

*Capital Merchant Banking & Finance Ltd.*

*Financial Statements*

*For*

*F.Y.2076/2077*

**Independent Auditor's Report**

To the shareholders  
Capital Merchant Banking & Finance Limited  
Kathmandu

**Report on the audit of the Financial Statements**

**Qualified Opinion**

We have audited the financial statements of Capital Merchant Banking & Finance Limited ("the Company"), which comprise the balance sheet as at 31 Ashad 2077, and the income statement, statement of changes in equity and cash flows statement for the year then ended, and notes to accounts, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 Ashad 2077, and (of) its financial performance and its cash flows for the year then ended.

The financial statements have not been prepared in accordance with Nepal Financial Reporting Standards as issued by the Institute of Chartered Accountants of Nepal, so opinion on the same has not been made.

**Basis for Qualified Opinion**

As reported in Schedule 4.30 of the financial statements, the Company's total capital fund and core capital fund are negative as of 31 Ashad 2077, which is insufficient as compared to the minimum capital adequacy requirements as prescribed by Nepal Rastra Bank's directives.

As reported in point # 22 of Notes to Accounts (Schedule 4.33) of the financial statements, various directives of Nepal Rastra Bank viz, Single Obligor Limit (Directive No. 3), Investment Limit Ratio (Directive No. 8), and Deposit Collection Limit Ratio (Directive No. 16) are not in compliance with the respective ceilings prescribed by Nepal Rastra Bank.

As required by NRB Directive # 6, the Company has to spend minimum 3% of employee expenses of 2075/76 i.e. NPR 154,412 (3% of NPR 5,147,083) for staffs training and development expenses in FY 2076/77. But the Company has not spent any amount for training and development of staff during the year. As required by same clause the unspent amount should be transferred to staff training and development fund to be spent in FY 2077/78. However, the Company has not transferred such unspent amount into "staff training and development fund". The profit of the Company may be overstated by Rs 154,512, on account of these non-compliances.

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ICAN's Handbook of The Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of The Code of Ethics for Professional



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

#### **Other information**

Management is responsible for the other information. The other information comprises all information in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards, and for 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting



estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statement or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

We further report that we have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the balance sheet, the statements of income and the cash flows, prepared in the format, are materially in agreement with the books of accounts of the Company; and proper books of accounts as required by law have been kept by the Company. Since none of the branches of the Company were in operation, no such returns were received or audited by us.

In our opinion, so far as appeared from our examination of the books and the effects of matter described in *Basis for Qualified Opinion* section of this report, the Company has not maintained adequate capital funds but has made adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.

To the best of our information and according to explanations given to us and from our examination of the books of account of the Company necessary for the purpose of our audit, except for the effect on the financial statements of the matter described in *Basis for Qualified Opinion* section of this report, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company and violated any directives of the Nepal Rastra Bank or acted in a manner to jeopardize the interest and security of the Company, its depositors and investors.



Hemant Katiwal

Partner

Wagle & Associates

Chartered Accountants

Kathmandu

20 Chaitra 2077

UDIN: 210412CA0084309JKU



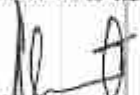


Capital Merchant Banking & Finance Ltd.  
Balance Sheet as on 31 Ashad, 2077 (15 July, 2020)

Capital & Liabilities	Schedule	Amount in NPR	
		As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. Share Capital	4.1		
2. Reserves and Funds	4.2	935,069,500	935,069,500
3. Debentures and Bonds	4.3	(1,576,819,602)	(1,574,895,084)
4. Borrowings	4.4	-	-
5. Deposit Liabilities	4.5	26,700,000	27,700,000
6. Bills Payables	4.6	348,092,307	346,230,581
7. Proposed and Payable Dividend		-	-
8. Income Tax Liabilities		-	-
9. Other Liabilities	4.7	-	-
<b>Total Capital and Liabilities</b>		<b>485,135,585</b>	<b>494,244,547</b>
<b>Assets:</b>		<b>218,177,790</b>	<b>228,349,544</b>
1. Cash Balance	4.8	141,330	135,153
2. Balance with NRB	4.9	3,107,576	3,107,576
3. Balance with Banks/Financial Institutions	4.10	85,101,422	97,855,223
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	-	-
7. Fixed Assets	4.14	80,902,439	82,128,858
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	48,898,023	45,095,734
<b>Total Assets</b>		<b>218,177,790</b>	<b>228,349,544</b>

Contingent Liabilities	Schedule	4.17
Directors' Declaration	Schedule	4.29
Statement of Capital Fund	Schedule	4.30
Statement of Risk Weighted Assets	Schedule	4.30(A)
Principal Indicators	Schedule	4.31
Principle Accounting Policies	Schedule	4.32
Notes to Accounts	Schedule	4.33


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

  
Niranjan Singh Barnet  
Chairman

  
Ranjan Rayamajhi  
Director

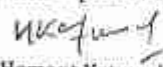
  
Jagat Raj Khanal  
Director

  
Ananda Ram Regmi  
Director


  
Kailash Bhakta Karanjit  
Director

  
Ratindra Khanal  
Chief Executive Officer

As per our attached report of even date

  
Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants  
20/12/77



  
Sunil Pradhan  
Asst. Officer

Date : 2077/12/04  
Place : Kathmandu, Nepal



Capital Merchant Banking & Finance Ltd.  
Profit and Loss Account

For the period from 1 Shrawan 2076 to 31 Ashad 2077 (July 17, 2019 to July 15, 2020)

Amount in NPR


Particulars	Schedules	This Year	Previous Year
Interest Income	4.18	3,666,283	5,020,949
Interest Expenses	4.19	4,079,025	4,531,900
<b>Net Interest Income</b>		<b>(412,742)</b>	<b>489,049</b>
Commission and Discount	4.20	-	-
Other Operating Income	4.21	-	-
Exchange Fluctuation Income	4.22	-	-
<b>Total Operating Income</b>		<b>(412,742)</b>	<b>489,049</b>
Employees Expenses	4.23	5,303,161	5,147,083
Other Overhead Expenses	4.24	3,911,556	4,237,324
Exchange Fluctuation Loss	4.22	-	-
<b>Operating Profit Before Provision for Possible Loss</b>		<b>(9,627,460)</b>	<b>(8,895,358)</b>
Provision for Possible Losses	4.25	-	-
<b>Operating Profit</b>		<b>(9,627,460)</b>	<b>(8,895,358)</b>
Non-operating Income/Expenses	4.26	4,176,649	2,817,835
Provision Written-Back	4.27	1,900,023	107,939,534
<b>Profit from Regular Operations</b>		<b>(3,550,788)</b>	<b>101,862,010</b>
Profit/Loss from extra-ordinary activities	4.28	-	-
<b>Net Profit after considering all activities</b>		<b>(3,550,788)</b>	<b>101,862,010</b>
Provision For Staff Bonus		-	-
Provision For Income Tax:		(1,626,271)	(1,905,093)
This Year's		-	-
Previous Year's		-	-
Deferred Tax Expense/(Income)		(1,626,271)	(1,905,093)
<b>Net Profit/(Loss)</b>		<b>(1,924,517)</b>	<b>103,767,103</b>

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

  
Niranjani Singh Basnet  
Chairman

  
Ranjan Rayamajhi  
Director


  
Jagat Raj Khanal  
Director

As per our attached report of even date  
  
Hemant Katuwal  
Partner

  
Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

  
Rabindra Khanal  
Chief Executive Officer

  
Sani Pradhan  
Asst. Officer

Wagle & Associates  
Chartered Accountants  
20/12/77



Date : 2077/12/04  
Place : Kathmandu, Nepal



Capital Merchant Banking & Finance Ltd.

Cash Flow Statement

For the period from 1 Shrawan 2076 to 31 Ashad 2077 (July 17, 2019 to July 15, 2020)

Amount in NPR

Particulars	This Year	Previous Year
<b>A. Cash flow from Operating Activities:</b>	(12,739,375)	(21,527,878)
1. Cash Received	9,742,955	115,778,317
1.1 Interest Income	3,666,283	5,020,949
1.2 Commission and Discount Income	-	-
1.3 Income from Foreign Exchange Transaction	-	-
1.4 Recovery of Written-off Loans	1,900,023	107,939,534
1.5 Other Incomes	4,176,649	2,817,835
2. Cash Payment	12,059,076	12,519,698
2.1 Interest Expenses	4,079,025	4,531,900
2.2 Staff Expenses	5,303,161	5,147,083
2.3 Office Overhead Expenses	2,676,889	2,840,715
2.4 Income Tax Paid	-	-
2.5 Other Expenses	-	-
Cash Flow Before Working Capital Activities	(2,316,121)	103,258,619
(Increase)/Decrease of Current Assets	(2,176,018)	(999,141)
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	-	-
4. (Increase)/Decrease in Other Assets	(2,176,018)	(999,141)
Increase/(Decrease) of Current Liabilities	(8,247,236)	(123,787,357)
1. Increase/(Decrease) in Deposits Liabilities	1,861,726	(60,010,758)
2. Increase/(Decrease) in Certificate of Deposits	-	-
3. Increase/(Decrease) in Short-term Borrowings	(1,000,000)	(1,800,000)
4. Increase/(Decrease) in Other Liabilities	(9,108,962)	(61,976,599)
<b>B. Cash flow from Investment Activities</b>	(8,249)	(260,352)
1. (Increase)/Decrease in Long-Term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	(8,249)	(260,352)
3. Interest Income From Long-Term Investment	-	-
4. Dividend Income	-	-
5. Others	-	-
<b>C. 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 Rastra Bank	-	-
<b>D. Income/Expenses from change in Exchange Rate in Cash and Bank Balances</b>	-	-
<b>E. This Year's Cash Flow from All Activities</b>	(12,747,624)	(21,788,230)
<b>F. Opening Balance of Cash and Bank Balances</b>	101,097,952	122,886,182
<b>G. Closing Balance of Cash and Bank Balances</b>	88,350,328	101,097,952

Miranjan Singh Basnet  
Chairman

Ranjan Rayamajhi  
Director

Jagat Raj Khanal  
Director

Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

Rabindra Khanal  
Chief Executive Officer

Sudip Pradhan  
Asst. Officer

As per our attached report of even date

Hemant Katiwal  
Partner  
Wagle & Associates  
Chartered Accountants

20/12/77



Date : 2077/12/04  
Place : Kathmandu, Nepal



Capital Merchant Banking & Finance Ltd.  
Profit and Loss Appropriation Account

For the period from 1 Shrawan 2076 to 31 Ashad 2077 (July 17, 2019 to July 15, 2020)

Amount in NPR

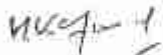
Particulars	This Year	Previous Year
<b>Income</b>		
1. Accumulated Profit up to the Last Year	(1,871,994,512)	(1,953,103,101)
2. Current Year's Profit	(1,924,517)	103,767,103
3. Exchange Fluctuation Fund	-	-
<b>Total (A)</b>	<b>(1,873,919,029)</b>	<b>(1,849,335,998)</b>
<b>Expenses</b>		
1. Accumulated Loss up to the Last Year	-	-
2. This Year's Loss	-	-
3. General Reserve	-	20,753,421
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	1,626,271	1,905,093
<b>Total (B)</b>	<b>1,626,271</b>	<b>22,658,514</b>
<b>Accumulated Profit/(Loss) (A-B)</b>	<b>(1,875,545,300)</b>	<b>(1,871,994,512)</b>

  
Niranjana Singh Basnet  
Chairman

  
Ranjan Rayamajhi  
Director

  
Jagat Raj Khanal  
Director

As per our attached report of even date

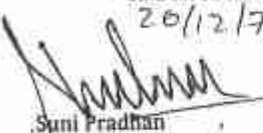
  
Hemant Katuwal  
Partner  
Wagle & Associates  
Chartered Accountants



  
Ananda Ram Regmi  
Director

Kailash Bhakta Karanjit  
Director

  
Rabindra Khanal  
Chief Executive Officer

  
Suni Pradhan  
Asst. Officer

Date : 2077/12/04  
Place : Kathmandu, Nepal



Capital Mercantile Bank Ltd. & Finance Ltd.

Statement of Changes in Equity

For the period from 1 Shrawan 2077 (July 17, 2019) to July 15, 2020

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Total Share	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve and Fund	Total Amount
Opening Balance as at 31 Ashad, 2076	935,069,500	(1,871,994,512)	404,234,450	-	-	2,611,560	-	11,935,578	-	(639,825,584)
Adjustments for Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-
Restated Balance as at 31 Ashad, 2076	935,069,500	(1,871,994,512)	282,552,490	-	-	2,611,560	-	11,935,577	-	(639,825,584)
Adjustment of Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-
Bonus Share Issued	-	-	-	-	-	-	-	-	-	-
Right Share Issued	-	-	-	-	-	-	-	-	-	-
Current Year's Net Profit	-	(1,924,517)	-	-	-	-	-	-	-	(1,924,517)
General Reserve	-	-	-	-	-	-	-	-	-	-
Proposed Bonus Share	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	(1,626,271)	-	-	-	-	-	1,626,271	-	-
Balance as on 31 Ashad, 2077	935,069,500	(1,875,545,300)	282,552,290	-	-	2,611,560	-	13,561,848	-	(641,750,101,917,011)

As per our attached report of even date

  
Niraj Singh Barmet  
Chairman

  
Rajan Rajamalli  
Director

  
Jagat Raj Kharel  
Director



  
Hemant Koirala  
Partner  
Wagle & Associates  
Chartered Accountants  
2077/12/17

  
Anand Rajagiri  
Director

Kailash Bhakta Karanji  
Director

  
Rajendra Kharel  
Chief Executive Officer

Sant Pradhan  
Asst. Officer

Date :  
Place : Kathmandu, Nepal.

### Capital Merchant Banking & Finance Ltd.

List of Promoter and Share Holder's holding 0.5% or more of Paid-Up Share Capital

Amount in NPR

S. N.	Name of the Shareholders	No. of Shares	Amount (Rs.)	Percentage
1	Chiranjibi Thapa	912,864	91,286,400	9.76%
2	Ranjan Rayamajhi	584,232	58,423,200	6.25%
3	Himalayan Builders & Engineers Pvt.Ltd.	1,168,603	116,860,300	11.50%
4	Tilak Bahadur Ranabhat	1,168,550	116,855,000	11.50%
5	Nirajan Singh Basnet	233,892	23,389,200	2.50%
6	Guru Prasad Timilsina	467,423	46,742,300	5.00%
7	Hom Prasad Niroula	467,420	46,742,000	5.00%
8	Prawal Jung Pande	1,168,552	116,855,200	11.50%
9	Ravi Kiran Dhakal	85,736	8,573,600	0.92%
10	Parasparik Investment Company	89,280	8,928,000	0.95%
11	Gorakshya Multi Investment	70,000	7,000,000	0.75%
12	Hemanta Pandit	65,682	6,568,200	0.70%
13	Chaya Rana Shah	85,430	8,543,000	1.77%
14	Upasana K.C	54,002	5,400,200	0.58%
15	Bigyan Prasad Poudel	173,655	17,365,500	1.86%
16	Pawan Kumar Karki	1,396,365	139,636,500	14.94%
17	Laxman Prasad Poudel	26,171	2,617,100	0.28%
18	Binaya Kumar Gupta	34,173	3,417,300	0.37%
19	Manoj Khanal	16,863	1,686,300	0.18%
20	Damhar Bahadur KC	100	10,000	0.00%
21	Kalyani Shrestha	20505	2050500	0.28%
	<b>Total</b>	<b>8,289,498</b>	<b>828,949,800</b>	<b>86.59%</b>

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**Capital Merchant Banking & Finance Ltd.**  
**List of Share Holder's holding 0.5% or more of Paid-Up Share Capital**  
Amount in NPR

S. N.	Name of the Shareholders	No. of Shares	Amount (Rs.)	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%
	<b>Total</b>	<b>7,707,764</b>	<b>770,776,400</b>	<b>82.43%</b>

*Amir Jung Khadka*  
*Sulav Investment Company*

*Shreeram Khatri*  
*ABC Stock Management*





Schedule 4.2

**Capital Merchant Banking & Finance Ltd.**  
**Reserve and Surplus**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. General Reserve Fund	282,552,290	282,552,290
2. Capital Reserve Fund	-	-
3. Capital Redemption Reserve	-	-
4. Capital Adjustment Fund	-	-
5. Other Reserves	16,173,408	14,547,138
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	13,561,848	11,935,578
5.7 Other Free Reserves	-	-
5.8 Other Reserve Funds	-	-
5.9 Share Premium	2,611,560	2,611,560
6. Accumulated Profit/(Loss)	(1,875,545,300)	(1,871,994,512)
7. Exchange Equalization Fund	-	-
<b>Total</b>	<b>(1,576,819,602)</b>	<b>(1,574,895,084)</b>

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Schedule 4.3

**Capital Merchant Banking & Finance Ltd.**  
**Debentures and Bonds**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
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.


Schedule 4.4

**Capital Merchant Banking & Finance Ltd.**  
**Borrowings**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
<b>A. Local</b>		
Nepal Government	-	-
Nepal Rastra Bank	-	-
Repo Obligation	-	-
Inter Bank and Financial Institutions	26,700,000	27,700,000
Other Organized Institutions	-	-
Others	-	-
<b>Total</b>	<b>26,700,000</b>	<b>27,700,000</b>
<b>B. Foreign</b>		
Banks	-	-
Others	-	-
<b>Total</b>	-	-
<b>Total (A+B)</b>	<b>26,700,000</b>	<b>27,700,000</b>

















**Capital Merchant Banking & Finance Ltd.**  
**Deposits**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Schedule 4.5

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
<b>1. Non-Interest Bearing Accounts:</b>		
<b>A. Current Deposits</b>		
<b>1. Local Currency</b>		
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	-	-
<b>2. Foreign Currency</b>		
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>		
1. Local Currency	-	-
2 Financial Institutions	-	-
3 Other Organized Institutions	-	-
4 Individuals	-	-
2. Foreign Currency	-	-
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>	<b>21,395,737</b>	<b>21,236,566</b>
<b>1. Local Currency</b>	<b>21,395,737</b>	<b>21,236,566</b>
1.1 Organized Institutions	21,395,737	21,236,566
1.2 Individuals	-	-
1.3 Others	-	-
2. Foreign Currency	-	-
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
<b>B. Fixed Deposits</b>		
<b>1. Local Currency</b>		
1.1 Organized Institutions	-	-
1.2 Individuals	-	-
1.3 Others	-	-
<b>2. Foreign Currency</b>		
2.1 Organized Institutions	-	-
2.2 Individuals	-	-
2.3 Others	-	-
<b>C. Call Deposits</b>	<b>326,696,570</b>	<b>324,994,015</b>
<b>1. Local Currency</b>	<b>326,696,570</b>	<b>324,994,015</b>
1.1 "A" Class Licensed Institutions	51,974,255	52,094,290
1.2 Other Licensed Institutions	273,788,666	271,974,879
1.3 Other Organized Institutions	933,649	924,846
1.4 Individuals	-	-
1.5 Others	-	-
2. Foreign Currency	-	-
2.1 "A" Class Licensed Institutions	-	-
2.2 Other Licensed Institutions	-	-
2.3 Other Organized Institutions	-	-
2.4 Individuals	-	-
2.5 Others	-	-
<b>D. Certificate of Deposit</b>		
1. Organized Institutions	-	-
2. Individuals	-	-
3. Others	-	-
<b>Total of Interest Bearing Accounts</b>	<b>348,092,307</b>	<b>346,230,581</b>
<b>Total Deposit (1+2)</b>	<b>348,092,307</b>	<b>346,230,581</b>





Schedule 4.6

**Capital Merchant Banking & Finance Ltd.**  
**Bills Payable**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	Amount in NPR	
	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. Local Currency	-	-
2. Foreign Currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Schedule 4.7

**Capital Merchant Banking & Finance Ltd.**  
**Other Liabilities**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR

Particulars	Amount in NPR	
	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. Pension/Gratuity Fund	3,358,399	2,977,266
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	65,688,355	74,866,672
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	246,660	246,660
12. Others	415,842,171	416,153,950
<b>Total</b>	<b>485,135,585</b>	<b>494,244,547</b>

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Schedule 4.8

Capital Merchant Banking & Finance Ltd.  
Cash Balance  
As on 31 Ashad, 2077 (15 July, 2020)

Particulars	Amount in NPR	
	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. Local Currency (including coin)	141,330	135,153
2. Foreign Currency	-	-
<b>Total</b>	<b>141,330</b>	<b>135,153</b>

Schedule 4.9

Capital Merchant Banking & Finance Ltd.  
Balance with Nepal Rastra Bank  
As on 31 Ashad, 2077 (15 July, 2020)

Particulars	Local Currency	Foreign Currency			As on 31 Ashad, 2077	As on 31 Ashad, 2076
		Indian Currency	Convertible	Total		
1. Nepal Rastra Bank	3,107,576	-	-	-	3,107,576	3,107,576
a). Current Account	3,107,576	-	-	-	3,107,576	3,107,576
b). Other Account	-	-	-	-	-	-

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Capital Merchant Banking & Finance Ltd.  
Balance with other Banks/Financial Institutions  
As on 31 Ashad, 2077 (15 July, 2020)

Schedule 4.10

Amount in NPR

Particulars	Local Currency	Foreign Currency			As on 31 Ashad, 2077	As on 31 Ashad, 2076
		Indian Currency	Convertible	Total		
1. Local Licensed Institutions	85,101,422	-	-	-	85,101,422	97,855,223
a). Current Account	60,165,096	-	-	-	60,165,096	19,754
b). Other Account	24,936,326	-	-	-	24,936,326	97,835,469
2. Foreign Banks	-	-	-	-	-	-
a). Current Account	-	-	-	-	-	-
b). Other Account	-	-	-	-	-	-
<b>Total</b>	<b>85,101,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,101,422</b>	<b>97,855,223</b>

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Capital Merchant Banking & Finance Ltd.  
Money at Call and Short Notice  
As on 31 Ashad, 2076 (15 July, 2020)

Schedule 4.11

Amount in NPR

Particulars	Amount in NPR	
	As on 31 Ashad, 2077	As on 31 Ashad, 2076
1. Local Currency	-	-
2. Foreign Currency	-	-
<b>Total</b>	-	-

Capital Merchant Banking & Finance Ltd.  
Investments  
As on 31 Ashad, 2077 (15 July, 2020)

Schedule 4.12

Amount in NPR

Particulars	Purpose		As on 31 Ashad, 2077	As on 31 Ashad, 2076
	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>

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Schedule 4.12 (A)

**Capital Merchant Banking & Finance Ltd.**  
**Investment in Shares, Debentures and Bonds**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Particulars	Cost Price	Market Price	Provision	As on 31 Ashad, 2077	As on 31 Ashad, 2076
<b>1. Investment in Shares</b>					
1.1. Credit Information Bureau	-	-	-	-	-
3,543.75 Ordinary Shares of Rs 100 Paid up (including 3,273.75 bonus shares)	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	-	-	-	-	-
<b>2. Investment in Debentures and Bonds</b>					
2.1. .... Co. (Pvt Ltd./Ltd.)	-	-	-	-	-
..... % ..... Debentures/Bonds of Rs. ....	-	-	-	-	-
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>
<b>3. Provision for Loss</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
3.1. Provision Up to Previous Year	2,200			2,200	2,200
3.2. Additions This Year	-			-	-
<b>Total Provision</b>	<b>2,200</b>			<b>2,200</b>	<b>2,200</b>
<b>Net Investment</b>	<b>27,000</b>			<b>27,000</b>	<b>27,000</b>

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Capital Merchant Banking & Finance Ltd.  
Held for Trading  
As on 31 Ashad, 2077 (15 July, 2020)

Schedule 4.12.1

Description	Amount in NPR				
	Cost Price	Last Market Price	Current Market Price	Current Year Profit/(Loss)	Last Year 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	-	-	-	-	-
7. Debenture and Bonds of Local Licensed Institutions	-	-	-	-	-
8. Debenture and Bonds of Local Organized Institutions	-	-	-	-	-
9. Investment in Foreign Bonds (Placement)	-	-	-	-	-
10. Interbank Lending	-	-	-	-	-
11. Other Investment	-	-	-	-	-
Total Investment	-	-	-	-	-

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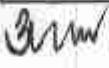




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Capital Market Board of Nepal & Finance Ltd.  
 Held to Maturity  
 As on 31 Ashad, 2077 (15 July, 2020)

Schedule 4.12.2

Description	Cost Price	Cumulative Loss Up to This Year	Current Year Loss	Current Year Profit/(Loss)	Amount in NPR	
					Last Year 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	-	-	-	-	-	-
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 Investments	-	-	-	-	-	-
Total Investment	-	-	-	-	-	-





Schedule 4.12.3

Capital Merchant Banking & Finance Ltd.  
Available for Sale  
As on 31 Ashad, 2077 (15 July, 2020)

Description	Cost Price	Last Market Price	Current Market Price	Amount in NPR	
				Current Year Fund Adjustment Amount	Last Year 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	-	-	-	-
<b>Total Investment</b>	<b>29,200</b>	-	-	-	-

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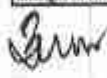


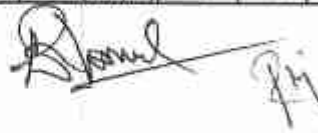




**Capital Merchant Banking & Finance Ltd.**  
**Classification of Loans and Bills Purchased and Provisioning**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Schedule 6.13

Amount in NPR

Particulars	Loans					Bills Purchased/Discounted			As on 31 Ashad, 2077	As on 31 Ashad, 2076
	Domestic		Others	Foreign	Total	Domestic	Foreign	Total		
	Insured	Uninsured								
<b>1. Performing Loans</b>										
1.1 Pass Loan										
1.2 Watchlist										
1.3 Restructured										
<b>2. Non-Performing Loans</b>			1,586,581,670		1,586,581,670				1,586,581,670	
2.1 Substandard										
2.2 Doubtful										
2.3 Bad			1,586,581,670		1,586,581,670				1,586,581,670	
<b>(A). Total Loan</b>			1,586,581,670		1,586,581,670				1,586,581,670	
<b>3. Loan Loss Provision</b>			1,586,581,670		1,586,581,670				1,586,581,670	
3.1 Pass										
3.2 Watchlist										
3.3 Restructured										
3.4 Substandard										
3.5 Doubtful										
3.6 Bad			1,586,581,670		1,586,581,670				1,586,581,670	
<b>(B). Total Provisioning</b>			1,586,581,670		1,586,581,670				1,586,581,670	
<b>4. Provisions upto previous year</b>			1,588,481,693		1,588,481,693				1,588,481,693	
4.1 Pass										
4.2 Watchlist										
4.3 Restructured										
4.4 Substandard										
4.5 Doubtful										
4.6 Bad			1,588,481,693		1,588,481,693				1,588,481,693	
<b>(C). Total Previous Year's Provision</b>			1,588,481,693		1,588,481,693				1,588,481,693	
<b>(D). Written Back From Previous Year</b>										
<b>Changes in This Year</b>			(1,900,023)		(1,900,023)				(1,900,023)	







Schedule 4.13 (A)

Capital Merchant Banking & Finance Ltd.  
Loans, Advances and Bills Purchased Security wise  
As on 31 Ashad, 2077 (15 July, 2020)

Amount in NPR

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
(A). Secured	1,586,581,670	1,588,481,693
1. Movable/Immovable Assets	1,584,106,881	1,586,006,904
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	2,474,789	2,474,789
(B). Unsecured	-	-
Total	1,586,581,670	1,588,481,693

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## Capital Merchandise &amp; Finance Ltd.

As on 31 Ashad, 2077 (15 July, 2020)

Particulars	Assets						As on 31 Ashad, 2077	As on 31 Ashad, 2076
	Building	Vehicles	Machinery	Office Equipment	Others			
1 At Cost								
a. Previous Year Balance	31,332,349	12,043,054	26,978,633	10,126,472	6,020,844	-	86,501,352	86,241,000
b. Addition This Year	-	-	8,249	-	-	-	8,249	260,352
c. Revaluation/Written Back This Year	-	-	-	-	-	-	-	-
d. This Year Sold	-	-	-	-	-	-	-	-
e. This Year Written off	-	-	-	-	-	-	-	-
<b>Total Cost (a+b+c-d-e)</b>	<b>31,332,349</b>	<b>12,043,054</b>	<b>26,986,882</b>	<b>10,126,472</b>	<b>6,020,844</b>	<b>-</b>	<b>86,509,601</b>	<b>86,501,352</b>
2 Depreciation								
a. Up to Previous Year	14,334,840	11,543,992	26,087,286	9,965,500	5,946,228	-	67,877,846	66,481,237
b. For This Year	849,875	99,633	204,895	32,961	47,302	-	1,234,657	1,396,609
c. Depreciation on Revaluation/Written Back	-	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>15,184,715</b>	<b>11,643,625</b>	<b>26,292,181</b>	<b>9,998,462</b>	<b>5,993,531</b>	<b>-</b>	<b>69,112,513</b>	<b>67,877,846</b>
3 <b>Book Value (WDV*) (1-2)</b>	<b>16,147,634</b>	<b>399,429</b>	<b>694,701</b>	<b>128,010</b>	<b>27,314</b>	<b>-</b>	<b>17,397,087</b>	<b>18,623,505</b>
4 Land	-	-	-	-	-	-	56,009,370	56,009,370
5 Capitalization Construction (Pending)	-	-	-	-	-	-	7,495,872	7,495,872
6 Leasehold Assets	-	-	-	-	-	-	-	-
<b>Total (3+4+5+6)</b>	<b>16,147,634</b>	<b>399,429</b>	<b>694,701</b>	<b>128,010</b>	<b>27,314</b>	<b>-</b>	<b>80,902,439</b>	<b>82,128,858</b>



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**Capital Merchant Banking & Finance Ltd.**  
**Other Assets**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Schedule 4.16

Amount in NPR

Particulars	Amount in NPR		
	As on 31 Ashad, 2077	As on 31 Ashad, 2076	As on 32 Ashad, 2075
ATM card Stock	-	-	-
Income Receivable on Investments	-	-	-
Accrued interest on Loan	2,317,215,332	2,017,614,130	2,125,733,267
Less: Interest Suspense Amount	(2,317,215,332)	(2,017,614,130)	(2,125,733,267)
Commission Receivable	-	-	-
Sundry Debtors	29,609,759	28,311,000	27,068,837
Staff Loans and Advances	80,137	96,777	126,337
Prepaid Expenses	-	10,358	-
Cash in Transit	-	-	-
Other Transit Items (including cheques)	-	-	-
Drafts Paid without Notice	477,871	477,871	477,871
Expenses Not Written off	(0)	(0)	-
Branch account	13,561,849	11,935,579	10,030,486
Deferred Tax Assets	5,168,406	4,262,141	4,487,970
Other	-	-	-
<b>Total</b>	<b>48,896,023</b>	<b>45,095,734</b>	<b>42,191,501</b>

Schedule 4.16 (A)  
Amount in NPR

Particulars	As on 31 Ashad, 2077			As on 31 Ashad, 2077	As on 31 Ashad, 2076
	Up to 1 Year	1 to 3 Years	More Than 3 Years		
1. Accrued interest on Loan	-	-	-	2,317,215,332	2,017,614,130
2. Drafts Paid without Notice	-	-	-	-	-
3. Branch Adjustment Account	-	-	-	-	-
4. Local and Foreign Agency A/Cs	-	-	-	-	-



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*for* *Sanjiv* *Prakash*



Schedule 4.17

**Capital Merchant Banking & Finance Ltd.**  
**Contingent Liabilities**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Particulars	Amount in NPR	
	As on 31 Ashad, 2077	As on 31 Ashad, 2076
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>	-	-

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Schedule 4.18

Capital Merchant Banking & Finance Ltd.  
Interest Income  
As on 31 Ashad, 2077 (15 July, 2020)

Particulars	Amount in NPR	
	This Year	Previous Year
A. On Loan, Advances and Overdraft	-	39,598
1. Loans and Advances	-	39,598
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	3,666,282	4,981,351
E. On Others	-	-
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	3,666,282	4,981,351
3. Others-Deposit with other FIs	-	-
<b>Total</b>	<b>3,666,283</b>	<b>5,020,949</b>

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Capital Merchant Banking & Finance Ltd.  
Interest Expenses

Schedule 4.19

For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)

Amount in NPR

Particulars	This Year	Previous Year
A. On Deposit Liabilities	3,224,617	3,678,914
1. Fixed Deposits	-	-
1.1 Local Currency	-	-
1.2 Foreign Currency	-	-
2. Savings Deposits	208,810	225,221
2.1 Local Currency	208,810	225,221
2.2 Foreign Currency	-	-
3. Call Deposits	-	-
3.1 Local Currency	3,015,807	3,453,693
3.2 Foreign Currency	3,015,807	3,453,693
4. Certificate of Deposits	-	-
B. On Borrowings	854,408	852,986
1. Debentures and Bonds	-	-
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank/Financial Institutions Borrowing	854,408	852,986
4. Other Corporate Body	-	-
5. Other Loans	-	-
C. On Others	-	-
1. ....	-	-
2. ....	-	-
<b>Total</b>	<b>4,079,025</b>	<b>4,531,900</b>

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Schedule 4.20

**Capital Merchant Banking & Finance Ltd.**  
**Commission and Discount**

**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**  
**Amount in NPR**

Particulars	This Year	Previous Year
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>	-	-

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Schedule 4.21

Capital Merchant Banking & Finance Ltd.  
Other Operating Income

For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)

Amount in NPR

Particulars	This Year	Previous Year
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	-	-
<b>Total</b>	-	-

Schedule 4.22

Capital Merchant Banking & Finance Ltd.  
Exchange Gain/Loss

For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)

Amount in NPR

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

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**Capital Merchant Banking & Finance Ltd.**  
**Employee Expenses**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Schedule 4.23

Particulars	Amount in NPR	
	This Year	Previous Year
1. Salary		
2. Allowances	3,119,664	3,047,616
3. Contribution to Provident Fund	935,472	938,268
4. Training Expenses	203,966	196,762
5. Uniform	-	-
6. Medical	-	-
7. Insurance	198,572	192,568
8. Leave Encashment	12,349	12,349
9. Gratuity	452,005	398,585
	381,133	360,936
<b>Total</b>	<b>5,303,161</b>	<b>5,147,083</b>

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Schedule 4.24

## Capital Merchant Banking &amp; Finance Ltd.

## Other Overhead Expenses

For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)

Amount in NPR

Particulars	This Year	Previous Year
1. House Rent	-	-
2. Electricity and Water	245,800	425,847
3. Repair and Maintenance	102,272	118,566
(a). Building	-	-
(b). Vehicles	96,570	65,842
(c). Others	5,702	52,723
4. Insurance	68,510	73,379
5. Postage, Telex, Telephone, Fax	13,450	17,301
6. Office Equipment, Furniture and Fixture Repair	-	-
7. Traveling Allowances and Expenses	-	-
8. Stationery and Printing	15,375	102,260
9. Periodicals and Books	3,400	5,900
10. Advertisements	-	-
11. Legal Expenses	380	420
12. Donations	-	-
13. Expenses Relating to Board of Directors	51,250	153,990
(a). Meeting Fees	47,000	140,500
(b). Other Expenses	4,250	13,490
14. Annual General Meeting Expenses	-	-
15. Expenses Relating to Audit	206,700	211,520
(a). Audit Fees	101,700	101,700
(b). Other Expenses	-	4,820
(c). Tax Audit Fees	105,000	105,000
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	1,234,667	1,396,609
18. Amortization of Preliminary Expenses	-	-
19. Share Issue Expenses	-	-
20. Technical Services Fee	240,000	240,000
21. Entertainment	-	-
22. Written Off Expenses	-	-
23. Security Expenses	257,527	252,818
24. Credit Guarantee Premium	-	-
25. Commission and Discount	-	-
26. Others	1,472,225	1,238,713
26.1. Membership Fee	-	-
26.2. Tax & Fines	950,070	723,331
26.3. Anniversary Expenses	-	-
26.4. Fuel Expenses	68,737	97,888
26.5. Service Charge	690	180
26.6. Gift Expenses	-	-
26.7. Branch Extension Expenses	-	-
26.8. Data Connectivity Expenses	148,264	138,847
26.9. Software Maintenance Expenses	-	82,860
26.10. Fine and Penalties	-	-
26.11. Others	304,464	195,608
<b>Total</b>	<b>3,911,556</b>	<b>4,237,324</b>

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Schedule 4.25

**Capital Merchant Banking & Finance Ltd.**  
**Provision for Possible Losses**

**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

Amount in NPR

Particulars	This Year	Previous Year
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	-	-
<b>Total</b>	-	-

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Schedule 4.26

## Capital Merchant Banking &amp; Finance Ltd.

## Non-Operating Income/Loss

For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)

Particulars	Amount in NPR	
	This Year	Previous Year
1. Profit (Loss) on Sale of Investment	-	-
2. Profit (Loss) on Sale of Assets	-	-
3. Dividend	-	-
4. Subsidies Received from Nepal Ratra Bank	-	59,038
a. Reimbursement of Losses of Specified Branches	-	-
b. Interest Subsidy	-	-
c. Exchange Counter	-	-
Others	-	-
	4,176,649	2,758,797
<b>Total Non-Operating Income (Loss)</b>	<b>4,176,649</b>	<b>2,817,835</b>

Schedule 4.27

## Capital Merchant Banking &amp; Finance Ltd.

## Loss Provision Written Back

For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)

Particulars	Amount in NPR	
	This Year	Previous Year
1. Loan Loss Provision Written Back	-	-
2. Provision against Non-Banking Assets Written Back	1,900,023	107,054,209
3. Investment Provision Written Back	-	-
4. Provision against Other Assets Written back	-	-
	-	885,325
<b>Total</b>	<b>1,900,023</b>	<b>107,939,534</b>

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**Capital Merchant Banking Finance Ltd.**  
**Statement of Loans Written-Off**

For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)

Amount in NPR

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</b>		-	-	-	-	-	-

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**Capital Merchant Banking & Finance Ltd.**  
**Income /Expenses from Extra-ordinary Activities**  
**For the period ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)**

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

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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, 2077 (15 July, 2020)

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	Amount in NPR 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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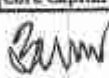






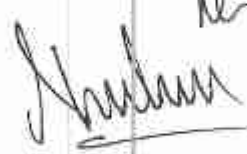
Schedule 4.30

**Capital Merchant Banking & Finance Ltd.**  
**Statement of Capital Fund**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR '000'

Particulars	As on 31 Ashad, 2077	As on 31 Ashad, 2076
<b>A). Core Capital</b>	<b>(657,512)</b>	<b>(653,961)</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	282,552	282,554
6. Cumulative Profit/(Loss) (up to Previous FY)	(1,871,995)	(1,953,103)
7. Current Year Profit/(Loss) as per shown in Balance Sheet	(3,551)	81,107
8. Capital Redemption Reserve	-	-
9. Capital Adjustment Reserve	-	-
10. Calls in Advance	-	-
11. Other Free Reserves	-	-
12. Deferred Tax Reserve	13,562	11,945
<b>Less :</b>	<b>15,762</b>	<b>14,145</b>
Goodwill	-	-
Investment in excess of prescribed limit	2,200	2,200
Fictitious Assets	13,562	11,945
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>-</b>	<b>-</b>
1. Loan Loss Provision on Past Loans	-	-
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	-	-
<b>C). Total Capital Fund (A+B)</b>	<b>(657,512)</b>	<b>(653,961)</b>
<b>D). Minimum Capital Fund required to be maintained on the basis of Risk Weighted Assets:</b>		
Capital Fund (@ 11 Percent)	185,289	185,923
Core Capital (@ 5.5 Percent)	92,644	92,962
Capital Fund Deficit By @ 48 Percent	(842,801)	(839,884)
Core Capital Deficit By @ 43 Percent	(750,156)	(746,923)









**Capital Merchant Bank & Finance Ltd.**  
**Table of Risk Weighted Assets Statement**  
**As on 31 Ashad, 2077 (15 July, 2020)**

Amount in NPR '000'

On-Balance Sheet Assets	Risk Weighted (%)	As on 31 Ashad, 2077		As on 31 Ashad, 2076	
		Amount	Risk Weighted Assets	Amount	Risk Weighted Assets
Cash Balance	0	141	-	135	-
Gold (Tradable)	0	-	-	-	-
Balance with Nepal Rastra Bank	0	3,108	-	3,108	-
Investment in Government Securities	0	-	-	-	-
Investment in NRI Bonds	0	-	-	-	-
Fully Secured Loan against own Fixed Deposit Receipt	0	-	-	-	-
Fully Secured Loan against Government Securities	0	-	-	-	-
Accrued Interest on Saving Bonds	0	-	-	-	-
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	84,652	16,930	97,855	19,571
Fully Secured FDI 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	1,586,582	1,586,582	1,589,482	1,589,482
Fixed Assets	100	80,902	80,902	82,129	82,129
Other Interest Receivable (Total interest receivable less inter receivable on investment less interest Suspense)	100	-	-	-	-
All other Assets (except Advance Income Tax)	100	-	-	-	-
Excess Real Estate/Residential Home Loan	150	-	-	-	-
<b>Total (A)</b>		<b>1,755,415</b>	<b>1,684,444</b>	<b>1,771,738</b>	<b>1,690,211</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>Total Risk Weighted Assets (A+B)</b>		<b>1,755,415</b>	<b>1,684,444</b>	<b>1,771,738</b>	<b>1,690,211</b>

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**Capital Merchant Banking & Finance Ltd.**  
**Principal Indicators**  
**(At least for previous 5 years)**

Schedule 4.31

Particulars	Indicators	FY 2072/73	FY 2073/74	FY 2074/75	FY 2075/76	FY 2076/77
1. Percent of Net Profit/Gross Income	Percent	541	83	2,004	1,324	(25)
2. Earning Per Share	Rs.	30.55	1.39	10.91	11.10	(0.21)
3. Market Value Per Share	Rs.	131	131	131	131	131
4. Price Earning Ratio	Percent	4.29	94.55	12.01	11.00	(636.49)
5. Dividend (Including Bonus) on Share Capital	Percent	-	-	-	-	-
6. Cash Dividend on Share Capital	Percent	-	-	-	-	-
7. Interest Income/Loan & Advances	Percent	2.72	0.80	0.00	0.00	-
8. Staff Expenses/Total Operating Expenses	Percent	51.50	44.97	51.03	54.85	57.55
9. Interest Expenses / Total Deposit and Borrowing	Percent	2.47	1.15	1.21	1.31	1.17
10. Exchange Gain/Total Income	Percent	-	-	-	-	-
11. Staff Bonus/Total Staff Expenses	Percent	-	-	-	-	-
12. Net Profit/Loan and Advances	Percent	16.26	0.75	6.42	0.53	(0.12)
13. Net Profit/Total Assets	Percent	171.56	8.29	45.05	45.44	(0.88)
14. Total Credit/Deposit	Percent	398.78	397.82	458.79	458.79	455.79
15. Total Operating Expenses/Total Assets	Percent	5.91	5.12	1.96	1.96	1.79
16. Adequacy of Capital Fund on Risk Weighted Assets						
a) Core Capital	Percent	(43.00)	(41.39)	(33.07)	(38.69)	(39.03)
b) Supplementary Capital	Percent	-	-	-	-	-
c) Total Capital Fund	Percent	(43.00)	(41.39)	(33.07)	(38.69)	(39.03)
17. Liquidity (CRR)	Percent	0.01	0.46	0.42	0.90	0.004
18. Non-Performing Loan/Total Credit	Percent	100.00	100.00	100.00	100.00	100.00
19. Weighted Average Interest Rate Spread	Percent	7.38%	7.00%	7.00%	7.00%	1.00%
20. Book Net-Worth	Rs.	(799,501,189)	(706,552,305)	(641,578,224)	(639,816,311)	(641,750,102)
21. Total Number of Shares	Nos.	9,350,695	9,350,695	9,350,695	9,350,695	9,350,695
22. Total Staff	Nos.	23	15	14	14	14
23. Others						

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## Capital Merchant Banking & Finance Limited

Schedule 4.32

### Significant Accounting Policies

#### 1. General Information:

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

The company has been registered with The Office of Company Registrar on 14 Ashad, 2058, obtained license from Nepal Rastra Bank on 17 Magh, 2058 and came into operation with effective from 17 Magh, 2058. The company has listed on Nepal Stock Exchange Limited.

Capital Merchant Banking and Finance Limited has been declared as a "Problematic Financial Institution" on 17 Magh, 2069 as per section 86(kha) of Nepal Rastra Bank Act, 2058.

BOD of CMBFL has entered into the agreement for sale of its minimum 32.89% promoter and 31.11% public shares as on 21 Ashoj, 2073.

CMBFL has received the approval from Nepal Rastra Bank to sale 3,085,455.00 number of promoter shares on 19 Kartik, 2074.

Currently, CMBFL has been planning of recovering of loan through sale of its mortgaged collateral.

#### 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 have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), Bank & Financial Institution Act, 2073 and other requirements of NRB Directives and in conformity with the Companies Act, 2063.

#### 4. Basis of Preparation:

The financial statements are prepared on 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 basis of accounting for the preparation of financial statements except where otherwise stated. All the formats of financial statements are in accordance with the NRB Directives.

#### 5. Going Concern Assumption:

Though the company has negative net worth amounting to Rs. 641,750,102, 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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**6. Interest Income:**

Interest income on loans and advances is recognized on cash basis as per the NRB Directives. Interest income on investment is accounted for on accrual basis.

**7. Commission Income:**

All the commission income is recognized on accrual basis.

**8. Interest Expense:**

Interest on deposit liabilities and borrowing is recognized on accrual basis.

**9. Loans and Advances including Bills purchased:**

Loans and advances include the direct finance provided to the customers. These include term loans, consumer loans etc. All credit exposures are subject to regular review and graded according to the level of credit risk and are classified as per the 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 account head of Other Assets Schedule-4.16.

**11. Loan Loss Provision:**

The provision for possible losses for loans advances are provided at the rates between 1% to 100% according to classification of such risk assets as per NRB 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 as per their nature.

**14. Fixed Assets and Depreciation:**

- A. Fixed Assets are stated at cost less accumulated depreciation and impairment losses.
- B. Depreciation is computed on written down value method and charged to Profit & Loss Account as the manner prescribed by Income Tax Act, 2058. For disposing the fixed assets of the company, it would follow the provision of Income Tax Act, 2058 and deduct depreciation upto a day prior to the date of disposal.
- C. Lease hold improvement has been capitalized at cost and amortized over the lease periods. The amount of amortization is charged to Profit & Loss Account.

**15. Non-Banking Assets:**

Non-Banking Assets is valued in accordance with the NRB Directives and provision is also made as per NRB Directives.

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*K.*

*R. K. S.*

*R. K.*

*M. K. S.*





**16. Accounting Policy for Non-Capitalization of Assets:**

Assets worth less than Rs. 5,000.00 are directly charged off as revenue expenditure at the time of purchase as per Finance and Administration Policy of CMBFL.

**17. Software Expenses:**

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and other cost incurred at the point of use. The costs are amortized applying WDV method.

**18. Employee Benefits:**

**A. Retirement Fund:**

Provident Fund contribution is recognized as expenses and deposited into the CIT.

**B. Gratuity:**

Gratuity liability of staff is accrued only after completion of fixed period of full-time employment with the company in accordance with the Human Resource Policy.

**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.

**22. Exchange Gain/Loss:**

The Financial Institution has not transacted any other foreign currency during the year. So, there has been no exchange gain/loss to the company due to foreign exchange transaction.

**23. Deferred Tax:**

Deferred Tax is accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary difference 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 recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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## Capital Merchant Banking & Finance Limited

Schedule 4.33

### Notes to Accounts

**1) Interest Income and Interest Suspense:**

The interest receivable on loans and advances as on 31 Ashad, 2077 (15 July, 2020) has been transferred to interest suspense account as interest income can be recognized only when realized in cash as per NRB Directives.

**2) Provision for Staff Bonus:**

Provision for Staff Bonus has not been provided as per Bonus Act, 2030 since NRB through its PCA letter dated 09 August, 2011 restricts payment of bonus to staff.

**3) Staff Housing Fund:**

N/A

**4) General Reserve:**

During FY 2076/77, CMBFL has not earned any net profit, hence no additional amount has been transferred to General Reserve during the year.

**5) Calls in Arrears:**

There are no Calls in Arrears at the year end.

**6) Unpaid Dividend:**

The company has declared a cash dividend at 5.26% of paid-up capital in FY-2066/67. As on Balance Sheet date, total dividend payable amounts to Rs. 246,660.03.

**7) Investment in Share Capital of other Corporate body:**

The company has made investment of Rs. 27,000.00 in shares of Credit Information Centre and Rs. 2,200.00 in the shares of Union Finance.

Book value of shares not listed in Nepal 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 body at the Balance Sheet date as on 31 Ashad, 2077 (15 July, 2020).

**8) Average interest rate spread:**

The average interest rate spread of the financial institution is 7%.

**9) Expenses to be written off:**

The company has Rs. 477,871.06 under the head expenses to be written off. The amount has been carried forward from previous year end.

**10) Single Obligor Limit:**

The company has negative capital fund as on Chaitra end 2076 and hence the Single Obligor Limit of the company has exceeded the limit as mentioned in the NRB Directives.

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11) Summary of Loans and Advances Disbursed, Recovered and Principal & Interest Written Off:

Amount in NPR '000'

Particulars	Amount in NPR '000'
Opening Balance	1,588,481.693
Loan Disbursed	Nil
Loan recovered	(1,900.02)
Principal Written off	(1,900.02)
Interest Written off	Nil
Closing Outstanding	1,586,581.670

12) Classification of Loans & Provisioning:

Classification of loan as on 31 Ashad, 2077 is as under :

S.N	Category	Amount in NPR '000'
1	Pass	Nil
2	Watchlist	Nil
3	Re-structured	Nil
4	Substandard	Nil
5	Doubtful	Nil
6	Bad	1,586,581.670
	Total	1,586,581.670

Accordingly, Company has written back Rs. 1,900.02 thousand loan loss provision during the year.

13) Summary Status of the Deposit Liabilities:

Amount in NPR '000'

Particulars	As on 31 Ashad, 2077	As on 32 Ashad, 2076	Increased by
Saving Deposits	21,395.74	21,236.57	159.17
Fixed Deposits	-	-	-
Call Deposits	326,696.57	324,994.02	1,702.55
Total	348,092.31	346,230.58	1,861.73

14) Leasehold assets detail:

The closing balance as on 31 Ashad, 2077 is Nil.

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**15) Paid-up Share Capital:**

Paid-up Share Capital of the company as on 31 Ashad , 2077 is Rs. 935,069,500.00. There has been no change in the paid-up share capital from previous year.

**16) Detail of Non-Banking Assets:**

During the financial year 2072/73 company has booked Non-Banking Assets of Rs. 20,335,799.26 by transferring the mortgaged land of Irada Builders Pvt. Ltd. in the name of company. The Company has not booked any Non-Banking assets during the year. The company has been provided 100% provision to NBA as per NRB Directives. During the financial year balance relating to Non-Banking Assets are as follows:

Particulars	Amount (Rs.)
Opening Balance	20,335,799.26
Booked during the year	Nil
Sales during the year	Nil
Closing Balance	20,335,799.26
Provision	20,335,799.26
Net Closing Balance	Nil

**17) Provision for Gratuity:**

The company has provided for future payment of gratuity liability in full as per Human Resource Policy. The company has practice of depositing gratuity amount to CIT and outstanding balance relating to the gratuity has been shown separately under the head other assets and other liabilities.

During the year Rs. 381,133 has been charged to Profit and Loss Account as gratuity expenses.

**18) Provision for Leave Encashment:**

The company has provided provision for Leave Encashment as per the Human Resource Policy Rs. 10, 28,761.31 have been provided for leave encashment under this account head.

**19) Provision for Bank Balance:**

As the Crystal Finance has been declared as problematic financial institution, the provision has been made with full amount of Rs. 10,208,943.10. No any recovery has been made from the stated financial institution in current year.

**20) NRB Reporting:**

As reported to NRB reporting number 5.1 cumulative net financial assets position are presented below:

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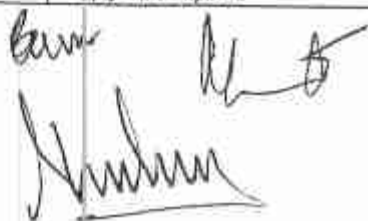







Amount in '000

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	141					141
2	Balance with Banks & FIs	85,101					85,101
3	Investment in Foreign Banks	-					-
4	Call Money	-					-
5	Government Securities	-					-
6	Nepal Rastra Bank Bonds	3,108					3,108
7	Inter Bank & FI Lending	-					-
8	Loans & Advances	1,586,582					1,586,582
9	Interest Receivable	2,317,215					2,317,215
10	Reverse Repo						-
11	Receivables from other institutions under Commitment						-
12	Payment to be made for facilities under s.no 20,21 & 22						-
13	Others	-					-
	<b>Total Assets (A)</b>	<b>3,992,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,992,147</b>
<b>Liabilities</b>							
14	Current Deposits	724,981					724,981
15	Saving Deposits	21,396					21,396
16	Fixed Deposits	-					-
17	Debentures	-					-
18	Borrowings:	26,700	-	-	-	-	26,700
	(a) Call/Short Notice						-
	(b) Inter-bank/Financial Institutions	26,700					26,700
	(c) Refinance						-
	(d) Others						-
19	Other Liabilities and Provisions	4,015,561	-	-	-	-	4,015,561
	(a) Sundry Creditors	65,734					65,734
	(b) Bills Payable	-					-





	(c) Interest Payable	2,317,215					2,317,215
	(d) Provisions	1,632,612					1,632,612
	(e) Others	-					-
20	Payable to other institutions under Commitment						-
21	Unutilized Approved Facilities						-
22	Letter of Credit/Guarantee (Net of Margin)						-
23	Repo						-
24	Payment to be made for facilities under S.No 11						-
25	Others						-
	<b>Total Liabilities (B)</b>	<b>4,788,638</b>	-	-	-	-	<b>4,788,638</b>
	<b>Net Financial Assets (A-B)</b>	<b>(796,491)</b>	-	-	-	-	<b>(796,491)</b>
	<b>Cumulative Net Financial Assets</b>	<b>(796,491)</b>	<b>(796,491)</b>	<b>(796,491)</b>	<b>(796,491)</b>	<b>(796,491)</b>	<b>-</b>

### 21) Deferred Tax Assets:

Deferred Tax Assets and Liabilities have been computed as follows:

Particulars	As per Book	Tax Base	Temporary Difference
Fixed Assets	80,902,439.32	80,971,049.32	68,609.99
Provision for Leave	1,028,761.31	-	1,028,761.31
Taxable Loss		(44,108,793.49)	44,108,793.49
<b>Net Temporary Difference</b>			<b>45,206,164.79</b>
Deferred Tax Assets/(Liabilities) as on 31 Ashad, 2077 (15 July, 2020) 30%			13,561,849.44
Deferred Tax Assets/(Liabilities) as on 31 Ashad, 2076 @ 30%			11,935,578.80
Deferred Tax Expense/(Income) for the current year			(1,626,270.64)

Deferred Tax Assets as on 31 Ashad, 2077 is Rs. 13,561,849.44 and increased in Deferred Tax Assets by Rs. 1,626,270.64 has been recognized as deferred tax income in Profit and Loss Account in the current year.

### 22) Going Concern Assumption:

Presently, the company has been declared as "Problematic Financial Institution" as per Section 86 (Kha) of Nepal Rastra Bank Act, 2058. The present management, after considering wide range of factors surrounding company's future prosperity, has prepared the financial statements on Going Concern Assumption albeit presently the company has negative Net Worth.

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Due to the negative core capital, Minimum Capital Adequacy Ratio (Directive No. 1), Single Obligor Limit Ratio (Directive No. 3), Investment 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 NRB Directives.

**23) Events after the reporting period:**

No such events reported.

**24) Income Tax:**

For tax purpose, self-assessment income tax return has been filed upto financial year 2074/75. CMBFL 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 2076/77 Rs. Nil has been provided as Income Tax provision since company has carried forward tax loss of financial year 2075/76 Rs. 38,807,132.67 which is available for set-off.

**25) Interbank Borrowing:**

The company has availed interbank borrowing from Century Bank Ltd. for Rs. 26,700,000.00 as on 31 Ashad, 2077. Borrowing from Century Bank is secured by mortgage of Land & 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) Minimum Paid-up Capital:**

The company has already fulfilled the minimum capital requirement as per NRB Directives.

Particulars	Amount (Rs.)
Minimum Paid-up Capital	800,000,000.00
Paid-up Capital of CMBFL as on 31 Ashad, 2077	935,069,500.00

**27) Reporting Currency:**

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

**28) Group/Re-Group:**

The previous year's figures are grouped or re-grouped whenever 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 ended on 31 Ashad, 2077 (17 July, 2019 to 15 July, 2020)

S. N.	Name of Promoter/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								
11								
12								
13								

Note: Details not available

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**Capital Merchant Banking & Finance Ltd.**

List of Promoter and Share Holder's holding 0.5% or more of Paid-Up Share Capital

Amount in NPR

S. N.	Name of the Shareholders	No. of Shares	Amount (Rs.)	Percentage
1	Chiranjibi Thapa	912,864	91,286,400	9.76%
2	Ranjan Rayamajhi	584,232	58,423,200	6.25%
3	Himalayan Builders & Engineers Pvt. Ltd.	1,168,603	116,860,300	11.50%
4	Tilak Bahadur Ranabhat	1,168,500	116,855,000	11.50%
5	Niranjan Singh Basnet	233,892	23,389,200	2.50%
6	Guru Prasad Timilsina	467,423	46,742,300	5.00%
7	Hem Prasad Niroula	467,420	46,742,000	5.00%
8	Prawal Jung Pande	1,168,552	116,855,200	11.50%
9	Ravi Kiran Dhakal	85,736	8,573,600	0.92%
10	Parasparik Investment Company	69,200	6,920,000	0.95%
11	Gorakshya Multi Investment	70,000	7,000,000	0.75%
12	Hemanta Pandit	65,682	6,568,200	0.70%
13	Chaya Rana Shah	85,430	8,543,000	1.77%
14	Vijayana K.C.	54,002	5,400,200	0.58%
15	Sigyan Prasad Poudel	173,655	17,365,500	1.86%
16	Pawan Kumar Karki	1,396,365	139,636,500	14.94%
17	Laxman Prasad Poudel	26,171	2,617,100	0.28%
18	Binaya Kumar Gupta	34,173	3,417,300	0.37%
19	Manoj Kharel	16,863	1,686,300	0.18%
20	Jambur Bahadur KC	100	10,000	0.01%
21	Kalyani Shrestha	20505	2,050,500	0.22%
	<b>Total</b>	<b>8,289,498</b>	<b>828,949,800</b>	<b>86.59%</b>

क्यापिटल मर्चेन्ट बैंकिंग एण्ड फाइनान्स लिमिटेड

आ वा २०७६/७७को कर लेखापरीक्षणसंग सम्बन्धित टिप्पणीहरू

- कम्पनीको आ. व. २०७६/७७को आयविवरण तथा सो संग संलग्न अनुसूचीहरू प्रतिको उत्तरदायित्व बैंकको व्यवस्थापनमा रहेको छ । हाम्रो उत्तरदायित्वआयकर ऐन, २०५८को दफा ८१ बमोजिम बैंकले राखेकाकागजातहरूको आधारमाउक्तविवरणहरूले कारोबारको यथार्थ चित्रण गरेको प्रमाणित गर्नु हो ।
- गतवर्षसम्मको मिलानगर्न बाँकीअग्रिम कर रु २०,५९५,१२६।३९आ. व.२०७६/७७माअत्या सरिएको छ ।
- आयकर ऐन, २०५८को दफा १६ अनुसार व्यवसायको आयआर्जन गर्न सो वर्षमा स्वामित्वभएको र प्रयोग गरिएको इन्स योग्य सम्पत्तिको मर्मत वा सुधार गर्दा भएको खर्च कट्टीगर्दा सो आयवर्षको अन्त्यमा रहेको सम्पत्तिको समूहको इन्स आधार रकमको सातप्रतिशतसम्मकट्टीगर्न सकिने प्रावधान रहेकोमाकम्पनीले गरेको मर्मत वा सुधार खर्च रकमनिम्नबमोजिमकट्टीगरिएको छ ।

इन्स योग्य सम्पत्ति	इन्स आधार रकम	मर्मत वा सुधार खर्च रकम	सातप्रतिशतले हुने रकम	कट्टीगरिएको रकम
समूह 'ख'	८५०,०२५।१५	५,७०२।००	५९,५०१।७६	५,७०२।००
समूह 'ग'	३९९,४२८।६८	९६,५७०।००	२७,९६०।०९	२७,९६०।०९
आयकर ऐन, २०५८को दफा १६ अनुसार जम्माकट्टीहुने रकम				३३,६६२।०९

- आयकर ऐन, २०५८को दफा ५९को उपदफा १ क बमोजिम नेपाल राष्ट्र बैंकले तोकेको मापदण्डको अधीनमा रही बैंकिंगव्यवसाय संचालनगर्ने तिकायको जोखिमव्यहोर्ने कोषमा राखेको असूलहुनबाँकी ऋण तथा गैर बैंकिंग सम्पत्ति रकमको बढीमा ५ प्रतिशत सम्मको रकमलाईखर्चको रूपमाकट्टीगर्ने प्रावधान रहेको छ । आ. व. २०७६/७७माजोखिमव्यहोर्ने कोष रकम रु १,९००,०२३।-फिर्ता गरिएको छ । साथै, आ व २०६९/७० मा सो आ. व. भन्दापहिलेको आ. व. सम्मदाखर्च रु १८१,८५४,१९३।- आम्दानिजनाइएकोले र सो आ. व. पछि जोखिमव्यहोर्ने कोषको रूपमाखर्च कट्टी रकमनगरेकोसाथै, आ.व. २०७६/७७मा गैर बैंकिंग सम्पत्तिको जोखिमव्यहोर्ने कोष रकम रु २०,३३५,७९९।- रहेको र सो रकम ५ प्रतिशत सम्मको रकमलाई खर्चको रूपमाकट्टीगर्ने प्रावधानभित्रै रहने भएकोले आ व. २०७६/७७माजोखिमव्यहोर्ने कोष रकमफिर्तालाई यस आ. व. माआम्दानीजनाइएको छैन ।



२ आयमा समावेश गर्नु पर्ने अन्य रकमहरूको विवरणः(महल २ को सि नं १६)

विवरण	रकम रु
कमिशन र डिस्काउन्ट (अनुसूची ४.२० वित्तीयविवरण)	०
अन्यआय(अनुसूची ४.२१ वित्तीयविवरण)	०
गैर संचालनआय (अनुसूची ४.२६ वित्तीयविवरण)	४,१७६,६४९
जम्मा	४,१७६,६४९

३ अन्यखर्च विवरण अनुसार छ (महल २ को सि नं २५)

विवरण	रकम रु
कर्मचारी खर्च (अनुसूची ४.२३ वित्तीयविवरण)	५,३०३,१६१
न्यूनः संचितविदाव्यवस्था	(४५२,००५)
जोडः संचितविदाभुक्ताती	३७१,४६५
कार्यालयखर्च (अनुसूची ४.२४ वित्तीयविवरण)	३,९११,५५६
न्यूनःमर्मत सम्भार खर्च (छुट्टै हिसावगरिएको)	(१०२,२७२)
न्यूनःहास खर्च (छुट्टै हिसावगरिएको)	(१२,३४,६६७)
जम्मा	७,७९७,२३९

*H. K. K. K.*

हेमन्त कटुवाल

साम्भेदार

बान्ने एण्ड एसोसिएट्स

चाटर्ड एकाउण्टेण्ट्स

मिति : २०७७/१२/३०

