

Capital Merchant Banking & Finance Ltd.

Financial Statements

For

F.Y. 2071/72

R.S. & Associates
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Capital Merchant Banking & Finance Limited

Identification of Financial Statement Audited

We have audited the accompanying financial statements of **Capital Merchant Banking & Finance Limited**, which comprise the Balance Sheet as on 31st Ashadh, 2072 (16th July, 2015) and the related Profit & Loss Account, Cash Flow Statement and Statement of Change in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

The management of Capital Merchant Banking & Finance Limited is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes; designing, implementing and maintaining such internal control as management determines is necessary to enable the preparation 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

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

An audit includes examination on a test basis, evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we considered 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 the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Opinion

On examination of financial statement 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 accounts as required by law have been maintained 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.
- c) In our opinion, the returns received from the respective branches are adequate for the audit purpose, although the statements are independently not audited.
- d) Adequate provisions for loan losses have been made by the company.
- e) Nepal Rastra Bank vide its letter dated 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.
- f) As mentioned in Schedule 4.30 of the financial statements, the company's total capital fund and core capital fund are negative as of Ashadh 31, 2072 (16th July, 2015), which is insufficient as compared to the minimum capital adequacy requirement as prescribed by Nepal Rastra Bank's directives.
- g) In accordance with the details mentioned in notes to accounts (Schedule 4.33) note number 22 of financial statements, various directives of Nepal Rastra Bank, Single Obligor Limit (Directive No. 3), 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 prescribed by Nepal Rastra Bank.

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 e, f and g, the said financial statements (read in conjunction with attached Notes) present true and fair view, in all material respects, the financial position of the company as at Ashadh 31, 2072 (16th June, 2015) and the results of its operations and its cash flows statement for the year then ended.



CA. Rajendra Mangal Joshi
Partner

Date: 12th January, 2016
Place: Kathmandu

Capital Merchant Banking & Finance Ltd.

Balance Sheet as on Ashad 31, 2072

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	(1,734,570,689)	(1,403,950,123)
3	Debentures and Bonds	4.3	-	-
4	Borrowings	4.4	30,853,000	37,350,000
5	Deposit Liabilities	4.5	440,572,661	727,372,714
6	Bills Payables	4.6	-	-
7	Proposed and Payable Dividend		-	-
8	Income Tax Liabilities		-	-
9	Other Liabilities	4.7	494,578,678	536,041,827
Total Capital Liabilities			166,503,150	831,883,918

Assets		Schedule	This Year Rs.	Previous Year
1	Cash Balance	4.8	2,000,623	2,994,124
2	Balance with NRB	4.9	3,990,576	4,093,576
3	Balance with Banks/Financial Institutions	4.10	33,246,266	75,666,448
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
7	Fixed Assets	4.14	89,849,971	94,738,296
8	Non-Banking Assets	4.15	-	-
9	Other Assets	4.16	37,388,713	653,695,789
Total Assets			166,503,150	831,883,918

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

Bh. Narayan Shrestha
 Bhumi Narayan Shrestha
 Chairman & Director

Rabindra Ram Shrestha
 Rabindra Ram Shrestha
 Director

As per our report of even date

Rajendra Mangal Joshi
 Rajendra Mangal Joshi, FCA
 R. S. & Associates
 Chartered Accountants



Ramesh K.C.
 Ramesh K.C.
 Director

Ashok Bhattarai
 Ashok Bhattarai
 Director

Layata Shrestha
 Layata Shrestha
 Account Assistant

Indira Rajbhandari
 Indira Rajbhandari
 Officer



Date : 28 Poush, 2072
 Place : Kathmandu, Nepal

Capital Merchant Banking & Finance Ltd.

Profit and Loss Account

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

Particulars	Schedules	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	✓ 48,775,880	59,178,970
2. Interest Expenses	4.19	✓ 11,638,024	43,457,266
Net Interest Income		✓ 37,137,856	15,721,704
3. Commission and Discount	4.20	-	-
4. Other Operating Income	4.21	✓ 2,959,079	183,565
5. Exchange Fluctuation Income	4.22	-	-
Total Operating Income		40,096,935	15,905,269
6. Employees Expenses	4.23	✓ 10,441,562	12,134,867
7. Other Overhead Expenses	4.24	✓ 9,834,587	18,113,631
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		19,820,785	(14,343,229)
9. Provision for Possible Losses	4.25	✓ 1,263,328	37,120,404
Operating Profit		18,557,457	(51,463,633)
10. Non-operating Income/Expenses	4.26	✓ 1,096,291	2,060,652
11. Provision Written-Back	4.27	✓ 270,303,022	276,857,141
Profit from Regular Operations		289,956,770	227,454,160
12. Profit/Loss from extra-ordinary activities	4.28	-	-
Net Profit after considering all activities		289,956,770	227,454,160
13. Provision For Staff Bonus		-	-
14. Provision For Income Tax		4,311,801	(335,822,778)
This Year's		✓ 4,960,755	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		✓ (648,954)	(335,822,778)
Net Profit/(Loss)		285,644,969	563,276,939

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
Bhumi Narayan Shrestha
Chairman & Director

Rabindra Ram Shrestha
Rabindra Ram Shrestha
Director

Rajendra Mangal Joshi
Rajendra Mangal Joshi, FCA
R. S. & Associates
Chartered Accountants

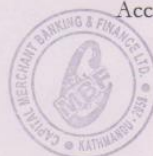


Ramesh K.C.
Ramesh K.C.
Director

Ashok Bhattarai
Ashok Bhattarai
Director

Layata Shrestha
Layata Shrestha
Account Assistant

Indira Rajbhandari
Indira Rajbhandari
Officer



Date : 28 Poush, 2072
Place : Kathmandu, Nepal

Capital Merchant Banking & Finance Ltd.

Cash Flow Statement

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

Particulars	This Year Rs.	Previous Year Rs.
(a) Cash flow from Operating Activities	20,917,076	(2,908,347)
1 Cash Received	52,831,249	61,423,187
1.1 Interest Income	48,775,880	59,178,970
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	-	-
1.5 Other Incomes	4,055,369	2,244,217
2 Cash Payment	31,914,173	64,331,534
2.1 Interest Expenses	11,638,024	43,457,266
2.2 Staff Expenses	10,441,562	12,134,867
2.3 Office Overhead Expenses	9,834,587	8,739,401
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	(69,322,083)	(5,365,289)
(Increase)/Decrease of Current Assets	701,506	(324,300,858)
1 (Increase)/Decrease in Money at Call and Short Notice	-	-
2 (Increase)/Decrease in Short-term Investments	-	-
3 (Increase)/Decrease in Loans and Advances and Bills Purchase	668,685	12,162,487
4 (Increase)/Decrease in Other Assets	32,822	(336,463,345)
Increase/(Decrease) of Current Liabilities	(70,023,590)	318,935,569
1 Increase/(Decrease) in Deposits Liabilities	(286,800,053)	(277,501,403)
2 Increase/(Decrease) in Certificate of Deposits	-	-
3 Increase/(Decrease) in Short-term Borrowings	(6,497,000)	-
4 Increase/(Decrease) in Other Liabilities	223,273,463	596,436,972
(b) Cash flow from Investment Activities	4,888,325	10,656,998
1 (Increase)/Decrease in Long-Term Investment	-	-
2 (Increase)/Decrease in Fixed Assets	4,888,325	10,656,998
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	(43,516,682)	2,383,362
(f) Opening Balance of Cash and Bank Balances	82,754,148	80,370,787
(g) Closing Balance of Cash and Bank Balances	39,237,466	82,754,149

Bhumi Narayan Shrestha
Bhumi Narayan Shrestha
Chairman & Director

Rabindra Ram Shrestha
Rabindra Ram Shrestha
Director

As per our report of even date

Rajendra Mangal Joshi
Rajendra Mangal Joshi, FCA
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Chartered Accountants



Ramesh K.C.
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Director

Layata Shrestha
Layata Shrestha
Account Assistant

Indira Rajbhandari
Indira Rajbhandari
Officer

Date : 28 Poush, 2072
Place : Kathmandu, Nepal



Capital Merchant Banking & Finance Ltd.

Profit and Loss Appropriation Account

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

Particulars		Schedules	This Year Rs.	Previous Year Rs.
Income				
1	Accumulated Profit up to the Last Year		(2,216,314,234)	(2,331,163,399)
2	Current Year's Profit		285,644,969	563,276,938
3	Exchange Fluctuation Fund		-	-
Total (A)			(1,930,669,264)	(1,767,886,461)
Expenses				
1	Accumulated Loss up to the Last Year		-	-
2	This Year's Loss		-	-
3	General Reserve		57,128,994	112,655,388
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		648,954	335,822,778
Total (B)			57,777,948	448,478,166
15	Accumulated Profit/(Loss) (A-B)		(1,988,447,213)	(2,216,364,627)

Bhumi Narayan Shrestha
Bhumi Narayan Shrestha
Chairman & Director

Rabindra Ram Shrestha
Rabindra Ram Shrestha
Director

As per our report of even date

Rajendra Mangal Joshi
Rajendra Mangal Joshi, FCA
R. S. & Associates
Chartered Accountants



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Ramesh K.C.
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Account Assistant

Indira Rajbhandari
Indira Rajbhandari
Officer



Date : 28 Poush, 2072
Place : Kathmandu, Nepal

Capital Merchant Banking & Finance Ltd.

Statement of Changes in Equity
Fiscal Year 2014/15 (2071-72)

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 2014	935,069,500	(2,216,322,933)	193,487,016	-	-	2,611,560	-	616,274,254	-	(468,880,623)
Adjustment for Changes in Accounting Policies	-	8,719	-	-	-	-	-	-	-	8,719
Restated Balance as at 17 July 2015	935,069,500	(2,216,314,234)	193,487,016	-	-	2,611,560	-	616,274,254	-	(468,871,904)
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	285,644,969	-	-	-	-	-	-	-	285,644,969
General Reserve	-	(57,128,994)	57,128,994	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(648,954)	-	-	-	-	-	(615,625,300)	-	(616,274,254)
Closing Balance	935,069,500	(1,988,447,213)	250,616,009	-	-	2,611,560	-	648,954	-	(799,501,189)

Bhumi Narayan Shrestha
Bhumi Narayan Shrestha
Chairman & Director

Ramesh K.C.
Ramesh K.C.
Director

Rajendra Ram Shrestha
Rajendra Ram Shrestha
Director

Ashok Bhattarai
Ashok Bhattarai
Director

Layata Shrestha
Layata Shrestha
Account Assistant






Rafendra Mangal Joshi
Rafendra Mangal Joshi, FCA
R. S. & Associates
Chartered Accountants

Indira Rajbhandari
Indira Rajbhandari
Officer



Date : 28 Poush, 2072
Place : Kathmandu, Nepal

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 Comapany	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%



Capital Merchant Banking & Finance Ltd.

Share Capital and Ownership
As on 31 Ashad 2072 (July 16 2015)

Particulars	This Year Rs.	Previous Year Rs.
1 Share Capital		
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	%
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	49%	458,184,100	458,184,100	49%
1.7 Individuals	51%	476,885,400	476,885,400	51%
1.6 Others		-	-	
2 Foreign Ownership	-	-	-	-
Total	100	935,069,500	935,069,500	100

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← Mr. Akh

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Capital Merchant Banking & Finance Ltd.

Schedule 4.2

Reserve and Surplus

As on 31 Ashad 2072 (July 16 2015)

Particulars		This Year Rs.	Previous Year Rs.
1	General Reserve Fund	250,616,009	193,487,016
2	Capital Reserve Fund	-	-
3	Capital Redemption Reserve	-	-
4	Capital Adjustment Fund	-	-
5	Other Resevers	3,260,514	618,885,814
	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	648,954	616,274,254
	5.7 Other Free Reserves	-	-
	5.8 Other Reserve Funds	-	-
	5.9 Share Premium	2,611,560	2,611,560
6	Accumulated Profit/(Loss)	(1,988,447,213)	(2,216,322,953)
7	Exchange Equalization Fund	-	-
Total		(1,734,570,689)	(1,403,950,123)

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Schedule 4.3

Capital Merchant Banking & Finance Ltd.

Debentures and Bonds

As on 31 Ashad 2072 (July 16 2015)

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.

Schedule 4.4

Capital Merchant Banking & Finance Ltd.

Borrowings

As on 31 Ashad 2072 (July 16 2015)

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	30,853,000	37,350,000
5 Other Organized Institutions	-	-
6 Others	-	-
Total	30,853,000	37,350,000
B. Foreign		
1 Banks	-	-
2 Others	-	-
Total	-	-
Total (A+B)	30,853,000	37,350,000

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Capital Merchant Banking & Finance Ltd.

Schedule 4.5

Deposits
As on 31 Ashad 2072 (July 16 2015)

Particulars	This Year Rs.	Previous Year Rs.
1 Non-Interest Bearing Accounts		
A. Current Deposits		
<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. Margin Deposits		
1 Employee Guarantees	-	-
2 Guarantee Margin	-	-
3 Letters of Credit Margin	-	-
C. Others		
<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	-	-
Total of Non-Interest Bearing Accounts		
2 Interest Bearing Accounts		
A. Savings Deposits	23,157,436	239,288,336
<i>1. Local Currency</i>		
1.1 Organized Institutions	23,157,436	239,288,336
1.2 Individuals	5,352	60,643
1.3 Others	23,152,084	239,227,693
<i>2. Foreign Currency</i>		
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
B. Fixed Deposits	801,848	12,292,761
<i>1. Local Currency</i>		
1.1 Organized Institutions	801,848	12,292,761
1.2 Individuals	751,991	5,101,750
1.3 Others	49,857	7,191,011
<i>2. Foreign Currency</i>		
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
C. Call Deposits	416,613,378	475,791,617
<i>1. Local Currency</i>		
1.1 "A" Class Licensed Institutions	416,613,378	475,791,617
1.2 Other Licensed Institutions	-	-
1.3 Other Organized Institutions	96,392,357	104,495,493
1.4 Individuals	319,142,736	350,034,986
1.5 Others	1,078,285	21,261,139
<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	-	-
D. Certificate of Deposit		
1 Organized Institutions	-	-
2 Individuals	-	-
3 Others	-	-
Total of Interest Bearing Accounts	440,572,661	727,372,714
Total Deposit (1+2)	440,572,661	727,372,714



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Schedule 4.6

Capital Merchant Banking & Finance Ltd.

Bills Payable

As on 31 Ashad 2072 (July 16 2015)

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

Schedule 4.7

Capital Merchant Banking & Finance Ltd.

Other Liabilities

As on 31 Ashad 2072 (July 16 2015)

	Particulars	This Year Rs.	Previous Year Rs.
1	Pension/Gratuity Fund	1,880,828	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	-	-
7	Unearned Discount and Commission	-	-
8	Sundry Creditors	18,088,739	49,159,650
9	Branch Adjustment Account	-	-
10	Others		
	TDS Payable on interest	7,624,929	12,910,821
	Other TDS Payable	1,145,210	499,671
	A/C Payables	186,828	965,236
	FD Nominees	430,239,127	470,852,696
	Provision	35,413,017	1,545,092
	Deferred Tax Liability	-	-
	Total	494,578,678	536,041,827

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Schedule 4.8

Capital Merchant Banking & Finance Ltd.

Cash Balance

As on 31 Ashad 2072 (July 16 2015)

Particulars	This Year Rs.	Previous Year Rs.
1 Local Currency (including coin)	2,000,623	2,994,124
2 Foreign Currency	-	-
Total	2,000,623	2,994,124

Schedule 4.9

Capital Merchant Banking & Finance Ltd.

Balance with Nepal Rastra Bank

As on 31 Ashad 2072 (July 16 2015)

Particulars	Local Currency	Foreign Currency			This Year Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Nepal Rastra Bank	3,990,576	-	-	-	3,990,576	4,093,576
a) Current Account	3,990,576	-	-	-	3,990,576	4,093,576
b) Other Account	-	-	-	-	-	-

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Capital Merchant Banking & Finance Ltd.

Balance with Banks/Financial Institutions

As on 31 Ashad 2072 (July 16 2015)

Particulars	Local Currency	Foreign Currency			This Year Grand Total Rs.	Previous Year Rs.
		Indian Currency	Convertible	Total		
1 Local Licensed Institutions	33,246,266	-	-	-	33,246,266	75,666,448
a) Current Account	285,847				285,847	-
b) Other Account	32,960,419				32,960,419	75,666,448
2 Foreign Banks	-	-	-	-	-	-
a) Current Account	-	-	-	-	-	-
b) Other Account	-	-	-	-	-	-
Total	33,246,266	-	-	-	33,246,266	75,666,448

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Schedule 4.11

Capital Merchant Banking & Finance Ltd.

Money at Call and Short Notice
As on 31 Ashad 2072 (July 16 2015)

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 2072 (July 16 2015)

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	-	-	-	-
Total Investment	29,200	-	29,200	29,200
Provision	2,200	-	2,200	2,200
Net Investment	27,000	-	27,000	27,000

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Schedule 4.12 (A)

Capital Merchant Banking & Finance Ltd.

Investment in Shares, Debentures and Bonds

As on 31 Ashad 2072 (July 16 2015)

Particulars	Cost Price	Market Price	Provision	This Year	Previous Year
1 Investment in Shares					
1.1 Credit Information Bureau 1,050 Ordinary Shares of Rs 100 Paid up (including 780 bonus shares)	- 27,000	- -	- -	- 27,000	- 27,000
1.2 Union Finance Co. Ltd. 22 Ordinary Shares of Rs 100 Paid up	2,200 -	2,464 -	2,200 -	2,200 -	2,200 -
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					
3.1 Provision Up to Previous Year	2,200				2,200
3.2 Additions This Year	-				
Total Provision	2,200				2,200
Net Investment	27,000				27,000

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Capital Merchant Banking & Finance Ltd.

Held for Trading

As on 31 Ashad 2072 (July 16 2015)

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	-	-	-	-	-	
7. Debenure and Bonds of Local Licensed Institutions	-	-	-	-	-	
8. Debenure and Bonds of Local Organized Institutions	-	-	-	-	-	
9. Investment in Foreign Banks (Placement)	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investment	-	-	-	-	-	
Total Investment	-	-	-	-	-	

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Capital Merchant Banking & Finance Ltd.

Held to Maturity

As on 31 Ashad 2072 (July 16 2015)

Description	Cost Price	Cumulative Loss Up to 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	-	-	-	-	-	
11. Other Investment	-	-	-	-	-	
Total Investment	-	-	-	-	-	

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
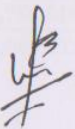



Capital Merchant Banking & Finance Ltd.

Available for Sale

As on 31 Ashad 2072 (July 16 2015)

Description	Cost Price	Last Market Price	Current Market Price	Current Year	Last Year	Remarks
				Fund Adjustment Amount	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	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	27,000	-	-	-	-	
Total Investment	29,200	-	-	-	-	

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Capital Merchant Banking & Finance Ltd.
Classification of Loans and Bills Purchased and Provisioning
As on 31 Ashad 2072 (July 16 2015)

Particulars	Loans					Bills			This Year Rs.	Previous Year Rs.		
	Domestic				Foreign	Total	Domestic	Foreign			Total	
	Deprived		Others	Insured								Uninsured
	Insured	Uninsured										
1	Performing Loan	-	-	-	-	-	-	-	-	355,367		
	1.1 Pass Loan	-	-	-	-	-	-	-	-	355,367		
	1.2 Restructured	-	-	-	-	-	-	-	-	-		
2	Non-Performing Loan	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,017,440,427	
	2.1 Substandard	-	-	-	-	-	-	-	-	-	274,443	
	2.2 Doubtful	-	-	-	-	-	-	-	-	-	222,078	
	2.3 Bad	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,016,943,906	
(A)	Total Loan	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,017,795,794	
3	Loan Loss Provision	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,017,127,109	
	3.1 Pass	-	-	-	-	-	-	-	-	-	3,554	
	3.2 Restructured	-	-	-	-	-	-	-	-	-	-	
	3.3 Substandard	-	-	-	-	-	-	-	-	-	68,611	
	3.4 Doubtful	-	-	-	-	-	-	-	-	-	111,039	
	3.5 Bad	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,016,943,906	
(B)	Total Provisioning	-	-	1,756,918,739	-	1,756,918,739	-	-	-	1,756,918,739	2,017,127,109	
4	Provisioning up to Previous Year	-	12,000,000	2,005,127,109	-	2,017,127,109	-	-	-	2,017,127,109	2,293,984,251	
	4.1 Pass	-	-	3,554	-	3,554	-	-	-	3,554	111,284	
	4.2 Restructured	-	-	-	-	-	-	-	-	-	-	
	4.3 Substandard	-	-	68,611	-	68,611	-	-	-	68,611	176,815	
	4.4 Doubtful	-	-	111,039	-	111,039	-	-	-	111,039	1,283,618	
	4.5 Bad	-	12,000,000	2,004,943,906	-	2,016,943,906	-	-	-	2,016,943,906	2,292,412,534	
(C)	Total Previous Year's Provision	-	12,000,000	2,005,127,109	-	2,017,127,109	-	-	-	2,017,127,109	2,293,984,251	
(D)	Written Back From Previous Year	-	-	-	-	-	-	-	-	-	-	
	Changes in This Year	-	(12,000,000)	(248,208,371)	-	(260,208,371)	-	-	-	(260,208,371)	(276,857,141)	
	Net Loan (A-B)	-	-	-	-	-	-	-	-	-	668,685	

15/7/15
 Mr. Layal
 R.S. & Associates
 Chartered Accountants
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Schedule 4.13 (A)

Capital Merchant Banking & Finance Ltd.

Loans, Advances and Bills Purchased Security wise

As on 31 Ashad 2072 (July 16 2015)

Particulars		This Year Rs.	Previous Year Rs.
(A)	Secured	1,756,918,739	2,017,795,794
1	Movable/Immovable Assets	1,754,136,835	2,014,743,815
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	-	-
	b) Fixed Deposit Receipt of Other Licensed Institutions	-	-
7	Government Bonds	-	-
8	Counter Guarantee	-	-
9	Personal Guarantee	-	-
10	Other Securities	2,781,904	3,051,979
(B)	Unsecured	-	-
Total		1,756,918,739	2,017,795,794

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Capital Merchant Banking & Finance Ltd.

Fixed Assets
As on 31 Ashad 2072 (July 16 2015)

Schedule 4.14

Particulars	Assets						This Year Rs.	Previous Year Rs.
	Building	Vehicles	Machinery	Office Equipment	Others			
1 At Cost								
a. Previous Year Balance	31,332,349	12,132,845	27,818,508	10,508,708	6,151,739	87,944,149	94,662,284	
b. Addition This Year	-	-	-	-	-	-	29,128	
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-	
d. This Year Sold	-	56,516	743,220	163,650	39,086	1,002,473	5,310,708	
e. This Year Written off	-	-	116,481	-	7,327	123,808	1,436,554	
Total Cost (a+b+c-d-e)	31,332,349	12,076,329	26,958,807	10,345,058	6,105,326	86,817,869	87,944,149	
2 Depreciation								
a. Up to Previous Year	9,365,526	10,507,058	23,845,235	9,445,299	5,305,983	58,469,101	53,785,282	
b. For This Year	1,098,341	318,654	851,816	235,139	233,339	2,737,288	4,678,898	
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	4,922	
Total Depreciation	10,463,867	10,825,712	24,697,051	9,680,438	5,539,322	61,206,389	58,459,258	
3 Book Value (WDV*) (1-2)	20,868,482	1,250,617	2,261,756	664,620	566,004	25,611,479	29,475,048	
4 Land	-	-	-	-	-	-	56,009,370	
5 Capitalization Construction (Pending)	-	-	-	-	-	7,495,872	7,495,872	
6 Leasehold Assets	-	-	-	-	-	733,250	1,758,007	
Total (3+4+5+6)	20,868,482	1,250,617	2,261,756	664,620	566,004	89,849,971	94,738,296	

* Written Down Value

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Capital Merchant Banking & Finance Ltd.

Non-Banking Assets

As on 31 Ashad 2072 (July 16 2015)

Name and Address of Borrower or Party	Date of Accept Non-Banking Assets	Total Amount of Non-Banking Assets Rs.	Loss Provision		Net Non-Banking Assets This Year Rs.	Previous Year Rs.
			In Percentage	In Amount		
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
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-	-	-	-	-	-	-
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-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
Grand Total	-	-	-	-	-	-



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Schedule 4.16

Capital Merchant Banking & Finance Ltd.

Other Assets

As on 31 Ashad 2072 (July 16 2015)

Particulars		This Year Rs.	Previous Year Rs.
ATM card Stock		745,800	745,800
Income Receivable on Investments			
Accrued Interest on Loan	1,482,423,745		1,260,148,531
Less : Interest Suspense Amount	(1,482,423,745)	-	(1,260,148,531)
Commission Receivable			
Sundry Debtors		31,252,189	32,965,841
Staff Loans and Advances		80,137	80,137
Prepaid Expenses		75,053	136,349
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		648,954	616,274,254
Other		4,108,708	3,015,538
Total		37,388,713	653,695,789

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	-	-	-	1,482,423,745	1,260,148,531
2 Drafts Paid without Notice	-	-	-	-	-
3 Branch Adjustment Account	-	-	-	-	-
4 Local and Foreign Agency A/Cs	-	-	-	-	-

Breakdown has not been available



Capital Merchant Banking & Finance Ltd.

Contingent Liabilities

As on 31 Ashad 2072 (July 16 2015)

	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.

Interest Income

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

Particulars		This Year Rs.	Previous Year Rs.
A.	On Loan, Advances and Overdraft	47,839,504	57,748,220
1	Loans and Advances	47,839,504	57,748,220
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	936,376	1,430,750
1	Certificate of Deposits	-	-
2	Inter-Bank Loan	-	-
3	Others-Deposit with other Fis	936,376	1,430,750
Total		48,775,880	59,178,970



Schedule 4.19

Capital Merchant Banking & Finance Ltd.

Interest Expenses

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

Particulars		This Year Rs.	Previous Year Rs.
A.	On Deposit Liabilities	10,404,109	42,120,363
1	Fixed Deposits	567,616	6,610,520
	1.1 Local Currency	567,616	6,610,520
	1.2 Foreign Currency	-	-
2	Savings Deposits	2,855,578	19,231,441
	2.1 Local Currency	2,855,578	19,231,441
	2.2 Foreign Currency	-	-
3	Call Deposits	6,980,915	16,278,402
	3.1 Local Currency	6,980,915	16,278,402
	3.2 Foreign Currency	-	-
4	Certificate of Deposits	-	-
B	On Borrowings	1,233,916	1,336,903
1	Debentures and Bonds	-	-
2	Loan from Nepal Rastra Bank	-	-
3	Inter Bank/Financial Institutions Borrowing	1,233,916	1,336,903
4	Other Corporate Body	-	-
5	Other Loans	-	-
C	On Others	-	-
1	-	-
2	-	-
Total		11,638,024	43,457,266

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Capital Merchant Banking & Finance Ltd.

Commission and Discount

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

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	-	-
Total		-	-

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Schedule 4.21

Capital Merchant Banking & Finance Ltd.

Other Operating Income

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

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	2,959,079	183,565
Total		2,959,079	183,565

Schedule 4.22

Capital Merchant Banking & Finance Ltd.

Exchange Gain/Loss

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

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



Schedule 4.23

Capital Merchant Banking & Finance Ltd.

Employee Expenses

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

Particulars		This Year Rs.	Previous Year Rs.
1	Salary	6,039,587	7,896,807
2	Allowances	1,881,934	2,352,574
3	Contribution to Provident Fund	309,933	476,057
4	Training Expenses	-	-
5	Uniform	-	-
6	Medical	324,791	511,847
7	Insurance	80,876	121,641
8	Leave Incashment	1,751,641	688,062
9	Others	52,800	87,879
Total		10,441,562	12,134,867

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Capital Merchant Banking & Finance Ltd.

Other Overhead Expenses

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

Particulars		This Year Rs.	Previous Year Rs.
1	House Rent	629,333	1,907,141
2	Electricity and Water	354,251	675,461
3	Repair and Maintenance	161,053	280,820
	(a) Building	24,658	-
	(b) Vehicles	80,168	113,943
	(c) Others	56,227	166,877
4	Insurance	317,716	484,808
5	Postage, Telex, Telephone, Fax	186,253	276,784
6	Office Equipment, Furniture and Fixture Repair	120,763	136,954
7	Traveling Allowances and Expenses	10,130	11,480
8	Stationery and Printing	56,219	59,372
9	Periodicals and Books	12,900	18,810
10	Advertisements	142,458	-
11	Legal Expenses	-	-
12	Donations	100,000	-
13	Expenses Relating to Board of Directors	295,657	269,020
	(a) Meeting Fees	293,000	268,000
	(b) Other Expenses	2,657	1,020
14	Annual General Meeting Expenses	-	-
15	Expenses Relating to Audit	208,000	206,700
	(a) Audit Fees	101,700	101,700
	(b) Other Expenses	1,300	-
	(c) Tax Audit Fees	105,000	105,000
16	Commission on Remittances	-	-
17	Depreciation on Fixed Assets	2,737,288	5,532,129
18	Amortization of Preliminary Expenses	-	-
19	Share Issue Expenses	-	-
20	Technical Services Fee	806,077	559,950
21	Entertainment	-	-
22	Written Off Expenses	1,810,516	3,842,967
23	Security Expenses	716,150	1,450,524
24	Credit Guarantee Premium	-	-
25	Commission and Discount	-	-
26	Others	1,169,823	2,400,710
	26.1 Membership Fee	55,220	61,530
	26.2 Tax & Fines	75,620	937,705
	26.3 Anniversary Expenses	-	-
	26.4 Fuel Expenses	357,292	453,367
	26.5 Service Charge	550	10,435
	26.6 Gift Expenses	-	-
	26.7 Branch Extension Expenses	-	-
	26.8 Data Connectivity Expenses	317,530	668,583
	26.9 Software Maintenance Expenses	61,020	82,490
	26.1 Others	302,590	186,601
Total		9,834,587	18,113,631



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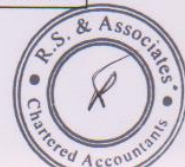
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Schedule 4.25

Capital Merchant Banking & Finance Ltd.

Provision for Possible Losses

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

Particulars	This Year Rs.	Previous Year Rs.
1 Increase in Loan Loss Provision	-	-
2 Increase in Provison for Loss on Investment	-	-
3 Provision Against Non-Banking Assets	-	-
4 Provision Against Other Assets	1,263,328	37,120,404
Total	1,263,328	37,120,404

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Schedule 4.26

Capital Merchant Banking & Finance Ltd.

Non-Operating Income/Loss

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

Particulars	This Year Rs.	Previous Year Rs.
1 Profit (Loss) on Sale of Investment	-	-
2 Profit (Loss) on Sale of Assets	91,430	1,177,985
3 Dividend	-	-
4 Subsidies Received from Nepal Ratra Bank	-	-
a. Reimbursement of Losses of Specified Branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
5 Others	1,004,861	882,667
Total Non-Operating Income (Loss)	1,096,291	2,060,652

Schedule 4.27

Capital Merchant Banking & Finance Ltd.

Loss Provisions Written Back

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

Particulars	This Year Rs.	Previous Year Rs.
1 Loan Loss Provision Written Back	260,208,371	276,857,141
2 Provision against Non-Banking Assets Written Back	-	-
3 Investment Provision Written Back	-	-
4 Provision against Other Assets Written back	10,094,652	-
Total	270,303,022	276,857,141

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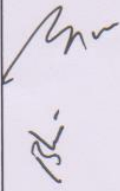




Capital Merchant Banking & Finance Ltd.

Statement of Loans Written-Off

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

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		-	-	-	-	-	-



Schedule 4.28

Capital Merchant Banking & Finance Ltd.

Income /Expenses from Extra-ordinary Activities

For the period from July 17, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

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	-	-

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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 2072 (July 16 2015)

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							

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Capital Merchant Banking & Finance Ltd.

Statement of Capital Fund
As on 31 Ashad 2072 (July 16 2015)

Fig. in '000

Particulars	This Year Rs.	Previous Year Rs.
A) Core Capital	(801,701)	(471,081)
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	250,616	193,487
6 Cumulative Profit/(Loss) (up to Previous FY)	-	-
7 Current Year Profit/(Loss) as per shown in Balance Sheet	(1,988,447)	(2,216,323)
8 Capital Redemption Reserve	-	-
9 Capital Adjustment Reserve	-	-
10 Calls in Advance	-	-
11 Other Free Reserves	-	-
12 Deferred Tax Reserve	649	616,274
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) Supplementary Capital	-	6
1 Loan Loss Provision on Pass Loans	-	3.55
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
C) Total Capital Fund (A+B)	(801,701)	(471,075)
D) Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets		
Capital Fund (@ 11 Percent)	205,100	303,061
Core Capital (@ 5.5 Percent)	102,550	151,531
Capital Fund Deficit By @ Percent	(1,006,801)	(774,136)
Core Capital Deficit By @ Percent	(904,251)	(622,611)

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Capital Merchant Banking & Finance Ltd.

Table of Risk Weighted Assets Statement

As on 31 Ashad 2072 (July 16 2015)

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	2,001	-	2,994	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	3,991	-	4,094	-
Investment in Government Securities	0	-	-	-	-
Investment in NRB Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	-	-
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	33,246	6,649	75,666	15,133
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	1,756,919	1,756,919	2,017,796	2,017,796
Fixed Assets	100	89,850	89,850	94,738	94,738
Other Interest Receivable (Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	11,099	11,099	627,406	627,406
Excess Real Estate/Residential Home Loan	150	-	-	-	-
Total (A)		1,897,134	1,864,546	2,822,723	2,755,102
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		1,897,134	1,864,546	2,822,723	2,755,102



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Capital Merchant Banking & Finance Ltd.

Principal Indicators
(At least for previous 5 years)

Particulars	Indicators	FY 2066/67	FY 2067/68	FY 2068/69	FY 2069/70	FY 2070/71	FY 2071/72
1 Percent of Net Profit/Gross Income	Percent	16.63	(203.10)	(862.86)	179.81	917	541
2 Earning Per Share	Rs.	6.69	(102.85)	(135.71)	23.38	60.24	30.55
3 Market Value Per Share	Rs.	216	131	131	131	131	131
4 Price Earning Ratio	Percent	32	(1)	(0.97)	5.60	2.17	4.29
5 Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-	-
6 Cash Dividend on Share Capital	Percent	5.26	-	-	-	-	-
7 Interest Income/Loan & Advances	Percent	11.33	10.84	5.18	5.01	2.86	2.72
8 Staff Expenses/Total Operating Expenses	Percent	36.77	40.43	41.46	39.75	40.12	51.50
9 Interest Expenses / Total Deposit and Borrowing	Percent	9.19	11.70	15.36	6.78	5.68	2.47
10 Exchange Gain/Total Income	Percent	-	-	-	-	-	-
11 Staff Bonus/Total Staff Expenses	Percent	49.42	-	-	-	-	-
12 Net Profit/Loan and Advances	Percent	2.27	(26.44)	(48.46)	9.48	27.92	16.26
13 Net Profit/Total Assets	Percent	1.75	(31.90)	(179.60)	41.63	67.71	171.56
14 Total Credit/Deposit	Percent	119.99	133.74	193.24	229.56	277.41	398.78
15 Total Operating Expenses/Total Assets	Percent	1.38	1.83	5.62	5.06	2.18	5.91
16 Adequacy of Capital Fund on Risk Weighted Assets							
a) Core Capital	Percent	33.39	0.37	(40.65)	(38.01)	5.27	(43.00)
b) Supplementary Capital	Percent	0.91	0.52	0.31	0.00	5.445	-
c) Total Capital Fund	Percent	34.30	0.89	(40.34)	(38.01)	10.72	(43.00)
17 Liquidity (CRR)	Percent	21.59	0.05	0.850	0.750	0.340	0.01
18 Non-Performing Loan/Total Credit	Percent	2.630	43.45	97.19	99.52	99.98	100.00
19 Weighted Average Interest Rate Spread	Percent	4.92	0.02	7.12%	10.01%	4.38%	7.36%
20 Book Net-Worth	Rs.	978,432	16,737,848	(1,252,278,430)	(1,032,199,236)	(468,880,623)	(799,501,189)
21 Total Number of Shares	Nos.	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695
22 Total Staff	Nos.	71	128	65	48	27	23
23 Others	-	-	-	-	-	-	-

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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 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 Rs 799,501,189 negative capital fund of 43%, 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.

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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 100 percent 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**

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



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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.

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22. **Exchange gain/loss policy**

The Financial institution has not transacted any other foreign currency during the year. 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.

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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 16 July, 2015 (31 Ashad, 2072) 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**
Provision for the staff bonus has not been provided as per payment of Bonus Act 2030 since NRB through its PCA letter dated 9th August, 2011 restricts payment of bonus to staffs.
3. **Staff Housing Fund**
No staff housing fund has been created by the Company as required under the Labour Act, 2048.
4. **General Reserve**
As required by Bank and Financial institution Act 2063, 20% of profit during the year of Rs. 57,128,994 has been transfer to General Reserves through the profit and loss appropriation a/c.
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.
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 2015.
8. **Average Interest rate Spread**
The average interest rate spread of the financial institution is 7.36%

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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.

10. The company has negative capital fund as on Chaitra end, 2071 and hence the Single Obligor limit for the company has exceeded the limit as mentioned in the directive prescribed by Nepal Rastra Bank.

11. **Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written-off:**

Rs'000

Particulars	Amount (Rs.)
Opening Balance	2,017,796
Loans Disbursed	Nil
Loans Recovered	260,877
Principal Written off	Nil
Interest Written off	Nil
Closing Outstanding	1,756,919

12. **Classification of Loans & Provisioning**

Classification of loan as on 31/3/2072 is as under:

Rs'000

S. N.	Category	Amount (Rs.)
1.	Pass	0
2.	Substandard	0
3.	Doubtful	0
4.	Loss	1,756,919
Total		1,756,919

Accordingly, Company has write back Rs. 260,208 thousand loan loss provision thereon during a year.

13. **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	23,157	239,288	216,131
Call Deposit	416,613	475,791	59,178
Fixed Deposit	802	12,293	11,491
Total	440,572	727,372	286,800



14. **Leasehold asset detail**

The opening balance of the leasehold asset for the FY 2071/72 is Rs 1,758,007, the closing balance figure for the year ended Ashadh end, 2072 is Rs 733,250. During the year company has written of Rs. 706,892 leasehold assets.

15. **Paid up Share Capital**

Paid up share capital of the Company as on Ashadh end, 2072 is Rs 935,069,500. There has been no change in the paid up capital from previous year.

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

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

17. **Provision for Gratuity**

The Company has provided for future payment of gratuity liability in full as per Employee Service Regulation. Company has practice of depositing gratuity amount to CIT, in the previous year net of amount of deposit to CIT and gratuity payable amount are shown under the head provision for gratuity but from this financial year it has been shown separately under the head other assets and other liabilities.

During the financial year NRs. 229,491 has been charged to Profit and loss account for the additional provision required as on Ashadh end 2072 after setting off the interest received from CIT for the financial year 2070/71.

18. **Provision for Leave Encashment**

The Company has provided provision for leave encashment as per Employee Service Regulation and accordingly Rs. 2,163,181 has been provided for leave encashment under this account.

19. **Provision on Bank Balance**

As the Crystal Finance has been declared as problematic financial institution, the provision has been made on full amount of bank balance Rs. 37,120,404.17 in F.Y. 2070/71. The recovery from the stated bank has been recognized as income under the head 'Provision against other assets Written Back' under Schedule 4.27 amounting to Rs. 10,094,652 in current year. Similarly, World Merchant Banking & Finance Ltd has also been declared as problematic financial institution so 100 % provision on the balance outstanding as on Ashadh end 2072 of Rs. 1,193,727.76 are provided during the year.

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20. 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
Assets							
1	Cash Balance	2,000.62					2000.62
2	Balance with Banks & FIs	35,489.91					35489.91
3	Investment in Foreign Banks						0.00
4	Call Money						0.00
5	Government Securities						0.00
6	Nepal Rastra Bank Bonds						0.00
7	Inter Bank & FI Lending						0.00
8	Loans & Advances	1,541,769.25	54,114.95	161,034.54		0.00	1756918.74
9	Interest Receivable						0.00
10	Reverse Repo						0.00
11	Receivables from other Institutions under Commitment						0.00
12	Payment to be made for facilities under s.no 20,21 & 22						0.00
13	Others						0.00
	Total Assets (A)	1579259.79	54114.95	161034.54	0.00	0.00	1794409.27
Liabilities							
14	Current Deposits						0.00
15	Saving Deposits	439,820.67					439820.67
16	Fixed Deposits	430239.12	611.69		0.00	140.30	430991.11
17	Debentures						0.00
18	Borrowings:	30853.00	0.00	0.00	0.00	0.00	30853.00
	(a) Call/Short Notice						0.00
	(b) Inter-bank/Financial Institutions	30853.00					30853.00
	(c) Refinance						0.00
	(d) Others						0.00
19	Other Liabilities and Provisions	1852494.57	0.00	0.00	0.00	0.00	1852494.57
	(a) Sundry Creditors	14770.07					14770.07
	(b) Bills Payable						0.00
	(c) Interest Payable						0.00
	(d) Provisions	1837724.50					1837724.50
	(e) Others	0.00					0.00

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20	Payable to other institutions under Commitment						0.00
21	Unutilized Approved Facilities						0.00
22	Letter of Credit/Guarantee (Net of Margin)						0.00
23	Repo						0.00
24	Payment to be made for facilities under S.No 11						0.00
25	Others						0.00
	Total Liabilities (B)	2753407.36	611.69	0.00	0.00	140.30	2754159.35
	Net Financial Assets (A-B)	-1174147.57	53503.26	161034.54	0.00	-140.30	-959750.08
	Cumulative Net Financial Assets	-1174147.57	1120644.31	959609.78	-959609.78	959750.08	0.00

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

Deferred tax assets and liabilities have been computed as follows:

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets			
Leasehold Assets			
Provision for leave	2,163,181	-	2,163,181
Net Temporary Difference			2,163,181
Deferred Tax Assets/(Liabilities) as at Ashad end 2072 @ 30%			648,954

Deferred Tax Assets as on Ashad end 2072 (16 July 2015) is Rs. 648,954 and same amount has been recognized as deferred tax income in Profit and Loss Account in the current year.

The opening Deferred Tax Assets amounts to Rs. 616,274,254 and corresponding amount of Deferred Tax Reserve has been nullified. The Deferred Tax Asset for the current year has been accrued due to provision for leave and same has been calculated and recognized in financial statement for the current fiscal year.



22. 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.

Due to the negative core capital, 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.

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

- Loan of Janak Basnet has been already been closed but the property of Janak Basnet is still in rokka. So he has filed case against the bank in Supreme Court and notice from the court has been received by bank on 2072/09/05.
- The financial institution has recognized the Non Banking Assets of Rs. 20,335,799.26 after the year end for FY 2071/72.

24. **Income Tax**

For tax purpose, self assessment income tax return has been filed upto F.Y. 2070/71. CMBL has completed the re-assessment of income tax by Inland Revenue Department (IRD) as on 19/06/2072 for the financial year 2067/68. For the financial year 2071/72 Rs. 4,718,055 has been provided as income tax provision after setting off previous reassessed losses.

25. Company has availed interbank borrowing from Century bank Ltd. of NRs. 30,853,000 as on Ashad End 2072. Borrowing from Century bank is secured by mortgage of Land and Building Kitta no. 174,95,94 of Area 0-0-3-0, 0-2-1-0 and 0-7-1-1 respectively and owned in its own name Kitta no. 93 Area 0-6-0-3 Located at Battisputali, Kathmandu.

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.

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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, 2014 to July 16, 2015 (Shrawan 01, 2071 to Ashad 31, 2072)

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								
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Capital Merchant Banking & Finance Limited
Computation of Deferred Tax Assets/Liability

As on 31 Ashad 2072 (July 16 2015)

Particulars	As per books of accounts	Tax Base	Temporary Difference
Fixed Assets			
Leasehold Assets			
Provision for leave	2,163,181	-	2,163,181
Net Temporary Difference			2,163,181
Deferred Tax Assets/(Liabilities) as at Ashad end 2072 @ 30%			648,954

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