
INTERIM FINANCIAL STATEMENTS

Quarter Ended Ashwin, 2081



National Life Insurance Company Limited

Lazimpat, Kathmandu

NATIONAL LIFE INSURANCE COMPANY LIMITED

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Fig in NPR.

Particulars	Unaudited	Unaudited	Unaudited	Unaudited
	Group		Insurance	
	At the end of this Quarter	At the end of Immediate Previous Year	At the end of this Quarter	At the end of Immediate Previous Year
Assets:				
Goodwill & Intangible Assets	630,424	735,724	585,872	688,725
Property and Equipment	886,472,240	848,707,079	854,559,931	817,828,197
Investment Properties	1,711,084,527	1,711,084,527	1,711,084,527	1,711,084,527
Deferred Tax Assets	-	-	-	-
Investment in Subsidiaries	-	-	102,000,000	102,000,000
Investment in Associates	1,040,049,073	1,040,049,073	1,040,049,073	1,040,049,073
Investments	71,525,250,717	69,182,200,626	71,305,329,096	69,023,290,462
Loans	11,392,803,877	10,987,751,682	11,392,803,877	10,987,751,682
Reinsurance Assets	22,446,107	23,931,611	22,446,107	23,931,611
Current Tax Assets	-	-	-	-
Insurance Receivables	-	-	-	-
Other Assets	138,504,775	126,811,457	138,404,605	126,811,457
Other Financial Assets	1,755,125,195	1,722,845,629	1,744,555,660	1,715,438,962
Cash and Cash Equivalent	3,795,406,673	3,108,632,871	3,790,674,450	3,078,082,843
Total Assets	92,267,773,608	88,752,750,278	92,102,493,198	88,626,957,538
Equity:				
Share Capital	5,212,133,082	5,011,666,425	5,212,133,082	5,011,666,425
Share Application Money Pending Allotment	-	-	-	-
Share Premium	27,848,718	27,848,718	27,848,718	27,848,718
Catastrophe Reserves	583,604,145	569,765,599	583,604,145	569,765,599
Retained Earnings	627,126,075	1,231,326,213	613,763,323	1,228,219,870
Other Equity	580,137,657	494,084,458	466,060,552	393,099,933
Total Equity	7,030,849,677	7,334,691,413	6,903,409,820	7,230,600,545
Liabilities:				
Provisions	131,491,306	131,591,306	131,491,306	131,491,306
Gross Insurance Contract Liabilities	81,846,339,120	77,956,871,811	81,846,339,120	77,956,871,811
Deferred Tax Liabilities	1,526,979,765	1,267,394,983	1,514,977,273	1,268,014,457
Insurance Payable	404,685,597	424,396,529	404,685,597	424,396,529
Current Tax Liabilities	255,789,619	73,787,323	256,128,126	73,932,743
Borrowings	-	-	-	-
Other Liabilities	409,264,630	541,774,196	389,236,533	521,314,859
Other Financial Liabilities	662,373,894	1,022,242,717	656,225,423	1,020,335,288
Total Liabilities	85,236,923,931	81,418,058,865	85,199,083,378	81,396,356,994
Total Equity and Liabilities	92,267,773,608	88,752,750,278	92,102,493,198	88,626,957,538

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Fig in NPR.

Particulars	Unaudited		Unaudited		Unaudited		Unaudited	
	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	4,914,970,656	4,914,970,656			4,914,970,656	4,914,970,656	4,194,077,178	4,194,077,178
Premiums Ceded	(63,850,736.6)	(63,850,736.6)			(63,850,736.6)	(63,850,736.6)	(87,558,010.2)	(87,558,010.2)
Net Earned Premiums	4,851,119,919	4,851,119,919			4,851,119,919	4,851,119,919	4,106,519,168	4,106,519,168
Commission Income	16,947,960	16,947,960			16,947,960	16,947,960	12,319,558	12,319,558
Other Direct Income	23,146,292	23,146,292			23,146,292	23,146,292	22,101,490	22,101,490
Interest Income on Loan to Policyholders	298,892,637	298,892,637			298,892,637	298,892,637	216,133,544	216,133,544
Income from Investments and Loans	1,503,586,398	1,503,586,398			1,503,583,482	1,503,583,482	1,351,127,219	1,351,127,219
Net Gain/(Loss) on Fair Value Changes	14,672,843	14,672,843			-	-	-	-
Net Realised Gains/(Losses)	10,574,434	10,574,434			-	-	-	-
Other Income	5,496	5,496			5,496	5,496	71,529	71,529
Total Income	6,718,945,979	6,718,945,979			6,693,695,786	6,693,695,786	5,708,272,508	5,708,272,508
Expenses:								
Gross Benefits and Claims Paid	2,293,574,946	2,293,574,946			2,293,574,946	2,293,574,946	1,974,583,569	1,974,583,569
Claims Ceded	(25,461,421.4)	(25,461,421.4)			(25,461,421.4)	(25,461,421.4)	(23,740,289.1)	(23,740,289.1)
Gross Change in Contract Liabilities	3,214,326,127	3,214,326,127			3,214,326,127	3,214,326,127	2,672,445,061	2,672,445,061
Change in Contract Liabilities Ceded to Reinsurers	1,485,505	1,485,505			1,485,505	1,485,505	5,788,141	5,788,141
Net Benefits and Claims Paid	5,483,925,157	5,483,925,157			5,483,925,157	5,483,925,157	4,629,076,481	4,629,076,481
Commission Expenses	426,130,931	426,130,931			426,130,931	426,130,931	389,683,728	389,683,728
Service Fees	36,383,399	36,383,399			36,383,399	36,383,399	30,798,894	30,798,894
Other Direct expenses	-	-			-	-	-	-
Employee Benefits Expenses	144,119,163	144,119,163			140,516,390	140,516,390	127,887,318	127,887,318
Depreciation and Amortization Expenses	9,782,795	9,782,795			9,651,550	9,651,550	7,917,157	7,917,157
Impairment Losses	-	-			-	-	-	-
Other Operating Expenses	206,807,956	206,807,956			205,915,731	205,915,731	173,802,385	173,802,385
Finance Cost	518,502	518,502			-	-	-	-
Total Expenses	6,307,667,903	6,307,667,903			6,302,523,158	6,302,523,158	5,359,165,963	5,359,165,963
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax	411,278,077	411,278,077			391,172,629	391,172,629	349,106,545	349,106,545
Share of Net Profit of Associates accounted using Equity Method	-	-			-	-	-	-
Profit Before Tax	411,278,077	411,278,077			391,172,629	391,172,629	349,106,545	349,106,545
Income Tax Expenses	259,357,838	259,357,838			252,787,163	252,787,163	218,848,368	218,848,368
Net Profit/(Loss) For The Year	151,920,239	151,920,239			138,385,466	138,385,466	130,258,177	130,258,177
Earning Per Share								
Basic EPS		11.71				10.66		10.40
Diluted EPS		11.71				10.66		10.40

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Fig in NPR.

Particulars	Unaudited		Unaudited		Unaudited		Unaudited	
	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	151,920,239	151,920,239			138,385,466	138,385,466	130,258,177	130,258,177
Other Comprehensive Income	748,543,784	748,543,784			748,543,784	748,543,784	(415,543,738)	(415,543,738)
Total Comprehensive Income	900,464,023	900,464,023			886,929,250	886,929,250	(285,285,561)	(285,285,561)

OTHER INDICATORS

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total inforce Policy count	1,588,188	1,575,476
2. Total No. of Policies issued during the year	136,396	139,447
3. First Year Premium (Including Single Premium)	1,165,953,125	907,226,158
4. Single Premium	397,813,856	271,373,373
5. Renewal Premium	3,749,017,531	3,286,851,021
6. Total Benefits and Claims Paid in Count	17,607	15,104
7. Outstanding Benefits and Claims in Count	13,574	12,107
8. Gross Claim Outstanding Amount	1,342,178,286	1,129,464,629
9. Declared Bonus rate (2079/80)	63-85	63-85
10. Interim bonus rate	63-85	63-85
11. Long Term Investments (Amount)	57,483,271,096	55,478,435,453
12. Short Term Investments (Amount)	13,822,058,000	5,018,707,800
13. Policyholders Loan	11,335,564,396	10,820,202,443
14. Investment in Cost Value	65,210,705,863	56,354,491,503
15. Life Insurance Fund (Amount)	75,074,152,055	62,910,163,191
16. Unearned Premium Reserves for Term Policies (Amount)	1,277,990,610	1,015,034,752
17. Solvency Margin Ratio	4.73	4.73

Notes

1. Unaudited figures presented above may change after the statutory audit is completed.
2. The foreign employment policies issued by the insurance pool have not been included in the Total inforce policies
3. The profit of the company shall change after their actuarial valuation as a result of the surplus obtained after the valuation.
4. The figures of the the previous quarters have been restated as per requirement.
5. The fair valuation of the investment properties is done by the company on a yearly basis and hence are not reflected in the interim financial statement for the first quarter of 2081/82.
6. The actuarial valuation of the employee benefits as per NAS 19 is done by the company on a yearly basis and hence are not reflected in the interim financial statement for the first quarter of 2081/82.
7. The accounting for Associates using the equity method as per NAS 28 is done yearly and hence has not been reflected in the interim financial statements for the first quarter of 2081/82.
8. The accounting for leases as per NFRS 16 is done yearly and hence has not been reflected in the interim financial statements for the first quarter of 2081/82.
9. Group Financial Statement includes National Life Insurance Company Limited (Parent company) and National Capital Limited (Subsidiary Company)
10. The detailed interim report has been published in the company's website www.nationallife.com.np

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

1. Solvency Ratio related disclosure:

The latest solvency ratio of the company as per the Actuarial Valuation of F.Y. 2079/80 is 473% which is greater than the mandatory limit of 150%.

2. Reinsurance related disclosure:

The company has reinsurance arrangements with the following reinsurers:

- a) Hannover Rueck SE
- b) Nepal Re-insurance
- c) Himalayan Re-insurance

The mandatory direct cessation to domestic reinsurers of 6% each as per the reinsurance directive 2080 has been complied with. The company has made adequate arrangements to reinsure its risk on the basis of its net worth.

3. Details regarding legal proceeding:

The company is currently in litigation with Inland Revenue Department for the Assessment of F.Y. 2072/73, 2073/74, 2074/75, 2075/76 and 2076/77 totaling Rs.25,49,45,828.

4. Corporate Governance:

The company has fully complied with the corporate good governance directive 2080 issued by Nepal Insurance Authority. The company is continuously monitoring the compliance with the corporate good governance directive with the help of its comprehensive manuals and regulations. The Board of Directors, Audit Committee, Senior Management and Compliance Officer are committed to upholding corporate good governance practices in the company.

5. Regulatory limit on expenses ratio:

The management expense ratio of the company is 16.66% of the gross premium collected which is under the regulatory limit of 30%.

NATIONAL LIFE INSURANCE COMPANY LIMITED
Statement of Changes In Equity
For Period 16th July, 2024 - 16th October, 2024
(For the Quarter Ended Ashwin, 2081)

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves	Non-Controlling Interest	Total
Restated Balance as at Shrawan 1, 2080	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balance as at Falgun 3, 2080	5,011,666,425	-	-	27,848,718	867,701,591	-	-	529,129,794	14,521,441	-	346,963,038	2,375,153	-	1,655,591	-	6,793,800,262
Profit/(Loss) For the Year					406,358,046											406,358,046
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											31,582,618					31,582,618
v) Revaluation of Property and Equipments/ Goodwill & Intangible Assets																
vi) Remeasurement of Post-Employment Benefit Obligations																
vii) Share of other comprehensive income of associates																
Transfer to Reserves/ Funds					(41,593,042)									2,984,525	98,000,000	59,391,483
Transfer from Reserves/ Funds								40,635,805	4,063,580							44,699,385
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																
Transfer to Insurance Contract Liabilities																
Share Issuance Costs					(1,140,381)											(1,140,381)
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 Ashadh end, 2081	5,011,666,425	-	-	27,848,718	1,231,326,213	-	-	569,765,599	18,585,021	-	378,545,656	(2,375,153)	-	1,328,934	98,000,000	7,334,691,413
Current Period																
Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves	Non-Controlling Interest	Total
Restated Balance as at Ashadh 31, 2081	5,011,666,425	-	-	27,848,718	1,231,326,213	-	-	569,765,599	18,585,021	-	378,545,656	(2,375,153)	-	1,328,934	98,000,000	7,334,691,413
Profit/(Loss) For the Year					148,641,875											148,641,875
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											74,076,764					74,076,764
v) Revaluation of Property and Equipments/ Goodwill & Intangible Assets																
vi) Remeasurement of Post-Employment Benefit Obligations																
vii) Share of other comprehensive income of associates																
Transfer to Reserves/ Funds					(15,222,401)				(2,500,000)					(1,332,949)	14,425,530	(4,629,821)
Transfer from Reserves/ Funds								13,838,547	1,383,855							15,222,401
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					941,756											941,756
Transfer to Insurance Contract Liabilities																
Share Issuance Costs																
Contribution by/ Distribution to the owners of the Company																
i) Bonus Share Issued	200,466,657				(200,466,657)											
ii) Share Issue																
iii) Cash Dividend					(538,094,711)											(538,094,711)
iv) Dividend Distribution Tax																
v) Others (To be specified)																
Balance as on Ashwin end, 2081	5,212,133,082	-	-	27,848,718	627,126,075	-	-	583,604,145	17,468,876	-	452,622,421	(2,375,153)	-	(4,015)	112,425,530	7,030,849,677

Fig. in NPR

NATIONAL LIFE INSURANCE COMPANY LIMITED
Statement of Cash Flows
For Period 16th July, 2024 - 16th October, 2024
(For the Quarter Ended Ashwin, 2081)

Fig. in NPR

Particulars	Group		Insurance	
	Current Year	Previous Year	Current Year	Previous Year
Cash Flow From Operating Activities:				
Cash Received				
Gross Premium Received	4,914,970,656	19,220,185,419	4,914,970,656	19,220,185,419
Commission Received	16,947,960	5,102,956	16,947,960	5,102,956
Claim Recovery Received from Reinsurers	25,461,421	115,010,501	25,461,421	115,010,501
Realised Foreign Exchange Income other than on Cash and Cash Equivalents				
Other Direct Income	33,324,940	70,251,338	23,146,292	77,658,005
Others (Other Income)	5,496	1,903,848	5,496	1,903,848
Cash Paid				
Gross Benefits and Claims Paid	(2,293,574,946)	(8,839,992,864)	(2,293,574,946)	(8,839,992,864)
Reinsurance Premium Paid	(83,561,670)	(196,830,218)	(83,561,670)	(196,830,218)
Commission Paid	(805,221,682)	(1,575,291,347)	(805,221,682)	(1,575,291,347)
Service Fees Paid	(70,906,440)	(134,793,980)	(70,906,440)	(134,793,980)
Employee Benefits Expenses Paid	(170,511,822)	(431,594,528)	(169,114,460)	(427,831,194)
Other Expenses Paid	(204,634,941)	(856,927,812)	(207,046,548)	(858,020,440)
Others (CSR Reserve Utilised)	(2,500,000)	-	(2,500,000)	-
Income Tax Paid	(73,116,004)	(677,091,172)	(70,591,780)	(676,945,752)
Net Cash Flow From Operating Activities [1]	1,286,682,969	6,699,932,141	1,278,014,298	6,710,154,934
Cash Flow From Investing Activities				
Acquisitions of Intangible Assets	-	(48,025)	-	-
Proceeds From Sale of Intangible Assets				
Acquisitions of Investment Properties	(1,321,018)	(560,456,000)	-	(560,456,000)
Proceeds From Sale of Investment Properties				
Rental Income Received	9,720,954.30	38,883,817.20	9,720,954	38,883,817
Acquisitions of Property and Equipment	(46,280,431)	(243,489,752)	(46,280,431)	(232,632,345)
Proceeds From Sale of Property and Equipment				
Investment in Subsidiaries				(102,000,000)
Receipts from Sale of Investments in Subsidiaries				-
Investment in Associates				-
Receipts from Sale of Investments in Associates				-
Purchase of Equity Instruments	(271,205,823)	(433,499,961)	(238,964,646)	(285,472,172)
Proceeds from Sale of Equity Instruments	64,169,362	114,761,585	64,169,362	114,125,543
Purchase of Mutual Funds	(10,120,833)	(360,528,422)	(10,120,833)	(360,528,422)
Proceeds from Sale of Mutual Funds	-	8,820,438.83	-	8,820,439
Purchase of Preference Shares				-
Proceeds from Sale of Preference Shares				-
Purchase of Debentures	-	(1,180,175,000)	-	(1,180,175,000)
Proceeds from Sale of Debentures	-	239,053,000.00	-	239,053,000
Purchase of Bonds				-
Proceeds from Sale of Bonds				-
Investments in Deposits	(2,550,000,000)	(15,092,308,115)	(2,550,000,000)	(15,092,308,115)
Maturity of Deposits	1,450,000,000.00	6,693,308,114.52	1,450,000,000	6,693,308,115
Loans Paid				-
Proceeds from Loans				-
Rental Income Received				-
Proceeds from Finance Lease				-
Interest Income Received	1,758,277,042	6,405,263,677	1,758,271,324	6,405,263,677
Dividend Received	14,971,441	14,276,483	14,971,441	14,276,483
Others (Loans Against Insurance Policies)	(413,471,361)	(877,997,754)	(413,471,361)	(877,997,754)
Others (Other Loans & Advances)	(121,930,187)	29,464,608	(121,930,187)	29,464,608
Total Cash Flow From Investing Activities [2]	(117,190,854)	(5,204,671,306)	(83,634,378)	(5,148,374,126)
Cash Flow From Financing Activities				
Interest Paid				-
Proceeds From Borrowings				-
Repayment of Borrowings				-
Payment of Finance Lease	(930,000)	(930,000)	-	-
Proceeds From Issue of Share Capital				-
Share Issuance Cost Paid	-	(1,140,381)	-	(1,140,381)
Dividend Paid	(481,788,313)	(6,622,883)	(481,788,313)	(6,622,884)
Dividend Distribution Tax Paid				-
Others (to be specified)		98,000,000		-
Total Cash Flow From Financing Activities [3]	(482,718,313)	89,306,736	(481,788,313)	(7,763,265)
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	686,773,802	1,584,567,571	712,591,606	1,554,017,543
Cash & Cash Equivalents At Beginning of The Year/Period	3,108,632,871	1,524,065,300	3,078,082,843	1,524,065,300
Effect of Exchange Rate Changes on Cash and Cash Equivalents				-
Cash & Cash Equivalents At End of The Year/Period	3,795,406,673	3,108,632,871	3,790,674,450	3,078,082,843
Components of Cash & Cash Equivalents				
Cash In Hand	7,407,336	17,879,511	7,399,087	17,864,821
Cheque in Hand				-
Term Deposit with Banks (with initial maturity upto 3 months)	291,908,843	291,042,865	291,908,843	291,042,865
Balance With Banks	3,496,090,493	2,799,710,494	3,491,366,520	2,769,175,157

NATIONAL LIFE INSURANCE COMPANY LIMITED

**Statement of Distributable Profit or Loss
For Period 16th July, 2024 - 16th October, 2024
(For the Quarter Ended Ashwin, 2081)**

Fig. in NPR

Particulars	Current Year	Previous Year
Opening Balance in Retained Earnings	1,228,219,870	867,701,591
Transfer from OCI reserves to retained earning in current year	941,756	
Net profit or (loss) as per statement of profit or loss	138,385,467	406,358,046
Appropriations:		
i) Transfer to Insurance Fund		
ii) Transfer to Catastrophe Reserve	(13,838,547)	(40,635,805)
iii) Transfer to Capital Reserve		
iv) Transfer to CSR reserve	(1,383,855)	(4,063,580)
v) Transfer to/from Regulatory Reserve	-	-
vi) Transfer to Fair Value Reserve		
vii) Transfer of Deferred Tax Reserve		
viii) Transfer to OCI reserves due to change in classification		
ix) Others (Income Tax Related to Share Premium Distribution)	-	-
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	(48,979,971)	(48,979,971)
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	(57,731,933)	(57,731,933)
ix) Overdue loans		
x) Fair value gain recognised in Statement of Profit or Loss		
xi) Investment in unlisted shares as per sec 16 of Financial Directive		
xii) Delisted share investment or mutual fund investment		
xiii) Bonus share/dividend paid	(738,561,368)	-
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	507,051,420	1,122,648,348
Add: Transfer from Share Premium Account	27,848,718	27,848,718
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)	534,900,138	1,150,497,066

National Life Insurance Company Limited

Notes to the Financial Statements

For the quarter ended Ashwin 30, 2081 (October 16th, 2024)

1. General Information

National Life Insurance Company Limited (herein after referred to as the 'Company') is a public limited company, incorporated on 1988 A.D and operated as Life Insurance Company after obtaining license on 8th January 1988 under the Insurance Act 2049. NLG Insurance Company Limited is an Associate of the Company.

The registered office of the Company is located at Lazimpat. The Company's share are listed on Nepal Stock Exchange Limited.

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.

(a) Statement of Compliance

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

The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.

The financial statements are approved for issue by the Company's Audit Committee on 14-11-2024.

(b) Reporting Period and approval of financial statements

The Company reporting period is from 1st Shrawan 2081 to 30th Ashwin 2081 with the corresponding previous year from 1st Shrawan 2080 to 30th Ashwin 2080. These financial statements have been approved by the Audit Committee on 14-11-2024.

(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

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

Accounting standards issued and non-effective

Institute of Chartered Accountants of Nepal (ICAN) has issued NFRS 17(Insurance Contracts) which is yet to be effective. NFRS 9 will also be applied at the time of application of NFRS 17 and thus yet to be effective.

(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) Goodwill and Intangible Assets

i) Recognition

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

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

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, 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 is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM
Soft wares	5
Licenses	Not Applicable

iii) Derecognition

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

iv) Impairment of Assets

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

(b) Property and Equipment (P&E)

i) Recognition

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

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

ii) Revaluation

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

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

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

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

iii) Depreciation

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

The Assets Useful Life 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 is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM
Land	NA
Buildings	40
Leasehold Improvement	Lease Period
Furniture & Fixture	10
Computers and IT Equipment	5
Officer Equipment	5

Vehicles	10
Other Assets	10

iv)Derecognition

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

v)Impairment of Assets

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

vi)Capital Work-In-Progress

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

(c) Investment Properties

Fair Value Model

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

The fair value of investment property is determined by an external, independent property valuer, having appropriate recognized professional qualification and recent experience in the location and category by property being valued. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfer are made to (or from) investment property only when there is a change in use. For a transfer from investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

90% of the fair value changes in Investment properties have been transferred to Gross Insurance Contract Liabilities and 10% has been recorded in the SOPL.

(d) Deferred Tax Assets and Liabilities

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

Deferred Tax Liabilities are generally recognized for all taxable Temporary 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.

(e) Financial Assets

i)Initial Recognition & Measurement

Financial Assets are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Assets at initial recognition. When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss.

ii)Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

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

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

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

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

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

iii)De-Recognition

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

iv)Impairment of Financial Assets

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

(f) Reinsurance Assets

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

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the

contract, and the event has a reliably measurable impact on the amount that the company will receive from the re-insurer. If a reinsurance asset is impaired, the company reduce the carrying amount accordingly and is recognized in statement of profit or loss.

(g) Current Tax Assets

The current tax assets represent the excess amount of tax deposited by the company over its tax liabilities. These tax assets shall be adjusted against tax liabilities in the future.

(h) Cash & Cash Equivalent

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

(i) Financial Liabilities

i)Initial Recognition & Measurement

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

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

ii)Subsequent Measurement

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

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

iii)De-Recognition

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

(j) Offsetting financial instruments

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

(k) Equity

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

(l) Reserves and Funds

i) Share Application Money Pending Allotment: The company currently doesn't have any share application money pending allotment.

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

- iii) **Catastrophe Reserve:** The Company has allocated catastrophe reserve for the amount which is 10% of the distributable profit for the year as per Regulator's Directive.
- iv) **Fair Value Reserve:** The Company has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.
- v) **Actuarial Reserves:** Reserve against actuarial gain or loss on present value of defined benefit obligation resulting from, experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and the effects of changes in actuarial assumptions.
- vi) **Revaluation Reserves:** Reserve created against revaluation gain on property, plant & equipment & intangible assets, other than the reversal or earlier revaluation losses charged to profit or loss.
- vii) **Corporate Social Responsibility Reserves:** The company has a separate corporate social responsibility reserve where one percent of the net profit of each financial year is deposited as required by the Regulatory Directives.
- viii) **Other Reserves:** Reserve other than above reserves, for e.g. deferred tax reserve, others (to be specified)

(m) Gross Insurance Contract Liabilities

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.

Unapportioned surplus

Unapportioned surplus where the amount are yet to be allocated or distributed to either policyholders or shareholders by the end of the financial period, and held within the insurance contract liabilities.

Liability adequacy

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

(n) Employee Benefits

i) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services 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.

iii) Long Term Employee Benefits

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

iv) Termination

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

- a) When the Company can no longer withdraw the offer of those benefits; and
- b) When the entity recognizes costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits. The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme.

(o) Revenue Recognition

i) Gross Premium

Gross Premium 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.

Gross recurring premiums on life insurance contracts are recognized as and when premium is received.

ii) Unearned Premium Reserves

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

iii) Premiums on Reinsurance Accepted

Premium on reinsurance accepted comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

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

iv) Commission Income

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

v) Investment Income

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

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

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.

(p) Benefit, Claims and Expenses

i) Gross Benefits and Claims

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

ii) Reinsurance Claims

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

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

iv) Service Fees: Service fees are recognized on accrual basis as per the rates mentioned in Insurance act, 2019.

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

(q)

(r) 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 apt 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 profit plan.

(s) Borrowing Costs

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

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

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

(t) 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.

(u) 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 10.89%.

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.

(v) 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 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.

(w) 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.

(x) 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.

(y) Earnings Per Share

Basic Earnings per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Number of 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.

(z) 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.

(aa) Leased Assets

The Company has made the use of leasing arrangements principally for the provision of the office spaces. The rental contracts for the offices are typically negotiated for terms between 3 and 10 years and some of these have extension terms. The Company has not entered into sale and leaseback arrangements. All the leases are negotiated on an

individual basis. The Company has assessed whether a contract is or contains a lease at inception of the company. The lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified assets for a period of time in exchange for consideration.

At lease commencement date, the company has recognized a right-of-use lease asset and a lease liability in its Statement of Financial Position. The right of use assets is measured at cost. Which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company has depreciated the right of use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The company has also assessed the right of use asset for impairment when such indicator exist.

At the commencement date, the company has measured the lease liability at the present value of the lease payments unpaid at that date, discounted using the company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Related Party Disclosure**(a) Identify Related Parties****Holding Company:****Subsidiaries: National Capital Limited****Associates: NLG Insurance Company Ltd.****Key Management Personnel:**

Mrs. Prema Rajya Laxmi Singh	Chairperson
Mrs. Saraswoti Adhikari	Director
Mr. Kushal Mally	Director
Lt. Gen. Pawan Bdr. Pande (Retd.)	Director
Mrs. Bhawani Rana	Director
Mr.Suman Sharma	Director
Er. Mr. Kuldeep Sharan Singh	Director
Mr. Suresh Prasad Khatri	CEO
Mr. Smriti Raj Kandel	DCEO

(b) Key Management Personnel Compensation:

Particulars	Current Year	Previous Year
Short-term Employee Benefits	11,019,222	20,413,271
Post-employment Benefits		
Other Long-term Benefits		
Termination Benefits		
Total	11,019,222	20,413,271

Payment to Chief Executive Officer (CEO)

Particulars	Current Year	Previous Year
Annual Salary and Allowances	3,646,300	12,172,800
Performance based Allowances		
i) Employee Bonus	2,933,449	2,304,000
ii) Benefits as per prevailing Provisions		-
iii) Incentives		-
Insurance Related Benefits		
i) Life Insurance		-
ii) Accident Insurance		
iii) Health Insurance (including family members)		
Total	6,579,749	14,476,800

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)						-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)						-
Commission Income						
For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)						-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)						-
Rental Income						
For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)						-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)						-
Interest Income						
For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)						-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)						-
Sale of Property, Plant & Equipment						
For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)						-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)						-
Purchase of Property, Plant & Equipment						
For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)						-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)						-

Premium Paid

For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)	-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-

Commission Expenses

For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)	-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-

Dividend

For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)	-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-

Meeting Fees

For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)	1,430,000	1,430,000
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	4,505,000	4,505,000

Allowances to Directors

For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)	315,000	315,000
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	1,266,000	1,266,000

Others (to be specified)

For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)	-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)	-

(d) Related Party Balances:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)						-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)						-
Other Receivables (to be Specified)						
For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)						-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)						-
Payables including Reinsurance Payables						
For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)						-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)						-
Other Payables (to be Specified)						
For The Quarter Ended Ashwin 30, 2081 (October 16, 2024)						-
For The Year Ended Ashadh 31, 2081 (July 15, 2024)						-

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:

Endowment	Foreign Employment Term
Anticipated Endowment	Special Term
Endowment Cum Whole Life	

Segmental Information for the year ended Ashwin 30, 2081 (October 16, 2024)

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Micro Term	Special Term	Others (to be Specified)	Inter Segment Elimination	Total
Income:										
Gross Earned Premiums	1,575,540,292	2,424,141,919	656,438,612		56,809,053		202,040,780			4,914,970,656
Premiums Ceded	(17,182,281)	(41,019,510)	(5,561,057)		-		(87,888)			(63,850,737)
Inter-Segment Revenue										-
Net Earned Premiums	1,558,358,011	2,383,122,408.57	650,877,555.24	-	56,809,053.00	-	201,952,891.60	-	-	4,851,119,919.45
Commission Income	5,197,765	9,073,298	2,676,897				-			16,947,960
Other Direct Income	8,574,746	10,324,441	4,247,105				-			23,146,292
Interest Income on Loan to Policyholders	125,716,633	85,174,866	88,001,138							298,892,637
Income from Investments and Loans	698,348,756	287,310,031	336,820,677		3,188,945		25,189,016			1,350,857,425
Net Gain/(Loss) on Fair Value Changes	-	-	-				-			-
Net Realised Gains/(Losses)										-
Other Income	2,553	1,050	1,231		12		92			4,938
Total Segmental Income	2,396,198,463	2,775,006,095	1,082,624,604	-	59,998,009	-	227,142,000	-	-	6,540,969,171
Expenses:										
Gross Benefits and Claims Paid	570,140,051	1,298,136,630	221,936,575		19,543,050		183,818,640			2,293,574,946
Claims Ceded	(3,559,756)	(4,373,034)	(7,677,631)		(9,780,000)		(71,000)			(25,461,421)
Gross Change in Contract Liabilities	1,413,586,343	1,150,593,808	650,807,760		17,973,392		(18,635,176)			3,214,326,127
Change in Contract Liabilities Ceded to Reinsurers	(707,025)	(2,896,545)	5,519,075		(430,000)		-			1,485,505
Net Benefits and Claims Paid	1,979,459,614	2,441,460,859	870,585,779	-	27,306,442	-	165,112,464	-	-	5,483,925,157
Commission Expenses	161,313,025	136,395,318	108,407,541				20,015,046			426,130,931
Service Fees	11,687,685	17,873,418	4,881,582		426,068		1,514,647			36,383,399
Other Direct expenses										
Employee Benefits Expenses	39,845,638	64,436,450	15,448,920		1,601,699		5,132,044			126,464,751
Depreciation and Amortization Expenses										-
Impairment Losses										-
Other Operating Expenses	80,408,852	87,326,623	15,319,891		539,658		1,729,133			185,324,158.06
Finance Cost										-
Total Segmental Expenses	2,272,714,813.79	2,747,492,667.70	1,014,643,712.98	-	29,873,866.98	-	193,503,334.10	-	-	6,258,228,395.56
Total Segmental Results	123,483,649	27,513,427.13	67,980,890.99	-	30,124,142.27	-	33,638,665.70	-	-	282,740,775.17
Segment Assets										
Segment Liabilities	38,154,088,123.30	16,736,566,521.66	18,905,506,800.25		96,345,198.15		1,181,645,411.56			75,074,152,054.92