



FORWARD फरवार्ड माइक्रोफाइनेन्स लघुवित्त वित्तीय संस्था लिमिटेड
Microfinance Laghubitta Bittiya Sanstha Ltd.

UnAudited Interim Financial Statements

Ashwin 2080

Forward Microfinance Laghubitta Bittiya Sanstha Limited
Statement of Financial Position
As on 30th Ashwin 2080

Particulars	As at 30th Ashwin 2080	As at 31st Ashwin 2079
ASSETS		
Cash and cash equivalents	1,558,092,922	1,239,674,176
Statutory Balances and Due from Nepal Rastra Bank	98,000,000	98,000,000
Placement with Bank and Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advance to MFIs and Cooperatives	-	-
Loans and Advances to customers	19,161,480,315	19,965,477,700
Investment Securities	408,334	2,000,000
Current Tax Assets	-	862,082
Investment Property	-	-
Property and Equipment	205,065,656	206,239,987
Goodwill and Intangible assets	1,547,581	1,913,120
Deferred Tax Assets	11,486,080	3,264,818
Other Assets	40,788,611	54,717,368
Total Assets	21,076,869,499	21,572,149,251
Particulars	As at 30th Ashwin 2080	As at 31st Ashwin 2079
Liabilities		
Due to Bank and Financial Institutions	9,523,628,843	10,041,357,491
Due to Nepal Rastra Bank	-	-
Derivative Financial Instrument	-	-
Deposits from Customers	8,421,791,119	8,213,556,971
Borrowing	16,666,667	25,000,000
Current Tax Liabilities	3,943,687	-
Provisions	7,372,327	-
Deferred Tax Liabilities		
Other Liabilities	299,028,895	487,512,124
Debt Securities Issued	-	-
Subordinated Liabilities	-	-
Total Liabilities	18,272,431,538	18,767,426,586
Equity		
Share Capital	1,055,563,734	844,450,988
Share Premium		
Retained Earnings	608,865,823	1,007,262,833
Reserves	1,140,008,404	953,008,845
Total Equity	2,804,437,961	2,804,722,665
Total Liabilities and Equity	21,076,869,499	21,572,149,251

Forward Microfinance Laghubitta Bittiya Sanstha Limited
Statement of Profit or Loss
For the Quarter ended 30th Ashwin 2080

Particulars	Quarter ended 30th Ashwin 2080	Quarter ended 31st Ashwin 2079
Interest Income	704,195,384	774,417,670
Interest Expense	434,672,057	478,866,252
Net Interest Income	269,523,327	295,551,418
Fees and Commission Income	48,576,113	57,637,510
Fees and Commission Expense	1,987,900	13,563,300
Net Fee and Commission Income	46,588,213	44,074,210
Net Interest, Fee and Commission income	316,111,540	339,625,628
Net Trading Income	-	-
Other Operating Income	-	-
Total Operating Income	316,111,540	339,625,628
Impairment charge/(reversal) for loans and other losses	304,967,440	85,596,905
Net Operating Income	11,144,100	254,028,722
Operating Expense		
Personnel Expenses	93,701,422	138,353,976
Other Operating Expenses	19,012,142	19,297,948
Depreciation and Amortization	3,584,680	2,874,465
Operating Profit	(105,154,143)	93,502,334
Non-Operating Income	330,380	895,271
Non-Operating Expense	-	-
Profit Before Income Tax	(104,823,763)	94,397,605
Income Tax Expense	6,162,214	29,184,321
<i>Current Tax</i>	<i>6,162,214</i>	<i>29,184,321</i>
<i>Deferred Tax</i>	<i>-</i>	<i>-</i>
Profit for the year	(110,985,976)	65,213,284
Profit attributable to:		
Equity holders of the Financial Institutions	(110,985,976)	65,213,284
Profit for the period	(110,985,976)	65,213,284
Earnings Per Share (EPS)		
Basic EPS	(10.51)	7.72
Basic EPS (Annualized)	(42.06)	30.89
Diluted EPS (Annualized)	(42.06)	30.89

Forward Microfinance Laghubitta Bittiya Sanstha Limited Statement of Comprehensive Income For the Quarter ended 30th Ashwin 2080		
Particulars	Quarter ended 30 th Ashwin 2080	Quarter ended 31 st Ashwin 2079
Profit for the year	(110,985,976)	65,213,284
Other Comprehensive Income, net of income tax		
a) Items that will not be reclassified to Profit or Loss		
Gains / (Losses) from investment in equity instruments measured at fair value	-	
Gains / (Losses) on Revaluation		
Actuarial Gains / (Losses) on defined benefit plans	-	
Income tax relating to above items	-	
Net other Comprehensive Income that will not be reclassified to Profit or Loss	-	-
b) Items that are or may be reclassified to Profit or Loss		
Gains (Losses) on cash flow hedge	-	-
Exchange gains (Losses) arising from translating financial assets of foreign operation	-	-
Income tax relating to above items	-	-
Reclassify to Profit or Loss	-	-
Net other Comprehensive Income that are or may be reclassified to Profit or Loss	-	-
Other Comprehensive income for the year, net of income tax	-	-
Total Comprehensive Income for the year	(110,985,976)	65,213,284

Forward Microfinance Laghubitta Bittiya Sanstha Limited Ratios as per NRB Directive				
Particulars	Quarter ended 30 th Ashwin 2080		Quarter ended 31 st Ashwin 2079	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)
Capital fund to RWA		12.84%		13.22%
Non-performing loan (NPL) to total loan		6.25%		2.60%
Total loan loss provision to Total NPL		112.33%		155.23%
Cost of Funds		10.80%		11.36%
Credit to Deposit and borrowing Ratio		111.52%		112.42%
Base Rate		13.58%		15.21%
Interest Rate Spread		4.19%		3.64%

Capital Market Indicators	
Ratios	Figure
Liquidity ratio	10.41%
Net Assets Value per share	265.68
Total Assets Value per share	1996.74
PE Ratio	-28.68
Closing Share Price	1206.00
Minimum Share Price	1162.00
Maximum Share Price	1402.00
Trade Count	4723
Trade days	61
Number of traded shares	211396

Forward Microfinance Laghubitta Bittiya Sanstha Limited Statement of Distributable profit or loss For the Quarter ended 30th Ashwin 2080 (As per NRB Regulation)		
Particulars	Quarter ended 30th Ashwin 2080	Quarter ended 31st Ashwin 2079
Net Profit/(loss) as per Statement of Profit or Loss	(110,985,976)	65,213,284
<u>Appropriations:</u>		
a. General Reserve	-	(13,042,657)
b. Foreign Exchange Fluctuation fund		
c. Capital redemption reserve		
d. Corporate social responsibility fund	-	(652,133)
e. Employees' training fund		
f. Client Protection Fund	-	(652,133)
g. Other		
Profit/(loss) before regulatory adjustment	(110,985,976)	50,866,362
<u>Regulatory Adjustments:</u>		
a. Interest Receivable (-)/previous accrued interest received (+)	(54,770,840)	(37,690,733)
b. short loan loss provision in accounts (-)/reversal (+)		
c. short provision for possible losses on investment (-)/reversal (+)	-	
d. short provision for possible losses on Non-Banking Assets (-)/reversal (+)		
e. Deferred Tax Assets recognized (-)/reversal (+)		-
h. Actuarial Loss recognized (-)/reversal (+)		-
Net Profit for the period available for distribution	(165,756,816)	13,175,629
Opening Retained Earning as on Shrawan 1	774,622,639	994,045,534
Adjustment (+/-)		
<u>Distribution:</u>		
Bonus shares issued	-	-
Cash Dividend Paid	-	-
Total Distributable Profit/(Loss) as on Quarter end date	608,865,823	1,007,221,163
Distributable Profit/(Loss) per share (Annualized)	10.57	123.96

Forward Microfinance Laghubitta Bittiya Sanstha Limited
Statement of Cash Flows
For the Quarter ended 30th Ashwin 2080

Particulars	Quarter ended 30th Ashwin 2080	Quarter ended 31st Ashwin 2079
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	617,257,543	714,591,110
Fees and other income received	48,906,493	58,532,781
Dividend received	-	-
Receipts from other operating activities	-	-
Interest paid	(434,672,057)	(478,866,252)
Commission and fees paid	(1,987,900)	(13,563,300)
Cash payment to employees	(93,701,422)	(127,545,968)
Other expense paid	(19,012,142)	(19,297,948)
Operating cash flows before changes in operating assets and liabilities	116,790,516	133,850,423
(Increase)/Decrease in operating assets		
Due from Nepal Rastra Bank	-	-
Placement with Bank and Financial Institutions	-	-
Loans and advances to customers	(66,463,095)	(151,045,294)
Other assets	(12,709,000)	(19,103,964)
Increase/(Decrease) in operating liabilities		
Due to Bank and financial institutions	1,047,487,600	(22,016,236)
Due to Nepal Rastra Bank	-	-
Deposit from customers	6,351,829	254,455,603
Borrowings	(2,083,333)	-
Other liabilities	7,791,227	1,626,356
Net cash flow from operating activities before tax paid	1,097,165,744	197,766,888
Income taxes paid	(46,398,372)	(442,866)
Net cash flow from operating activities	1,050,767,371	197,324,022
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment securities	-	-
Receipts from sale of investment securities	-	-
Purchase of property and equipment	(184,053)	(1,394,930)
Receipt from the sale of property and equipment	-	-
Purchase of intangible assets	-	-
Receipt from the sale of intangible assets	-	-
Interest received	-	-
Dividend received	-	-
Net cash used in investing activities	(184,053)	(1,394,930)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt from issue of debt securities	-	-
Repayment of debt securities	-	-
Receipts from issue of subordinated liabilities	-	-
Dividends paid	-	-
Other receipt/payment:		
Client protection fund	(1,447,555)	(2,199,099)
Net cash from financing activities	(1,447,555)	(2,199,099)
Net increase (decrease) in cash and cash equivalents	1,049,135,763	193,729,993
Cash and cash equivalents at 1 Shrawan 2080 / 1 Shrawan 2079	508,957,159	1,045,944,183
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents at Ashwin 30 2080 / Ashwin 31 2079	1,558,092,922	1,239,674,176

Forward Microfinance Laghubitta Bittiya Sanstha Limited
Statement of Changes In Equity
For the Quarter ended 30th Ashwin 2080

Attributable to equity holders of the Microfinance

	Share Capital	Share premium	General reserve	Exchange Equalisation Fund	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained earning	Other Reserves	Total equity
Balance at 1st Shrawan 2079	844,450,988	-	618,161,749	-	113,627,940	-	-	994,045,534	171,422,269	2,741,708,480
Adjustment/Restatement										
Adjusted/Restated balance at 1st Shrawan 2079	844,450,988	-	618,161,749	-	113,627,940	-	-	994,045,534	171,422,269	2,741,708,480
Comprehensive income for the year										-
Profit for the year								65,213,284		65,213,284
Other comprehensive income, net of tax									-	-
Gains/(losses) from investment in equity instruments measured at fair value.									-	-
Gains/(losses) on revaluation									-	-
Actuarial gains/(losses) on defined benefit plans									-	-
Gains/(losses) on cash flow hedge									-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)									-	-
Total Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Transfer to Reserves during the year			13,042,657		37,690,733			(51,995,986)	1,262,596	0
Transfer from reserve during the year									-	-
Other Adjustments									(2,199,099)	(2,199,099)
Transactions with owners, directly recognised in equity										-
Share Issued									-	-
Share Based Payments									-	-
Dividends to equity holders									-	-
Bonus shares issued									-	-
Cash dividend paid									-	-
Other									-	-
Total contributions by and distributions	-	-	13,042,657	-	37,690,733	-	-	13,217,299	(936,503)	63,014,185
Balance at 30 Ashwin 2079	844,450,988	-	631,204,406	-	151,318,673	-	-	1,007,262,833	170,485,766	2,804,722,665
Balance at 1st Shrawan 2080	1,055,563,734	-	662,455,621	-	269,141,546	(1,114,166)	-	774,622,639	157,515,859	2,804,722,665
Adjustment/Restatement										
Adjusted/Restated balance at 1st Shrawan 2080	1,055,563,734	-	662,455,621	-	269,141,546	(1,114,166)	-	774,622,639	157,515,859	2,804,722,665
Comprehensive income for the year										-
Profit for the year								(110,985,976)	-	(110,985,976)
Other comprehensive income, net of tax									-	-
Gains/(losses) from investment in equity instruments measured at fair value.						-			-	-
Gains/(losses) on revaluation									-	-
Actuarial gains/(losses) on defined benefit plans									-	-
Gains/(losses) on cash flow hedge									-	-
Exchange gains/(losses) (arising from translating financial assets of foreign operation)									-	-
Total Comprehensive income for the year	-	-	-	-	-	-	-	(110,985,976)	-	(110,985,976)
Transfer to Reserves during the year					54,770,840			(54,770,840)		-
Transfer from reserve during the year									-	-
Other Adjustments (Expensed from CPF and CSR)								-	(1,447,555)	(1,447,555)
Transactions with owners, directly recognised in equity										-
Share Issued									-	-
Share Based Payments									-	-
Dividends to equity holders									-	-
Bonus shares issued									-	-
Cash dividend paid									-	-
Other									-	-
Total contributions by and distributions	-	-	-	-	54,770,840	-	-	(165,756,816)	(1,447,555)	(112,433,531)
Balance at 30 Ashwin 2080	1,055,563,734	-	662,455,621	-	323,912,386	(1,114,166)	-	608,865,823	156,068,304	2,804,437,961

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) adopted by the Accounting Standards Board (ASB) of Nepal, pronounced by The Institute of Chartered Accountants of Nepal (ICAN) and as per the directive no. 4 of Unified Directives, 2079 issued dated Chaitra 30th 2079 by Nepal Rastra Bank (NRB). Certain Carve-outs issued by The ASB Nepal in preparation of NFRS Financial Statements have been applied in the preparation of presented financial statements.

Comparative figures are regrouped, rearranged and/or restated, remeasured to ensure consistency in presentation and measurements.

The financial statements have been prepared on the going-concern basis.

The Microfinance presents its statement of financial position broadly in order of liquidity.

Functional and presentation currency

The financial statements are presented in Nepalese Currency (NPR) (rounded to the nearest Rupee unless otherwise stated), which is the Microfinance's functional currency, the currency of the primary economic environment in which microfinance operates.

2. Other Disclosures:

2.1 Related Party Disclosures

The related parties of the Microfinance which meets the definition of related parties as defined in "NAS 24 Related Parties Disclosure" are as follows:

Key Management Personnel (KMP)

The key management personnel are those persons having authority and responsibility of planning, directing and controlling the activities of the entity, directly or indirectly including any director. The key management of the institution includes members of its Board of Directors, Chief Executive Officer, and another higher-level employee of the institution.

Compensation to Key Management Personnel

The members of Board of Directors are entitled for meeting allowances. Salary and allowances are provided to Chief Executive Officer and other member of Key Management Personnel (KMP). Salary and Allowances paid to the Chief Executive Officer is based on the contract entered by the institution with him whereas compensation paid to other member of KMP are governed by Employees Byelaws and decisions made by management time to time in this regard. In addition to salaries and allowances, non- cash benefits like vehicle facility, termination benefits are also provided to KMP.

The details relating to compensation paid to directors during the reporting period were as follows:

Particulars	Amount (In NPR.)
Meeting Fees	296,000
Other Expenses	121,847
Total	417,847

The details relating to compensation paid to key management personnel other than directors were as follows:

Particulars	Amount (In NPR.)
Short term employee benefits	2,182,740

2.2 Segment Information

2.2.1 Information about Reportable Segments:

Particulars	Koshi Province		Madhesh Province		Bagmati Province	
	Ashwin end 2080	Ashwin end 2079	Ashwin end 2080	Ashwin end 2079	Ashwin end 2080	Ashwin end 2079
Revenues from External customers	284,943,144	323,871,723	228,250,327	251,976,757	21,620,354	21,890,629
Intersegment revenues	-	-	-	-	-	-
Segment Profit/(loss) before tax	(90,266,953)	12,618,308	(79,919,617)	(8,205,633)	(11,027,044)	(1,198,148)
Segment assets	8,560,921,789	8,765,011,585	6,976,636,891	7,009,254,460	656,530,652	612,308,611
Segment liabilities	8,560,881,389	8,765,011,585	6,976,636,891	7,009,254,460	656,530,652	612,308,611

	Gandaki Province		Lumbini Province		Karnali Province	
Particulars	Ashwin end 2080	Ashwin end 2079	Ashwin end 2080	Ashwin end 2079	Ashwin end 2080	Ashwin end 2079
Revenues from External customers	3,734,184	4,244,386	88,604,097	104,708,477	5,016,500	5,999,734
Intersegment revenues	-	-	-	-	-	-
Segment Profit/(loss) before tax	(4,628,151)	(127,775)	(58,902,243)	(11,014,511)	(5,415,951)	(2,046,485)
Segment assets	120,349,278	112,210,500	2,845,586,208	2,994,767,430	188,397,013	189,096,450
Segment liabilities	120,349,278	112,210,500	2,845,586,208	2,994,767,430	188,397,013	189,096,450

	Sudurpaschim Province		Total	
Particulars	Ashwin end 2080	Ashwin end 2079	Ashwin end 2080	Ashwin end 2079
Revenues from External customers	64,800,164	67,696,044	696,968,770	780,387,751
Intersegment revenues	-	-	-	-
Segment Profit/(loss) before tax	(17,559,617)	96,617	(267,719,576)	(9,877,627)
Segment assets	1,779,976,290	1,827,895,833	21,128,398,122	21,510,544,869
Segment liabilities	1,779,976,290	1,827,895,833	21,128,357,722	21,510,544,869

2.2.2 Reconciliation of Reportable Segment Profit/Loss:

Particulars	Ashwin end 2080	Ashwin end 2079
Total profit or loss before tax for reportable segments	(267,719,576)	(9,877,627)
<i>Unallocated amounts:</i>		
Other corporate expenses and NFRS adjustments	162,895,813	104,275,232
Profit before tax	(104,823,763)	94,397,605

2.3 Merger and acquisition

No any mergers and acquisitions have taken place during the reporting period.

2.4 Additional Disclosure of Non-consolidated entities

Since, the microfinance company does not have subsidiaries, there are no such non-consolidated entities.

3. Explanatory Notes

The explanatory notes relating to the interim financial statements are as follows:

3.1 Due from Nepal Rastra Bank

Statutory balances held with Nepal Rastra Bank for compulsory cash reserve (CRR), securities purchased from Nepal Rastra Bank under resale agreement and other deposits with and receivables from Nepal Rastra Bank have been presented under this account head.

3.2 Placement with Bank and Financial Institutions

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented under this account head.

3.3 Derivative Financial Instruments

Derivative instruments include transactions like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes. Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date.

However, the institution does not have such instruments as on Ashwin end 2080.

3.4 Loans and advances to customers

Outstanding amount of all loans and advances extended to the customers other than BFIs as well as bills purchased and discounted less the amount of impairment allowances shall be presented. Loan to employees provided according to the Employees Bylaws of the institution has also been presented under this head. This head also includes Accrued interest receivable on loans and advances to customers as per the amortized cost basis of NFRS 9. The Microfinance determine the significant doubt of collectivity of interest that are more than 365 days past due which is not considered as part of the accrued income.

3.5 Other Trading Assets

Financial assets are classified as trading assets if they have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short- term profit taking. They are recognized on trade date, when the institution enters into contractual arrangements with counterparties, and are normally derecognized when sold. They are initially measured at fair value, with transaction costs taken to profit or loss.

Subsequent changes in their fair values are recognized in profit or loss in 'Net trading income'. However, the institution does not have such assets to be recognized as trading assets as on Ashwin end 2080.

3.6 Property and Equipment

Property and Equipment includes Land, Computer and accessories, Vehicles, Furniture and Fixtures, Equipment and other assets. This head also includes Right to use assets recognized as per the requirement of NFRS 16 Leases.

3.7 Investment securities

Investments made by the institution in financial instruments has been presented under this account head in three categories i.e., investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. Where income from the investment is received in the form of bonus shares, the valuation of investment shall be made by increasing the number of shares only without changing in the cost of investment.

Investment in Nepal Finsoft Company Limited has been valued using the net assets value method as per the net assets as on Ashad end 2080.

3.8 Income Tax

3.8.1 Current Tax

Current tax is the income tax expense recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or OCI in which case it is recognized in equity or in other comprehensive income. Current tax is the amounts expected or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

3.8.2 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when the group has a legal right to offset. The deferred tax effect has not been considered for the presented periods.

3.9 Due to Bank and financial institution

The balances in accounts maintained with the institution by other local and foreign banks and financial institution has been presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution has also been presented under this account head.

3.10 Due to Nepal Rastra Bank

This account head shall also contain the amount of payable to Nepal Rastra Bank. Amount payable to NRB shall include amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

3.11 Deposits from Customers

All deposit accounts other than deposit from BFIs (local and foreign) and NRB has been presented under this account head.

3.12 Fees and Commission Expense

Payment on account of fee and commission for services obtained by the institution has been presented under this account head. This account head shall include card related fees, guarantee commission, brokerage expenses, etc.

3.13 Net trading income

Trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities has been presented under this account head.

3.14 Other operating income

Receipt of all other operating income not specifically provided under the income heads above has been booked and presented under this head. This includes foreign exchange revaluation gain,

gain/loss on sale of available for sale securities, dividend on available for sale securities, gain/loss on sale of property and equipment, gain/loss on sale of investment properties, Lease income.

3.15 Impairment charge/(reversal) for loan and other losses

It includes impairment charge/reversal on loan and advances to customers, loan and advances to bank and financial institutions, investment securities, placement with bank and financial institutions, property and equipment, goodwill and intangible assets, investment properties etc.

3.16 Personnel Expense

All expenses related to employees of the institution has been included under this head. Expenses covered under this head include employees' salary, allowances, pension, gratuity, contribution to provident fund, training expenses, uniform expenses, insurance, staff bonus, Finance expense under NFRSs, cash-settled share-based payments etc. This includes provision for staff bonus calculated in line with the provisions of Bonus Act. Actuarial valuation has not been made for the defined benefit obligation and leave encashment expense for the period ended Ashwin 2080.

3.17 Other operating expense

All operating expense other than those relating to personnel expense are recognized and presented under this account head. The expenses covered under this account head includes office administration expense, other operating and overhead expense, directors' emoluments, remuneration and non-audit fee paid to auditors, professional and legal expense, branch closure cost expense, redundancy cost expense, expense of restructuring, impairment of non-financial assets, expense of corporate social responsibility, onerous lease provisions etc.

3.18 Depreciation & Amortisation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRSs on property and equipment, and investment properties, and amortization of intangible assets and right-to-use assets has been presented under this account head.

3.19 Non-operating income

The income and expenses that have no direct relationship with the operation of transactions of the Microfinance has been presented under this head. The income/expense covered under this account head includes loan written off, recovery of loan, redundancy provision, expense of restructuring etc.

3.20 Income tax Expense

The amount of income tax on net taxable profit has been recognized and presented under this account head. This account head shall include current tax expense and deferred tax expense/deferred tax income.

The effect of deferred tax has not been taken in to account for the period ended Ashwin 2080.

The current tax for the period ended Ashwin 2080 is the prior period tax expenses as determined by income tax assessment of FY 2075/76 from large tax payer's office.
