

NEPAL LIFE INSURANCE COMPANY LIMITED
Quarterly Unaudited Financial Results for (Second quarter), F.Y. 2080/81 B.S

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	Group		Insurance	
	At the end of this Quarter (Unaudited)	At the end of Immediate Previous Year (Unaudited)	At the end of this Quarter (Unaudited)	At the end of Immediate Previous Year (Unaudited)
Assets:				
Goodwill & Intangible Assets	12,121,414	12,655,836	11,703,844	12,238,265
Property and Equipment	233,249,117	260,282,541	216,062,582	243,146,005
Investment Properties	402,023,729	395,092,961	402,023,729	395,092,961
Deferred Tax Assets	188,781,710	184,874,331	170,462,968	170,276,223
Investment in Subsidiaries	-	-	153,000,000	153,000,000
Investment in Associates	-	-	-	-
Investments	152,343,373,807	138,065,511,689	152,390,249,722	137,882,619,532
Loans	32,757,354,112	30,836,173,587	32,757,354,112	30,836,173,587
Reinsurance Assets	-	-	-	-
Current Tax Assets	-	-	-	-
Insurance Receivables	127,360,770	271,707,579	127,360,770	271,707,579
Other Assets	568,623,398	574,911,733	568,623,398	574,904,033
Other Financial Assets	9,248,928,822	8,172,469,040	9,002,962,117	8,141,957,629
Cash and Cash Equivalent	1,268,156,849	1,329,626,234	1,256,698,502	1,320,044,009
Total Assets	197,149,973,728	180,103,305,532	197,056,501,744	180,001,159,825
Equity:				
Share Capital	8,207,966,554	8,207,966,554	8,207,966,554	8,207,966,554
Share Application Money Pending Allotment	-	-	-	-
Share Premium	43,839,625	43,839,625	43,839,625	43,839,625
Catastrophe Reserves	1,048,482,684	1,005,708,956	1,048,482,684	1,005,708,956
Retained Earnings	1,000,363,145	624,126,176	1,031,796,826	651,297,393
Other Equity	291,292,376	291,091,263	174,740,340	170,276,223
Total Equity	10,591,944,384	10,172,732,574	10,506,826,029	10,079,088,750
Liabilities:				
Provisions	322,096,137	184,431,666	322,096,137	184,194,577
Gross Insurance Contract Liabilities	183,654,371,274	165,515,838,177	183,654,371,274	165,515,838,177
Deferred Tax Liabilities	-	-	-	-
Insurance Payable	331,506,613	409,972,963	331,506,613	409,972,963
Current Tax Liabilities	285,361,205	509,765,824	285,361,205	509,765,824
Borrowings	-	-	-	-
Other Liabilities	663,806,443	1,962,448,801	657,982,579	1,954,288,022
Other Financial Liabilities	1,300,887,671	1,348,115,526	1,298,357,905	1,348,011,511
Total Liabilities	186,558,029,344	169,930,572,958	186,549,675,714	169,922,071,075
Total Equity and Liabilities	197,149,973,728	180,103,305,532	197,056,501,744	180,001,159,825
	0.0	0.0	0.0	0.0

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Fig in NPR.

Particulars	Group				Insurance			
	Current Year		Corresponding Previous Year		Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Income:								
Gross Earned Premiums	9,073,645,597	20,000,627,007	8,577,086,352	18,627,425,669	9,073,645,597	20,000,627,007	8,577,086,352	18,627,425,669
Premiums Ceded	(184,125,340)	(288,248,367)	(116,648,381)	(227,380,341)	(184,125,340)	(288,248,367)	(116,648,381)	(227,380,341)
Net Earned Premiums	8,889,520,257	19,712,378,640	8,460,437,971	18,400,045,327	8,889,520,257	19,712,378,640	8,460,437,971	18,400,045,327
Commission Income	-	8,021,232	4,657,721	7,870,119	-	8,021,232	4,657,721	7,870,119
Other Direct Income	100,890,123	205,634,109	97,960,289	196,731,454	106,359,057	212,271,718	97,226,919	195,582,570
Interest Income on Loan to Policyholders	881,149,603	2,037,825,620	742,769,694	1,574,940,815	881,149,603	2,037,825,620	742,769,694	1,574,940,815
Income from Investments and Loans	3,814,549,898	7,485,076,042	3,326,850,853	6,547,869,623	3,813,701,024	7,483,802,593	3,325,719,683	6,545,805,846
Net Gain/(Loss) on Fair Value Changes	143,773,474	149,754,056	72,458,444	14,321,368	143,773,474	149,754,056	72,458,444	14,321,368
Net Realised Gains/(Losses)	(23,821,416)	(74,346,296)	3,377,864	(72,978,009)	(23,821,416)	(74,346,296)	3,377,864	(72,978,009)
Other Income	10,161,004	18,550,018	13,236,208	23,558,763	10,161,004	18,550,018	13,236,208	23,558,763
Total Income	13,816,222,944	29,542,893,422	12,721,749,044	26,692,359,461	13,820,843,004	29,548,257,581	12,719,884,503	26,689,146,800
Expenses:								
Gross Benefits and Claims Paid	3,076,272,581	6,910,579,303	4,104,880,810	8,480,128,600	3,076,272,581	6,910,579,303	4,104,880,810	8,480,128,600
Claims Ceded	(41,571,378)	(90,086,354)	(15,894,379)	(34,758,306)	(41,571,378)	(90,086,354)	(15,894,379)	(34,758,306)
Gross Change in Contract Liabilities	8,440,043,703	18,138,571,643	6,516,262,944	14,065,185,939	8,440,043,703	18,138,571,643	6,516,262,944	14,065,185,939
Change in Contract Liabilities Ceded to Reinsurers	-	-	-	-	-	-	-	-
Net Benefits and Claims Paid	11,474,744,905	24,959,064,592	10,605,249,376	22,510,556,233	11,474,744,905	24,959,064,592	10,605,249,376	22,510,556,233
Commission Expenses	673,307,511	1,492,205,543	706,498,993	1,538,051,785	673,307,511	1,492,205,543	706,498,993	1,538,051,785
Service Fees	66,671,402	147,842,840	63,453,285	138,000,340	66,671,402	147,842,840	63,453,285	138,000,340
Other Direct expenses	2,424,324	4,781,074	2,129,650	5,302,952	2,064,287	4,359,945	2,129,650	5,271,116
Employee Benefits Expenses	188,495,866	405,100,715	181,285,133	400,883,485	186,645,646	401,176,066	179,570,313	397,031,644
Depreciation and Amortization Expenses	16,690,484	33,407,490	17,258,703	33,980,816	16,690,484	33,407,490	17,258,703	33,980,816
Impairment Losses	-	-	-	-	-	-	-	-
Other Operating Expenses	176,182,568	253,007,439	137,352,054	255,660,961	174,910,858	250,614,170	136,075,646	252,946,608
Finance Cost	3,626,583	7,253,167	3,626,583	7,253,167	3,626,583	7,253,167	3,626,583	7,253,167
Total Expenses	12,602,143,644	27,302,662,859	11,716,853,777	24,889,689,740	12,598,661,677	27,295,923,813	11,713,862,549	24,883,091,710
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	1,214,079,300	2,240,230,563	1,004,895,267	1,802,669,721	1,222,181,327	2,252,333,768	1,006,021,955	1,806,055,090

Share of Net Profit of Associates accounted using Equity Method	-	-	-	-	-	-	-	-	-
Profit Before Tax	1,214,079,300	2,240,230,563	1,004,895,267	1,802,669,721	1,222,181,327	2,252,333,768	1,006,021,955	1,806,055,090	
Income Tax Expenses	952,374,925	1,824,596,489	770,407,002	1,427,187,704	952,374,925	1,824,596,489	770,407,002	1,427,187,704	
Net Profit/(Loss) For The Year	261,704,375	415,634,074	234,488,265	375,482,018	269,806,402	427,737,279	235,614,952	378,867,386	
Earning Per Share									
Basic EPS	6.38	10.13	5.71	9.15	6.57	10.42	5.74	9.23	
Diluted EPS	6.38	10.13	5.71	9.15	6.57	10.42	5.74	9.23	

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Fig in NPR.

Particulars	Group				Insurance			
	Current Year		Corresponding Previous Year		Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	269,806,402	415,634,074	234,488,265	375,482,018	269,806,402	427,737,279	235,614,952	378,867,386
Other Comprehensive Income	-	-	-	-	-	-	-	-
Total Comprehensive Income	269,806,402	415,634,074	234,488,265	375,482,018	269,806,402	427,737,279	235,614,952	378,867,386

OTHER INDICATORS

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total inforce Policy count	1,390,430	1,286,698
2. First Year Premium	3,160,998,625	2,647,888,300
3. Single Premium	1,087,403,392	436,398,934
4. Renewal Premium	16,839,628,382	15,979,537,369
5. Total Benefits and Claims Paid in Count	36,380	43,146
6. Outstanding Benefits and Claims in Count	15,855	9,454
7. Declared Bonus rate (FY 78.79)	Rs. 50- Rs. 85 Per Thousand	Rs. 56- Rs. 82 Per Thousand*
8. Interim bonus rate (FY 79.80)	Rs. 50- Rs. 85 Per Thousand	Rs. 56- Rs. 82 Per Thousand*
9. Long Term Investments (Amount) *	142,916,993,525	117,775,627,000
10. Short Term Investments (Amount)*	4,171,764,945	3,015,000,000

* Investment includes FDs and Debentures

* Bonus declared of FY 2077.78

This is condensed consolidated financial statement only. Detail financial statement is published in our website.

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

- Solvency Ratio related disclosure: The solvency ratio of the company is 2.62 as on Ashadh 31, 2078.
- Reinsurance related disclosure: The company have reinsurance arrangement with Hannover RE (Malaysia), Nepal RE (Nepal) and Himalayan RE (Nepal).
- Details regarding legal proceeding: There is no any legal proceedings against the company
- Corporate Governance: The company compliant with the Corporate governance Directive issued by Nepal Insurance Authority.
- Regulatory limit on expenses ratio: The total expense ratio on TPI is 3.46% this year, which was 3.71% in corresponding previous year.
- The financial figures in the Statement of profit & loss and statement of financial position of corresponding reporting periods are reinstated and presented as per Nepal Financial Reporting Standard (NFRS) in compliant with directive issued by Nepal Insurance Authority
- Short term investment presented is the investment having maturity less than one year

NEPAL LIFE INSURANCE COMPANY LIMITED
Consolidated Statement of Changes In Equity
For Second Quarter end, 2080/81

	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	Other Reserves	Non-Controlling Interest	Total
Balance as on Shrawan 1, 2079	8,207,966,554			43,839,625	1,444,234,633	-		946,738,289				- 17,874,939	169,902,733			10,794,806,895
Prior period adjustment																-
Restated Balance as at Shrawan 1, 2079					553,105,357											-
Profit/(Loss) For the Year																553,105,357
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																-
v) Revaluation of Property and Equipment/ Goodwill & Intangible Assets																-
vi) Remeasurement of Post-Employment Benefit Obligations																-
Transfer to Reserves/ Funds					- 58,970,667			58,970,667							120,815,041	120,815,041
Transfer to Deferred Tax Reserves					- 373,490								373,490			-
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																-
Share Issuance Costs																-
Contribution by/ Distribution to the owners of the Company																-
i) Bonus Share Issued																-
ii) Share Issue																-
iii) Cash Dividend					- 1,295,994,719											- 1,295,994,719
iv) Dividend Distribution Tax																-
v) Others (To be specified)																-
Balance as on Ashadh end, 2080	8,207,966,554			43,839,625	642,001,115			1,005,708,956				- 17,874,939	170,276,223		120,815,041	10,172,732,574
Prior period adjustment																-
Restated Balance as at Shrawan 1, 2080	8,207,966,554			43,839,625	642,001,115			1,005,708,956				- 17,874,939	170,276,223		120,815,041	10,172,732,574
Profit/(Loss) For the Year					415,634,074											415,634,074
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																-
v) Revaluation of Property and Equipments/ Goodwill & Intangible Assets																-
vi) Remeasurement of Post-Employment Benefit Obligations																-
Transfer to Reserves/ Funds					- 57,085,298			42,773,728	4,277,373			17,874,939			- 4,263,005	3,577,737
Transfer to Deferred Tax Reserves					- 186,745								186,745			-
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																-
Share Issuance Costs																-
Contribution by/ Distribution to the owners of the Company																-
i) Bonus Share Issued																-
ii) Share Issue																-
iii) Cash Dividend																-
iv) Dividend Distribution Tax																-
v) Others (To be specified)																-
Balance as on Poush end, 2080	8,207,966,554			43,839,625	1,000,363,145			1,048,482,684	4,277,373			-	170,462,968		116,552,036	10,591,944,384

The accompanying notes form an Integral Part of Financial Statements.

NEPAL LIFE INSURANCE COMPANY LIMITED
Consolidated Statement of Cash Flows
For Second Quarter end, 2080/81

Fig. in NPR

Particulars	Current Year - Q2 2080/81	Previous Year- Q2 2079/80
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	20,000,627,007	18,627,425,669
Commission Received	8,021,232	7,870,119
Claim Recovery Received from Reinsurers	144,346,809	115,393,573
Realised Foreign Exchange Income other than on Cash and Cash Equivalents		
Other Direct Income	274,709,007	220,290,217
Others (to be specified)		
Cash Paid		
Gross Benefits and Claims Paid	(6,910,579,303)	(8,480,128,600)
Reinsurance Premium Paid	(366,714,717)	(227,380,341)
Commission Paid	(1,492,205,543)	(1,538,051,785)
Service Fees Paid	(147,842,840)	(138,000,340)
Employee Benefits Expenses Paid	(405,100,715)	(400,883,485)
Other Expenses Paid	(261,415,096)	(260,963,913)
Others (Increase/Decrease in Current Assets)	(811,213,426)	(1,148,525,109)
Others (Increase/Decrease in Current Liabilities)	(1,061,189,409)	(1,111,771,304)
Income Tax Paid	(1,824,596,489)	(1,427,187,704)
Net Cash Flow From Operating Activities [1]	7,146,846,519	4,238,086,996
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 and Equipment	(12,770,412)	(36,975,387)
Proceeds From Sale of Property and Equipment		
Investment in Subsidiaries		
Receipts from Sale of Investments in Subsidiaries		
Investment in Associates		
Receipts from Sale of Investments in Associates		
Purchase of Equity Instruments	(306,963,368)	(204,747,058)
Proceeds from Sale of Equity Instruments	305,391,209	301,368,891
Purchase of Mutual Funds		(36,451,209)
Proceeds from Sale of Mutual Funds		
Purchase of Preference Shares		
Proceeds from Sale of Preference Shares		
Purchase of Debentures	(620,694,470)	(615,279,000)
Proceeds from Sale of Debentures	-	169,850,000
Purchase of Bonds		
Proceeds from Sale of Bonds		
Investments in Deposits	(15,375,000,000)	(21,415,000,000)
Maturity of Deposits	1,200,000,000	15,600,000,000
Loans Paid	(1,921,180,525)	(3,298,485,785)
Proceeds from Loans		
Rental Income Received		
Proceeds from Finance Lease		
Interest Income Received	9,489,987,312	7,999,270,902
Dividend Received	32,914,351	123,539,536
Others (to be specified)		
Total Cash Flow From Investing Activities [2]	(7,208,315,904)	(1,412,909,111)

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		(1,295,994,719)
Dividend Distribution Tax Paid		
Others (to be specified)		
Total Cash Flow From Financing Activities [3]	-	(1,295,994,719)
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	(61,469,385)	1,529,183,166
Cash & Cash Equivalents At Beginning of The Year/Period	1,329,626,234	122,907,421
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash & Cash Equivalents At End of The Year/Period	1,268,156,848	1,652,090,587
Components of Cash & Cash Equivalents		
Cash In Hand	13,558,119	23,651,440
Cheuqe in Hand	104,071,307	88,266,556
Term Deposit with Banks (Maturity up to 3 months)	-	
Balance With Banks	1,150,527,422	1,574,930,897

NEPAL LIFE INSURANCE COMPANY LIMITED
Consolidated Statement of Distributable Profit or Loss
For Second Quarter end, 2080/81

Fig. in NPR

Particulars	Current Year
Opening Balance in Retained Earnings	651,297,393
Transfer from OCI reserves to retained earning in current year	
Net profit or (loss) as per statement of profit or loss	427,737,279
Appropriations:	
i) Transfer to Insurance Fund	
ii) Transfer to Catastrophe Reserve	(42,773,728)
iii) Transfer to Capital Reserve	
iv) Transfer to CSR reserve	(4,277,373)
v) Transfer to/from Regulatory Reserve	
vi) Transfer to Fair Value Reserve	
vii) Transfer of Deferred Tax Reserve	(186,745)
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	
xii) Delisted share investment or mutual fund investment	
xiii) Bonus share/dividend paid	
xiv) Deduction as per Sec 17 of Financial directive	
xv) Others (to be specified)	
Adjusted Retained Earning	1,031,796,826
Add: Transfer from Share Premium Account	
Less: Amount apportioned for Assigned capital	
Less: Deduction as per sec 14(1) Of Financial directive	
Add/Less: Others (to be specified)	
Total Distributable Profit/(loss)	1,031,796,826

NEPAL LIFE INSURANCE COMPANY LIMITED
Segment Reporting
For Second Quarter end, 2080/81

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Joint	Other Term	Foreign Employment Term	Other	Total
Income:								-
Gross Earned Premiums	11,437,080,810	3,252,721,086	4,411,024,141	576,995,125	24,344,749	298,461,096		20,000,627,007
Premiums Ceded	(90,637,785)	(25,777,507)	(34,956,950)	(4,572,632)	(192,930)	(132,110,563)		(288,248,367)
Net Earned Premiums	11,346,443,025	3,226,943,579	4,376,067,191	572,422,493	24,151,819	166,350,533		19,712,378,640
Commission Income	5,708,300	467,048	1,575,446	238,953	31,485	-	-	8,021,232
Other Direct Income	108,835,228	50,283,472	48,297,022	4,748,080	107,916	-		212,271,718
Interest Income on Loan to Policyholders	1,482,357,407	297,884,605	237,591,522	19,992,086	-	-		2,037,825,620
Income from Investments and Loans	4,207,803,389	926,810,046	1,681,156,484	157,925,782	3,646,809	29,503,287		7,006,845,797
Net Gain/(Loss) on Fair Value Changes								-
Net Realised Gains/(Losses)	(41,801,556)	(9,207,204)	(16,701,103)	(1,568,881)	(36,228)	(293,094)		(69,608,067)
Other Income	10,429,835	2,297,274	4,167,064	391,449	9,039	73,129		17,367,790
Total Segment Income	17,119,775,628	4,495,478,820	6,332,153,625	754,149,962	27,910,840	195,633,855	-	28,925,102,731
Expenses:								-
Gross Benefits and Claims Paid	3,632,484,114	2,103,673,681	990,535,384	63,666,776	600,000	29,532,994		6,820,492,949
Claims Ceded	-	-	-	-	-	-		-
Gross Change in Contract Liabilities	11,179,173,409	1,880,698,767	4,369,920,361	569,592,325	1,020,403	48,639,388		18,049,044,653
Change in Contract Liabilities Ceded to Reinsurers								-
Net Benefits and Claims Paid	14,811,657,524	3,984,372,447	5,360,455,746	633,259,101	1,620,403	78,172,381		24,869,537,602
Commission Expenses	848,469,674	178,691,469	400,726,692	62,538,373	1,779,334			1,492,205,543
Service Fees	85,098,323	24,202,077	32,820,504	4,293,169	181,139	1,247,629		147,842,840
Other Direct expenses	2,417,231	279,823	911,256	187,205	29,278	535,152		4,359,945
Employee Benefits Expenses	206,556,420	59,973,625	78,230,725	10,034,357	439,915	5,823,417		361,058,459
Depreciation and Amortization Expenses	17,200,756	4,994,237	6,514,577	835,600	36,633	484,939	-	30,066,741
Impairment Losses								-
Other Operating Expenses	129,035,529	37,465,446	48,870,633	6,268,450	274,814	3,637,881		225,552,753
Finance Cost	3,734,490	1,084,309	1,414,393	181,419	7,954	105,286		6,527,850
Total Segment Expenses	16,104,169,946	4,291,063,434	5,929,944,525	717,597,674	4,369,470	90,006,685	-	27,137,151,734
Segment Result	1,015,605,682	204,415,386	402,209,100	36,552,289	23,541,371	105,627,170	-	1,787,950,998
Segment Assets	110,795,949,746	24,403,896,709	44,266,642,720	4,158,354,217	96,024,381	776,853,007		184,497,720,779
Segment Liabilities	104,888,437,137	23,102,709,004	41,906,396,243	3,936,635,553	90,904,471	735,432,098		174,660,514,506

Related Party Disclosure

(a) Identify Related Parties

Holding Company:

Subsidiaries: The Company have Invested 1,530,000 number of Shares of Rs. 100 each in Nepal Life Capital Limited.

Associates: The Company doesn't have associates.

Fellow Subsidiaries: The Company doesn't have fellow subsidiaries.

Key Management Personnel:

Mr. Govind Lal Sanghai	Chairman
Mr. Kamlesh Kumar Agrawal	Non Executive Director
Mr. Vivek Agrawal	Non Executive Director
Mr. Bimal Prasad Dhakal	Non Executive Director
Mrs. Parul Dhakal	Independent Director
Mr. Krishnaraj Lamichhane	Non Executive Director
Mr. Sakti Kumar Golyan	Non Executive Director
Mr. Pravin Raman Parajuli	Chief Executive Officer

(b) Key Management Personnel Compensation:

Particulars	Current Year- Q2	Previous Year- Q4 2079/80
Short-term employee benefits	10,941,750	22,345,623
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Total	10,941,750	22,345,623

Payment to Chief Executive Officer (CEO)

Particulars	Current Year- Q2	Previous Year- Q4 2079/80
Annual salary and allowances	7,816,000	13,769,623
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	7,816,000	13,769,623

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
Current Year						
Previous Year						
Commission Income						
Current Year						
Previous Year						
Rental Income						
Current Year						
Previous Year						
Interest Income						
Current Year						
Previous Year						
Sale of Property & Equipment						
Current Year						
Previous Year						
Purchase of Property & Equipment						
Current Year						
Previous Year						
Premium Paid						
Current Year						
Previous Year						

Commission Expenses						
Current Year						
Previous Year						
Dividend						
Current Year						
Previous Year						
Meeting Fees						
Current Year					3,125,750	
Previous Year						
Allowances to Directors						
Current Year						
Previous Year						
Others (to be specified)						
Current Year						
Previous Year						

(d) Related Party Balances:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
Current Year						
Previous Year						
Other Receivables (to be Specified)						
Current Year						
Previous Year						
Payables including Reinsurance Payables						
Current Year						
Previous Year						
Other Payables (to be Specified)						
Current Year						
Previous Year						

Nepal Life Insurance Company Limited
Notes to the Consolidated Financial Statements
for the Quarter Ended Poush 29, 2080 (January 14th, 2024)

1. Reporting Entity

Nepal Life Insurance Company Limited (herein after referred to as the 'Company') is a public limited company, incorporated on 2055/10/18 B.S. (01/02/1999 A.D.) and operated as Life Insurance Company after obtaining license on 2058/01/04 B.S. (17/04/2001 A.D.) under the Insurance Act 2049.

The registered office of the Company is located at Birgunj, Parsa, Nepal. The Company's share are listed on 2059/10/08 B.S. (22/01/2003 A.D.) 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 years presented, unless otherwise stated.

The financial figures in the Statement of profit & loss and statement of financial position of corresponding reporting periods are reinstated and presented as per Nepal Financial Reporting Standard (NFRS).

(a) Reporting Period and approval of financial statements

The Company reporting period is from 1st Shrawan 2080 to 29th Poush 2080 with the corresponding previous year from 1st Shrawan 2079 to 30th Poush 2079 for Statement of Profit or Loss and for Statement of Financial Position at the end of Immediate Previous year i.e. As on Ashad End, 2080.

(b) 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 Management and Audit Committee.

(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

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 year 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

The Financial Directives, 2080 published by Nepal Insurance Authority (NIA) is in effect from the financial year 2079/80. This report is complied with the Financial Directives, 2080.

Accounting standards issued and non-effective

Nepal Accounting Standard Board pronounced accounting of Insurance Contract (NFRS 17), however this is not in effect till the reporting period.

(i) Carve-outs

The Company has not applied any carve outs provided by the ASB.

(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) Property and Equipment

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 "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 categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM/Rate for WDV
Land	
Buildings	50
Leasehold Improvement	5
Furniture & Fixture	4
Computers and IT Equipment	4
Officer Equipment	4
Vehicles	7
Other Assets (Plant & Machinery)	8
Other Assets (Furniture & Fixtures)	15
Other Assets (Plant & Machinery- Heavy)	15

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.

(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.

Goodwill on business combination is recognized on the acquisition date at the excess of (a) over (b) below:

(a) The aggregate of:

- a. The consideration transferred measured in accordance with the NFRS 3, which generally requires acquisition-date fair value
- b. The amount of any non-controlling interest in the acquiree measured in accordance with the NFRS 3, and
- c. In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.
- d. The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

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 Straight Line Method (SLM) over the estimated useful life of the intangible assets/ Diminishing 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 SLM/DBM is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM
Soft wares	5
Licenses	License period

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.

(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.

Transfers 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.

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 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.

Transfers 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.

(d) Cash & Cash Equivalent

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

(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 is measured at FVTPL.

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.

(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 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.

(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 reduce 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

Reserve and funds include the following, which has been presented in the Statement of Change in Equity.

- i) Share Application Money Pending Allotment,
- ii) Share Premium,
- iii) Revaluation Reserves,
- iv) Capital Reserve,
- v) Catastrophe Reserve,
- vi) Corporate Social Responsibility (CSR) Reserves,
- vii) Insurance Fund,
- viii) Fair Value Reserves,
- ix) Actuarial Reserves,
- x) Deferred Tax Reserves,
- xi) Other Reserves,

(k) Insurance Contract Liabilities

i) Life Insurance Fund

The life insurance fund as per the actuarial valuation report including net policyholder's liability, cost of bonus, any other liabilities plus any unallocated surplus shall be presented under life insurance fund.

ii) Claim Payment Reserve including IBNR

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.

iii) Transfer from Reserves

Any regulatory transfer to be made from fair value reserve, actuarial reserve, revaluation reserves or any other reserve shall be presented under 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.

(l) 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 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. Actuary valuation for leave and gratuity provision is presented without actuarial valuation for the reporting period.

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.

(m) Revenue Recognition

i) Gross Earned Premium

Gross Premium are recognized as soon as the amount of the premiums can be reliably measured. First premium is recognized from inception date. At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

ii) Unearned Premium

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.

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) Income from investment and loans

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 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 amortized cost and are recorded on occurrence of the sale transaction.

(n) 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.

Note: Please provide the basis of calculating reserves for Incurred but Not Reported Claims (IBNR)
Company has not reported IBNR claims.

ii) Claims ceded.

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

(o) 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 is 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) Foreign Employment Term

The main objective of foreign employment term is providing insurance for financial assistance if there is death or elimination of any insured due to work or staying abroad.

vi) 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.

vii) Special Term

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

viii) Others to be Specified – (Anticipated Whole Life)

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. 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 provides insurance coverage of the contract holder for his or her entire life. It is also with the profit plan.

(p) 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 is 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.

(q) 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.

(r) Leases

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 ...%.

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.

The lease assets having the lease liability of equal to or less than 30 lacs present value at inception has been considered as low value and for those lease the expenses has been recognized under straight line basis.

(s) 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 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.

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.

(t) 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.

(u) 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.

(v) Earnings Per Share

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

(w) 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. Segment reporting is reported as required by financial directives, 2080 issued by Nepal Insurance Authority.