UNITED AJOD INSURANCE LIMITED

(CTC Mall, Kathmandu Nepal. 01-5343072, www.unitedajodinsurance.com)

Quarterly Financial Results For First Quarter, F.Y. 2081/82 B.S

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	Unaudited	Unaudited
	At the end of this Quarter	At the end of Immediate Previous Year
Assets:		
Goodwill & Intangible Assets	176,722,419	177,530,551
Property and Equipment	142,261,842	102,011,814
Investment Properties	-	-
Deferred Tax Assets	-	-
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	4,343,690,106	4,297,661,767
Loans	3,130,222	3,854,418
Reinsurance Assets	2,333,995,674	2,026,967,572
Current Tax Assets	200,357,989	109,503,323
Insurance Receivables	782,410,532	745,212,706
Other Assets	151,010,773	137,050,676
Other Financial Assets	274,997,299	223,177,928
Cash and Cash Equivalent	67,226,058	76,235,510
Total Assets	**8,475,802,914**	**7,899,206,266**
Equity:		
Share Capital	2,100,000,000	2,100,000,000
Share Application Money Pending Allotment	-	-
Share Premium	-	-
Special Reserves	989,768,005	989,768,005
Catastrophe Reserves	43,278,077	43,278,077
Retained Earnings	113,202,560	131,348,165
Other Equity	472,828,496	467,797,417
Total Equity	**3,719,077,138**	**3,732,191,664**
Liabilities:		
Provisions	293,592,176	302,912,829
Gross Insurance Contract Liabilities	3,494,005,500	3,034,382,593
Deferred Tax Liabilities	6,874,029	14,650,717
Insurance Payable	561,173,089	447,844,544
Current Tax Liabilities	-	-
Borrowings	-	-
Other Liabilities	296,498,176	248,625,046
Other Financial Liabilities	104,582,806	118,598,873
Total Liabilities	**4,756,725,776**	**4,167,014,602**
Total Equity and Liabilities	**8,475,802,914**	**7,899,206,266**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Particulars	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Income:				
Gross Earned Premiums	580,596,742	580,596,742	632,919,579	632,919,579
Premiums Ceded	(387,555,779)	(387,555,779)	(397,636,336)	(397,636,336)
Net Earned Premiums	**193,040,963**	**193,040,963**	**235,283,243**	**235,283,243**
Commission Income	50,711,940	50,711,940	46,337,961	46,337,961
Other Direct Income	-	-	1,553,939	1,553,939
Income from Investments and Loans	76,276,533	76,276,533	88,537,135	88,537,135
Net Gain/(Loss) on Fair Value Changes	-	-	-	
Net Realised Gains/(Losses)	-	-	-	
Other Income	-	-	-	-
Total Income	**320,029,436**	**320,029,436**	**371,712,277**	**371,712,277**
Expenses:				
Gross Claims Paid	349,219,956	349,219,956	803,509,003	803,509,003
Claims Ceded	(206,507,338)	(206,507,338)	(642,631,325)	(642,631,325)
Gross Change in Contract Liabilities	779,978,552	779,978,552	54,340,990	54,340,990
Change in Contract Liabities Ceded to Reinsurers	(726,881,946)	(726,881,946)	(52,903,641)	(52,903,641)
Net Claims Incurred	**195,809,224**	**195,809,224**	**162,315,026**	**162,315,026**
Commission Expenses	7,406,216	7,406,216	5,464,392	5,464,392
Service Fees	2,194,044	2,194,044	2,281,500	2,281,500
Other Direct expenses	163,980	163,980	5,060	5,060
Employee Benefits Expenses	98,037,358	98,037,358	107,516,621	107,516,621
Depreciation and Amortization Expenses	5,700,060	5,700,060	5,354,631	5,354,631
Impairment Losses	-	-	-	
Other Operating Expenses	36,640,847	36,640,847	33,614,279	33,614,279
Finance Cost	-	-	-	
Total Expenses	**345,951,729**	**345,951,729**	**316,551,510**	**316,551,510**
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	**(25,922,293)**	**(25,922,293)**	**55,160,767**	**55,160,767**
Share of Net Profit of Associates accounted using Equity Method				
Profit Before Tax	**(25,922,293)**	**(25,922,293)**	**55,160,767**	**55,160,767**
Income Tax Expenses	(7,776,688)	(7,776,688)	16,461,069	16,461,069
Net Profit/(Loss) For The Year	**(18,145,605)**	**(18,145,605)**	**38,699,698**	**38,699,698**
Earning Per Share				
Basic EPS		(3.46)		8.13
Diluted EPS		(3.46)		8.13

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	(18,145,605)	(18,145,605)	38,699,698	38,699,698
Other Comprehensive Income	5,071,079	5,071,079	4,217,601	4,217,601
Total Comprehensive Income	**(13,074,526)**	**(13,074,526)**	**42,917,299**	**42,917,299**

OTHER DETAILS

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total Issued Policy Count	43,381	52,522
2. Total Renewed Policy Count	12,774	10,113
3. Total Claims Paid Count	1,650	2,784
4. Outstanding claims count	11,107	13,333
5. Gross outstanding claims inclulding IBNR & IBNER (Amount)	1,549,407,784	1,664,688,810
6. Net outstanding claims inclulding IBNR & IBNER (Amount)	483,492,358	503,041,653
7. Margin over best estimate (MOBE)	-	-
8. Unearned premium reserve (Amount)	725,392,468	423,540,692
9. Unexpired risk reserve (Amount)	725,392,468	423,540,692
10. Earthquake premium reserve (Amount)	-	-
11. Long Term Investments (Amount)	742,019,961	589,887,900
12. Short Term Investments (Amount)	3,601,670,145	3,429,527,547
13. Direct premium (Amount)	679,830,937	701,161,689
14. Investment in cost (Amount)	4,283,623,769	4,020,217,499
15. Solvency margin ratio (as per audited financial statemensts of FY 22/23)	2.19	2.19

Notes to financial statements

1) The above financial statement has been prepared as per the NFRS and directives issued by Nepal Insurance Authority.

2) The above figures are unaudited figures and may change after statutory audit.

3) The figures of previous quarter has been reinstated as per the requirements.

4)The figures have been rearranged and regrouped whenever necessary.

5)The provision for gratuity and leave has been adjusted as per management assumption based on past year experience.

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

1. The solvency margin ratio of company stands 2.19 times as per the audited financial statements of FY 22/23.
2. The company has made adequate reinsurance arrangement to cover and minimize risk for each class of business.
3. Details regarding legal proceeding: No any such legal case against the company.
4. The company has complied with corporate governance directive issued by Nepal Insurance Authority.
5. The company has complied with all other applicable law and directive issued by regulatory bodies.

Disclosure as per Securities Registration and Issuance Regulation 2073 (Related to Sub rule (1) of Rule 26)

1. Financial Statements

a. The unaudited financial statement for the first quarter of FY 2081/82 and financials ratios have been published along with this report.

b. Major financial Highlights and analysis

Key Financial Ratios	This Quarter End (Ashwin, 2081)
Earnings per share (EPS)	-3.46
Price Earnings Ratio	-193.06
Net worth Per Share	177.1
Total Assets Per Share	403.61
Liquidity Ratio	2.37

2. Management Analysis

a) The company has collected NPR. 680.09 million gross premium and has incurred NRP. 18.14 million net loss upto the first quarter end.

b) The company has no any incidents and situations from the past that might affect the deposits, profits and cash flow of the company.

3. Legal Proceedings

There has been no any pending litigations and dispute by and against the company during the said period. There have been no any known dispute, litigations, offences and breach of applicable laws by and against the promoters and directors of the company.

4. Analysis on share Transaction of the Company

The company remains committed towards providing the notices and information to investors and shareholders. The major highlights of share transaction during the quarter are as follows:

Maximum share price (NPR)	837.3	Minimum share price(NPR)	593.1
Closing share price (30th Ashwin, 2081)	668	Total no. of shares traded	31,63,024
Total no. of transaction days	57	Total no. of transactions	21,011

5. Problem and Challenges

Problem:

- Increase in cost of operation due to inflation
- No new viable investment opportunities
- Changes in interest rate on deposit
- Scarcity of qualified and skilled human resources
- Intense competition in insurance industry
- Stiffen view of reinsurance company towards Nepalese market
- Recent floods and landslides in various parts of Nepal that occurred between 10th to 12th Ashwin, 2081 have led to significant claim intimation amounting to NPR. 69.2 million (net retention), contributing to a net loss for the company in the first quarter.

Management Strategy:

- Effective and efficient service to client
- Staff training and development program
- Explore new investment opportunities
- Develop competitive edge over others by focusing on smooth claim settlement

6. Corporate Governance

The Board of Directors, Audit Committee, Senior Management & Compliance Officer are committed to upholding corporate good governance practices in the company.

7. Declaration

I, Acting Chief Executive of this Company, take the responsibility of accuracy of the information and details mentioned in this report for the period up to first quarter of FY 2081/82, hereby declare that the information and details provided in this report are true, based on facts, and complete to the best of my knowledge and that information necessary for taking informed decision by the investors are not concealed.

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UNITED AJOD INSURANCE LIMITED
Statement of Changes In Equity
(For The Quarter Ended Ashwin, 2081)

Fig. in NPR

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending	Share Premium	Retained Earnings	Revaluation Reserves	Special Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR)	Insurance Fund Including Insurance	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves	Capital Adjustment	Total
Balance as on Ashadh end, 2081	2,100,000,000	-	-	-	131,348,165	-	989,768,004	43,278,077	4,119,404	-	36,975,357	(12,722,208)	89,824,864	-	349,600,000	3,732,191,664
Balance as on Shrawan 1, 2081	2,100,000,000	-	-	-	131,348,165	-	989,768,004	43,278,077	4,119,404	-	36,975,357	(12,722,208)	89,824,864	-	349,600,000	3,732,191,664
Prior period adjustment																-
Restated Balance as at Shrawan 1, 2081	2,100,000,000	-	-	-	131,348,165	-	989,768,004	43,278,077	4,119,404	-	36,975,357	(12,722,208)	89,824,864	-	349,600,000	3,732,191,664
Profit/(Loss) For the Year					(18,145,605)											(18,145,605)
Other Comprehensive Income for the Year, Net of Tax					5,071,079											5,071,079
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					(5,071,079)						5,071,079					-
v) Revaluation of Property and Equipment/ Goodwill & Intangible Assets																-
vi) Remeasurement of Post-Employment Benefit Obligations																-
Transfer to Reserves/ Funds					-		-	-	-							-
Transfer to Deferred Tax Reserves																-
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																-
CSR Expenses									(40,000)							(40,000)
Transfer of Regulatory Reserve																-
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 Ashwin end, 2081	**2,100,000,000**	**-**	**-**	**-**	**113,202,560**	**-**	**989,768,004**	**43,278,077**	**4,079,404**	**-**	**42,046,436**	**(12,722,208)**	**89,824,864**	**-**	**349,600,000**	**3,719,077,138**

UNITED AJOD INSURANCE LIMITED
Statement of Cash Flows
(For The Quarter Ended Ashwin, 2081)

Fig. in NPR

Particulars	Current Quarter	Corresponding Previous Quarter
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	680,094,941	1,982,169,875
Reinsurance Commission Received	87,336,713	203,250,241
Claim Recovery Received from Reinsurers	69,412,499	315,336,368
Realised Foreign Exchange Income other than on Cash and Cash Equivalents		
Other Direct Income Received	-	12,733,000
Others (to be specified)		
Cash Paid		
Gross Benefits and Claims Paid	(349,219,956)	(1,124,853,892)
Reinsurance Premium Paid	(387,555,779)	(1,057,040,494)
Commission Paid	(12,531,034)	(34,323,653)
Service Fees Paid	(5,100,712)	(14,866,274)
Employee Benefits Expenses Paid	(98,037,358)	(268,425,902)
Other Expenses Paid	(36,150,497)	(119,116,254)
Other Direct Expenses Paid	(163,980)	(8,428)
Others (to be specified)		
Income Tax Paid	7,776,688	(136,252,164)
Net Cash Flow From Operating Activities [1]	**(44,138,475)**	**(241,397,577)**
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	808,132	(155,000)
Proceeds From Sale of Intangible Assets		
Acquisitions of Investment Properties	(5,947,876)	(15,210,662)
Proceeds From Sale of Investment Properties		
Acquisitions of Property & Equipment		
Proceeds From Sale of Property & 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		
Proceeds from Sale of Equity Instruments		
Purchase of Mutual Funds		
Proceeds from Sale of Mutual Funds		
Purchase of Preference Shares		
Proceeds from Sale of Preference Shares		
Purchase of Debentures		
Proceeds from Sale of Debentures		
Purchase of Bonds		
Proceeds from Sale of Bonds		
Investments in Deposits	(36,731,962)	(126,793,125)
Maturity of Deposits		
Loans Paid		
Proceeds from Loans	724,196	2,589,290
Rental Income Received		
Proceeds from Finance Lease		
Interest Income Received	60,885,411	243,091,487
Dividend Received	2,306,884	821,428
Others (to be specified)	13,084,238	12,984,849
Total Cash Flow From Investing Activities [2]	**35,129,023**	**117,328,267**

Cash Flow From Financing Activities		
Interest Paid		
Proceeds From Borrowings		
Repayment of Borrowings		
Payment of Finance Lease		
Proceeds From Issue of Share Capital		
Share Issuance Cost Paid		
Dividend Paid		
Dividend Distribution Tax Paid		
Others (to be specified)		
Total Cash Flow From Financing Activities [3]	**-**	**-**
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	**(9,009,452)**	**(124,069,310)**
Cash & Cash Equivalents At Beginning of The Year/Period	76,235,510	153,023,077
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash & Cash Equivalents At End of The Year/Period	**67,226,058**	**28,953,767**
Components of Cash & Cash Equivalents		
Cash In Hand	968,969	307,205
Cheuqe in Hand	66,257,089	28,646,562
Term Deposit with Banks (with initial maturity upto 3 months)		
Balance With Banks	67,226,058	28,953,767

The accompanying notes form an Integral Part of Financial Statements.

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Statement of Distributable Profit or Loss

(For The Quarter Ended Ashwin, 2081)

Fig. in NPR

Particulars	Current Year
Opening Balance in Retained Earnings	131,348,165.00
Transfer from OCI reserves to retained earning in current year	
Net profit or (loss) as per statement of profit or loss	(18,145,605.00)
Appropriations:	
i)Transfer to Insurance Fund	
ii)Transfer to Special Reserve	-
iii)Transfer to Catastrophe Reserve	-
iv)Transfer to Capital Reserve	
v)Transfer to CSR reserve	-
vi)Transfer to/from Regulatory Reserve	
vii)Transfer to Fair Value Reserve	
viii)Transfer of Deferred Tax Reserve	
ix)Transfer to OCI reserves due to change in classification	
x)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	
xiv) Deduction as per Sec 18 of Financial directive	
xv) Others (to be specified)	
Adjusted Retained Earning	113,202,560
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)	
Total Distributable Profit/(loss)	**113,202,560.00**

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United Ajod Insurance Limited

Notes to the Financial Statements for the quarter ended 30th Ashwin, 2081 (16th October, 2024)

1 General Information

United Ajod Insurance Limited (Former United Insurance Co. (Nepal) Ltd.) (herein after referred to as the 'Company') was incorporated on 15/03/2049 and operated as general insurance company after obtaining license on 15/08/2050 under the Insurance Act 2049.
The registered office of the Company is located at CTC mall, Bagdurbar Marga, Sundhara, Kathmandu, Nepal . The Company's shares are listed on Nepal Stock Exchange.
The Company commenced its joint operation after merger with Ajod Insurance Ltd. from 14th Jestha,2080.

2 Basis of Preparation

(a) Statement of Compliance

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

(b) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for following Assets & Liabilities which have been measured at Fair Value amount:
In addition, for Financial Reporting purposes, Fair Value measurements are categorized into Level 1, or 2, or 3 based on the degree to which the inputs to the Fair Value measurements are observable & the significance of the inputs to the Fair Value measurement in its entirety, which are described as follows:

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

(c) Use of Estimates

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

(d) Functional and Presentation Currency

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

(e) Going Concern

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

(f) Changes in Accounting Policies

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

(g) Recent Accounting Pronouncements

A number of new standards and amendments to the existing standards and interpretations have been issued by ASB but its' effective date is yet to incept, hence the company has not adopted those standards.

Standards issued but not yet effective up to the date of issuance of the financial statements are set out below. The Company will adopt these standards after these standards are mandatorily effective.

NFRS 17- Insurance Contracts

IFRS 17 Insurance Contracts was issued by the IASB on 18 May 2017 and has a mandatory effective date of annual periods beginning on or after 1 January 2022. It supersedes IFRS 4 Insurance Contract. IFRS 17 with corresponding effective date has not been endorsed by Accounting Standard Board (ASB) Nepal to be implemented from July 17, 2023. The management is still assessing the potential impact on its financial statements, if IFRS 17 is applied in future.

(h) Carve-outs : NA

3 Significant Accounting Policies

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

(a) Property, Plant and Equipment (PPE)

i) Recognition

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

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

ii) Revaluation

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure
that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date. Valuation of the land and buildings are undertaken by professionally qualified valuers.

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

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

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 on Property, Plant and Equipment other than 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 DBM (except mentioned as SLM) is categorised as stated below:

List of Asset Categories	Rate of Depreciation
Land	Not Applicable
Buildings	Not Applicable
Leasehold Improvement	Over useful life of assets in SLM basis
Furniture & Fixtures	25%
Computers and IT Equipments	25%
Office Equipment	25%
Vehicles	20%
Other Assets	15%

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

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

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

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

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

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

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

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

List of Asset Categories	Rate of Depreciation (In %) for DBM
Softwares	20%
Licences	NA
Others (to be specified)	NA

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

iv) Impairment of Assets

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

(c) Investment Properties

Cost Model:

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

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

(d) Cash & Cash Equivalent

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

(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 acquisation of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss.

ii) Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income in these financial assets is measured using effective interest rate method.

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

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income.

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

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

iii) De-Recognition

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

iv) Impairment of Financial Assets

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

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

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

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

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

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

(f) Financial Liabilities

i) Initial Recognition & Measurement

Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition.
All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

ii) Subsequent Measurement

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

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

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

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

(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 resinsurer's share of insurance contract liabilities.

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

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

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

ii) Insurance Fund: The Company has allocated insurance fund for the amount which is 50% of the net profit every year as per Regulator's Directive.
iii) Catastrophe Reserves: The Company has allocated catastrophe reserve as per Regulator's Directive.
iv) Fair Value Reserves: The Company has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.

v) Regulatory Reserves: Reserve created out of net profit in line with different circulars issued by regulatory authority.
vi) Actuarial Reserves: Reseserve against actuarial gain or loss on present value of defined benefit obligation resuting from, experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and the effects of changes in actuarial assumptions.

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

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

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

(k) Insurance Contract Liabilities
i) Provision for unearned premiums
Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Change in reserve for unearned insurance premium represents the net portion of the gross written premium transferred to the unearned premium reserve during the year to cover the unexpired period of the polices.
For the interim financial statement, provision for unearned premium is carried out as per the provision on the circular related to quarterly financial statement of insurer published by NIA.
ii) Outstanding claims provisions
Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not, together with related claims handling costs.

iii) Provision for claim incurred but not reported (IBNR)
Significant delays are experienced in the notification and settlement of certain types of claims, the ultimate cost of which cannot be known with certainty at the statement of financial position date.
The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.
For the interim financial statement, provision for unearned premium is carried out as per the provision on the circular related to quarterly financial statement of insurer published by NIA.

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

(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 obligations in the Statement of Financial Position.

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

- Defined Benefit Plan

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

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.
For the interim financial statement, provision for gratuity is considered on the basis of past years' experience.

iv) Termination

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Company recognises termination benefits at the earlier of the following dates:
a) when the Company can no longer withdraw the offer of those benefits; and
b) when the entity recognises costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits.
The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme.

(m) Revenue Recognition

i) Gross Earned Premiums

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

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

ii) Reinsurance Premium

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

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

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

iii) Commission Income

Commission Income is recognised on accrual basis. If the income is for future periods, then they are deferred and recognised over those future periods.
For the interim financial statement, deferment of commission income, commission expenses & reinsurance commission expenses is calculated as per the same provision with regard to URR on the circular related to quarterly financial statement of insurer published by NIA.

iv) Investment income

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

v) Net realised gains and losses

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

(n) Product Classification

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

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

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

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

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

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

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

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

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

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

(o) Borrowing Costs

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

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

(p) Cash Flow Statement

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

(q) Leases

Finance Leases

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

Operating Lease

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

(r) Income Taxes

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

i) Current Tax

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

ii) Deferred Tax

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

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

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

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

(s) Provisions, Contingent Liabilities & Contingent Assets

(i) Provisions

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

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

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

(ii) Contingent Liabilities

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

(iii) Contingent Assets

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

(t) Foreign Currency Transactions

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

(u) Earnings Per Share

Basic Earning per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Number of equity shares outstanding during the Financial Year. For diluted earning per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

(v) Operating Segment

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

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

4 Related Party Disclosure

(a) Identify Related Parties

Holding Company: None

Subsidiaries: None

Associates: None

Fellow Subsidiaries: None

Key Management Personnel:

Name	Relationship	Remarks
Mr. Ajad Shrestha	Chairman	
Mr. Pranav Kumar Das	Director	
Mr. Balram Khanal	Director	
Mr. Panu Datta Poudel	Public Director	
Mr. Shambhu Adhikari	Public Director	
Mr. Bishnu Prasad Nepal	Independent Director	
Mr. Shrawan Rawal	Chief Executive Officer	

Notes to Financial Statements (Continued…)

Operating Segment

Segment information is presented in respect of the Company's business segments. Management of the Company has identified portfolio as business segment and the Company's internal reporting structure is also based on portfolio. Performance is measured based on segment profit as management believes that it is most relevant in evaluating the results of segment relative to other entities that operate within these industries.

Segment asset is disclosed below based on total of all asset for each business segment.

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 presented.

Business Segments of the Company's are:

i) Property
ii) Motor
iii) Marine
iv) Engineering
v) Micro
vi) Aviation
vii) Cattle and Crop
viii) Miscellaneous

Segmental Information for the Quarter ended 30th Ashwin, 2081

Particulars	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment Elimination	Total
Income:										
Gross Earned Premiums	167,032,876	177,225,494	25,343,903	103,204,817	15,602	4,529,548	63,396,147	39,848,355		580,596,741
Premiums Ceded	(120,918,850)	(72,908,489)	(15,981,491)	(92,836,554)	-	(4,386,507)	(52,630,299)	(27,893,591)		(387,555,777)
Inter-Segment Revenue										-
Net Earned Premiums	**46,114,026**	**104,317,005**	**9,362,412**	**10,368,263**	**15,602**	**143,041**	**10,765,848**	**11,954,764**	**-**	**193,040,964**
Commission Income	15,832,338	10,850,997	3,548,554	10,264,729	322	19,415	3,434,198	6,761,388		50,711,940
Other Direct Income	-	-	-	-	-	-	-	-		-
Income from Investments and Loans										-
Net Gain/ (Loss) on Fair Value Changes										-
Net Realised Gains/ (Losses)										-
Other Income										
Total Segmental Income	**61,946,364**	**115,168,002**	**12,910,966**	**20,632,992**	**15,924**	**162,456**	**14,200,046**	**18,716,152**	**-**	**243,752,903**
Expenses:										
Gross Claims Paid	145,524,378	137,369,876	2,378,613	21,152,406	2,900,000	-	15,802,484	24,092,199		349,219,956
Claims Ceded	(121,737,093)	(35,505,894)	(1,176,969)	(18,687,269)	-	-	(13,163,359)	(16,236,753)		(206,507,338)
Gross Change in Contract Liabilities	(36,297,002)	29,193,820	92,051,782	79,569,269	578,054,109	-	36,893,623	512,951		779,978,552
Change in Contract Liabities Ceded to Reinsurers	91,306,624	1,107,481	(85,332,043)	(77,363,603)	(578,054,109)	-	(29,639,825)	(31,470)		(678,006,946)
Net Claims Incurred	**78,796,907**	**132,165,283**	**7,921,383**	**4,670,803**	**2,900,000**	**-**	**9,892,923**	**8,336,927**	**-**	**244,684,224**
Commission Expenses	732,577	672,220	161,661	1,186,639	1,302	-	3,939,996	711,820		7,406,216
Service Fees	588,487	1,041,652	120,083	61,949	-	16	84,311	297,546		2,194,044
Other Direct Expenses	-	-	-	1,980	-	-	162,000	-		163,980
Employee Benefits Expenses										-
Depreciation and Amortization Expenses										-
Impairment Losses										-
Other Operating Expenses										-
Finance Cost										-
Total Segmental Expenses	**80,117,971**	**133,879,155**	**8,203,127**	**5,921,371**	**2,901,302**	**16**	**14,079,230**	**9,346,293**	**-**	**254,448,465**
Total Segmental Results	**(18,171,607)**	**(18,711,153)**	**4,707,839**	**14,711,621**	**(2,885,378)**	**162,440**	**120,816**	**9,369,860**	**-**	**(10,695,562)**
Segment Assets										**3,116,406,206**
Segment Liabilities										**4,055,178,589**