/(Loss) For the Year					96,968,514											**96,968,514**
Other Comprehensive Income for the Year, Net of Tax					-							-	-			-
i) Changes in Fair Value of FVOCI Debt Instruments																-
ii) Gains/ (Losses) on Cash Flow Hedge																-
iii) Exchange differences on translation of Foreign Operation																-
iv) Changes in fair value of FVOCI Equity Instruments											394,812,138					**394,812,138**
v) Revaluation of Property and Equipments/ Goodwill & Intangible Assets																-
vi) Remeasurement of Post-Employment Benefit Obligations												-				-
Transfer to Reserves/ Funds					(10,666,536)			9,696,851	969,685							-
Transfer to Deferred Tax Reserves					-								-			-
Transfer From Regulatory Reserve																-
Transfer of Depreciation on Revaluation of Property and Equipment																-
Transfer on Disposal of Revalued Property and Equipment																-
Transfer on Disposal of Equity Instruments Measured at FVTOCI																-
Transfer to Insurance Contract Liabilities											355,330,924			-		**355,330,924**
Share Issuance Costs																-
Others (Utilization of Reserve)									(12,500,000)							**(12,500,000)**
Contribution by/ Distribution to the owners of the Company																-
i) Bonus Share Issued																-
ii) Share Issue (Right)																-
iii) Cash Dividend					-											-
iv) Dividend Distribution Tax																-
v) Others (To be specified)																-
Balance as on Ashadh end, 2081	**5,500,000,000**	-	-	**498,032,562**	**2,742,420,626**		-	**783,251,379**	**10,911,593**	-	**42,687,211**	**(54,487,749)**	**50,667,959**	**331,031,641**	**2,204,596**	**9,906,699,817**

Life Insurance Corporation (Nepal) Limited

Notes to the Financial Statements

for the Quarter ended Ashoj 31, 2083 (October 17th, 2026)

1. General Information

Life Insurance Corporation (Nepal) Limited (herein after referred to as the 'Company') is a public limited company, incorporated on December 26, 2000 and operated as Life Insurance Company after obtaining license on August 7, 2001 under the Insurance Act 2049. The Life Insurance Corporation (Nepal) Limited Company is a Joint Venture of Life Insurance Corporation of India.

The registered office of the Company is located at Star Mall, Putalisadak, Kathmandu, Nepal. The Company's shares are listed on Nepal Stock Exchange on 21st March, 2003

The principal activities of the Company are to provide various life insurance products including participating and non-participating products through its province offices, branches, sub-branches, and network of agents.

2. Basis of Preparation

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

(a) Statement of Compliance

The Financial Statements of the Company comprises of Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown as two separate statements, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements which have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB) and in compliance with the requirements of the Companies Act , 2006, directives issued by Nepal Insurance Authority and required disclosures as per Securities Board of Nepal. The format used in the preparation and presentation of the Financial Statements and disclosures made therein also complies with the specified formats prescribed in the directives of Nepal Insurance Authority.

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.

The financial statements are approved for issue by the Company's Audit Committee on 12.08.2026

(b) Reporting Period and approval of financial statements

The Company reporting period is from 1st Shrawan 2083 to 31'st Ashoj 2083 (17th July 2026 to 17th October 2026) with the corresponding previous period from 1st Shrawan 2082 to 31'st Ashoj 2082 (17th July 2025to 16th October 2025).

(c) 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 and 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 and 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 measurements 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.

(d) Use of Estimates, assumption, and judgement

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the reported balance 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 period 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.

(e) 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.

(f) Going Concern

The financial statements are prepared on 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 operation of it.

(g) Change 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 flow.

(h) Recent Accounting Pronouncements

Accounting standards issued and effective

All accounting standards issued by Institute of Chartered Accountants of Nepal (ICAN) except mentioned below are effective and has been applied in preparation of these Financial Statements.

Accounting standards issued and non-effective

Institute of Chartered Accountants of Nepal (ICAN) has issued NFRS 17 (Insurance Contracts) which is yet to be effective.

(i) Carve-outs

The Company has not applied any carve outs provided by the ASB except the accounting standard that are issued but not effective in our financial year.

(j) Presentation of financial statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by the nature and listed in an order that reflects their relative liquidity and maturity pattern.

(k) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by Nepalese Financial Reporting Standards or Interpretation (issued by the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC) and as specifically disclosed in the Significant Accounting Policies of the Company.

(l) Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Nepal Accounting Standard-NAS 1 on 'Presentation of Financial Statements'.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

3. Significant Accounting Policies

(a) Goodwill and 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 to generate net cash inflow for the entity.

Amortization is recognized in statement of profit of loss on Balance Method (DBM), from the date that is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates, The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.
Useful Life of Intangible Assets based on DBM is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM
Software	25%
Licenses	Not Applicable

iii)Derecognition

An Intangible Asset is derecognized 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 recognized 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.

(b) Property and Equipment (P&E)

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 recognized 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 derecognized 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 assets, 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 recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss. A decrease in the carrying amount as a result of revaluation, is recognized in profit or loss. However, the decrease is recognized 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.
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.

iii)Depreciation

Depreciation of Property, Plant and Equipment other than the Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on 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 categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM/Rate for WDV
Land	Not Applicable
Buildings	Not Applicable
Leasehold Improvement	Lease Period
Furniture & Fixture	25%
Computers and IT Equipment	25%
Officer Equipment	25%
Vehicles	20%
Other Assets	25%

iv)Derecognition

An item of Property, Plant and Equipment is derecognized up to 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 of Assets

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.

(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 capitalized 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 derecognized 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 recognized in the statement of profit or loss in the year of retirement or disposal.
Transfer is made to (or from) investment property only when there is a change in use. For a transfer from investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

Fair Value Model

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 condition 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 recognized professional qualification and recent experience in the location and category by property being valued. Investment properties are derecognized 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 recognized in the statement of profit or loss in the year of retirement or disposal. Transfer are made to (or from) investment property only when there is a change in use. For a transfer from investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

Explanatory notes:

The company does not have any investment properties.

(d) Deferred Tax Assets and Liabilities

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary difference 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 Difference.

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.

(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 achieved 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 Assets is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Assets. 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 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.

Explanatory notes:

The company has investments in term deposits of banks and government bonds. These financial assets are carried at Amortized Cost. Insurance receivables and other financial assets are recognized at realizable value.

There is no impairment expense related to this reported quarter of the Fiscal Year.

(f) 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 reduce the carrying amount accordingly and is recognized in statement of profit or loss.

Explanatory notes:

The company has not created reinsurance assets for Claim Payment however insurance receivable is booked.

(g) Current Tax Assets

Current Tax Assets are the assets which are created against the excess amount paid as advance tax than the actual income tax liability.

(h) Cash & Cash Equivalent

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

(i) 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.

(j) 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 recognized amounts and there is an intention to settle on a net basis or realize 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.

Explanatory notes:

The company has not offset financial assets with liabilities in this reporting period.

(k) 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.

(l) Reserves and Funds

i) **Share Application Money Pending Allotment:** Not Applicable

ii) **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

iii) **Catastrophe Reserve:** 10% of net profit before adjustment of deferred tax income/expense is transferred to this reserve as required by Insurer's Financial Statement Related Directive, 2080.

iv) **Fair Value Reserve:** The Company has policy of creating fair value reserve equal to the amount of fair value Gain recognized in statement of other comprehensive income.

v) **Actuarial Reserves:** his reserve is created 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 occurred) and the effects of changes in actuarial assumptions. The company performs revaluation of defined benefit obligation in annual basis at the end of fiscal year.

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

Explanatory notes:

The company has not created revaluation reserve in this reporting period.

vii) **Corporate Social Responsibility Reserves:** 1% of net profit before adjustment of deferred tax income/expense is transferred to this reserve as required by Insurer's Financial Statement Related Directive, 2080.

viii) **Deferred Tax Reserves:** Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts

used for taxation purposes. Temporary difference arises from the item related to the statement of profit and loss are transferred to this reserve as per the financial directive issued by NIA.

ix) **Other Reserves:** Regulatory reserve represents the amount transferred to Regulatory Reserve due to excess profit generated from NFRS based financial statement over GAAP based financial statement as per regulatory provision. The company has regulatory reserve of NRs 331,031,641 which has not been transferred to retained earnings.

(m) Gross Insurance Contract Liabilities

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 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.

(n) 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 upto 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 obligation 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 Expenses 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.

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 recognizes 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 recognizes 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.

(o) Revenue Recognition

i) Gross Premium

Gross premium income is recognized on a cash basis as and when it is due (Premium received but not due is shown as advance premium under other liabilities) in accordance with Insurance Act. Cash received in advance is recognized as premium income during the period to which they relate. Premium ceded to the reinsurer during the year has been separately recognized under "Premium ceded to Reinsurer". Entire single premium income is recognized on a cash basis and related reserve is booked as per Actuarial valuation directive, 2077 issued by the Nepal Insurance Authority.

Explanatory notes:

The above policy for recognition of gross premium income has been continued as NFRS 17 is yet to be adopted.

ii) Unearned Premium Reserves

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 pro rate basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

iii) Premiums on Reinsurance Accepted

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

Explanatory notes:

The company has not accepted any reinsurance business in this reporting period.

iv) Commission Income

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

v) Investment Income

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

vi) Net realized gains and losses

Net realized gains and losses recorded in the statement or 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 amortized cost and are recorded on occurrence of the sale transaction.'

vii) Other Income

Other income includes profit on sale of property and equipment, finance income, and other miscellaneous income.

(p) Benefit, Claims and Expenses

i) Gross Benefits and Claims

Benefits and claims include the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlement of claims. Benefits and claims that are incurred during the financial year are recognized when a claimable event occurs and/or the insurer is notified. Death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

ii) Reinsurance Claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the term of the relevant contracts.

iii) Commission Expenses

Commission expenses are recognized on accrual basis. If the expenses is for future periods, then they are deferred and recognized over those future periods.

iv) Service Fees:

Service fees are recognized on accrual basis as per the rates mentioned in Insurance act, 2079.

v) Finance Cost:

Finance costs are recognized for the period relating to unwinding of discount and interest expenses due to re-measurement of liabilities.

(q) 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) **Endowment**

This is a with profit plan that makes provisions for the family of the Life Assured in event of his early death and also assures a lump sum at a desired age on maturity. It costs moderate premiums, has high liquidity and in savings oriented. This plan is opt for people of all ages and social groups who wish to protect their families from a financial setback that may occur owing to their demise.

ii) Anticipated

This scheme provides for specific periodic payments or partial survival benefits during the term of the policy itself so long as the policy holder is alive. It is therefore suitable to meet specified financial requirements needed for occasions like Brata Bandha, Academic Graduations etc. An important feature of plan is that in the event of death at any time within the policy term, the death claim comprises full sum assured without deducting any of the survival benefit amounts, which have already been paid. It is also with profit plan.

iii) Endowment Cum Whole Life

This plan is a combination of Endowment Assurance and Whole Life with profit plan. It provided financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the maturity of the policy to the assured in case of his survival.

iv) Whole Life

Whole life is a type of life insurance contract that provides insurance coverage of the contract holder for his or her entire life. Upon the inevitable death of the contract holder, the insurance payout is made to the contract's beneficiaries. These policies also include a savings component, which accumulates a cash value. This cash value is one of the key elements of whole life insurance.

v) Other Term

Term life insurance, also known as pure life insurance, is life insurance that guarantees payment of a stated death benefit during a specified term. Once the term expires, the policyholder can renew it for another term, convert the policy to permanent coverage, or allow the policy to terminate.

vi) Special Term

Special Term insurance is modified version of term insurance with added benefits.

(r) 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.

(s) 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.

(t) Leases

~~**Finance Lease**~~

The lease liability has been accounted for under NFRS 16 "Leases". For all the significant lease, the Right-of-Use assets has been recognized at its initial recognition under cash model. The Lease liability has been recognized at the present value of the lease payments that are not paid at that date. The lease payment has been discounted at the incremental borrowing rate in lease which is 10%.

After the commencement date, the right of use asset has been measured using cost model. The lease liability has been increased to reflect interest on the lease liability & has been reduced by the lease payment.

Short- Term Lease

Any lease agreement with non-cancellable period of up-to 12 months and lease agreement with value of underlying assets identified as of low value have been identified and accounted for as Rent Expense. Lease payments under such leases are booked as expense in straight basis or other basis, where appropriate, normally in case of short-term leases.

(u) Income Taxes

Income Tax Expense represents the sum of the current tax & 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 difference between the carrying amounts of Assets and 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 & Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profit nor Loss at the time of the transaction.

(v) 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 expenses.

Provisions for Contingent Liability are recognized in the books 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.

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.

(w) Functional Currency & Foreign Currency Transactions

The Financial Statements of the Company are presented in Nepalese Rupees, which in 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.

(x) Earnings Per Share

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

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

(y) 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.

The Company operates predominantly in Nepal and accordingly, the Management of the Company is of the view that the financial information by geographical segments of the Company's operation is not necessary to be however the company does financial planning for measuring business performance of geographical areas within Nepal (as called "province offices"). The company has portfolios that are measured as business segment

Business Segments of the company are:

1. Endowment
2. Anticipated Endowment
3. Modified Endowment
4. Whole Life Policy
5. Term Insurance Policy
6. Special Term Policy
7. Endowment Single Premium
8. Single Premium O.E
9. Micro Term Insurance