

**Capital Merchant Banking & Finance Ltd.**

***Financial Statements***

***For***

***F.Y. 2070/71***

**GOPAL KUMAR SHRESTHA**

Chartered Accountant

**Independent Auditor's Report  
To the shareholders of  
Capital Merchant Banking & Finance Limited**

1. We have audited the accompanying Balance Sheet of Capital Merchant Banking and Finance Limited as on Ashadh 32, 2071 (July 16, 2014) and the related Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

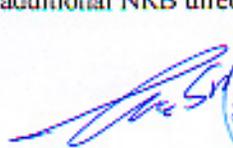
*Auditor's Responsibility*

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Nepal Standards on Auditing (NSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. On examination of the financial statements as aforesaid, we report that;
- 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.
  - 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 agreement with the books of account.
  - In our opinion, the returns received from the respective branches are adequate for the audit purpose, though the statements are independently not audited.
5. Nepal Rastra Bank vide its letter of Magh 17, 2069, has declared the Company as a problematic financial institution as per section 86 kha of Nepal Rastra Bank Act 2058 with immediate effect requiring the company to comply with additional NRB directives.


6. As mentioned in schedule 4.30 of the financial statements, the company's total capital fund and core capital fund stood at negative figures as of Ashadh 32, 2071 (July 16, 2014), which is insufficient as compared to the minimum capital requirement fixed by Nepal Rastra Bank's unified directives.
7. In accordance with the details mentioned in notes to account (Schedule 4.33) note # 23 of financial statements, various directives of Nepal Rastra Bank, Single Obligor Limit Ratio (Directive No. 3) and Investment Limit Ratio (Directive No 8) and Deposit Collection Limit Ratio (Directive No 16) are not in the state of the comparison with the ceiling fixed by Nepal Rastra Bank.
8. Adequate provisions for loan losses have been made by the Company.

*Opinion*

9. In our opinion and to the best of our information and explanation 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 32, 2071 (July 16, 2014) and result of operations and its cash flows for the year then ended in accordance with Nepal Accounting Standard to the extent applicable as per the prevailing law.

  
CA Gopal Kumar Shrestha  
Gopal Shrestha & Co.  
Chartered Accountant

Date: 2071-9-16  
Place: Lalitpur

## Capital Merchant Banking & Finance Ltd.

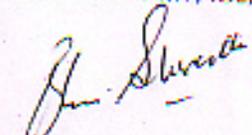
Balance Sheet as on Ashad 32, 2071 (July 16, 2014)

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	(1,403,950,124)	(1,967,268,736)
3	Debentures and Bonds	4.3	-	-
4	Borrowings	4.4	37,350,000	37,350,000
5	Deposit Liabilities	4.5	727,372,714	1,004,874,118
6	Bills Payables	4.6	-	-
7	Proposed and Payable Dividend	-	-	-
8	Income Tax Liabilities	-	-	-
9	Other Liabilities	4.7	536,041,827	515,206,044
<b>Total Capital Liabilities</b>			<b>831,883,918</b>	<b>525,230,926</b>

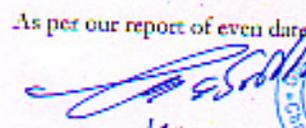
Assets		Schedule	This Year Rs.	Previous Year Rs.
1	Cash Balance	4.8	2,994,124	757,994
2	Balance with NRB	4.9	4,093,576	11,042,348
3	Balance with Banks/Financial Institutions	4.10	75,666,448	68,570,444
4	Money at Call and Short Notice	4.11	-	-
5	Investments	4.12	27,000	27,000
6	Loans Advances and Bills Purchase	4.13	668,685	12,831,172
7	Fixed Assets	4.14	94,738,296	114,769,524
8	Non-Banking Assets	4.15	-	-
9	Other Assets	4.16	653,695,789	317,232,444
<b>Total Assets</b>			<b>831,883,918</b>	<b>525,230,926</b>

Contingent Liabilities	Schedule	
Directors' Declaration	Schedule	4.17
Statement of Capital Fund	Schedule	4.29
Statement of Risk Weighted Assets	Schedule	4.30
Principal Indicators	Schedule	4.30 (A)
Principle Accounting Policies	Schedule	4.31
Notes to Accounts	Schedule	4.32
Statement of Loan taken by Promoters	Schedule	4.33
Comparison Between Unaudited and Audited Financial	Schedule	4.34
Unaudited Financial Highlights certified by Internal Auditor	Schedule	4.35
	Schedule	4.(A)

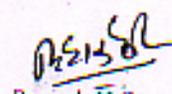
*Schedules 4.1 to 4.17, 4.32, 4.33, 4.34 & 4.35 form integral parts of the Balance Sheet.*

  
Bhumi Narayan Shrestha  
Chairman & Director

  
Rabinendra Ram Shrestha  
Director

As per our report of even date  
  
Gopal Shrestha, FCA  
Gopal Shrestha & Co.  
Chartered Accountants



  
Ramesh K.C.  
Director

  
Ashok Bhattarai  
Director



  
Basudev Acharya  
CEO

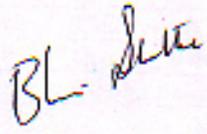
# Capital Merchant Banking & Finance Ltd.

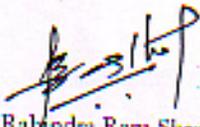
## Profit and Loss Account

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

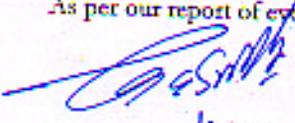
Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	59,178,970	120,182,266
2. Interest Expenses	4.19	43,457,266	70,627,553
<b>Net Interest Income</b>		<b>15,721,704</b>	<b>49,554,713</b>
3. Commission and Discount	4.20	-	-
4. Other Operating Income	4.21	183,565	196,998
5. Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>15,905,269</b>	<b>49,751,711</b>
6. Employees Expenses	4.23	12,134,867	17,547,155
7. Other Overhead Expenses	4.24	18,113,631	26,593,190
8. Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>(14,343,229)</b>	<b>5,611,366</b>
9. Provision for Possible Losses	4.25	37,120,404	-
<b>Operating Profit</b>		<b>(51,463,633)</b>	<b>5,611,366</b>
10. Non-operating Income/Expenses	4.26	2,060,652	1,212,455
11. Provision Written-Back	4.27	276,857,141	246,414,384
<b>Profit from Regular Operations</b>		<b>227,454,160</b>	<b>253,238,206</b>
12. Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>227,454,160</b>	<b>253,238,206</b>
13. Provision For Staff Bonus		-	-
14. Provision For Income Tax		(335,822,778)	34,602,231
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		(335,822,778)	34,602,231
<b>Net Profit/(Loss)</b>		<b>563,276,938</b>	<b>218,635,974</b>

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

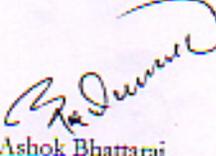
  
Bhumi Narayan Shrestha  
Chairman & Director

  
Rajendra Ram Shrestha  
Director

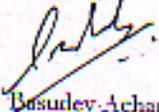
As per our report of even date

  
Gopal Shrestha, FCA  
Gopal Shrestha & Co.  
Chartered Accountants

  
Ramesh K.C.  
Director

  
Ashok Bhattarai  
Director



  
Basudev Acharya  
CEO

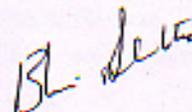
Date : 2071-09-16  
Place : Kathmandu, Nepal

## Capital Merchant Banking & Finance Ltd.

### Cash Flow Statement

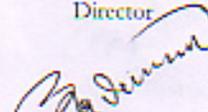
For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

Particulars	This Year Rs.	Previous Year Rs.
(a) <b>Cash flow from Operating Activities</b>	(2,908,347)	15,934,254
1 <b>Cash Received</b>	61,423,187	121,591,720
1.1 Interest Income	59,178,970	120,182,266
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	2,244,217	1,409,453
2 <b>Cash Payment</b>	64,331,534	105,657,466
2.1 Interest Expenses	43,457,266	70,627,553
2.2 Staff Expenses	12,134,867	17,547,155
2.3 Office Overhead Expenses	8,739,401	17,482,757
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
<b>Cash Flow Before Working Capital Activities</b>	(5,365,289)	(79,366,667)
<b>(Increase)/Decrease of Current Assets</b>	(324,300,858)	110,110,483
1. (Increase)/Decrease in Money at Call and Short Notice	-	-
2. (Increase)/Decrease in Short-term Investments	-	10,000,000
3. (Increase)/Decrease in Loans and Advances and Bills Purchase	12,162,487	65,478,700
4. (Increase)/Decrease in Other Assets	(336,463,345)	34,631,783
<b>Increase/(Decrease) of Current Liabilities</b>	318,935,569	(189,477,150)
1. Increase/(Decrease) in Deposits Liabilities	(277,501,403)	(350,261,656)
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	-	(46,445,343)
4. Increase/(Decrease) in Other Liabilities	596,436,972	207,229,849
(b) <b>Cash flow from Investment Activities</b>	10,656,998	17,736,147
1. (Increase)/Decrease in Long-Term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	10,656,998	17,736,147
3. Interest Income From Long-Term Investment	-	-
4. Dividend Income	-	-
5. Others	-	-
(c) <b>Cash flow from Financing Activities</b>	-	-
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 Rastri Bank	-	-
(d) <b>Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	-	-
(e) <b>This Year's Cash Flow from All Activities</b>	2,383,362	(45,696,266)
(f) <b>Opening Balance of Cash and Bank Balances</b>	80,370,787	126,067,052
(g) <b>Closing Balance of Cash and Bank Balances</b>	82,754,149	80,370,786

  
Bhumi Narayan Shrestha  
Chairman & Director

  
Rabintra Ram Shrestha  
Director

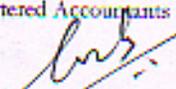
  
Ramesh K.C.  
Director

  
Ashok Bhartari  
Director

As per our report of even date

  
Gopal Shrestha, FCA  
Gopal Shrestha & Co.  
Chartered Accountants



  
Basudev Acharya  
CEO

Date : 2071-09-16  
Place : Kathmandu, Nepal

## Capital Merchant Banking & Finance Ltd.

Profit and Loss Appropriation Account

For the period from July 16, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

	Particulars	Schedules	This Year Rs.	Previous Year Rs.
<b>Income</b>				
1	Accumulated Profit up to the Last Year		(2,331,163,399)	(2,542,117,630)
2	Current Year's Profit		563,276,938	218,635,974
3	Exchange Fluctuation Fund		-	-
<b>Total (A)</b>			<b>(1,767,886,461)</b>	<b>(2,323,481,655)</b>
<b>Expenses</b>				
1	Accumulated Loss up to the Last Year		-	-
2	This Year's Loss		-	-
3	General Reserve		112,655,388	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		335,822,778	(34,602,231)
<b>Total (B)</b>			<b>448,478,166</b>	<b>9,124,964</b>
15	Accumulated Profit/(Loss) (A-B)		<b>(2,216,364,627)</b>	<b>(2,332,606,619)</b>

*Bh. Shrestha*  
 Bhumi Narayan Shrestha  
 Chairman & Director

*R. Shrestha*  
 Rabindra Ram Shrestha  
 Director

As per our report of even date

*G. Shrestha*  
 Gopal Shrestha, FCA  
 Gopal Shrestha & Co.  
 Chartered Accountants

*R.K.C.*  
 Ramesh K.C.  
 Director

*A. Bhattarai*  
 Ashok Bhattarai  
 Director



*B. Acharya*  
 Basudev Acharya  
 CEO

Date : 2071-09-16

Place : Kathmandu, Nepal

**Capital Merchant Banking & Finance Ltd.**

Statement of Changes in Equity  
Fiscal Year 2013/14 (2070/71)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferal Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 16 July 2013	935,069,500	(2,331,163,399)	80,831,628	-	-	2,611,560	-	280,451,476	-	(1,032,199,236)
Adjustment for Changes in Accounting Policies	-	41,674	-	-	-	-	-	-	-	41,674
Restated Balance as at 17 July 2014	935,069,500	(2,331,121,726)	80,831,628	-	-	2,611,560	-	280,451,476	-	(1,032,157,562)
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share Issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	563,276,938	-	-	-	-	-	-	-	563,276,938
General Reserve	-	(112,655,388)	112,655,388	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferal Tax Assets	-	(335,822,778)	-	-	-	-	-	335,822,778	-	-
Closing Balance	935,069,510	(2,216,322,953)	193,487,915	-	-	2,611,560	-	616,274,254	-	(468,880,624)

Bhumi Narayan Shrestha  
Chairman & Director

Ramesh K.C.  
Director

Rohindra Ram Shrestha  
Director

Ashok Bhattacharya  
Director



Kalyan  
Gopal Shrestha, P.C.A.  
Gopal Shrestha & Co.  
Chartered Accountants

Bisudev Acharya  
CEO



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	Samyog 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%

*Amir Jung*

*Shreeram Khatri*

*ABC*

*Sulav*

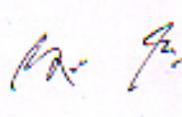


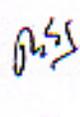
## Capital Merchant Banking &amp; Finance Ltd.

Share Capital and Ownership  
As on 31 Ashad 2071 (16 July 2014)

Particulars		This Year Rs.	Previous Year Rs.
<b>1</b>	<b>Share Capital</b>		
1.1	Authorized Capital	3,000,000,000	3,000,000,000
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	-	-
c)	..... Redeemable Preference Shares of Rs. .... each	-	-
1.2	Issued Capital	2,020,000,000	2,020,000,000
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	-	-
c)	..... Redeemable Preference Shares of Rs. .... each	-	-
1.3	Paid up Capital	935,069,500	935,069,500
a)	9,350,695 Ordinary Shares of Rs.100 each	935,069,500	935,069,500
b)	..... Non-redeemable Preference Shares of Rs. .... each	-	-
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	%
<b>1 National Ownership</b>	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	49%	458,184,100	458,184,100	49%
1.7 Individuals	51%	476,885,400	476,885,400	51%
1.6 Others	-	-	-	-
<b>2 Foreign Ownership</b>	-	-	-	-
<b>Total</b>	100	935,069,500	935,069,500	100








## Capital Merchant Banking &amp; Finance Ltd.

Reserve and Surplus

As on 32 Ashad 2071 (16 July 2014)

Particulars		This Year Rs.	Previous Year Rs.
1	General Reserve Fund	193,487,015	80,831,628
2	Capital Reserve Fund	-	-
3	Capital Redemption Reserve	-	-
4	Capital Adjustment Fund	-	-
5	Other Reservers	618,885,814	283,063,036
	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	616,274,254	280,451,476
	5.7 Other Free Reserves	-	-
	5.8 Other Reserve Funds	-	-
	5.9 Share Premium	2,611,560	2,611,560
6	Accumulated Profit/(Loss)	(2,216,322,953)	(2,331,163,399)
7	Exchange Equalization Fund	-	-
	<b>Total</b>	<b>(1,403,950,124)</b>	<b>(1,967,268,736)</b>

*Handwritten signature*

*Handwritten signature*

*Handwritten signature*



## Capital Merchant Banking & Finance Ltd.

Debentures and Bonds

As on 32 Ashad 2071 (16 July 2014)

Schedule 4.3

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 .....	-	-
<b>Total (1+2+3)</b>	-	-

*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 32 Ashad 2071 (16 July 2014)

Schedule 4.4

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

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*



Capital Merchant Banking & Finance Ltd.

Schedule 4.3

Deposits  
As on 32 Ashad 2071 (16 July 2014)

Particulars	This Year Rs.	Previous Year Rs.
<b>1 Non-Interest Bearing Accounts</b>		
<b>A. Current Deposits</b>		
<i>1. Local Currency</i>		
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	-	-
<i>2. Foreign Currency</i>		
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>B. Margin Deposits</b>		
1 Employee Guarantees	-	-
2 Guarantee Margin	-	-
3 Letters of Credit Margin	-	-
<b>C. Others</b>		
<i>1. Local Currency</i>		
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	-	-
1.3 Individuals	-	-
<i>2. Foreign Currency</i>		
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individuals	-	-
<b>Total of Non-Interest Bearing Accounts</b>	-	-
<b>2 Interest Bearing Accounts</b>		
<b>A. Savings Deposits</b>		
<i>1. Local Currency</i>	239,288,336	368,709,024
1.1 Organized Institutions	239,288,336	368,709,024
1.2 Individuals	60,643	63,454
1.3 Others	239,227,693	368,645,570
<i>2. Foreign Currency</i>		
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
<b>B. Fixed Deposits</b>		
<i>1. Local Currency</i>	12,292,761	93,114,393
1.1 Organized Institutions	12,292,761	93,114,393
1.2 Individuals	5,101,750	30,854,396
1.3 Others	7,191,011	62,259,797
<i>2. Foreign Currency</i>		
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
<b>C. Call Deposits</b>		
<i>1. Local Currency</i>	475,791,617	543,060,700
1.1 "A" Class Licensed Institutions	475,791,617	543,050,700
1.2 Other Licensed Institutions	-	-
1.3 Other Organized Institutions	104,495,493	159,635,369
1.4 Individuals	350,094,986	300,126,840
1.5 Others	21,261,130	43,288,492
<i>2. Foreign Currency</i>		
2.1 "A" Class Licensed Institutions	-	-
2.2 Other Licensed Institutions	-	-
2.3 Other Organized Institutions	-	-
2.4 Individuals	-	-
2.5 Others	-	-
<b>D. Certificate of Deposit</b>		
1 Organized Institutions	-	-
2 Individuals	-	-
3 Others	-	-
<b>Total of Interest Bearing Accounts</b>	727,372,714	1,604,874,118
<b>Total Deposit (1+2)</b>	727,372,714	1,604,874,118





Schedule 4.6

## Capital Merchant Banking &amp; Finance Ltd.

## Bills Payable

As on 32 Ashad 2071 (16 July 2014)

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

Schedule 4.7

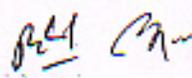
## Capital Merchant Banking &amp; Finance Ltd.

## Other Liabilities

As on 32 Ashad 2071 (16 July 2014)

	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	-	298,304,436
6	Interest Payable on Borrowings	-	-
7	Unearned Discount and Commission	-	-
8	Sundry Creditors	49,159,650	26,540,256
9	Branch Adjustment Account	-	-
10	Others	-	-
	TDS Payable on interest	12,910,821	15,721,078
	Other TDS Payable	499,671	408,156
	A/C Payables	965,236	752,435
	FD Nominees	470,852,696	170,650,995
	Provision	1,545,092	2,720,026
	Deferred Tax Liability	-	-
	Total	536,041,827	515,206,044








Schedule 4.8

## Capital Merchant Banking &amp; Finance Ltd.

Cash Balance

As on 32 Ashad 2071 (16 July 2014)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	2,994,124	757,994
2 Foreign Currency	-	-
<b>Total</b>	<b>2,994,124</b>	<b>757,994</b>

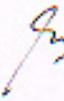
Schedule 4.9

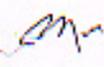
## Capital Merchant Banking &amp; Finance Ltd.

Balance with Nepal Rastra Bank

As on 32 Ashad 2071 (16 July 2014)

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	4,093,576	-	-	-	4,093,576	11,042,348
a) Current Account	4,093,576	-	-	-	4,093,576	11,042,348
b) Other Account	-	-	-	-	-	-






## Capital Merchant Banking &amp; Finance Ltd.

Balance with Banks/Financial Institutions

As on 32 Ashad 2071 (16 July 2014)

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	75,666,448	-	-	-	75,666,448	68,570,444
a) Current Account	-	-	-	-	-	640,176
b) Other Account	75,666,448	-	-	-	75,666,448	67,930,268
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
Total	75,666,448	-	-	-	75,666,448	68,570,444





Schedule 4.11

## Capital Merchant Banking &amp; Finance Ltd.

Money at Call and Short Notice  
As on 32 Ashad 2071 (16 July 2014)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency		
2 Foreign Currency		
<b>Total</b>	-	-

Schedule 4.12

## Capital Merchant Banking &amp; Finance Ltd.

Investments  
As on 32 Ashad 2071 (16 July 2014)

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	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>-</b>	<b>29,200</b>	<b>29,200</b>
<b>Provision</b>	<b>2,200</b>	<b>-</b>	<b>2,200</b>	<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>	<b>-</b>	<b>27,000</b>	<b>27,000</b>

fa.

02/1

CB

ca

1/



Schedule 4.12 (A)

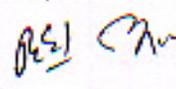
**Capital Merchant Banking & Finance Ltd.**

Investment in Shares, Debentures and Bonds

As on 32 Ashad 2071 (16 July 2014)

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 .....	-	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	<b>2,464</b>	<b>2,200</b>	<b>29,200</b>	<b>29,200</b>
3 Provision for Loss	2,200				2,200
3.1 Provision Up to Previous Year	2,200				2,200
3.2 Additions This Year	-				-
<b>Total Provision</b>	<b>2,200</b>				<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>				<b>27,000</b>








**Capital Merchant Banking & Finance Ltd.**

Held for Trading

As on 32 Ashad 2071 (16 July 2014)

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	-	-	-	-	-	
<b>Total Investment</b>	<b>2,200</b>	-	-	-	-	

95

*[Handwritten Signature]*

06/07/14

*[Handwritten Signature]*



**Capital Merchant Banking & Finance Ltd.**

Held to Maturity

As on 31 Ashad 2071 (16 July 2014)

Description	Cost Price	Cumulative Loss Upto This Year	Current Year 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. Debenture and Bonds of Local Licensed Institutions	.	.	.	.	.	
8. Debenture and Bonds of Local Organized Institutions	.	.	.	.	.	
9. Investment in Foreign Banks (Placement)	.	.	.	.	.	
10. Interbank Lending	27,000	.	.	.	.	
11. Other Investment	27,000	.	.	.	.	
<b>Total Investment</b>						

*[Handwritten signature]*



*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*

**Capital Merchant Banking & Finance Ltd.**

Available for Sale

As on 31/07/2014 (16 July 2014)

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. Debiture and Bonds of Local Licensed Institutions	-	-	-	-	-	-	
8. Debiture and Bonds of Local Organized Institutions	-	-	-	-	-	-	
9. Investment in Foreign Banks (Placement)	-	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	-	
11. Other Investment	-	-	-	-	-	-	
<b>Total Investment</b>	<b>29,200</b>	-	-	-	-	-	










## Capital Merchant Banking &amp; Finance Ltd.

Classification of Loans and Bills Purchased and Provisioning  
As on 32 Ashad 2071 (16 July 2014)

Particulars	Loans						Bills			This Year Rs.	Previous Year Rs.
	Domestic			Foreign	Total	Domestic	Foreign	Total			
	Deprived		Others								
	Insured	Uninsured									
1	Performing Loan	-	-	355,367	-	-	-	355,367	-	11,128,394	
1.1	Pass Loan	-	-	355,367	-	-	-	355,367	-	11,128,394	
1.2	Restructured	-	-	-	-	-	-	-	-	-	
2	Non-Performing Loan	-	-	2,017,440,427	-	-	-	2,017,440,427	-	2,295,687,028	
2.1	Substandard	-	-	274,443	-	-	-	274,443	-	707,258	
2.2	Doubtful	-	-	222,078	-	-	-	222,078	-	2,567,236	
2.3	Bad	-	-	2,016,943,906	-	-	-	2,016,943,906	-	2,292,412,534	
(A)	Total Loan	-	-	2,017,795,794	-	-	-	2,017,795,794	-	2,306,815,422	
3	Loan Loss Provision	-	-	2,017,127,109	-	-	-	2,017,127,109	-	2,293,984,251	
3.1	Pass	-	-	3,554	-	-	-	3,554	-	111,284	
3.2	Restructured	-	-	-	-	-	-	-	-	-	
3.3	Substandard	-	-	68,611	-	-	-	68,611	-	176,815	
3.4	Doubtful	-	-	111,039	-	-	-	111,039	-	1,283,618	
3.5	Bad	-	-	2,016,943,906	-	-	-	2,016,943,906	-	2,292,412,534	
(B)	Total Provisioning	-	-	2,017,127,109	-	-	-	2,017,127,109	-	2,293,984,251	
4	Provisioning up to Previous Year	-	-	2,281,984,251	-	-	-	2,281,984,251	-	2,540,313,635	
4.1	Pass	-	12,000,000	111,284	-	-	-	111,284	-	736,907	
4.2	Restructured	-	-	-	-	-	-	-	-	-	
4.3	Substandard	-	-	176,815	-	-	-	176,815	-	978,169	
4.4	Doubtful	-	-	1,283,618	-	-	-	1,283,618	-	2,421,528	
4.5	Bad	-	12,000,000	2,280,412,534	-	-	-	2,292,412,534	-	2,536,177,031	
(C)	Total Previous Year's Provision	-	12,000,000	2,281,984,251	-	-	-	2,293,984,251	-	2,540,313,635	
(D)	Written Back From Previous Year	-	-	-	-	-	-	-	-	-	
Changes in This Year		-	(12,000,000)	(264,857,141)	-	-	-	(276,857,141)	-	(246,329,384)	
Net Loan (A-B)		-	-	668,685	-	-	-	668,685	-	12,831,172	



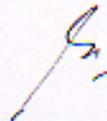
Schedule 4.13 (A)

## Capital Merchant Banking &amp; Finance Ltd.

Loans, Advances and Bills Purchased Security wise

As on 32 Ashad 2071 (16 July 2014)

Particulars		This Year Rs.	Previous Year Rs.
(A)	Secured	2,017,795,794	2,306,815,422
1	Movable/Immovable Assets	2,014,743,815	2,294,319,641
2	Guarantee of Local Licensed Institutions	-	-
3	Government Guarantee	-	-
4	Internationally Rated Bank Guarantee	-	-
5	Export Documents	-	-
6	Fixed Deposit Receipts	-	-
	a) Own Fixed Deposit Receipt	-	5,080,000
	b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7	Government Bonds	-	-
8	Counter Guarantee	-	-
9	Personal Guarantee	-	-
10	Other Securities	3,051,979	7,415,781
(B)	Unsecured	-	-
<b>Total</b>		<b>2,017,795,794</b>	<b>2,306,815,422</b>









## Capital Merchant Banking &amp; Finance Ltd.

## Fixed Assets

As on 31.07.2014 (16 July 2014)

Particulars	Assets						This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others			
1								
At Cost								
a. Previous Year Balance	31,332,349	12,466,195	31,147,147	12,603,978	7,112,614		108,668,991	
b. Addition This Year	-	-	-	-	29,128		25,742	
c. Revaluation/Written Back This Year	-	-	-	-	-		315,662	
d. This Year Sold	-	333,351	2,943,193	1,427,457	606,708		14,327,522	
e. This Year Written off	-	-	385,446	667,813	383,295		20,589	
Total Cost (a+b+c-d-e)	31,332,349	12,132,845	27,818,508	10,508,708	6,451,739	87,944,149	94,662,284	
2								
Depreciation								
a. Up to Previous Year	8,209,377	10,068,196	22,008,238	8,714,940	4,784,531		46,295,085	
b. For This Year	1,156,149	438,862	1,836,998	725,437	521,452		7,490,197	
c. Depreciation on Revaluation/Written Back	-	-	-	4,922	-		-	
Total Depreciation	9,365,526	10,507,058	23,845,235	9,445,299	5,305,983	58,459,258	53,785,282	
3								
Book Value (WDV*) (1-2)	21,966,823	1,625,787	3,973,273	1,063,409	845,756	29,475,048	40,877,001	
4								
Land	-	-	-	-	-		56,009,370	
5								
Capitalization Construction (Pending)	-	-	-	-	-		7,495,872	
6								
Leasehold Assets	-	-	-	-	-		1,758,007	
Total (3+4+5+6)	21,966,823	1,625,787	3,973,273	1,063,409	845,756	94,738,296	114,769,524	

\* Written Down Value







Schedule 4.16

## Capital Merchant Banking &amp; Finance Ltd.

Other Assets

As on 32 Ashad 2071 (16 July 2014)

Particulars		This Year Rs.	Previous Year Rs.
ATM card Stock		745,800	745,800
Income Receivable on Investments			
Accrued Interest on Loan	1,260,148,531		889,468,734
Less : Interest Suspense Amount	(1,260,148,531)		(889,468,734)
Commission Receivable			
Sundry Debtors		32,965,841	32,200,150
Staff Loans and Advances		80,137	80,137
Prepaid Expenses		136,349	243,422
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		616,274,254	280,451,476
Other		3,015,538	3,033,588
<b>Total</b>		<b>653,695,789</b>	<b>317,232,444</b>

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	1,260,148,531	-	-	1,260,148,531	889,468,734
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-



**Capital Merchant Banking & Finance Ltd.**

Contingent Liabilities

As on 32 Ashad 2071 (16 July 2014).

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		-	-
<b>Total</b>		-	-

*[Handwritten signatures and initials]*



## Capital Merchant Banking &amp; Finance Ltd.

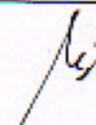
## Interest Income

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

Particulars		This Year Rs.	Previous Year Rs.
A.	On Loan, Advances and Overdraft	57,748,220	115,635,997
1	Loans and Advances	57,748,220	115,635,997
2	Overdraft	-	-
B	On Investment	-	-
1	Nepal Government Securities	-	-
a.	Treasury Bills	-	-
b.	Development Bonds	-	-
c.	National Savings Certificates	-	-
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	1,430,750	4,546,269
1	Certificate of Deposits	-	-
2	Inter-Bank Loan	-	-
3	Others-Deposit with other Fis	1,430,750	4,546,269
<b>Total</b>		<b>59,178,970</b>	<b>120,182,266</b>









Schedule 4.19

## Capital Merchant Banking &amp; Finance Ltd.

## Interest Expenses

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

Particulars	This Year Rs.	Previous Year Rs.
A. On Deposit Liabilities	42,120,363	69,139,533
1 Fixed Deposits	6,610,520	17,363,546
1.1 Local Currency	6,610,520	17,363,546
1.2 Foreign Currency	-	-
2 Savings Deposits	19,231,441	27,968,270
2.1 Local Currency	19,231,441	27,968,270
2.2 Foreign Currency	-	-
3 Call Deposits	16,278,402	23,807,717
3.1 Local Currency	16,278,402	23,807,717
3.2 Foreign Currency	-	-
4 Certificate of Deposits	-	-
B. On Borrowings	1,336,903	1,488,020
1 Debentures and Bonds	-	-
2 Loan from Nepal Rastra Bank	-	-
3 Inter Bank/Financial Institutions Borrowing	1,336,903	1,488,020
4 Other Corporate Body	-	-
5 Other Loans	-	-
C. On Others	-	-
1 .....	-	-
2 .....	-	-
<b>Total</b>	<b>43,457,266</b>	<b>70,627,553</b>

for  
 (25/)  
 [Signature]  
 [Signature]



Schedule 4.20

## Capital Merchant Banking &amp; Finance Ltd.

Commission and Discount

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

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

f.

RCL

f.

f.

f.



Schedule 4.21

## Capital Merchant Banking &amp; Finance Ltd.

Other Operating Income

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

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	183,565	196,998
Total		183,565	196,998

Schedule 4.22

## Capital Merchant Banking &amp; Finance Ltd.

Exchange Gain/Loss

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

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









## Capital Merchant Banking &amp; Finance Ltd.

## Employee Expenses

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

	Particulars	This Year Rs.	Previous Year Rs.
1	Salary	7,896,807	11,116,265
2	Allowances	2,352,574	3,733,488
3	Contribution to Provident Fund	476,057	695,718
4	Training Expenses	-	-
5	Uniform	-	-
6	Medical	511,847	833,550
7	Insurance	121,641	235,900
8	Leave Incashment	688,062	868,835
9	Others	87,879	63,400
	<b>Total</b>	<b>12,134,867</b>	<b>17,547,155</b>

for

RS21

for

for

for



for



## Capital Merchant Banking &amp; Finance Ltd.

Other Overhead Expenses

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

Particulars	This Year Rs.	Previous Year Rs.
1 House Rent	1,907,141	5,086,673
2 Electricity and Water	675,461	1,136,267
3 Repair and Maintenance	280,820	1,329,647
(a) Building	-	78,583
(b) Vehicles	113,943	122,516
(c) Others	166,877	1,128,548
4 Insurance	484,808	1,128,294
5 Postage, Telex, Telephone, Fax	276,784	469,046
6 Office Equipment, Furniture and Fixture Repair	136,954	212,674
7 Traveling Allowances and Expenses	11,480	285,655
8 Stationery and Printing	59,372	242,906
9 Periodicals and Books	18,810	47,810
10 Advertisements	-	-
11 Legal Expenses	-	-
12 Donations	-	-
13 Expenses Relating to Board of Directors	269,020	265,085
(a) Meeting Fees	268,000	260,500
(b) Other Expenses	1,020	4,585
14 Annual General Meeting Expenses	-	-
15 Expenses Relating to Audit	206,700	209,573
(a) Audit Fees	101,700	101,700
(b) Other Expenses	-	1,935
(c) Tax Audit Fees	105,000	105,938
16 Commission on Remittances	-	-
17 Depreciation on Fixed Assets	5,532,129	9,110,433
18 Amortization of Preliminary Expenses	-	-
19 Share Issue Expenses	-	-
20 Technical Services Fee	559,950	547,500
21 Entertainment	-	-
22 Written Off Expenses	3,842,967	871,311
23 Security Expenses	1,450,524	2,530,110
24 Credit Guarantee Premium	-	-
25 Commission and Discount	-	-
26 Others	2,400,710	3,120,207
26.1 Membership Fee	61,530	92,190
26.2 Tax & Fines	937,705	1,075,909
26.3 Anniversary Expenses	-	-
26.4 Fuel Expenses	453,367	581,247
26.5 Service Charge	10,435	4,968
26.6 Gift Expenses	-	-
26.7 Branch Extension Expenses	-	-
26.8 Data Connectivity Expenses	668,583	1,114,180
26.9 Software Maintenance Expenses	82,490	66,034
26.1 Others	186,601	185,679
<b>Total</b>	<b>18,113,631</b>	<b>26,593,190</b>







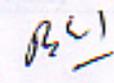


## Capital Merchant Banking &amp; Finance Ltd.

Provision for Possible Losses

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

Particulars	This Year Rs.	Previous Year Rs.
1 Increase in Loan Loss Provision	-	-
2 Increase in Provision for Loss on Investment	-	-
3 Provision Against Non-Banking Assets	-	-
4 Provision Against Other Assets	37,120,404.17	-
<b>Total</b>	<b>37,120,404</b>	<b>-</b>






## Capital Merchant Banking &amp; Finance Ltd.

Provision for Possible Losses

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

Particulars	This Year Rs.	Previous Year Rs.
Total Loan Provision	37,120,404.17	-
Provision against Non-banking Assets	-	-
Investment Provision	-	-
Provision against Other Assets	-	-
<b>Total</b>	<b>37,120,404.17</b>	<b>-</b>

Schedule 4.26

### Capital Merchant Banking & Finance Ltd.

Non-Operating Income/Loss

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

Particulars	This Year Rs.	Previous Year Rs.
1 Profit (Loss) on Sale of Investment	-	-
2 Profit (Loss) on Sale of Assets	1,177,985	831,900
3 Dividend	-	-
4 Subsidies Received from Nepal Ratra Bank	-	-
a. Reimbursement of Losses of Specified Branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
5 Others	882,667	380,556
<b>Total Non-Operating Income (Loss)</b>	<b>2,060,652</b>	<b>1,212,455</b>

Schedule 4.27

### Capital Merchant Banking & Finance Ltd.

Loss Provisions Written Back

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

Particulars	This Year Rs.	Previous Year Rs.
1 Loan Loss Provision Written Back	276,857,141	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	-	-
<b>Total</b>	<b>276,857,141</b>	<b>246,414,384</b>









**Capital Merchant Banking & Finance Ltd.**

Statement of Loans Written-Off

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

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	-	-	-	-	-	-
<b>Total Loan</b>		-	-	-	-	-	-

*[Handwritten mark]*

*[Handwritten mark]*

*[Handwritten mark]*

*[Handwritten mark]*

*[Handwritten mark]*



## Capital Merchant Banking &amp; Finance Ltd.

Income / Expenses from Extra-ordinary Activities

For the period from July 17, 2013 to July 16, 2014 (Shrawan 01, 2070 to Ashad 32, 2071)

Particulars		This Year Rs.	Previous Year Rs.
1	Recovery of write off Loan	-	-
2	Voluntary Retirement Scheme Expenses	-	-
3	Loan Write-Off (4.28) (a)	-	-
4	Other Expenses/Income	-	-
Total		-	-

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*



**Capital Merchant Banking & Finance Ltd.**

Statement of Loans and Advances Extended to Directors/Chief Executive/Promoter/Employees and Shareholders  
As on 32 Ashad 2071 (16 July 2014)

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	-	-	-	-	-	-	-
<b>Total</b>							

Handwritten signatures and stamps are present on the right side of the page, including a circular stamp of Capital Merchant Banking & Finance Ltd. and a signature.

## Capital Merchant Banking &amp; Finance Ltd.

Statement of Capital Fund

As on 32 Ashad 2071 (16 July 2014)

Fig. in '000

Particulars	This Year Rs.	Previous Year Rs.
<b>A) Core Capital</b>	<b>(471,081)</b>	<b>(1,034,399)</b>
1 Paid up Capital	935,070	935,070
2 Proposed Bonus Share	-	-
3 Share Premium	2,612	2,612
4 Non-Redeemable Preference Share	-	-
5 General Reserve Fund	193,487	80,832
6 Cumulative Profit/(Loss) (up to Previous FY)	-	-
7 Current Year Profit/(Loss) as per shown in Balance Sheet	(2,216,323)	(2,331,163)
8 Capital Redemption Reserve	-	-
9 Capital Adjustment Reserve	-	-
10 Calls in Advance	-	-
11 Other Free Reserves	-	-
12 Deferred Tax Reserve	616,274	280,451
Less :	2,200	2,200
- Goodwill	-	-
- Investment in excess of prescribed limit	2,200	2,200
- Fictitious Assets	-	-
- 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>B) Supplementary Capital</b>	<b>6</b>	<b>113</b>
1 Loan Loss Provision on Pass Loans	3.55	111
2 Additional Loan Loss Provision	-	-
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
<b>C) Total Capital Fund (A+B)</b>	<b>(471,075)</b>	<b>(1,034,286)</b>
<b>D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets</b>		
Capital Fund (@ 11 Percent)	303,061	299,331
Core Capital (@ 5.5 Percent)	151,531	149,665
Capital Fund Deficit By @ ..... Percent	(774,136)	(1,333,617)
Core Capital Deficit By @ ..... Percent	(622,611)	(1,184,065)

7.

BSE



## Capital Merchant Banking &amp; Finance Ltd.

Table of Risk Weighted Assets Statement

As on 32 Ashad 2071 (16 July 2014)

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	2,994	-	758	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	4,094	-	11,042	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	5,080	-
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	75,666	15,133	68,570	13,714
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	-	-	-	-
Investments in Shares, Debentures and Bonds	100	29	29	29	29
Other Investments	100	-	-	-	-
Loan, Advances and Bills Purchased/Discounted	100	2,017,796	2,017,796	2,301,735	2,301,735
Fixed Assets	100	94,738	94,738	114,770	114,770
Other Interest Receivable (Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	627,406	627,406	290,942	290,942
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>2,822,723</b>	<b>2,755,102</b>	<b>2,792,927</b>	<b>2,721,191</b>
<b>Off Balance Sheet Items</b>					
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	-	-	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Risk Weighted Assets</b>		<b>2,822,723</b>	<b>2,755,102</b>	<b>2,792,927</b>	<b>2,721,191</b>

G.M. G.

R.S.

J.S.

J.S.

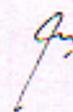
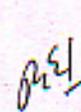


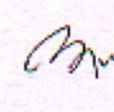


## Capital Merchant Banking &amp; Finance Ltd.

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	FY 2070/71
1 Percent of Net Profit/Gross Income	Percent	16.06	16.63	(203.10)	(862.86)	180	917
2 Earning Per Share	Rs.	11.21	6.69	(102.85)	(133.71)	23.38	60.24
3 Market Value Per Share	Rs.	680	216	131	131	131	131
4 Price Earning Ratio	Percent	61	32	(1.27)	(0.97)	5.60	2.17
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	2.86
8 Staff Expenses/Total Operating Expenses	Percent	39.64	36.77	40.43	41.46	39.75	40.12
9 Interest Expenses / Total Deposit and Borrowing	Percent	7.96	9.19	11.70	15.36	6.78	5.68
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	27.92
13 Net Profit/Total Assets	Percent	1.66	1.75	(31.90)	(179.60)	41.63	67.71
14 Total Credit/Deposit	Percent	115.20	119.99	133.74	193.24	229.56	277.41
15 Total Operating Expenses/Total Assets	Percent	1.05	1.38	1.83	5.62	5.06	2.18
16 Adequacy of Capital Fund on Risk Weighted Assets							
a) Core Capital	Percent	17.59	33.39	0.37	(40.65)	(38.01)	5.27
b) Supplementary Capital	Percent	0.89	0.91	0.52	0.31	0.004	5.445
c) Total Capital Fund	Percent	18.48	34.30	0.89	(40.34)	(38.01)	10.72
17 Liquidity (CRR)	Percent	13.20	21.59	0.054	0.850	0.75	0.34%
18 Non-Performing Loan/Total Credit	Percent	2.960	2.63	43.45	97.39	99.52	99.98
19 Weighted Average Interest Rate Spread	Percent	4.92	4.92	2.01%	7.12%	10.01%	4.38%
20 Book Net-Worth	Rs.	401,463	978,432	16,757,848	(1,252,278,430)	(1,032,199,236)	(468,880,624)
21 Total Number of Shares	Nos.	3,740,278	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695
22 Total Staff	Nos.	57	71	128	65	48	27
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, 2013 to July 16, 2014 (Shriwan 01, 2070 to Ashad 32, 2071)

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							

*m.*  
*TSB*  
*3/2*  
*for*



## 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 Battisputali, 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 17Magh 2058 and came into operation with effective from 17Magh 2058. The Company has listed on Nepal Stock Exchange Limited.

Capital Merchant Banking and Finance Ltd has been declared as a "problematic financial institution" on 17 Magh 2069 as per Sec 86(kha) of Nepal Rastra Bank Act, 2058.

### 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. Going Concern Assumption

Though the company has negative net worth amounting to Rs1,066,024 thousand, negative capital fund of 49.50%, the management is of view that the company is a going concern with no intention of ceasing its financial activity for the foreseeable future and hence the "going concern" assumption has been applied for the preparation of its financial statements.

### 6. Interest Income

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

*[Handwritten signatures]*



Interest income on Investments is accounted for on accrual basis.

7. **Commission Income**

All the commission incomes are accounted for on accrual basis.

8. **Interest Expense**

Interest on deposit liabilities and borrowings is accounted for on accrual basis.

9. **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.

10. **Staff Loans and Advances**

Loans and advances granted to staff are shown under other assets Schedule-4.16.

11. **Loan Loss Provision**

The provision for possible losses for loans and advances are provided at the rates between 1 percent to 100percent according to classification of such risk assets as per Nepal Rastra Bank Directives.

12. **Write Off**

During this period, the Company has not written off any amount of loans and advances.

13. **Investments**

Investments are classified as held for trading, held to maturity and available for sale.

14. **Fixed Assets and Depreciation**

- a. Fixed assets are stated at cost less accumulated depreciation and impairment losses.
- b. Depreciation is charged to Profit & Loss Account on Diminishing Balance Method applying the manner prescribed by Income Tax Act, 2058. For disposing the fixed asset of the company, it would follow the income tax act policy and deduct depreciation up to a day prior to the date of disposal.
- c. 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.

15. **Non-Banking Assets**

Non-Banking Assets is valued in accordance with the Nepal Rastra Bank Directives. However, bank does not have non-banking assets during the year.

16. **Accounting policy for non-capitalisation of assets**

*[Handwritten mark]*

*[Handwritten mark]*

*[Handwritten mark]*

*[Handwritten mark]*

*[Handwritten mark]*



Assets worth Rs 5,000 or less are directly charged off as revenue expenditure at the time of purchase.

**17. 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.

**18. 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.

**19. 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.

**20. 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.

**21. 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. As there is no taxable income for the current financial year so no provision has been provided.



22. **Exchange gain/loss policy**

The Financial institution has not transacted any other foreign currency except Indian Currency. So far, there has been no exchange gain/loss to the company due to foreign exchange transaction.

23. **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.

*[Handwritten signature]*

*[Handwritten initials]*

*[Handwritten signature]*

*[Handwritten initials]*

*[Handwritten signature]*



## Notes to Accounts

Schedule 4.33

1. **Interest Income and Interest Suspense**  
The interest receivable on loans and advances as at 16 July, 2014 (32 Ashad, 2071) 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 not been provided for current year as company is in loss.
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. 246,660.03.
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. 16 July 2014.
8. **Average Interest rate Spread**  
The average interest rate in Loans and advances of the company is 12% and the average interest rate of the company in Deposit is 7.62%, hence the average interest rate spread of the company has been derived as 4.38%.
9. **Expenses to be written off**  
The company has Rs 477,871 under the head expenses to be written off. The amount had been carried forward from previous year end.

*[Handwritten signatures]*



10. The company has negative capital fund as on Chaitra end, 2070 and hence the Single Obligor limit for the company has exceeded the limit as mentioned in the directive prescribed by Nepal Rastra Bank.
11. The company has not borrowed any amount by mortgaging any asset owned by the company.
12. **Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written-off**

Rs'000

Particulars	Amount (Rs.)
Opening Balance	2,306,815
Loans Disbursed	Nil
Loans Recovered	289,019
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	2,017,796

13. **Classification of Loans & Provisioning**  
Classification of loan as on 32/3/2071 is as under:

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	3.55
2.	Substandard	68.61
3.	Doubtful	111.03
4.	Loss	2,016,943.90
<b>Total</b>		<b>2,017,127.09</b>

Accordingly, Company has write back Rs. 276,857 thousand loan loss provision thereon during a year.

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

Rs'000

Particulars	Current Year	Previous Year	Decrease byRs.
	NRs.	NRs.	
Current Deposit	0	0	0
Margin Deposit	0	0	0
Saving Deposit	239,288	368,709	129,420
Call Deposit	475,791	543,051	67,260
Fixed Deposit	12,293	93,114	80,821
<b>Total</b>	<b>727,372</b>	<b>1,004,874</b>	<b>277,501</b>

*[Handwritten signatures and initials]*





15. **Leasehold asset detail**

The opening balance of the leasehold asset for the FY 2070/71 is Rs 10,387,281, Rs 8,629,274 has been amortised during the year and hence the closing balance figure for the year ended Ashadh end, 2071 is Rs 1,758,007.

16. **Paid up Share Capital**

Paid up share capital of the Company as on Ashadh end, 2071 is Rs 935,069,500. There has been no change in the paid up capital from previous year.

17. **Details of Non-Banking Assets**

The Company has no non-banking assets in current year.

18. **Provision for Gratuity**

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

19. **Provision for Leave Encashment**

The Company has provided provision for leave encashment as per Employee Service Regulation and accordingly Rs. 1,545,092 has been provided for leave encashment under this account.

20. **Provision on Bank Balance**

As the Crystal Finance has been declared as problematic bank so there arises the doubt to recover the bank balance. So, the provision has been made on full amount of bank balance Rs. 37,120,404.17 in the financial statement.

21. 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 Amount
<b>Assets</b>							
1	Cash Balance	2994					2994
2	Balance with Banks & FIs	116880					116880
3	Investment in Foreign Banks						0
4	Call Money						0
5	Government Securities						0
6	Nepal Rastra Bank Bonds						0
7	Inter Bank & FI Lending						0
8	Loans & Advances	1345848	123569	205911	45610	296858	2017796
9	Interest Receivable						0
10	Reverse Repo						0
11	Receivables from other Institutions under Commitment						0
12	Payment to be made for facilities under s.no 20,21 & 22						0
13	Others						0
	<b>Total Assets (A)</b>	<b>1465722</b>	<b>123569</b>	<b>205911</b>	<b>45610</b>	<b>296858</b>	<b>2137670</b>
<b>Liabilities</b>							
14	Current Deposits						0
15	Saving Deposits	716014					716014
16	Fixed Deposits	473291	1140	4993	200	2587	482212
17	Debentures						0
18	Borrowings:	37350	0	0	0	0	37350
	(a) Call/Short Notice						0
	(b) Inter-bank/Financial Institutions	37350					37350
	(c) Refinance						0
	(d) Others						0
19	Other Liabilities and Provisions	2082210	0	0	0	0	2082210
	(a) Sundry Creditors	49160					49160
	(b) Bills Payable	0					0
	(c) Interest Payable	0					0
	(d) Provisions	2018674					2018674
	(e) Others	14376					14376
20	Payable to other institutions under Commitment						0
21	Unutilized Approved Facilities						0
22	Letter of Credit/Guarantee (Net of Margin)						0

23	Repo						0
24	Payment to be made for facilities under S.No 11						0
25	Others						0
	<b>Total Liabilities (B)</b>	3308865	1140	4993	200	2587	3317785
	<b>Net Financial Assets (A-B)</b>	-1843143	122429	200918	45410	294271	-1180115
	<b>Cumulative Net Financial Assets</b>	-1843143	1720714	1519796	1474385	1180115	0

## 22. Deferred Tax Assets/ (Liability)

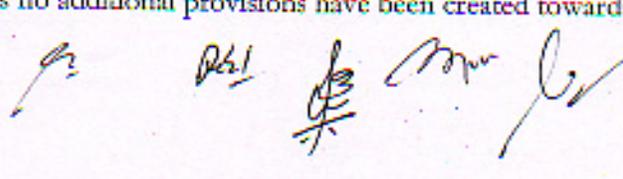
Deferred tax assets and liabilities have been computed as follows:

Particulars	As per books of accounts	Tax Base	Deductible Temporary Difference
Bank Balance	75,666,448	112,786,852	37,120,404
Loans and Advances	668,685	2,017,795,794	2,017,127,109
<b>Taxable Temporary Difference</b>			<b>2,054,247,513</b>
Tax Rate			30%
<b>Deferred Tax Asset/(Liability)</b>			<b>616,274,254</b>
Deferred Tax (Liability)/Assets till Ashad end 2070			280,451,476
<b>Deferred Tax Income/(Expense) as on Ashadh end, 2071</b>			<b>335,822,778</b>

Deferred Tax Assets as on Ashad end 2071 (16 July 2014) is Rs 616,274,254 and Rs. 335,822,778 has been recognized as deferred tax income in Profit and Loss Account in the current year.

23. Presently, the Company has been declared as a "Problematic Financial institution" as per Section 86(kha) of Nepal Rastra Bank Act. 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 decreased to Rs. 468,880,623 thousand from last year's negative net worth of Rs. 1,032,199 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.





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

There were no such adjusting events after the Balance Sheet date as observed by us.

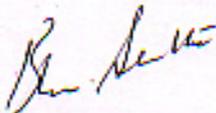
25. **Income Tax**

For tax purpose, self assessment income tax return has been filed upto F.Y. 2069/70. The financial statements are subject to NRB approval.

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

27. **Previous Year's Figures**

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



Bhumi Narayan Shrestha  
Chairman & Director



Rabindra Ram Shrestha  
Director



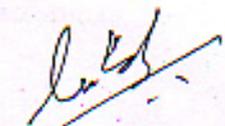
Gopal Shrestha, FCA  
Gopal Shrestha & Co.  
Chartered Accountants



Ramesh K.C.  
Director



Ashok Bhattarai  
Director



Basudev Acharya  
CEO



# Capital Merchant Banking and Finance Limited

व्यापित्त मर्चेन्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेड

"Class 'C' financial institution licensed by NRB"



## Management Representation Letter for 2070/71

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 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 the erstwhile management is responsible for the safe guarding of the entire assets including loans and receivables in whatever forms.
- d) During present management tenure, there are no violations or possible violations of laws and regulations whose effects should be considered for disclosure in the financial statement.
- e) That all material liabilities, gain or loss that are required to be accrued or disclosed are provided/disclosed.
- f) That the FI has satisfactory title to all owned assets and are free from any liens or encumbrances other than those disclosed in the financial statement.
- g) During present management tenure, no fraudulent transactions have been carried out.
- h) 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.



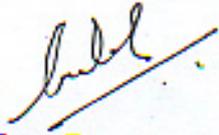
# Capital Merchant Banking and Finance Limited

व्यापित्त मर्चेन्ट बैकिङ्ग एण्ड फाइनेन्स लिमिटेड

"Class 'C' financial institution licensed by NRB"

- i) That adequate provision as required by NRB directive has been provided for possible loan loss provision on loans and advances.
- j) 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 during current management tenure.
- k) 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 other than as mentioned in financial statement.
- l) That we accept all comments / observations raised in connection with audit of the credit files at CMBFL's Head Office which were disbursed during erstwhile management tenure. Further, we acknowledged not having provided any photocopies of the credit files reviewed to the statutory auditor as a matter of the audit evidence against comments / observations raised during the course of audit of credit files at Head Office.

The management's representation letter is requested declaring that the 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 during present management tenure, if any exists, the same may be disclosed.

  
Basu Dev Acharya  
CEO  
Date: Poush 16, 2071