

SIDDHARTHA PREMIER INSURANCE LIMITED
Siddhartha Premier Bhawan, P.O. Box, 24876, Babarmahal, Kathmandu
Quarterly Financial Results for Fourth Quarter, F.Y. 2081/82 B.S.

CONDENSED STATEMENT OF FINANCIAL POSITION
As on Quarter Ended Ashad 2082

Fig in NPR.

Particulars	Unaudited	Audited
	At the end of this Quarter	At the end of Immediate Previous Year
Assets:		
Goodwill & Intangible Assets	13564242.82	12705133.96
Property and Equipment	811818954.18	746503752.89
Investment Properties	352161559.27	309393869.27
Deferred Tax Assets	0.00	0.00
Investment in Subsidiaries	0.00	0.00
Investment in Associates	0.00	0.00
Investments	9002240148.33	9306186893.41
Loans	29461146.24	26443217.23
Reinsurance Assets	3742994332.71	2838364762.69
Current Tax Assets	152082346.89	129677917.85
Insurance Receivables	402764238.97	360774611.12
Other Assets	316642648.39	105410135.98
Other Financial Assets	655901253.66	661655011.48
Cash and Cash Equivalent	18026161.47	139485560.84
Total Assets	15497657032.93	14636600866.73
Equity:		
Share Capital	2806549900.00	2806549900.00
Share Application Money Pending Allotment	0.00	0.00
Share Premium	475935.00	475935.00
Special Reserve	2500000000.00	2500000000.00
Catastrophe Reserves	224365431.55	188242128.34
Retained Earnings	955088644.49	1100436658.91
Other Equity	1219219349.03	1168137589.49
Total Equity	7705699260.08	7763842211.74
Liabilities:		
Provisions	328972739.62	253978896.00
Gross Insurance Contract Liabilities	5752084325.29	4957990910.66
Deferred Tax Liabilities	310230325.83	262071412.95
Insurance Payable	606640338.61	624524161.07
Current Tax Liabilities	0.00	-
Borrowings	0.00	-
Other Liabilities	515294036.85	510179378.39
Other Financial Liabilities	278736006.64	264013895.91
Total Liabilities	7791957772.85	6872758654.98
Total Equity and Liabilities	15497657032.93	14636600866.73

CONDENSED STATEMENT OF PROFIT OR LOSS
For the Quarter Ended Ashad 2082

Fig in NPR.

Particulars	Unaudited		Audited	
	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Income:				
Gross Earned Premiums	1494058157.40	4169543922.06	1586160409.67	4192037068.99
Premiums Ceded	-806838195.88	-2111912083.22	-1070739826.74	-2347964002.17
Net Earned Premiums	687219961.52	2057631838.84	515420582.93	1844073066.82
Commission Income	142965931.83	519248344.07	293788653.04	559620926.17
Other Direct Income	-916051.52	26858167.23	4707655.61	30420593.96
Income from Investments and Loans	111109443.06	475940064.14	206823564.16	734199542.92
Net Gain/(Loss) on Fair Value Changes	3197495.00	3197495.00	5701670.00	5701670.00
Net Realised Gains/(Losses)	-7232153.28	2705250.57	-153422570.57	-153422570.57
Other Income	5138589.29	13778019.32	7642835.86	16266202.88
Total Income	941483215.89	3099359179.16	880662391.02	3036859432.17
Expenses:				
Gross Claims Paid	1007788162.25	2764026811.63	628476604.78	2138149466.52
Claims Ceded	-663250220.23	-1624151906.17	-295537504.64	-1150930338.20
Gross Change in Contract Liabilities	-1430600543.84	653367511.90	-74234556.15	-351998225.82
Change in Contract Liabilities Ceded to Reinsurers	1291466623.89	-658272603.94	277108829.06	563130355.05
Net Claims Incurred	205404022.07	1134969813.42	535813373.06	1198351257.56
Commission Expenses	15026342.52	34795666.37	13686208.19	37572612.06
Service Fees	3352521.07	14536286.85	3188872.89	14124290.47
Other Direct expenses	-2893698.07	1700662.73	14365098.56	14830170.68
Employee Benefits Expenses	215007661.28	640415228.68	134974665.29	595696270.96
Depreciation and Amortization Expenses	30666194.11	43371822.97	31871487.49	47072336.71
Impairment Losses	40672483.80	1012308.04	35411566.44	35411566.44
Other Operating Expenses	39588506.36	202288832.11	75154218.23	203597777.64
Finance Cost	15245274.99	15245274.99	13197976.04	14199700.27
Total Expenses	561469308.13	2088335896.15	857663466.17	2160855982.78
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates	380013907.76	1011023283.01	22998924.85	876003449.39
Accounted for Using Equity Method and Tax	0.00	0.00	0.00	0.00
Share of Net Profit of Associates accounted using Equity Method	380013907.76	1011023283.01	22998924.85	876003449.39
Profit Before Tax	120437815.56	297842575.41	-68087059.36	187814298.00
Income Tax Expenses	259576092.19	713180707.59	91085984.22	688189151.40
Net Profit/(Loss) For The Year	259576092.19	713180707.59	91085984.22	688189151.40
Earning Per Share	0.00	25.41	0.00	24.52
Basic EPS	0.00	25.41	0.00	24.52
Diluted EPS	0.00	25.41	0.00	24.52



CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the Quarter Ended Ashad 2082

Fig in NPR.

Particulars	Unaudited		Audited	
	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	259576092.18	713180707.59	91085984.22	688189151.40
Other Comprehensive Income	35874620.96	70301708.30	1239150394.88	529382213.33
Total Comprehensive Income	295450713.14	783482415.90	1330236379.10	1217571364.73

OTHER DETAILS

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total Issued Policy Count	298975.00	299047.00
2. Total Renewed Policy Count	93069.00	74023.00
3. Total Claims Paid Count	14612.00	14038.00
4. Outstanding Claims Count	11497.00	12070.00
5. Gross Outstanding Claim including IBNR & IBNER (Amount)	3456646627.61	2806663672.03
6. Net Outstanding Claim including IBNR & IBNER (Amount)	892786819.55	901076467.91
7. Margin Over Best Estimate (MOBE)	99183952.15	98504389.67
8. Unearned Premium Reserve (Amount)	2155134912.40	2014409009.66
9. Unexpired Risk Reserve (Amount)	0.00	0.00
10. Earthquake Premium Reserve (Amount)	41118833.14	38413839.30
11. Long Term Investments (Amount)	2607240148.33	2454686893.41
12. Short Term Investments (Amount)	6395000000.00	6851500000.00
13. Direct Premium (Amount)	4267763891.97	4056265178.12
14. Investment in Cost (Amount)	7995890294.09	8389346584.92
15. Solvency Margin Ratio	318.80	318.80
16. Gross Written Premium	4310269824.79	4177172210.45

Note to Financial Statement

- The above unaudited figure might be changed after the finalisation of audit.
- The figures have been regrouped and rearranged whenever necessary.
- The Provision for Gratuity & Leave has been adjusted as per management assumption based on past year experience.
- Other comprehensive income includes the fair value change of investment
- The detailed interim report has been published in the Insurer's website: siddharthapremier.com.np

Disclosure as per Section 84(3) of Insurance Act, 2079

- The solvency margin ratio of the company stands 318.8% as per the audited financial statement of FY 2023-24.
- The company has made adequate reinsurance arrangement to cover & minimize the risk for the each class of business.
- The company is currently in litigation with Inland Revenue Department for FY 2072/73 to 2076/77
- The company has complied with the Corporate Governance Directive issued by the Nepal Insurance Authority.
- The company has complied with other applicable law & directive issued by the regulatory bodies.



Siddhartha Premier Insurance Ltd.

Statement of Cash Flows For the Quarter Ended Ashad 2082

Fig. in NPR

	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	4,310,269,824.79	4,177,172,210.45
Reinsurance Commission Received	524,678,691.03	574,419,815.11
Claim Recovery Received from Reinsurers	1,580,772,224.83	2,360,771,476.47
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income Received	26,858,167.23	30,420,593.96
Others - Other Income	3,157,681.17	1,025,998.66
Cash Paid		
Gross Claims Paid	(2,963,836,247.95)	(2,124,921,206.48)
Reinsurance Premium Paid	(2,376,152,871.78)	(3,477,770,524.12)
Commission Paid	(41,154,847.37)	(31,455,185.29)
Service Fees Paid	(36,831,634.88)	(20,276,720.93)
Employee Benefits Expenses Paid	(597,784,756.52)	(628,988,917.88)
Other Management Expenses Paid	(172,632,577.15)	(238,466,114.12)
Other Direct Expenses Paid	(1,700,662.73)	(14,830,170.68)
Others - Other Expenses	(8,945,754.22)	(592,004.32)
Income Tax Paid	(302,217,395.11)	(659,698,446.82)
Net Cash Flow From Operating Activities [1]	(55,520,158.66)	(53,189,195.99)
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(1,524,850.00)	(1,591,615.04)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Acquisitions of Property, Plant & Equipment	(115,577,384.24)	(20,510,744.32)
Proceeds From Sale of Property, Plant & Equipment	7,926,297.36	19,693,270.75
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	(125,794,342.87)	(160,279,675.88)
Proceeds from Sale of Equity Instruments	83,313,958.36	578,964,309.43
Purchase of Mutual Funds	(10,000,000.00)	(27,500,000.00)
Proceeds from Sale of Mutual Funds	5,274,282.57	6,695,678.01
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	(20,000,000.00)	(171,492,882.76)
Proceeds from Sale of Debentures	16,153,000.00	13,064,765.52
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	5,000,000.00
Investments in Deposits	(11,229,000,005.00)	(5,019,500,000.00)
Maturity of Deposits	11,685,500,005.00	4,444,900,000.00
Loans Paid	(16,393,763.34)	(19,746,119.53)
Proceeds from Loans	12,370,263.36	9,376,696.92
Rental Income Received	14,562,738.30	12,727,901.57
Proceeds from Finance Lease	-	-
Interest Income Received	458,341,948.18	705,418,467.84
Dividend Received	10,873,581.60	5,512,309.31
Others	-	-
Total Cash Flow From Investing Activities [2]	776,025,729.28	380,732,361.83



Siddhartha Premier Insurance Ltd.
Statement of Cash Flows
For the Quarter Ended Ashad 2082

Fig. in NPR

Cash Flow From Financing Activities		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	-	-
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	-	-
Dividend Paid	(820,518,544.82)	(301,060,562.00)
Dividend Distribution Tax Paid	(21,446,425.18)	(7,659,927.00)
Others	-	-
Total Cash Flow From Financing Activities [3]	(841,964,970.00)	(308,720,489.00)
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	(121,459,399.38)	18,822,676.83
Cash & Cash Equivalents At Beginning of The Year/Period	139,485,560.85	120,662,884.02
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
Cash & Cash Equivalents At End of The Year/Period	18,026,161.47	139,485,560.85
Components of Cash & Cash Equivalents		
Cash In Hand	-	20,000.00
Cheques In Hand	-	-
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	18,026,161.47	139,465,560.85



Siddhartha Premier Insurance Ltd.
Statement of Distributable Profit or Loss
For the Quarter Ended Ashad 2082

Fig. in NPR

Particulars	Current Year	Previous Year
Opening Balance in Retained Earnings	1,100,436,658.91	457,734,321.71
Transfer from OCI reserves to retained earning in current year	8,728,235.25	399,399,056.00
Net profit or (loss) as per statement of profit or loss	713,180,707.59	688,189,151.40
Appropriations:		
i) Transfer to Insurance Fund	-	-
ii) Transfer to Special Reserve	-	-
iii) Transfer to Catastrophe Reserve	(35,659,035.38)	(50,607,597.14)
iv) Transfer to Capital Reserve	-	-
v) Transfer to CSR reserve	(7,131,807.08)	(10,121,519.43)
vi) Transfer to/from Regulatory Reserve	-	-
vii) Transfer to Fair Value Reserve	-	-
viii) Transfer of Deferred Tax Reserve	18,029,609.41	(75,436,264.63)
ix) Transfer to OCI reserves due to change in classification	-	-
x) Others - Capital Reserve	-	-
- Business Combination	-	-
	-	-
Deductions:		
i) Accumulated Fair Value Gain on each Financial Assets Measured at FVTPL		
a) Equity Instruments	-	-
b) Mutual Fund	-	-
c) Others	-	-
ii) Accumulated Fair Value gain on Investment Properties	(123,003,761.30)	(120,765,514.80)
iii) Accumulated Fair Value gain on Hedged Items in Fair Value Hedges	-	-
iv) Accumulated Fair Value gain on Hedging Instruments in Fair Value Hedges	-	-
v) Accumulated Fair value gain of Ineffective Portion on Cash Flow Hedges	-	-
vi) Goodwill Recognised	-	-
vii) Unrealised Gain on fluctuation of Foreign Exchange Currency	-	-
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account	-	-
ix) Overdue loans	-	-
x) Fair value gain recognised in Statement of Profit or Loss	-	-
xi) Investment in unlisted shares	-	-
xii) Delisted share Investment or mutual fund investment	-	-
xiii) Bonus share/ dividend paid	(841,964,970.00)	(308,720,489.00)
xiv) Deduction as per Sec 17 of Financial directive	-	-
xiv) Deduction as per Sec 18 of Financial directive	-	-
xv) Others : Prior Period Adjustments	(530,754.22)	-
Adjusted Retained Earning	832,084,883.19	979,671,144.11
Add: Transfer from Share Premium Account	-	-
Less: Amount apportioned for Assigned capital	-	-
Less: Deduction as per sec 15(1) Of Financial directive	-	-
Add: Transfer from SIL	-	-
Less: Tax on Bonus Share Distributed from Share Premium	-	-
Total Distributable Profit/(loss)	832,084,883.19	979,671,144.11



Siddhartha Premier Insurance Ltd.

Segmental Information
For the Quarter Ended Ashad 2082

Fig. in NPR
Unaudited

Particulars	Property	Motor	Marine	Engineering	Micro	Aviation	Cattle and Crop	Miscellaneous	Inter Segment Elimination	TOTAL
Income:										
Gross Earned Premiums	1,511,583,703.19	1,400,635,102.30	160,027,554.63	611,928,385.90	339,822.50	15,050,330.45	59,217,430.42	410,761,592.66		4,169,543,922.06
Premiums Ceded	(882,662,939.46)	(523,284,218.36)	59,361,631.53	(501,660,552.52)	76,138.63	(9,162,824.06)	(49,548,476.92)	(205,030,842.05)		(2,111,912,083.22)
Inter-Segment Revenue										
Net Earned Premiums	628,920,763.73	877,350,883.94	219,389,186.16	110,267,833.39	415,961.14	5,887,506.39	9,668,953.50	205,730,750.61		2,057,631,838.84
Commission Income	253,043,502.32	92,941,421.23	23,441,192.51	97,857,950.09	40,421.04	121,367.73	10,237,183.48	41,565,305.68		519,248,344.07
Other Direct Income		26,146,085.22						712,082.01		26,858,167.23
Income from Investments and Loans	170,577,426.55	153,053,055.75	29,787,357.82	63,479,574.51	72,467.01	1,520,997.34	6,040,065.86	51,409,119.30		475,940,064.14
Net Gains/ (Losses) on Fair Value Changes										
Net Realised Gains/ (Losses)										
Other Income										
Total Segmental Income	1,052,541,692.60	1,149,491,446.14	272,617,736.48	271,605,357.98	528,849.18	7,529,871.46	25,946,202.84	299,417,257.60		3,079,678,414.27
Expenses:										
Gross Claims Paid	1,112,708,635.04	968,421,519.66	105,438,884.56	252,651,865.44	591,320.00		23,901,389.38	300,313,197.55		2,764,026,811.63
Claims Ceded	(895,043,540.78)	(238,463,731.22)	(54,376,506.76)	(226,626,649.81)	(118,264.00)		(19,758,883.83)	(189,764,329.27)		(1,624,151,906.17)
Gross Change in Contract Liabilities	345,550,372.24	14,922,127.72	55,890,907.51	240,308,689.55	(4,128,647.70)	12,469,057.58	(5,614,876.16)	(6,030,118.84)		653,367,511.90
Change in Contract Liabilities Ceded to Reinsurers	(394,784,955.36)	22,783,293.99	(47,253,510.71)	(239,679,562.34)	2,466,627.89	(10,305,316.05)	3,864,076.46	4,636,742.19		(658,272,603.94)
Net Claims Paid	168,430,511.14	767,663,209.65	59,699,774.60	26,654,342.84	(1,188,963.81)	2,163,741.53	2,391,705.85	109,155,491.62		34,795,666.37
Commission Expenses	14,806,835.11	8,727,734.73	1,474,908.56	4,107,420.06	6,006.42			5,672,761.51		14,536,286.85
Service Fees	4,287,893.95	6,504,954.13	1,151,761.33	821,763.34	3,460.62	43,019.23	72,205.08	1,651,229.18		17,000,662.73
Other Direct Expenses	20,701.10	212,623.00		22,644.61	(3,731.61)	66,557.38	1,381,868.25			640,415,228.68
Employee Benefits Expenses	229,525,500.92	205,945,065.54	40,081,260.24	85,416,818.82	97,510.13	2,046,622.95	8,127,389.25	69,175,060.83		
Depreciation and Amortization Expenses										
Impairment Losses										
Other Operating Expenses	72,500,533.16	65,052,148.86	12,660,522.36	26,980,727.11	30,800.66	646,469.58	2,567,209.53	21,850,420.85		202,288,832.11
Finance Cost										
Total Segmental Expenses	489,571,975.38	1,054,105,735.89	115,068,227.08	144,003,716.77	(1,054,917.60)	4,966,410.68	14,540,377.96	207,504,964.00		2,028,706,490.16
Total Segmental Results	562,969,717.22	95,385,710.24	157,549,509.40	127,601,641.21	1,583,766.78	2,563,460.77	11,405,824.89	91,912,293.60		1,050,971,924.11
Segment Assets	1,323,415,741.96	578,518,948.01	149,844,636.03	1,133,373,120.35	671,876,762.14	37,609,974.11	30,220,933.18	220,898,455.91		4,145,758,571.69
Segment Liabilities	1,831,431,657.25	1,769,803,485.17	280,716,396.27	1,319,634,794.90	672,146,320.45	49,955,831.16	43,788,424.53	391,247,754.16		6,358,724,663.90

Reconciliation of Segmental Profit with Statement of Profit or Loss

Particulars	Unaudited At the end of this Quarter
Segmental Profit	1,050,971,924.11
Add: Net Gains/ (Losses) on Fair Value Changes	3,197,495.00
Add: Net Realised Gains/ (Losses)	2,705,250.57
Add: Other Income	13,778,019.32
Less: Depreciation and Amortization	(43,371,822.97)
Less: Impairment Losses	(1,012,308.04)
Less: Finance Cost	(15,245,274.99)
Profit Before Tax	1,011,023,283.01

d) Reconciliation of Assets

Particulars	4,145,758,571.69
Segment Assets	13,564,242.82
Goodwill & Intangible Assets	811,818,954.18
Property and Equipment	352,161,559.27
Investment Properties	
Deferred Tax Assets	
Investment in Subsidiaries	9,002,240,148.33
Investment in Associates	29,461,146.24
Investments	152,082,346.89
Loans	316,642,048.39
Current Tax Assets	655,901,253.00
Other Assets	18,026,161.47
Other Financial Assets	
Cash and Cash Equivalents	15,497,657,032.93
Total Assets	

e) Reconciliation of Liabilities

Particulars	Current Year
Segment Liabilities	6,358,724,663.90
Provisions	328,972,739.62
Deferred Tax Liabilities	310,230,325.83
Current Tax Liabilities	278,736,006.64
Other Financial Liabilities	515,294,036.85
Other Liabilities	7,791,957,772.85
Total Liabilities	



Disclosure as per Securities Registration and Issuance Regulation 2073
(Related to Sub rule (1) of Rule 26
Quarterly Report as on Quarter Ended Asad, 2082 (16th July, 2025)

1. Financial Statements

a) Statement of financial position & statement of profit & loss

Published along with this report.

b) Major Financial Indicators

Earnings per Share (Annualized) =25.41 Price Earnings Ratio =33.07
 Net Worth per Share =274.56 Total Assets per Share = 552.20
 Liquidity Ratio =1.10

2. Management Analysis:

- a) The company has collected NPR.4310 million gross premium and have earned NPR 713 million net profit for the period.
- b) The company is committed to provide quality insurance services tailored to the needs of our valued customers through a network of more than 125 branches. We continue to focus on speedy and efficient claim settlements, regularly issuing notices to facilitate the timely submission of necessary claim documents. Despite the decline in fixed deposit interest rates and the impact of the unusual floods of 28–29 September 2024, the company recorded a marginal increase in profit compared to the previous year. The reinsurance arrangement has been structured primarily based on the company's retention capacity, determined by the size of its capital and net worth. In addition, the company remains dedicated to achieving operational efficiency and has strategically deployed its available resources to ensure the sustainable growth of its business, thereby delivering long-term value to all stakeholders.

3. Details Regarding Legal Actions:

- a) The company is currently in litigation with Inland Revenue Department for FY 2072/73 to 2076/77.
- b) There is no legal case were raised or pending against the promoter or director of the company regarding violation of prevailing laws or commission of criminal offences.
- c) There is no legal case were raised or pending against the promoter or director of the company regarding financial crime.

4. Analysis of Share Transaction of Organized Institutions

- a) The NEPSE has witnessed upward trend till the end of current quarter as compared to the end of immediate previous quarter.
- b) The major highlights of Share Transaction during the current quarter as follows:

Maximum Price	Minimum Price	Closing Price	Total Days Traded	Total Transactions Traded	Total Units Traded
878.00	781.10	840.35	63	5443	1307676

5. Problem and Challenges:

Internal

- Lack of Insurance Awareness.
- Effect of declining interest rate on fixed deposit.
- Retention of qualified & skilled human resource capital.
- Identification of new viable investment opportunities.

External

- Downfall of morale of investor & slowdown in economy.
- Cut-throat competition in the insurance industry.
- Reduced rate of return on Investment particularly interest income on fixed deposit.
- Challenge to increase business volume due national and global economy slowdown.
- Sluggish growth in the bank's lending.

6. Corporate Governance:

The Board of Directors, along with the Investment, Risk Management and Solvency Committee, Audit Committee, and management team, is committed to strengthening good corporate governance within the company. The company operates in compliance with all mandated policies and manuals to ensure transparency, accountability, fairness, and responsibility in management, safeguarding policyholders' interests and fostering market confidence. The Nepal Insurance Authority has enforced corporate governance directives that emphasize strong boards, clear role segregation, robust internal controls, effective risk management, transparent disclosure, and strict compliance. Ethical conduct, fair treatment of customers, prudent fund management, and active board oversight have helped build trust and support, ensuring the company's long-term stability. In line with this, the company has established an effective and resourceful Internal Control Department to strengthen its internal control systems.



7. Declaration By CEO:

I hereby declare that the data and information provided in this report is true, complete, and factual to the extent of my knowledge. No attempt has been made to misguide the investors. I personally take the responsibility and accountability regarding the truthfulness of the information provided in the report of quarter end.



Siddhartha Premier Insurance Limited
Notes to the Interim Financial Statements
For the year quarter ended Ashadh 32, 2082 (July 16th, 2025)

1. Reporting Entity

Siddhartha Premier Insurance Limited (herein after referred to as the 'Company') is a public limited company, incorporated on 13th February 1992 and operated as Non-Life Insurance Company after obtaining license on 21st April 1994 under the Insurance Act 2079.

The registered office of the Company is located at Babarmahal, Kathmandu. The Company's share is listed on 3rd May, 1995. The principal activities of the company are to provide various non-life insurance products through its province offices, branches, sub-branches, and network of agents.

2. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Reporting Period and approval of financial statements

The Interim condensed financial statements prepared for the 4th Quarter of FY 2081-82 ending 16 July 2025(Ashad 32,2082) are presented in accordance with Nepal Accounting Standard-NAS 34 on "Interim Financial Reporting" Published by the Accounting Standards Board(ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal(ICAN). These interim condensed financial Statements should be read in conjunction with previous year audited financial Statements.

(b) Statement of Compliance

The Financial Statements of the Company comprises of Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income shown as two separate statements, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements which have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB) and in compliance with the requirements of the Companies Act, 2006, directives issued by Nepal Insurance Authority and required disclosures as per Securities Board of Nepal. The format used in the preparation and presentation of the Financial Statements and disclosures made therein also complies with the specified formats prescribed in the directives of Nepal Insurance Authority.

The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.

(c) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for following Assets & Liabilities which have been measured at Fair Value amount:

- i. Certain Financial Assets and Liabilities which are required to be measured at fair value
- ii. Defined Employee Benefits

For the interim financial Statements, Gratuity and Leave Valuation is not carried out.

- iii. Insurance Contract Liabilities which are required to be determined using actuarial valuation for Liability Adequacy Test (LAT).

For the interim financial Statements, LAT Valuation is not carried out.



Historical cost is generally Fair Value of the consideration given in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for Financial Reporting purposes, Fair Value measurements are categorized into Level 1, or 2 or 3 based on the degree to which the inputs to the Fair Value measurements are observable & the significance of the inputs to the Fair Value measurements in its entirety, which are described as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical Assets or Liabilities that the entity can access at the measurement date;
- Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the Asset or Liability, either directly or indirectly; and
- Level 3 - Inputs are unobservable inputs for the Asset or Liability.

(d) Use of Estimates

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the reported balance of Assets & Liabilities, disclosures relating to Contingent Liabilities as at the date of the Financial Statements and the reported amounts of Income & Expenses for the year presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the Financial Statements.

(e) Functional and Presentation Currency

These Financial Statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except, where indicated otherwise.

(f) Going Concern

The financial statements are prepared on going concern basis. The Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources while assessing the going concern basis. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operation of it.

(g) Change in Accounting Policies

Accounting Policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The Company is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flow.

(h) Recent Accounting Pronouncements

Accounting standards issued and effective

Accounting standards issued and non-effective

(i) Carve-outs

The Company has not applied any carve outs provided by the ASB.



(j) Presentation of financial statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by the nature and listed in an order that reflects their relative liquidity and maturity pattern.

(k) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by Nepalese Financial Reporting Standards or Interpretation (issued by the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC) and as specifically disclosed in the Significant Accounting Policies of the Company.

(l) Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Nepal Accounting Standard-NAS 1 on 'Presentation of Financial Statements'.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

3. Significant Accounting Policies

(a) Property and Equipment

i) Recognition

Freehold land is carried at historical cost and other items of Property and Equipment are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Company and it can be used for more than one year and the cost can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

ii) Revaluation

After recognition as an assets, lands and buildings whose fair value can be measured reliably, have been carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date. Valuation of the land and buildings are undertaken by professionally qualified valuers.

An increase in the carrying amount as a result of revaluation, is recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss. A decrease in the carrying amount as a result of revaluation, is recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.



Difference between depreciation on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred to retained earnings.

iii) Depreciation

Depreciation of Property and Equipment other than the Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on "Straight Line Method (SLM)/ Diminishing Balance Method ((DBM)" based on Useful Life estimated by technical expert of the management.

The Assets Useful Life/ Rate of Depreciation and Residual Values are reviewed at the Reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

Useful Life of Property and Equipment based on SLM/DBM is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM/Rate for WDV
Land	-
Buildings	50 year
Leasehold Improvement	Lease Period
Furniture & Fixture	10 year
Computers and IT Equipment	8 year
Officer Equipment	8 year
Vehicles	12 year
Other Assets	12 year

iv) Derecognition

An item of Property and Equipment is derecognized up to disposal or when no Future Economic Benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property and Equipment is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

v) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

vi) Capital Work-In-Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development which are to be capitalized. Capital Work in Progress would be transferred to the relevant asset when it is available for use. Capital Work in Progress is stated at cost less any accumulated impairment losses.

(b) Goodwill & Intangible Assets

i) Recognition

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in Statement of profit or loss in the year in which the expenditure is incurred.



Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Goodwill on business combination is recognized on the acquisition date at the excess of (a) over (b) below:

(a) The aggregate of:

1. The consideration transferred measured in accordance with the NFRS 3, which generally requires acquisition-date fair value
2. The amount of any non-controlling interest in the acquiree measured in accordance with the NFRS 3, and
3. In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) The net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Accordingly, as per the standard goodwill has been recognized for the excess of the value derived as per (a) over (b)

ii) Amortization

The useful lives of intangible assets are assessed to be either finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflow for the entity.

Amortization is recognized in statement of profit or loss on Straight Line Method (SLM) over the estimated useful life of the intangible assets/ Diminishing Balance Method (DBM), from the date that is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

Useful Life of Intangible Assets based on SLM/DBM is categorized as stated below:

List of Assets Categories	Useful Life (In Years) for SLM
Software	5
Licenses	License Period
Others	-

iii) Derecognition

An Intangible Asset is derecognized when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

iv) Impairment of Assets

The Company assesses at each reporting date as to whether there is any indication that Intangible Assets may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognized in the Statement of Profit or Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

(c) Investment Properties

Fair Value Model



Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market condition at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect.

The fair value of investment property is determined by an external, independent property valuer, having appropriate recognized professional qualification and recent experience in the location and category by property being valued.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfer are made to (or from) investment property only when there is a change in use. For a transfer from investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

(d) Cash & Cash Equivalent

Cash & Cash Equivalents includes Cash in Hand, Cheque in Hand, Bank Balances and short term deposits with a maturity of three months or less.

(e) Financial Assets

i) Initial Recognition & Measurement

Financial Assets are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Assets at initial recognition.

When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss.

ii) Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is achieved is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income in these financial assets is measured using effective interest rate method.

b) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income.

c) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A Financial Asset which is not classified in any of the above categories are measured at FVTPL.



iii) De-Recognition

A Financial Asset is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Asset. Where the Company has transferred an Asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the Financial Asset. In such cases, the Financial Asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the Financial Asset, the Financial Asset is not derecognized. Where the Company retains control of the Financial Asset, the Asset is continued to be recognized to the extent of continuing involvement in the Financial Asset.

iv) Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a financial asset or a group of financial assets is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(f) Financial Liabilities

i) Initial Recognition & Measurement

Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition.

All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.

ii) Subsequent Measurement

After initial recognition, Financial Liabilities are subsequently measured at amortized cost using the Effective Interest Method.

For trade and other payables maturing within one year from the date of Statement of Financial Position, the carrying amounts approximate Fair Value due to short maturity of these instruments.

iii) De-Recognition

A Financial Liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing Financial Liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.



(h) Reinsurance Assets

Reinsurance assets are the assets which are created against insurance contract liabilities of the amount which are recoverable from the reinsurer. These assets are created for the reinsurer's share of insurance contract liabilities.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after the initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract, and the event has a reliably measurable impact on the amount that the company will receive from the reinsurer. If a reinsurance asset is impaired, the company reduce the carrying amount accordingly and is recognized in statement of profit or loss.

(i) Equity

Financial Instruments issued by the Company are classified as Equity only to the extent that they do not meet the definition of a Financial Liability or Financial Asset.

(j) Reserves and Funds

i) Share Application Money Pending Allotment:

The company has no such share application money pending allotment as on reporting date.

ii) Share Premium:

Amount received by company in excess of face value on issue of share capital is recognized as Share Premium. The amount in share premium is allowed for distribution subject to provisions of company act & regulatory requirement.

Share premium on business combination has been disclosed in the financial statement.

iii) Catastrophe Reserve:

The Company has allocated catastrophe reserve as per regulator's directive.

iv) Fair Value Reserve:

The Company has policy of creating fair value reserve equal to the amount of Fair Value Gain recognized in statement of other comprehensive income as per regulator's directive.

v) Regulatory Reserves:

Reserve created out of net profit in line with different circulars issued by regulatory authority.

v) Actuarial Reserves:

Reserves against actuarial gain or loss on present value of defined benefit obligation resulting from, experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and the effects of changes in actuarial assumptions.

vi) Revaluation Reserves:

Reserve created against revaluation gain on property, plant & equipment & intangible assets, other than the reversal of earlier revaluation losses charged to profit or loss.

vii) Special Reserve:

The Company has allocated Special Reserve as per regulator's directive.



viii) Other Reserves:

Reserves other than above reserves have been included in other reserves. Reserve against Deferred Tax Income is created during the year.

(k) Insurance Contract Liabilities

i) Provision for unearned premiums

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Change in reserve for unearned insurance premium represents the net portion of the gross written premium transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

For the interim financial statements, Provision for Unearned Premium is carried out as per the provision on the circular related to quarterly financial Statement of insurer published by NIA.

ii) Outstanding claims provisions

Outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not, together with related claims handling costs.

iii) Provision for claim incurred but not reported (IBNR)

Significant delays are experienced in the notification and settlement of certain types of claims, the ultimate cost of which cannot be known with certainty at the statement of financial position date.

The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

For the interim financial statements, IBNR is carried out as per the provision on the circular related to quarterly financial Statement of insurer published by NIA.

Liability adequacy

At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. The calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognized in the statement of profit or loss by setting up a provision for liability.

For the interim financial statements, LAT Valuation is carried out as per the provision on the circular related to quarterly financial Statement of insurer published by NIA.

(l) Employee Benefits

i) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligation in the Statement of Financial Position.

ii) Post-Employment Benefits



- Defined Contribution Plan

The Company pays Provident Fund contributions to publicly administered Provident Funds/Social Security Fund as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as Employee Benefit Expenses when they are due.

- Defined Benefit Plan

For Defined Benefit Plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains & Losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a Straight-Line Basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the Fair Value of plan Assets (If Any). Any Asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

For the interim financial statements, Provision for Gratuity is considered on the basis of Past Year's experiences.

iii) Long Term Employee Benefits

The liabilities for un-availed earned leaves are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Leave Encashment has been computed using Actuarial Assumptions and these are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the year using the Projected Unit Credit Method. The benefits are discounted using the market yields at the end of the year that have terms approximating to the terms of assumptions.

For the interim financial statements, Provision for Leave is considered on the basis of Past Year's experiences.

iv) Termination

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Company recognizes termination benefits at the earlier of the following dates:

- a) When the Company can no longer withdraw the offer of those benefits; and
- b) When the entity recognizes costs for a restructuring that is within the scope of NAS 37 and involves the payment of termination benefits. The termination benefits are measured based on the number of employees expected to accept the offer in case of voluntary retirement scheme.

(m) Revenue Recognition

i) Gross Premium

Gross Premium are recognized as soon as the amount of the premiums can be reliably measured. First premium is recognized from inception date. At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

ii) Unearned Premium Reserves

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a pro rate basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

iii) Premiums on Reinsurance Accepted



Premium on reinsurance accepted comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net claims, respectively, because this is consistent with how the business is managed.

iv) Reinsurance Premium

Direct Reinsurance premiums comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks- attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net claims, respectively, because this is consistent with how the business is managed.

v) Commission Income

Commission Income is recognized on accrual basis. If the income is for future periods, then they are deferred and recognized over those future periods.

For the interim financial statements, Deferelement of Commission Income, Commission Expenses and Reinsurance Commission Expenses is done as per the same provision with regard to URR on the circular related to quarterly financial statement of Insurer published by NIA

vi) Investment Income

Interest income is recognized in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commission that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the EIR of the instrument.

vii) Net realized gains and losses

Net realized gains and losses recorded in the statement of profit or loss include gains and losses on financial assets and properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

(n) Claims and Expenses

i) Gross Claims

Claims includes the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlement of claims. Claims that are incurred during the financial year are recognized when a claimable event occurs and/or the insurer is notified.

Reserves for Incurred But Not Reported Claims (IBNR) are calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.



ii) Reinsurance Claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the term of the relevant contracts.

(o) Product Classification

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Company has following portfolios under which it operates its business:

- i) Property Portfolio - Property/Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the property/fire insurance business.
- ii) Motor Portfolio - Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third party risks but exclusive of transit risks.
- iii) Marine Portfolio - Marine insurance business means the business of affecting and carrying out contracts of insurance against loss of consignment of goods during transit.
- iv) Engineering Portfolio - Engineering insurance business means the insurance that provides economic safeguard to the risks faced by the ongoing construction project, installation project, and machines and equipment in project operation.
- v) Micro Portfolio - Micro Insurance protects against loss of or damage to crops or livestock. It has great potential to provide value to low-income farmers and their communities, both by protecting farmers when shocks occur and by encouraging greater investment in crops.
- vi) Aviation Portfolio - Aviation Insurance provides coverage for hull losses as well as liability for passenger injuries, environmental and third-party damage caused by aircraft accidents.
- vii) Cattle and Crop Portfolio - Cattle and Crop Insurance provides insurance against loss of or damage to Cattle and crops.
- viii) Miscellaneous Portfolio - All the insurance business which doesn't fall in above categories fall under miscellaneous insurance business. Group Personal Accidents, Medical Insurances, Professional indemnity insurance etc. fall under this category of business.

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

(q) Cash Flow Statement

Cash Flows are reported using the direct method, whereby major classes of cash receipts and cash payments are disclosed as cash flows.



(r) Leases

The lease liability has been accounted for under NFRS 16 "Leases". For all the significant lease, the Right-of-Use assets has been recognized at its initial recognition under cash model. The Lease liability has been recognized at the present value of the lease payments that are not paid at that date. The lease payment has been discounted at the incremental borrowing rate in lease which is ...%.

After the commencement date, the right of use asset has been measured using cost model. The lease liability has been increased to reflect interest on the lease liability & has been reduced by the lease payment.

The lease assets having the lease liability of equal to NRs. present value at inception has been considered as low value and for those lease the expenses has been recognized under straight line basis.

(s) Income Taxes

Income Tax Expense represents the sum of the tax currently payable & Deferred Tax.

i) Current Tax

Current Tax Expenses are accounted in the same period to which the revenue and expenses relate. Provision for Current Income Tax is made for the Tax Liability payable on Taxable Income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii) Deferred Tax

Deferred Tax is recognized on temporary difference between the carrying amounts of Assets and Liabilities in the Statement of Financial Position and their Tax Base. Deferred Tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profit nor Loss at the time of the transaction.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred Tax Liabilities are generally recognized for all taxable Temporary Difference.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the Deferred Tax Asset to be utilized.

(t) Provisions, Contingent Liabilities & Contingent Assets

i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

Provisions for Contingent Liability are recognized in the books a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.

ii) Contingent Liabilities



Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

iii) Contingent Assets

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements."

(u) Functional Currency & Foreign Currency Transactions

The Financial Statements of the Company are presented in Nepalese Rupees, which in the Company's Functional Currency. In preparing the Financial Statements of the Company, transactions in currencies other than the Company's Functional Currency i.e. Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

(v) Earnings Per Share

Basic Earnings per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Numbers of equity shares outstanding during the Financial Year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assumed conversion of all dilutive potential ordinary shares.

(w) Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined by NFRS 8, "Operating Segment".

Company's Income & Expenses including interest are considered as part of un-allocable Income & Expenses which are not identifiable to any business segment. Company's Asset & Liabilities are considered as part of un-allocable Assets & Liabilities which are not identifiable to any business.

4. Related Party Disclosure

Holding Company : None

Subsidiaries : None

Associates: None

Fellow Subsidiaries : None

Key Management Personnel : Chairman/Board of Directors/CEO/DCEO/DGM/AGM

According to the NAS-24-Related Party Disclosures, Key Management Personnel are those having authority and responsibility for Planning, directing and Controlling the activities of the entity

