

Capital Merchant Banking & Finance Ltd.

Financial Statements

For

F.Y.2069/070

M.B. SHRESTHA & CO.

Chartered Accountants
Sankhamul Road
New Baneshwar

Tel : 4781818
Fax No.: 977-1-4781789
E-mail : pbsshrestha@wlink.com.np
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G.P.O. Box : 720
Kathmandu, Nepal.

AUDITOR'S REPORT

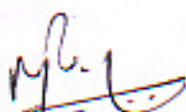
TO THE SHAREHOLDERS OF

CAPITAL MERCHANT BANKING & FINANCE LIMITED

1. We have audited the accompanying Balance Sheet of Capital Merchant Banking & Finance Limited as on Ashadh 31, 2070 (July 15, 2013) and the related Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Nepal Standards on Auditing (NSA) and the directives issued by the Nepal Rastra Bank (NRB). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. On examination of the financial statements as aforesaid, we report that;
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our examination.
 - b) In our opinion, proper books of account as required by law have been kept by the company, in so far as appears from our examination of those books of account and the financial statements dealt with by this report are in agreement with the books of accounts.
 - c) In our opinion, the returns received from the respective branches are adequate for the audit purpose, though the statements are independently not audited.



4. Nepal Rastra Bank (NRB), vide its letter of Shrawan 24, 2068, has enforced PCA (Prompt Corrective Action) against the company with immediate effect requiring the company to comply with additional NRB directives. This action as aforesaid has been initiated pursuant to the provision of NRB's "Prompt and Corrective Action Bye-Rules 2064"
5. The erstwhile Board of Directors of the company has presently been further replaced by new Board of Directors including Chief Executive Officer.
6. As mentioned in schedule 4.30 of the financial statements, the company's total Capital Fund and Core Capital stood at negative figures as of Ashadh 31, 2070 (July 15, 2013), which is insufficient as compared to the minimum requirement fixed by Nepal Rastra Bank's unified directives.
7. In accordance with the details mentioned in note # 19 of the financial statements, the various ceilings like Single Obligor Limit Ratio (Directive No.3) and Investment Limit Ratio (Directive No.8) and Deposit (inclusive of Borrowing) Collection Limit Ratio (Directive No.16) are not in the state of the comparison with the ceilings fixed by Nepal Rastra Bank.
8. In our opinion, adequate provisions for loan losses have been made by the company.
9. In our opinion and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of the matters referred to in the preceding paragraphs # 6 and 7, the said financial statements, read together with the notes attached thereto give a true and fair view of the financial position of the company as of Ashadh 31, 2070 (July 15, 2013) and results of its operations and its cash flows for the year then ended.


Maheswarendra Bahadur Shrestha, FCA
M.B Shrestha & Co.
Chartered Accountants

Date: Poush 22, 2070.



Capital Merchant Banking & Finance Ltd.

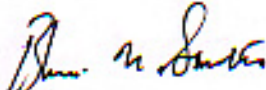
Balance Sheet as on Ashad 31, 2070 (July 15, 2013)

Capital & Liabilities		Schedule	This Year Rs.	Previous Year Rs.
1	Share Capital	4.1	935,069,500	935,069,500
2	Reserves and Funds	4.2	(1,967,268,736)	(2,187,347,930)
3	Debentures and Bonds	4.3	-	-
4	Borrowings	4.4	37,350,000	83,795,343
5	Deposit Liabilities	4.5	1,004,874,118	1,355,135,774
6	Bills Payables	4.6	-	-
7	Proposed and Payable Dividend		-	-
8	Income Tax Liabilities		-	-
9	Other Liabilities	4.7	515,206,044	519,931,567
Total Capital Liabilities			525,230,926	706,584,254

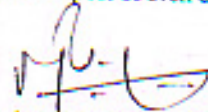
Assets		Schedule	This Year Rs.	Previous Year Rs.
1	Cash Balance	4.8	757,994	7,283,401
2	Balance with NRB	4.9	11,042,348	12,599,308
3	Balance with Banks/Financial Institutions	4.10	68,570,444	106,184,342
4	Money at Call and Short Notice	4.11	-	-
5	Investments	4.12	27,000	10,027,000
6	Loans Advances and Bills Purchase	4.13	12,831,172	78,309,872
7	Fixed Assets	4.14	114,769,524	140,316,103
8	Non-Banking Assets	4.15	-	-
9	Other Assets	4.16	317,232,444	351,864,227
Total Assets			525,230,926	706,584,254

Contingent Liabilities	Schedule	4.17
Directors' Declaration	Schedule	4.29
Statement of Capital Fund	Schedule	4.30
Statement of Risk Weighted Assets	Schedule	4.30 (A)
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Statement of Loan taken by Promoters	Schedule	4.34
Comparison Between Unaudited and Audited Financial	Schedule	4.35
Unaudited Financial Highlights certified by Internal Auditor	Schedule	4 (A)

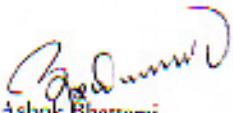
Schedules 4.1 to 4.17, 4.32, 4.33, 4.34 & 4.35 form integral parts of the Balance Sheet.


Bhumi Narayan Shrestha
Chairman & Director



Rabintra Ram Shrestha
Director

As per our report of even date

Maheswarendra Bdr. Shrestha, FCA
M.B. Shrestha & Co.
Chartered Accountants


Ramesh K.C.
Director


Ashok Bhattarai
Director




Basudev Acharya
CEO

Date : 21 Poush, 2070
Place : Kathmandu



Capital Merchant Banking & Finance Ltd.

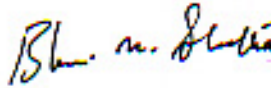
Profit and Loss Account


For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

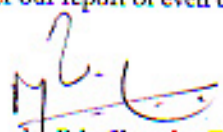
Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	120,182,266	146,134,862
2. Interest Expenses	4.19	70,627,553	221,025,015
Net Interest Income		49,554,713	(74,890,154)
3. Commission and Discount	4.20	-	44,750
4. Other Operating Income	4.21	196,998	39,473
5. Exchange Fluctuation Income	4.22	-	-
Total Operating Income		49,751,711	(74,805,931)
6. Employees Expenses	4.23	17,547,155	28,139,029
7. Other Overhead Expenses	4.24	26,593,190	39,731,359
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		5,611,366	(142,676,319)
9. Provision for Possible Losses	4.25	-	1,048,715,225
Operating Profit		5,611,366	(1,191,391,544)
10. Non-operating Income/Expenses	4.26	1,212,455	851,024
11. Provision Written-Back	4.27	246,414,384	-
Profit from Regular Operations		253,238,205	(1,190,540,520)
12. Profit/Loss from extra-ordinary activities	4.28	-	-
Net Profit after considering all activities		253,238,205	(1,190,540,520)
13. Provision For Staff Bonus		-	-
14. Provision For Income Tax		34,602,231	78,475,758
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		34,602,231	78,475,758
Net Profit/(Loss)		218,635,974	(1,269,016,278)

Schedule No. 4.18 to 4.28, 4.32, 4.33, 4.34 & 4.35 form integral part of this Profit and Loss Account.

As per our report of even date


Bhumi Narayan Shrestha
Chairman & Director


Rabindra Ram Shrestha
Director


Maheswarendra Bdr. Shrestha, FCA
M.B. Shrestha & Co.
Chartered Accountants


Ramesh K.C.
Director


Ashok Bhattarai
Director




Basudev Acharya
CEO



Date : 21 Poush, 2070
Place : Kathmandu

Capital Merchant Banking & Finance Ltd.

Statement of Changes in Equity
Fiscal Year 2012/13 (2069/70)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 16 July 2012	935,069,500	(2,542,117,639)	37,104,433	-	-	2,611,560	-	315,053,707	-	(1,252,278,439)
Adjustment for Changes in Accounting Policies	-	1,443,220	-	-	-	-	-	-	-	1,443,220
Restated Balance as at 16 July 2012	935,069,500	(2,540,674,419)	37,104,433	-	-	2,611,560	-	315,053,707	-	(1,250,835,249)
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share Issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	218,635,974	-	-	-	-	-	-	-	-
General Reserve	-	(43,727,195)	43,727,195	-	-	-	-	-	-	218,635,974
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	34,602,231	-	-	-	-	-	(34,602,231)	-	-
Closing Balance	935,069,500	(2,331,163,399)	80,831,628	-	-	2,611,560	-	280,451,476	-	(1,032,199,236)

Bhumi Narayan Shrestha
Bhumi Narayan Shrestha
Chairman & Director

Ramesh K.C.
Ramesh K.C.
Director

Date : 21 Poush, 2070
Place : Kathmandu

Rajendra Ram Shrestha
Rajendra Ram Shrestha
Director

Ashok Baran
Ashok Baran
Director



M.B. Shrestha
M.B. Shrestha & Co.
Chartered Accountants

Bisesh Acharya
Bisesh Acharya
CEO

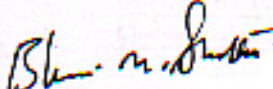



Capital Merchant Banking & Finance Ltd.

Profit and Loss Appropriation Account

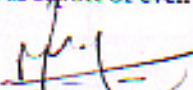
For the period from July 16, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

	Particulars	Schedules	This Year Rs.	Previous Year Rs.
Income				
1	Accumulated Profit up to the Last Year		(2,540,674,410)	(1,351,577,110)
2	Current Year's Profit		218,635,974	(1,269,016,278)
3	Exchange Fluctuation Fund		-	-
Total (A)			(2,322,038,436)	(2,620,593,387)
Expenses				
1	Accumulated Loss up to the Last Year		-	-
2	This Year's Loss		-	-
3	General Reserve		43,727,195	-
4	Contingent Reserve		-	-
5	Institutional Development Fund		-	-
6	Dividend Equalization Fund		-	-
7	Employee Related Reserves Funds		-	-
8	Proposed Dividend		-	-
9	Proposed Issue of Bonus Shares		-	-
10	Special Reserve Fund		-	-
11	Exchange Fluctuation Fund		-	-
12	Capital Redemption Reserve Fund		-	-
13	Capital Adjustment Fund		-	-
14	Deferred Tax Reserve		(34,602,231)	(78,475,758)
Total (B)			9,124,964	(78,475,758)
15	Accumulated Profit/(Loss) (A-B)		(2,331,163,399)	(2,542,117,630)

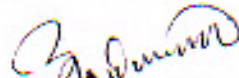

Bhumi Narayan Shrestha
Chairman & Director


Rabindran Ram Shrestha
Director

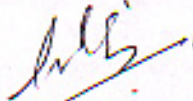
As per our report of even date


Maheswarendra Bdr. Shrestha, FCA
M.B. Shrestha & Co.
Chartered Accountants


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Basudev Acharya
CEO



Date : 21 Poush, 2070
Place : Kathmandu

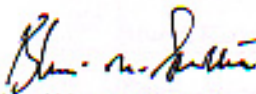
Capital Merchant Banking & Finance Ltd.

Cash Flow Statement

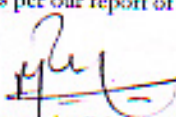
For the period from July 16, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

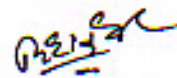
Particulars	This Year Rs.	Previous Year Rs.
(a) Cash flow from Operating Activities	15,934,254	(127,798,232)
1 Cash Received	121,591,720	147,070,109
1.1 Interest Income	120,182,266	146,134,862
1.2 Commission and Discount Income	-	44,750
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	1,409,453	890,497
2 Cash Payment	105,657,466	274,868,341
2.1 Interest Expenses	70,627,553	221,025,015
2.2 Staff Expenses	17,547,155	28,139,029
2.3 Office Overhead Expenses	17,482,757	25,704,296
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	(79,366,667)	177,867,681
(Increase)/Decrease of Current Assets	110,110,483	2,344,215,903
1 (Increase)/Decrease in Money at Call and Short Notice	-	-
2 (Increase)/Decrease in Short-term Investments	10,000,000	190,500,000
3 (Increase)/Decrease in Loans and Advances and Bills Purchase	65,478,700	2,067,090,575
4 (Increase)/Decrease in Other Assets	34,631,783	86,625,328
Increase/(Decrease) of Current Liabilities	(189,477,150)	(2,166,348,221)
1 Increase/(Decrease) in Deposits Liabilities	(350,261,656)	(1,364,455,810)
2 Increase/(Decrease) in Certificate of Deposits	-	-
3 Increase/(Decrease) in Short-term Borrowings	(46,445,343)	(133,404,657)
4 Increase/(Decrease) in Other Liabilities	207,229,849	(668,487,754)
(b) Cash flow from Investment Activities	17,736,147	13,992,399
1 (Increase)/Decrease in Long-Term Investment	-	-
2 (Increase)/Decrease in Fixed Assets	17,736,147	13,992,399
3 Interest Income From Long-Term Investment	-	-
4 Dividend Income	-	-
5 Others	-	-
(c) Cash flow from Financing Activities	-	-
1 Increase/(Decrease) in Long-Term Borrowings (Bonds, Debentures etc.)	-	-
2 Increase/(Decrease) in Share Capital	-	-
3 Increase/(Decrease) in Other Liabilities (Share Premium)	-	-
4 Increase/(Decrease) in Refinance/Facilities From Nepal Rastra Bank	-	-
(d) Income/Expenses from change in Exchange Rate in Cash and Bank Balances	-	-
(e) This Year's Cash Flow from All Activities	(45,696,266)	64,061,849
(f) Opening Balance of Cash and Bank Balances	126,067,052	62,005,204
(g) Closing Balance of Cash and Bank Balances	80,370,786	126,067,052

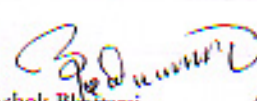
As per our report of even date


Bhumi Narayan Shrestha
Chairman & Director

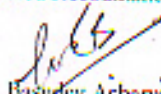

Rabintra Ram Shrestha
Director


Maheshwara Bdr. Shrestha, FCA
M.B. Shrestha & Co.
Chartered Accountants


Ramesh K.C.
Director


Ashok Bhattacharya
Director




Basudev Acharya
CEO



Date : 21 Poush, 2070
Place : Kathmandu

List of Share Holder's holding 0.5% or more of Paid-Up Share Capital				
S. N.	Name of the Shareholders	No. of Shares	Amount	Percentage
1	Upasana K.C	48,349	4,834,900	0.52%
2	Unnati Corporate Investment	50,304	5,030,400	0.54%
3	Kasturi Investment Company	60,810	6,081,000	0.65%
4	Hemanta Pandit	65,682	6,568,200	0.70%
5	Gorakshya Multi Investment	70,000	7,000,000	0.75%
6	Samuchha Investment Company	79,000	7,900,000	0.84%
7	Chaya Rana Shah	80,030	8,003,000	0.86%
8	Rabi Kiran Dhakal	85,736	8,573,600	0.92%
9	Nilgiri Investment Pvt Ltd	88,963	8,896,300	0.95%
10	Parasparik Investment Company	89,280	8,928,000	0.95%
11	Calculate Builders Pvt Ltd	89,287	8,928,700	0.95%
12	Madan Bahadur Khadka	90,000	9,000,000	0.96%
13	Sanyog Housing & Development	90,000	9,000,000	0.96%
14	Beauty Builders Pvt Ltd	90,000	9,000,000	0.96%
15	Bijeswori Awash Bikas	90,232	9,023,200	0.96%
16	B Developers Pvt Ltd	90,442	9,044,200	0.97%
17	Amir Jung Khadka	92,298	9,229,800	0.99%
18	Gobinda Prasad Aryal	103,102	10,310,200	1.10%
19	Gobinda Prasad Aryal	140,000	14,000,000	1.50%
20	Bigyan Prasad Poudel	173,655	17,365,500	1.86%
21	Murari Karki	174,502	17,450,200	1.87%
22	Shreeram Khatri	195,983	19,598,300	2.10%
23	ABC Stock Management	261,500	26,150,000	2.80%
24	Shreeram Khatri	324,000	32,400,000	3.46%
25	Stock Investment & Company	416,357	41,635,700	4.45%
26	Murari Karki	420,545	42,054,500	4.50%
27	Gaurishankar Investment Company	760,000	76,000,000	8.13%
28	Amir Jung Khadka	936,233	93,623,300	10.01%
29	Sulav Investment Company	1,074,474	107,447,400	11.49%
30	Paban Kumar Karki	1,377,000	137,700,000	14.73%



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Capital Merchant Banking & Finance Ltd.

Share Capital and Ownership
As on 31 Ashad 2070 (15 July 2013)

Schedule 4.1

Particulars		This Year Rs.	Previous Year Rs.
1	Share Capital		
1.1	Authorized Capital		
a)	30,000,000 Ordinary Shares of Rs. 100 each	3,000,000,000	3,000,000,000
b)	..... Non-redeemable Preference Shares of Rs. each	3,000,000,000	3,000,000,000
c)	..... Redeemable Preference Shares of Rs. each	-	-
1.2	Issued Capital		
a)	20,200,000 Ordinary Shares of Rs.100 each	2,020,000,000	2,020,000,000
b)	..... Non-redeemable Preference Shares of Rs. each	2,020,000,000	2,020,000,000
c)	..... Redeemable Preference Shares of Rs. each	-	-
1.3	Paid up Capital		
a)	9,350,695 Ordinary Shares of Rs.100 each	935,069,500	935,069,500
b)	..... Non-redeemable Preference Shares of Rs. each	935,069,500	935,069,500
c)	..... Redeemable Preference Shares of Rs. each	-	-
1.4	Proposed Bonus Share	-	-
1.5	Calls in Advance	-	-

Particulars	This Year		Previous Year	
	%	Share Capital	Share Capital	%
1 National Ownership	100%	935,069,500	935,069,500	100%
1.1 Government of Nepal				
1.2 "A" Class Licensed Institutions				
1.3 Other License Institutions				
1.4 Other Entities/ Organizations				
1.5 Individuals	49%	458,184,100	458,184,100	49%
1.6 Others	51%	476,885,400	476,885,400	51%
2 Foreign Ownership	-	-	-	-
Total	100	935,069,500	935,069,500	100

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Capital Merchant Banking & Finance Ltd.

Reserve and Surplus

As on 31 Ashad 2070 (15 July 2013)

Particulars		This Year Rs.	Previous Year Rs.
1	General Reserve Fund	80,831,628	37,104,433
2	Capital Reserve Fund	-	-
3	Capital Redemption Reserve	-	-
4	Capital Adjustment Fund	-	-
5	Other Reserves	283,063,036	317,665,267
	5.1 Contingent Reserve	-	-
	5.2 Institution Development Fund	-	-
	5.3 Dividend Equalization Fund	-	-
	5.4 Special Reserve Fund	-	-
	5.5 Assets Revaluation Reserve	-	-
	5.6 Deferred Tax Reserve	-	-
	5.7 Other Free Reserves	280,451,476	315,053,707
	5.8 Other Reserve Funds	-	-
	5.9 Share Premium	2,611,560	2,611,560
6	Accumulated Profit/(Loss)	(2,331,163,399)	(2,542,117,630)
7	Exchange Equalization Fund	-	-
	Total	(1,967,268,736)	(2,187,347,930)

A. Prakash Singh

[Signature]

MG



Capital Merchant Banking & Finance Ltd.

Debentures and Bonds

As on 31 Ashad 2070 (15 July 2013)

Particulars		This Year Rs.	Previous Year Rs.
1	..... Percent Bonds/Debentures of Rs. each Issued on and Matured on (Outstanding balance of Redemption Reserve Rs.)	-	-
2	..... Percent Bond/Debentures of Rs. each Issued on and Matured on (Outstanding Balance of Redemption Reserve Rs.)	-	-
3	.....	-	-
Total (1+2+3)		-	-

Note : Particulars of securities shall be disclosed in case the Debentures/Bonds are issued with assigned securities.

Capital Merchant Banking & Finance Ltd.

Borrowings

As on 31 Ashad 2070 (15 July 2013)

Particulars		This Year Rs.	Previous Year Rs.
A.	Local		
1	Nepal Government	-	-
2	Nepal Rastra Bank	-	-
3	Repo Obligation	-	-
4	Inter Bank and Financial Institutions	37,350,000	83,795,343
5	Other Organized Institutions	-	-
6	Others	-	-
Total		37,350,000	83,795,343
B.	Foreign		
1	Banks	-	-
2	Others	-	-
Total		-	-
Total (A+B)		37,350,000	83,795,343

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Capital Merchant Banking & Finance Ltd.

Schedule 4.5

Deposits

As on 31 Ashad 2070 (15 July 2013)

Particulars		This Year Rs.	Previous Year Rs.
1	Non-Interest Bearing Accounts		
A.	Current Deposits		
1.	Local Currency		
1.1	Nepal Government	-	-
1.2	"A" Class Licensed Institutions	-	-
1.3	Other Licensed Financial Institutions	-	-
1.4	Other Organized Institutions	-	-
1.5	Individuals	-	-
1.6	Others	-	-
2.	Foreign Currency		
2.1	Nepal Government	-	-
2.2	"A" Class Licensed Institutions	-	-
2.3	Other Licensed Financial Institutions	-	-
2.4	Other Organized Institutions	-	-
2.5	Individuals	-	-
2.6	Others	-	-
B.	Margin Deposits		
1	Employee Guarantees	-	-
2	Guarantee Margin	-	-
3	Letters of Credit Margin	-	-
C.	Others		
1.	Local Currency		
1.1	Financial Institutions	-	-
1.2	Other Organized Institutions	-	-
1.3	Individuals	-	-
2.	Foreign Currency		
2.1	Financial Institutions	-	-
2.2	Other Organized Institutions	-	-
2.3	Individuals	-	-
Total of Non-Interest Bearing Accounts		-	-
2	Interest Bearing Accounts		
A.	Savings Deposits		
1.	Local Currency	368,709,024	511,397,383
1.1	Organized Institutions	368,709,024	511,397,383
1.2	Individuals	63,434	154,640
1.3	Others	368,645,570	511,242,740
2.	Foreign Currency		
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
B.	Fixed Deposits		
1.	Local Currency	93,114,393	175,094,842
1.1	Organized Institutions	93,114,393	175,094,842
1.2	Individuals	30,858,596	57,208,732
1.3	Others	62,255,797	117,886,090
2.	Foreign Currency		
2.1	Organized Institutions	-	-
2.2	Individuals	-	-
2.3	Others	-	-
C.	Call Deposits		
1.	Local Currency	543,650,700	668,643,549
1.1	"A" Class Licensed Institutions	543,650,700	668,643,549
1.2	Other Licensed Institutions	-	-
1.3	Other Organized Institutions	199,535,369	559,167,580
1.4	Individuals	300,126,840	46,865,200
1.5	Others	43,284,492	52,610,469
2.	Foreign Currency		
2.1	"A" Class Licensed Institutions	-	-
2.2	Other Licensed Institutions	-	-
2.3	Other Organized Institutions	-	-
2.4	Individuals	-	-
2.5	Others	-	-
D.	Certificate of Deposit		
1.	Organized Institutions	-	-
2.	Individuals	-	-
3.	Others	-	-
Total of Interest Bearing Accounts		1,004,874,118	1,355,135,774
Total Deposit (1+2)		1,004,874,118	1,355,135,774



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Capital Merchant Banking & Finance Ltd.

Schedule 4.6

Bills Payable

As on 31 Ashad 2070 (15 July 2013)

	Particulars	This Year Rs.	Previous Year Rs.
1	Local Currency	-	-
2	Foreign Currency	-	-
	Total	-	-

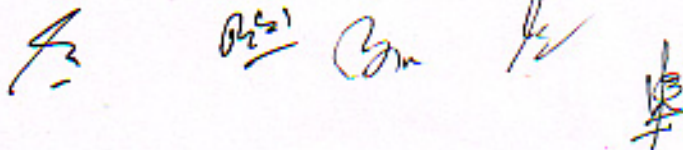
Capital Merchant Banking & Finance Ltd.

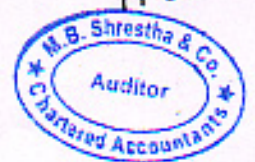
Schedule 4.7

Other Liabilities

As on 31 Ashad 2070 (15 July 2013)

	Particulars	This Year Rs.	Previous Year Rs.
1	Pension/Gratuity Fund	108,662	108,662
2	Employees Provident Fund	-	-
3	Employees Welfare Fund	-	-
4	Provision for Staff Bonus	-	-
5	Interest Payable on Deposits	-	-
6	Interest Payable on Borrowings	298,304,436	304,819,657
7	Unearned Discount and Commission	-	-
8	Sundry Creditors	-	-
9	Branch Adjustment Account	26,540,256	23,113,208
10	Others	-	-
	TDS Payable on interest	15,721,078	12,906,552
	Other TDS Payable	408,156	1,795,072
	A/C Payables	752,435	208,646
	FD Nominees	170,650,995	171,138,033
	Provision	2,720,026	5,841,738
	Deferred Tax Liability	-	-
	Total	515,206,044	519,931,567





Capital Merchant Banking & Finance Ltd.

Schedule 4.8

Cash Balance

As on 31 Ashad 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	757,994	7,283,401
2 Foreign Currency	-	-
Total	757,994	7,283,401




Schedule 4.9

Capital Merchant Banking & Finance Ltd.

Balance with Nepal Rastra Bank

As on 31 Ashad 2070 (15 July 2013)

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	11,042,348	-	-	-	11,042,348	12,599,308
a) Current Account	11,042,348	-	-	-	11,042,348	12,599,308
b) Other Account	-	-	-	-	-	-



Capital Merchant Banking & Finance Ltd.

Balance with Banks/Financial Institutions

As on 31 Ashad 2070 (15 July 2013)

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	68,570,444	-	-	-	68,570,444	106,184,342
a) Current Account	640,176				640,176	13,489,420
b) Other Account	67,930,268				67,930,268	92,694,922
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
Total	68,570,444	-	-	-	68,570,444	106,184,342

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Schedule 4.11

Capital Merchant Banking & Finance Ltd.

Money at Call and Short Notice
As on 31 Ashad 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
Total	-	-

Schedule 4.12

Capital Merchant Banking & Finance Ltd.

Investments
As on 31 Ashad 2070 (15 July 2013)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1 Nepal Government Treasury Bills	-	-	-	-
2 Nepal Government Savings Bond	-	-	-	-
3 Nepal Government Other Securities	-	-	-	-
4 Nepal Rastra Bank Bonds	-	-	-	-
5 Foreign Securities	-	-	-	-
6 Local Licensed Institutions	-	-	-	-
7 Foreign Banks	-	-	-	-
8 Organized Institutions Shares	29,200	-	29,200	29,200
9 Corporate Bonds and Debentures	-	-	-	-
10 Other Investments	-	-	-	10,000,000
Total Investment	29,200	-	29,200	10,029,200
Provision	2,200	-	2,200	2,200
Net Investment	27,000	-	27,000	10,027,000

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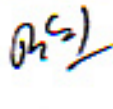




Capital Merchant Banking & Finance Ltd.

Investment in Shares, Debentures and Bonds

As on 31 Ashad 2070 (15 July 2013)

Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1 Investment in Shares					
1.1 Credit Information Bureau	-	-	-	-	-
270 Ordinary Shares of Rs 100 Paid up	27,000	-	-	27,000	27,000
1.2 Union Finance Co. Ltd.	2,200	2,464	2,200	2,200	2,200
22 Ordinary Shares of Rs 100 Paid up	-	-	-	-	-
2 Investment in Debentures and Bonds					
2.1 Co. (Pvt. Ltd./Ltd.)	-	-	-	-	-
..... % Debentures/Bonds of Rs each	-	-	-	-	-
2.2	-	-	-	-	-
2.3	-	-	-	-	-
Total Investment	29,200	2,464	2,200	29,200	29,200
3 Provision for Loss					
	2,200	-	-	-	2,200
3.1 Provision Up to Previous Year	2,200	-	-	-	6,400
3.2 Additions This Year	-	-	-	-	(4,200)
Total Provision	2,200				2,200
Net Investment	27,000				27,000



Capital Merchant Banking & Finance Ltd.

Held for Trading

As on 31 Ashad 2070 (15 July 2013)

Description	Cost Price	Last Market Price	Current Market Price	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Government of Nepal	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	
6. Shares of Local Licensed Institutions	2,200	-	-	-	-	
7. Debenture and Bonds of Local Licensed Institutions	-	-	-	-	-	
8. Debenture and Bonds of Local Organized Institutions	-	-	-	-	-	
9. Investment in Foreign Banks (Placement)	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investment	-	-	-	-	-	
Total Investment	2,200	-	-	-	-	







Capital Merchant Banking & Finance Ltd.

Held to Maturity

As on 31 Ashad 2070 (15 July 2013)

Description	Cost Price	Cumulative Loss Upto This Year	Current Lear Loss	Current Year Profit/(Loss)	Last Year Profit/(Loss)	Remarks
1. Treasury Bills of Government of Nepal	
2. Saving Bonds of Government of Nepal	
3. Other Loan Bonds of Government of Nepal	
4. Loan Bonds of Nepal Rastra Bank	
5. Foreign Loan Bonds	
6. Shares of Local Licensed Institutions	
7. Debeture and Bonds of Local Licensed Institutions	
8. Debeture and Bonds of Local Organized Institutions	
9. Investment in Foreign Banks (Placement)	
10. Interbank Lending	
11. Other Investment	27,000	
Total Investment	27,000	

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Capital Merchant Banking & Finance Ltd.

Available for Sale

As on 31 Ashad 2070 (15 July 2013)

Description	Cost Price	Last Market Price	Current Market Price	Current Year Fund Adjustment Amount	Last Year		Remarks
					Profit/(Loss)		
1. Treasury Bills of Government of Nepal	-	-	-	-	-	-	
2. Saving Bonds of Government of Nepal	-	-	-	-	-	-	
3. Other Loan Bonds of Government of Nepal	-	-	-	-	-	-	
4. Loan Bonds of Nepal Rastra Bank	-	-	-	-	-	-	
5. Foreign Loan Bonds	-	-	-	-	-	-	
6. Shares of Local Licensed Institutions	29,200	-	-	-	-	-	
7. Debenture and Bonds of Local Licensed Institutions	-	-	-	-	-	-	
8. Debenture and Bonds of Local Organized Institutions	-	-	-	-	-	-	
9. Investment in Foreign Banks (Placement)	-	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	-	
11. Other Investment	-	-	-	-	-	-	
Total Investment	29,200						










Capital Merchant Banking & Finance Ltd.

Classification of Loans and Bills Purchased and Provisioning

As on 31. Ashad 2070 (15 July 2013)

Particulars	Loans					Total	Bills		This Year Rs.	Previous Year Rs.
	Domestic			Foreign	Total		Domestic	Foreign		
	Insured	Deprived	Uninsured								Others
1										
Performing Loan	-	-	-	11,128,394	-	11,128,394	-	-	11,128,394	73,690,745
1.1 Pass Loan	-	-	-	11,128,394	-	11,128,394	-	-	11,128,394	73,690,745
1.2 Restructured	-	-	-	-	-	-	-	-	-	-
2										
Non-Performing Loan	-	12,000,000	-	2,283,687,028	-	2,295,687,028	-	-	2,295,687,028	2,544,932,762
2.1 Substandard	-	-	-	707,258	-	707,258	-	-	707,258	3,912,676
2.2 Doubtful	-	-	-	2,567,236	-	2,567,236	-	-	2,567,236	4,843,056
2.3 Bad	-	12,000,000	-	2,280,412,534	-	2,292,412,534	-	-	2,292,412,534	2,536,177,031
(A) Total Loan	-	12,000,000	-	2,294,815,422	-	2,306,815,422	-	-	2,306,815,422	2,618,623,507
3										
Loan Loss Provision	-	12,000,000	-	2,281,984,251	-	2,293,984,251	-	-	2,293,984,251	2,540,313,635
3.1 Pass	-	-	-	111,284	-	111,284	-	-	111,284	736,907
3.2 Restructured	-	-	-	176,815	-	176,815	-	-	176,815	978,169
3.3 Substandard	-	-	-	1,283,618	-	1,283,618	-	-	1,283,618	2,421,528
3.4 Doubtful	-	-	-	2,280,412,534	-	2,292,412,534	-	-	2,292,412,534	2,536,177,031
3.5 Bad	-	12,000,000	-	2,281,984,251	-	2,293,984,251	-	-	2,293,984,251	2,540,313,635
(B) Total Provisioning	-	12,000,000	-	2,281,984,251	-	2,293,984,251	-	-	2,293,984,251	2,540,313,635
4										
Provisioning up to Previous Year	-	120,000	-	2,540,193,635	-	2,540,193,635	-	-	2,540,193,635	1,491,683,410
4.1 Pass	-	120,000	-	616,907	-	736,907	-	-	736,907	20,566,981
4.2 Restructured	-	-	-	978,169	-	978,169	-	-	978,169	35,835,941
4.3 Substandard	-	-	-	2,421,528	-	2,421,528	-	-	2,421,528	1,761,471
4.4 Doubtful	-	-	-	2,536,177,031	-	2,536,177,031	-	-	2,536,177,031	1,433,519,016
4.5 Bad	-	120,000	-	2,540,193,635	-	2,540,193,635	-	-	2,540,193,635	1,491,683,410
(C) Total Previous Year's Provision	-	120,000	-	2,540,193,635	-	2,540,193,635	-	-	2,540,193,635	1,491,683,410
(D) Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-
Changes in This Year	-	11,880,000	-	(258,209,384)	-	(246,329,384)	-	-	(246,329,384)	1,048,630,225
Net Loan (A-B)	-	-	-	12,831,172	-	12,831,172	-	-	12,831,172	78,309,872



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Capital Merchant Banking & Finance Ltd.

Loans, Advances and Bills Purchased Security wise

As on 31 Ashad 2070 (15 July 2013)

Schedule 4.13 (A)

Particulars		This Year Rs.	Previous Year Rs.
(A)	Secured		
1	Movable/Immovable Assets	2,306,815,422	2,618,623,507
2	Guarantee of Local Licensed Institutions	2,294,319,641	2,584,010,883
3	Government Guarantee	-	-
4	Internationally Rated Bank Guarantee	-	-
5	Export Documents	-	-
6	Fixed Deposit Receipts	-	-
	a) Own Fixed Deposit Receipt	5,080,000	21,495,076
	b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7	Government Bonds	-	-
8	Counter Guarantee	-	-
9	Personal Guarantee	-	-
10	Other Securities	-	-
		7,415,781	13,117,548
(B)	Unsecured	-	-
	Total	2,306,815,422	2,618,623,507








Capital Merchant Banking & Finance Ltd.

Fixed Assets

As on 31 Ashad 2070 (15 July 2013)

Particulars	Assets						This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others			
1 At Cost								
a. Previous Year Balance	31,332,349	17,319,868	39,154,369	13,805,924	7,056,482	-	108,668,991	122,025,173
b. Addition This Year	-	4,032	2,500	-	19,210	-	25,742	39,702
c. Revaluation/Written Back This Year	-	-	(228,296)	276,647	267,311	-	315,662	-
d. This Year Sold	-	4,857,704	7,760,836	1,478,594	230,389	-	14,327,522	13,393,140
e. This Year Written off	-	-	20,589	-	-	-	20,589	-
Total Cost (a+b+c-d-e)	31,332,349	12,466,195	31,147,147	12,603,978	7,112,614	-	94,662,284	108,668,991
2 Depreciation								
a. Up to Previous Year	6,992,380	9,458,237	18,602,058	7,309,200	3,933,120	-	46,295,085	33,417,420
b. For This Year	1,216,997	609,959	3,406,180	1,405,650	851,411	-	7,490,197	14,027,062
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-	-
Total Depreciation	8,209,377	10,068,196	22,008,238	8,714,940	4,784,531	-	53,785,282	46,295,085
3 Book Value (WDV*) (1-2)	23,122,972	2,398,000	9,138,910	3,889,038	2,328,083	-	40,877,001	62,373,906
4 Land	-	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending)	-	-	-	-	-	-	7,495,872	4,295,724
6 Leasehold Assets	-	-	-	-	-	-	10,387,281	17,637,103
Total (3+4+5+6)	23,122,972	2,398,000	9,138,910	3,889,038	2,328,083	-	114,769,524	140,316,103

* Written Down Value



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Capital Merchant Banking & Finance Ltd.

Schedule 4.16

Other Assets

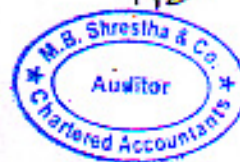
As on 31 Ashad 2070 (15 July 2013)

Particulars		This Year Rs.	Previous Year Rs.
ATM card Stock		745,800	1,310,358
Income Receivable on Investments			
Accrued Interest on Loan	889,468,734		561,706,162
Less : Interest Suspense Amount	(889,468,734)		(561,706,162)
Commission Receivable			
Sundry Debtors		32,200,150	31,878,354
Staff Loans and Advances		80,137	130,137
Prepaid Expenses		243,422	418,256
Cash in Transit			
Other Transit items (including cheques)			
Drafts Paid without Notice			
Expenses Not Written off		477,871	477,871
Branch account			
Deferred Tax Assets		280,451,476	315,053,707
Other		3,033,588	2,595,543
Total		317,232,444	351,864,227

Schedule 4.16 (A)

Particulars	This Year (Rs.)			This Year Rs.	Previous Year Rs.
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1 Accrued Interest on Loan	889,468,734	-	-	889,468,734	561,706,162
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-

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Capital Merchant Banking & Finance Ltd.

Schedule 4.17

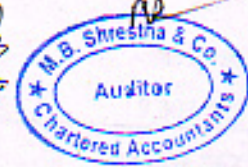
Contingent Liabilities

As on 31 Ashad 2070 (15 July 2013)

Particulars		This Year Rs.	Previous Year Rs.
1	Claims on Institution but not accepted by the Institution	-	-
2	Letters of Credit (Full Amount)	-	-
	a) Less than 6 months Maturity	-	-
	b) More than 6 months Maturity	-	-
3	Rediscounted Bills	-	-
4	Unmatured Guarantees/Bonds	-	-
	a) Bid Bonds	-	-
	b) Performance Bonds	-	-
	c) Other Guarantees/Bonds	-	-
5	Unpaid Shares in Investment	-	-
6	Forward Exchange Contract Liabilities	-	-
7	Bills under Collection	-	-
8	Acceptance and Endorsements	-	-
9	Underwriting Commitments	-	-
10	Irrevocable Loan Commitments	-	-
11	Counter Guarantee of Internationally Rated Banks	-	-
12	Advance Payment Guarantee	-	-
13	Financial Guarantee	-	-
14	Contingent Liabilities on Income Tax	-	-
15	Capital Commitment net of Advance Payment	-	-
16	-----	-	-
Total		-	-



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Capital Merchant Banking & Finance Ltd.

Schedule 4.18

Interest Income

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars	This Year Rs.	Previous Year Rs.
A. On Loan, Advances and Overdraft		
1 Loans and Advances	115,635,997	135,538,033
2 Overdraft	115,635,997	135,538,033
	-	-
B. On Investment		
1 Nepal Government Securities	-	793,526
a. Treasury Bills	-	-
b. Development Bonds	-	562,046
c. National Savings Certificates	-	231,480
2 Foreign Securities	-	-
a.	-	-
b.	-	-
3 Nepal Rastra Bank Bond	-	-
4 Debenture and Bonds	-	-
a. Financial Institutions	-	-
b. Other Organizations	-	-
5 On Interbank Placement	-	-
a. Bank and Financial Institutions	-	-
b. Other Organizations	-	-
	-	-
C. On Agency Balances		
1 Local Banks	-	-
2 Foreign Banks	-	-
	-	-
D. On Money at Call and Short Notice		
1 Local Banks/Financial Institutions	-	-
2 Foreign Banks	-	-
	-	-
E. On Others		
1 Certificate of Deposits	4,546,269	9,803,302
2 Inter-Bank Loan	-	499,485
3 Others-Deposit with other Fis	4,546,269	9,303,818
Total	120,182,266	146,134,862



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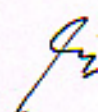
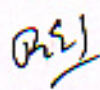
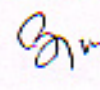
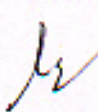

Capital Merchant Banking & Finance Ltd.

Schedule 4.19

Interest Expenses

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars	This Year Rs.	Previous Year Rs.
A. On Deposit Liabilities		
1 Fixed Deposits	69,139,533	211,113,843
1.1 Local Currency	17,363,546	94,681,602
1.2 Foreign Currency	17,363,546	94,681,602
2 Savings Deposits	27,968,270	48,855,334
2.1 Local Currency	27,968,270	48,855,334
2.2 Foreign Currency	-	-
3 Call Deposits	23,807,717	67,576,907
3.1 Local Currency	23,807,717	67,576,907
3.2 Foreign Currency	-	-
4 Certificate of Deposits	-	-
B. On Borrowings		
1 Debentures and Bonds	1,488,020	9,911,172
2 Loan from Nepal Rastra Bank	-	-
3 Inter Bank/Financial Institutions Borrowing	1,488,020	9,911,172
4 Other Corporate Body	-	-
5 Other Loans	-	-
C. On Others		
1	-	-
2	-	-
Total	70,627,553	221,025,015



Capital Merchant Banking & Finance Ltd.

Schedule 4.20

Commission and Discount

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars	This Year Rs.	Previous Year Rs.
A Bills Purchase and Discount	-	-
1 Local	-	-
2 Foreign	-	-
B Commission	-	-
1 Letters of Credit	-	19,730
2 Guarantee	-	-
3 Collection Fee	-	-
4 Remittance Fee	-	-
5 Credit Cards	-	19,730
6 Share Underwriting/Issues	-	-
7 Government Transactions	-	-
8 Agency Commission	-	-
10 Exchange Income	-	-
C Others	-	25,021
Total	-	44,750

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Schedule 4.21

Capital Merchant Banking & Finance Ltd.

Other Operating Income

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars		This Year Rs.	Previous Year Rs.
1	Rental on Safe Deposit Lockers	-	-
2	Issue and Renewals of Credit Cards	-	-
3	Issue and Renewals of ATM Cards	-	-
4	Telex/T.T.	-	-
5	Service Charges	-	-
6	Renewal Fees	-	-
7	Others	196,998	39,473
Total		196,998	39,473

Schedule 4.22

Capital Merchant Banking & Finance Ltd.

Exchange Gain/Loss

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars		This Year Rs.	Previous Year Rs.
(A)	Revaluation Gain	-	-
(B)	Trading Gain (Except Exchange Income)	-	-
Total Income/(Loss)		-	-



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Schedule 4.23

Capital Merchant Banking & Finance Ltd.

Employee Expenses

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars		This Year Rs.	Previous Year Rs.
1	Salary	11,116,265	17,675,270
2	Allowances	3,733,488	3,592,368
3	Contribution to Provident Fund	695,718	876,551
4	Training Expenses	-	-
5	Uniform	-	1,079,647
6	Medical	833,550	1,315,335
7	Insurance	235,900	733,737
8	Leave Incashment	868,835	-
9	Others	63,400	2,866,122
Total		17,547,155	28,139,029



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Capital Merchant Banking & Finance Ltd.

Other Overhead Expenses

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars	This Year Rs.	Previous Year Rs.
1 House Rent	5,086,673	6,648,987
2 Electricity and Water	1,136,267	1,325,556
3 Repair and Maintenance	1,329,647	515,995
(a) Building	78,583	63,505
(b) Vehicles	122,516	101,678
(c) Others	1,128,548	350,813
4 Insurance	1,128,294	1,654,166
5 Postage, Telex, Telephone, Fax	469,046	694,976
6 Office Equipment, Furniture and Fixture Repair	212,674	-
7 Traveling Allowances and Expenses	285,655	101,211
8 Stationery and Printing	242,906	305,179
9 Periodicals and Books	47,810	56,244
10 Advertisements	-	242,882
11 Legal Expenses	-	-
12 Donations	-	2,851
13 Expenses Relating to Board of Directors	265,085	383,101
(a) Meeting Fees	260,500	364,500
(b) Other Expenses	4,585	18,601
14 Annual General Meeting Expenses	-	-
15 Expenses Relating to Audit	209,573	106,390
(a) Audit Fees	101,700	101,700
(b) Other Expenses	1,935	4,690
(c) Tax Audit Fees	105,938	-
16 Commission on Remittances	-	-
17 Depreciation on Fixed Assets	9,110,433	14,027,063
18 Amortization of Preliminary Expenses	-	-
19 Share Issue Expenses	-	-
20 Technical Services Fee	547,500	913,375
21 Entertainment	-	162,110
22 Written Off Expenses	871,311	1,851,614
23 Security Expenses	2,530,110	5,924,795
24 Credit Guarantee Premium	-	-
25 Commission and Discount	-	-
26 Others	3,120,207	4,814,865
26.1 Membership Fee	92,190	137,390
26.2 Tax & Fines	1,075,909	1,056,473
26.3 Anniversary Expenses	-	-
26.4 Fuel Expenses	581,247	775,217
26.5 Service Charge	4,968	16,100
26.6 Gift Expenses	-	2,420
26.7 Branch Extension Expenses	-	-
26.8 Data Connectivity Expenses	1,114,180	-
26.9 Software Maintenance Expenses	66,034	-
26.1 Others	185,679	2,827,266
Total	26,593,190	39,731,359



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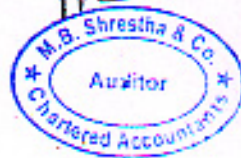


Capital Merchant Banking & Finance Ltd.

Provision for Possible Losses

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars	This Year Rs.	Previous Year Rs.
1 Increase in Loan Loss Provision	-	1,048,630,225
2 Increase in Provision for Loss on Investment	-	-
3 Provision Against Non-Banking Assets	-	85,000.00
4 Provision Against Other Assets	-	-
Total	-	1,048,715,225



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Schedule 4.26

Capital Merchant Banking & Finance Ltd.

Non-Operating Income/Loss

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars	This Year Rs.	Previous Year Rs.
1 Profit (Loss) on Sale of Investment	-	(88,059)
2 Profit (Loss) on Sale of Assets	831,900	291,083
3 Dividend	-	-
4 Subsidies Received from Nepal Ratra Bank	-	-
a. Reimbursement of Losses of Specified Branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
5 Others	380,556	648,000
Total Non-Operating Income (Loss)	1,212,455	851,024

Schedule 4.27

Capital Merchant Banking & Finance Ltd.

Loss Provisions Written Back

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

Particulars	This Year Rs.	Previous Year Rs.
1 Loan Loss Provision Written Back	246,329,384	-
2 Provision against Non-Banking Assets Written Back	85,000	-
3 Investment Provision Written Back	-	-
4 Provision against Other Assets Written back	-	-
Total	246,414,384	-



Capital Merchant Banking & Finance Ltd.

Statement of Loans Written-Off

For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

S.N.	Types of Loan	Written Off Amount	Type of Security	Basis of Valuation of Collateral	Loan Approved by Name/ Designation	Initiation made for Recovery	Remarks
1	Working Capital Loan	-	-	-	-	-	-
2	Project Loan	-	-	-	-	-	-
3	Fixed Capital Loan	-	-	-	-	-	-
4	Personal Loan	-	-	-	-	-	-
5	Other Loan	-	-	-	-	-	-
Total Loan		-	-	-	-	-	-

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Capital Merchant Banking & Finance Ltd.

Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders

As on 31 Ashad 2070 (15 July 2013)

The Statement of amount, included under total amount of Bills Purchased and Discounted, Loans, Advances and Overdraft, provided to the Directors, Chief Executive, Promoters, Employees, Shareholders and to the individual members of their undivided family or against the guarantee of such persons or to the organizations or companies in which such individuals are managing agent, are as follows :

Name of Promoter/Director/Chief Executive	Till Last Year's Balance		This Year Recovery		This Year Additions	Balance as of Ashad End	
	Principal	Interest	Principal	Interest		Principal	Interest
(A) Directors							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(B) Chief Executive							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(C) Promoters							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(D) Employees							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
(E) Shareholders							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-



Capital Merchant Banking & Finance Ltd.

Schedule 4.30

Statement of Capital Fund
As on 31 Ashad 2070 (15 July 2013)

Particulars	This Year Rs.	Previous Year Rs.
Fig. in '000		
A) Core Capital		
1 Paid up Capital	(1,034,399)	16,738
2 Proposed Bonus Share	935,070	935,070
3 Share Premium	-	-
4 Non-Redeemable Preference Share	2,612	2,612
5 General Reserve Fund	-	-
6 Cumulative Profit/(Loss) (up to Previous FY)	80,832	37,104
7 Current Year Profit/(Loss) as per shown in Balance Sheet	(2,331,163)	(1,351,577)
8 Capital Redemption Reserve	-	-
9 Capital Adjustment Reserve	-	-
10 Calls in Advance	-	-
11 Other Free Reserves	-	-
12 Deferred Tax Reserve	-	-
Less :	280,451	393,529
- Goodwill	2,200	-
- Investment in excess of prescribed limit	-	-
- Fictitious Assets	2,200	2,200
- Investment in securities of companies with financial interest	-	-
- Acquisition of Land and Building for self use in violation of directive	-	-
- Investment in Residential housing loan and land development in excess of prescribed limit	-	-
- Underwriting commitment not sold within prescribed time limit	-	-
- Loan to person or group of persons restricted by prevailing Act and laws	-	-
B) Supplementary Capital		
1 Loan Loss Provision on Pass Loans	113	20,569
2 Additional Loan Loss Provision	111	20,567
3 Hybrid Capital Instruments	-	-
4 Unsecured Subordinated Term Debt	-	-
5 Exchange Equalization Reserve	-	-
6 Assets Revaluation Reserve	-	-
7 Investment Adjustment Reserve	-	-
	2.20	2.20
C) Total Capital Fund (A+B)	(1,034,286)	37,307
D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets		
Capital Fund (@ 11 Percent)	299,331	435,039
Core Capital (@ 5.5 Percent)	149,665	217,520
Capital Fund Deficit By @ Percent	(1,333,617)	(399,932)
Core Capital Deficit By @ Percent	(1,184,065)	(202,982)

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Capital Merchant Banking & Finance Ltd.

Table of Risk Weighted Assets Statement

As on 31 Ashad 2070 (15 July 2013)

Fig. in '000

On-Balance Sheet Assets	Weight age	Current Year Rs.		Previous Year Rs.	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	758	-	18,444	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	11,042	-	139,817	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	50,000	-
Fully Secured Loan against own Fixed Deposit Receipt	0	5,080	-	75,068	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds		-	-	-	-
Amount Deposited by B & C class Licensed Institutions on Youth and Small Self Employed Fund to be considered as Deprived Sector Lending	0	-	-	-	-
Balance with Domestic Banks and Licensed Financial Institutions	20	68,570	13,714	519,199	103,840
Fully Secured FDR Loan against Fixed Deposit Receipt of other Licensed Banks and Financial Institutions	20	-	-	-	-
Balance with Foreign Banks	20	-	-	-	-
Money at Call	20	-	-	-	-
Loan against the guarantee of Internationally Rated Banks	20	-	-	-	-
Other Investments with Internationally Rated Banks	20	-	-	-	-
Interbank Lending	20	-	-	55,000	11,000
Investments in Shares, Debentures and Bonds	100	29	29	33	33
Other Investments	100	-	-	-	-
Loan, Advances and Bills Purchased/Discounted	100	2,301,735	2,301,735	2,678,235	2,678,235
Fixed Assets	100	114,770	114,770	117,317	117,317
Other Interest Receivable (Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	290,942	290,942	20,330	20,330
Excess Real Estate/Residential Home Loan	150	-	-	-	-
Total (A)		2,792,927	2,721,191	3,673,443	2,930,755
Off Balance Sheet Items					
Bills Collection	0	-	-	-	-
Forward Foreign Exchange Contract	10	-	-	-	-
Letters of Credit with Maturity of less than 6 months (Full Value)	20	-	-	-	-
Guarantees provided against Counter Guarantee of Internationally Rated Foreign Banks	20	-	-	-	-
Letters of credit with maturity of more than 6 months (Full Value)	50	-	-	-	-
Bid Bond, Performance Bond and Underwriting Commitment	50	-	-	-	-
Credit Sale on the Condition of Re-Purchase	50	-	-	-	-
Advance Payment Guarantee	100	-	-	-	-
Financial and Other Guarantee	100	-	-	-	-
Irrevocable Loan Commitment	100	-	-	-	-
Contingent Liability in respect of Income Tax	100	-	-	-	-
All other contingent Liabilities	100	-	-	-	-
Unpaid Guarantee Claims	100	-	-	-	-
Total (B)		-	-	-	-
Total Risk Weighted Assets		2,792,927	2,721,191	3,673,443	2,930,755




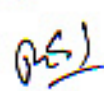
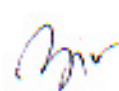


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Capital Merchant Banking & Finance Ltd.

Principal Indicators
(At least for previous 5 years)

Particulars	Indicators	FY 2065/66	FY 2066/67	FY 2067/68	FY 2068/69	FY 2069/70
1 Percent of Net Profit/Gross Income	Percent	16.06	16.63	(203.10)	(862.86)	180
2 Earning Per Share	Rs.	11.21	6.69	(102.85)	(135.71)	23
3 Market Value Per Share	Rs.	580	216	131	131	131
4 Price Earning Ratio	Percent	61	32	(1.27)	(0.97)	5.60
5 Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-
6 Cash Dividend on Share Capital	Percent	8.42	5.26	-	-	-
7 Interest Income/Loan & Advances	Percent	10.99	11.33	10.84	5.18	5.01
8 Staff Expenses/Total Operating Expenses	Percent	39.64	36.77	40.43	41.46	39.75
9 Interest Expenses / Total Deposit and Borrowing	Percent	7.96	9.19	11.70	15.36	6.78
10 Exchange Gain/Total Income	Percent	-	-	-	-	-
11 Staff Bonus/Total Staff Expenses	Percent	56.64	49.42	-	-	-
12 Net Profit/Loan and Advances	Percent	2.01	2.27	(26.44)	(48.46)	9.48
13 Net Profit/Total Assets	Percent	1.66	1.75	(31.90)	(179.60)	41.63
14 Total Credit/Deposit	Percent	115.20	119.99	133.74	193.24	229.56
15 Total Operating Expenses/Total Assets	Percent	1.05	1.38	1.83	5.62	5.06
16 Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	17.59	33.39	0.37	(40.65)	(38.01)
b) Supplementary Capital	Percent	0.89	0.91	0.52	0.31	0.004
c) Total Capital Fund	Percent	18.48	34.30	0.89	(40.34)	(38.01)
17 Liquidity (CRR)	Percent	13.20	21.59	0.054	0.85	0.75
18 Non-Performing Loan/Total Credit	Percent	2.960	2.63	43.45	97.19	99.52
19 Weighted Average Interest Rate Spread	Percent	4.92	4.92	2.01%	7.12%	10.01%
20 Book Net-Worth	Rs.	401,463	978,432	16,737,848	(1,252,278,430)	(1,032,199,235)
21 Total Number of Shares	Nos.	3,740,278	9,350,695	9,350,695	9,350,695	9,350,695
22 Total Staff	Nos.	57	71	128	65	48
23 Others						



Capital Merchant Banking & Finance Ltd.
 Statements of Loans taken by promoters/ promoter group shareholders by pledging their promoter shares as collateral in other financial institutions
 For the period from July 17, 2012 to July 15, 2013 (Shrawan 01, 2069 to Ashad 31, 2070)

S. N.	Name of Promoters/Promoter Group Shareholders	Share in the name of Promoter			Loan Details			Remarks
		Total Number of Shares	Percentage to total Paid up Capital	Name of Lending Banks /Financial Institutions	Loan Amount	Number of Shares pledged as collateral		
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

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Significant Accounting Policies

Schedule 4.32

1. General Information

Capital Merchant Banking & Finance Limited is a limited liability company domiciled in Nepal. The address of its registered office is at Batisputali, Kathmandu, Nepal.

The Company has been registered with the Office of the Company Registrar on 14 Ashar, 2058, obtained license from Nepal Rastra Bank on 19 Magh 2058 and came into operation with effective from 19 Magh 2058. The Company has listed on Nepal Stock Exchange Limited.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period, unless otherwise stated. The financial statements are prepared on historical cost convention except where otherwise stated.

3. Statement of Compliance

The financial statements has been prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), Bank and Financial Institutions Act, 2063 ("BAFIA") and other requirements of NRB Directives and in conformity with the Companies Act, 2063.

4. Basis of Preparation

Financial Statements are prepared on the historical cost basis. The preparation of financial statements is in conformity with GAAP applicable in Nepal. It also requires management to exercise judgement in process of applying the accounting policies.

The Company follows accrual system of accounting for the preparation of financial statements except where otherwise stated. All the formats of the financial statements are in accordance with the NRB Directives.

5. Interest Income

Interest income on loans and advances is recognised on cash basis as per the Nepal Rastra Bank Directive.

Interest income on Investments is accounted for on accrual basis.

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6. **Commission Income**
All the commission incomes are accounted for on accrual basis.
7. **Interest Expense**
Interest on deposit liabilities and borrowings is accounted for on accrual basis.
8. **Loans and Advances including Bills Purchased**
Loans and advances include direct finance provided to the customers. These include term loans, consumer loans etc. All credit exposures are subject to regular review and are graded according to the level of credit risk and are classified as per NRB Directives. Loans and advances are shown net of mandatory provisions according to the NRB Directives.
9. **Staff Loans and Advances**
Loans and advances granted to staff are shown under other assets Schedule-4.16.
10. **Loan Loss Provision**
The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100 percent according to classification of such risk assets as per Nepal Rastra Bank Directives.
11. **Write Off**
During this period, the Company has not written off any amount of loans and advances.
12. **Investments**
Investments are classified as held for trading, held to maturity and available for sale.
13. **Fixed Assets and Depreciation**
- Fixed assets are stated at cost less accumulated depreciation and impairment losses.
 - Assets with a value less than Rs. 5,000 are charged off as a revenue expense irrespective of its useful life in the year of purchase.
 - Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner and rates prescribed by Income Tax Act, 2058.
 - Lease hold improvements has been capitalised at cost and amortised over the lease periods. The amount of amortisation is charged to Profit and Loss Account.
14. **Non-Banking Assets**
Non-Banking Assets is valued in accordance with the Nepal Rastra Bank Directives.

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15. **Software Expenses**

Acquired computer software licences are capitalised on the basis of cost incurred to acquire and bring to use the specific software. The costs are amortised applying on Diminishing Balance Method.

16. **Employee Benefits**

a. *Retirement fund*

Provident fund contribution is recognised as expenses and deposited into the CIT.

b. *Gratuity*

Gratuity liability of staff is accrued only after completion of a fixed period of full time employment with the Company in accordance with the Employees Service Regulation.

17. **Stationery Stock**

Stationery stock at the year end is accounted for at cost. For the purpose of valuation of the same FIFO method has been applied.

18. **Provisions, Contingent Liabilities and Contingent Assets**

The Company creates a provision when there is a present obligation of the entity arising from past events, the settlements of which is expected to result in an outflow from the entity of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a present obligation that may or may not, require an outflow of resources. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made in the financial statement.

19. **Income Tax**

Provision for income tax will be calculated in accordance with the provision of Income Tax Act, 2058 to be read with relevant Finance Act.

20. **Deferred Tax**

Deferred taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement's carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted by the reporting date.

Deferred tax assets arising from temporary difference and unused tax losses are recognised to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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Notes to Accounts

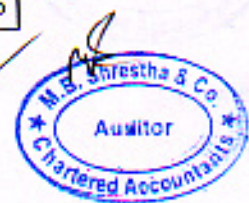
Schedule 4.33

1. **Interest Income and Interest Suspense**
The interest receivable on loans and advances as at 15 July, 2012 (31 Ashad, 2069) has been transferred to interest suspense account as interest income can be recognized only when realised in cash as per Nepal Rastra Bank Directives.
2. **Provision for Staff Bonus**
Staff bonus has not been provided as Company is in loss.
3. **Staff Housing Fund**
No staff housing fund has been created by the Company as required under the Labour Act, 2048.
4. **General Reserve**
General Reserves has been provided @ 20% of net profit of current year.
5. **Calls in Arrears**
There are no Calls in Arrears at the year end.
6. **Unpaid Dividend**
The Company has declared a cash dividend at 5.26 percent of Paid up capital in F.Y. 2066/67. As on balance sheet date, total dividend payable amounts to Rs. 264,215.
7. **Investment in Share Capital of other Corporate**
The Company has made investment of Rs. 27,000 in shares of Credit Information Bureau and Rs. 2,200 in the shares of Union Finance. Union Finance has not distributed dividend from since last 3 years.
Book value of shares not listed in stock exchange has been assumed to be the market price of the respective share. There is no any investment in share capital of other corporate entity at the Balance Sheet date i.e. 15 July 2012.
8. **Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written-off:**

Particulars	Amount (Rs.)
Opening Balance	2,618,624
Loans Disbursed	Nil
Loans Recovered	311,808
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	2,306,815

Rs 000

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9. **Classification of Loans & Provisioning**

Classification of loan as on 31/3/2070 is as under:

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	11,128
2.	Substandard	707
3.	Doubtful	2,567
4.	Loss	2,292,413
Total		2,306,815

Accordingly, Company has write back Rs. 246,329 thousand loan loss provision thereon during a year.

10. **Summary Status of the Deposit Liabilities**

Rs'000

Particulars	Current Year	Previous Year	Decrease by Rs.
	NRs.	NRs.	
Current Deposit	0	0	0
Margin Deposit	0	0	0
Saving Deposit	368,709	511,397	142,688
Call Deposit	543,051	668,644	125,593
Fixed Deposit	93,114	175,095	81,981
Total	1,004,874	1,355,136	350,262

11. **Paid up Share Capital**

Paid up share capital of the Company has been changed from year to year as follows:

Financial Year	Paid up Share Capital (Rs.)	Remarks
2061/62	70,000,000	Opening Share Capital
2062/63	70,000,000	
2063/64	161,000,000	Public Share & Bonus 91,000,000
2064/65	346,150,000	Public Share & 15% Bonus share
2065/66	374,027,800	Bonus Shares
2066/67	935,069,500	1:1.5 right share
2067/68	935,069,500	
2068/69	935,069,500	



12. **Earnings Per Share, share price and share transaction**

Earnings per Share for the year is calculated and disclosed as follows:

Particulars	Basic Earnings Per Share	Diluted Earnings Per Share*
Net profit attributable to equity shareholders (Rs.)	218,635,974	218,635,974
Weighted average number of shares outstanding (No.)	9,350,695	9,350,695
Earnings Per Share (Rs.)	23.38	23.38

The company has net profit during a year due to write back of loan loss provision Rs. 246,329,384.

* Since the Company has not issued preference share and debentures/bonds, basic earnings per share and diluted earnings per share are same.

13. **Details of Non Banking Assets**

The Company has no non-banking assets in current year. The provision Rs. 85,000 made during last year against the non-banking assets, has been written back as the vehicle has been sold during a year.


14. **Provision for Gratuity**

The Company has provided for future payment of gratuity liability in full as per Employee Service Regulation.

15. **Provision for Leave Encashment**

The Company has provided provision for leave encashment as per Employee Service Regulation and accordingly Rs. 2,720,026 has been provided for leave encashment under this account.

fr *Ca* *(RS)* *[Signature]* *[Signature]*



16. Classification of Assets and Liabilities based on Maturity

Rs in 000

S. N	PARTICULARS	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	OVER 1 YEAR	TOTAL
	Assets						
1	Cash Balance	757.99					757.99
2	Balance with Banks and Financial Institutions	75768.55					75768.55
3	Investment in foreign Banks						
4	Call Money						
5	Nepal Government Securities						
6	Nepal Rastra Bank Bonds						
7	Inter Bank/ Financial Institution Lending						
8	Loans and Advances	522,303.03	76,687.26	244,691.54	572,498.45	890,635.14	2306815.42
9	Others						
	Total Assets	598829.57	76687.26	244691.54	572498.45	890635.14	2383341.96
	Liabilities						
10	Current Deposits						
11	Saving Deposits	915451.26					915451.26
12	Fixed Deposits	478,407.57	14,275.44	20,035.66	24,805.74	20,851.72	558376.12
13	Debentures						
14	Borrowing	37350.00					37350.00
15	Other Liabilities	2400833.56					2400833.56
	Total Liabilities	3832042.39	14275.44	20035.66	24805.74	20851.72	3912010.94
	Net Financial Assets	-3233212.82	62411.82	224655.88	547692.71	869783.42	-1528668.98
	Cumulative Total Assets	-3233212.82	-3170801.00	-2946145.11	-2398452.40	-1528668.98	

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17. **Deferred Tax Assets/ (Liability)**

Deferred tax assets and liabilities have been computed as follows:

Capital Merchant Banking & Finance Limited

Computation of Deferred Tax Assets/Liability

As on 31 Ashad 2070 (15 July 2013)

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets	-	-	-
LLP in excess of 5% of lending	-	-	-
LLP Written Bak	-	115,340,771	(115,340,771)
Share Issue Management	-	-	-
Leasehold Assets and Computer Software	-	-	-
Staff Gratuity	-	-	-
Provision	-	-	-
Net Temporary Difference			(115,340,771)
Deferred Tax Expense/(Income) for current year			34,602,231
Deferred Tax Liability/(Assets) till Ashad end 2069			315,053,707
Deferred Tax Liability/(Assets) as at Ashad end 2070 @ 30%			280,451,476

Deferred Tax Assets as on Ashad end 2070 (15 July 2013) is Rs 280,451,476 and Rs. 34,602,231 has been recognized as deferred tax expenses in Profit and Loss Account in the current year.

18. Presently, the Company has been under PCA (Prompt Corrective Action)/Crisis Ridden as enforced by NRB. The present management, after considering wide range of factors surrounding company's future prosperity, has prepared the financial statement on the going concern assumption albeit presently the company has negative Net Worth.

The current year's negative Net Worth has been swelled to Rs.1,032,199 thousand from last year's negative net worth of Rs. 1,252,278 thousand. Due to this, Minimum Capital Adequacy Ratio (Directive No. 1), Deposit Collection Limit Ratio (Directive No.16), Single Obligor Limit Ratio (Directive No.3) and Investment Limit Ratio (Directive No.8) is not in the state of the comparison with the ceiling fixed by Nepal Rastra Bank. Under such circumstances no additional provisions have been created towards risk bearing.

19. **Adjusting Events after Reporting Period**

From Shrawan 1, 2070 to Poush 5, 2070, depositors have been paid Rs.86,949,356.52 and loan of Rs.54,879,328.54 has been collected during the same time period.

20. **Non Adjusting Events after Reporting Period**

The composition of both new and the then existing BOD is listed below:

Then existing Board of Directors:

S. N.	Name of Person	Designation
1	Bhumi Narayan Shrestha	Chairman
2	Mahendranath Adhikari	Member
3	Ashok Kumar Bhattarai	Member
4	Mahendranath Karmacharya	Managing Director/ Professional Director

New Board of Directors:

S. No.	Name of Person	Designation
1	Bhumi Narayan Shrestha	Chairman
2	Rabindra Ram Shrestha	Member
3	Ashok Kumar Bhattarai	Member
4	Ramesh K.C.	Member
5	Basudev Acharya	CEO

21. **Income Tax**

For tax purpose, self assessment income tax return has been filed upto F.Y. 2068/69. For the current year, filing is due. During the current year, for the tax purpose, taxable income is stood at Rs. 4,608,945 after setting off prior period accumulated loss. No provision has been created for this as Rs. 26,659,824 is still due to the company on account of advance tax paid till previous year.

22. The financial statements are subject to NRB approval.

23. The financial statements are presented in Nepalese Rupees, rounded to the nearest Rupee.

24. **Previous Year's Figures**

Previous year's figures are grouped or regrouped wherever necessary in order to facilitate comparison.

[Handwritten signatures and a blue circular stamp of M. B. Shrestha & Co. Chartered Accountants]



Capital Merchant Banking and Finance Limited

व्यापिल मर्चेन्ट बैंकिंग एण्ड फाइनेन्स लिमिटेड

"Class 'C' financial institution licensed by NRB"



Management Representation Letter for 2069/70

Request for the "Letter of Management Representation" to be addressed to Auditor

"Letter of Representation" in the form of certificate from management is hereby sought by incorporating, not limiting to, the matters stated below:

- a) That the acknowledgement of the Bank / FI's responsibility for the keeping of accounts and financial documents that are correct, complete, fair, representing the true facts and all financial records and related data are made available.
- b) That the management is responsible for the fair presentation of financial statements.
- c) That there are no violations or possible violations of laws and regulations whose effects should be considered for disclosure in the financial statement.
- d) That all material liabilities, gain or loss including contingencies that are required to be accrued or disclosed are provided/disclosed.
- e) That the bank / FI has satisfactory title to all owned assets and are free from any liens or encumbrances other than those disclosed in the financial statement.
- f) That no fraudulent transactions have been carried out during the period under consideration.
- g) That the items appearing in the books as at the year-end are considered good and fully recoverable with the exception of those shown as doubtful and loss in the balance sheet.
- h) That adequate provision as required by NRB directive has been provided for possible loan loss provision on loans and advances/investments including those of the black listed parties.

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Capital Merchant Banking Finance Limited

केपिटल मेर्चन्ट बैंकिंग एण्ड फाइनेन्स लिमिटेड



"Class 'C' financial institution licensed by NRB"

- i) That there has been no irregularities involving management or employees who have a significant role in the system of internal control that could have material effects on the financial statements.
- j) That all known liabilities have been recorded by way of provision in the books and that all contingent liabilities have been properly disclosed. Also, contingent liabilities disclosed as off balance sheet item of the financial statements do not include any contingencies that are likely to result loss.
- k) No loan other than permissible under the staff service regulation has been provided to any regular and the contractual staff.

The management's representation letter is requested declaring that the Bank / FI has not acted in contravention to any of the applicable prevailing law/ rules / regulation & NRB directives to its best knowledge causing thereby direct loss or damage to the company, if any exists, the same may be disclosed.


Basudev Acharya
CEO
Poush 22, 2070