



American Life Insurance Company

Narayani Complex, Pulchowk, Lalitpur, Nepal



Audited Financial Statement

Financial Year 2079-80 B.S. (2022-23)

Annexure I
American Life Insurance Company
Management's Report
Financial Year 2079-80 B.S. (2022-23 A.D.)

A. General Information about Company:

1. Date of establishment: 2058/04/18 (August 02, 2001)
2. Insurer License date: 2058/04/18 (August 02, 2001)
3. Insurance business type, nature: Life Insurance
4. Date of commencement of business: 2058/10/17 (January 30, 2002)
5. License renewal: License was duly renewed as per Insurance Act, 2049 which was valid till the end of Chaitra 2079 (April 13, 2023). Nepal Insurance Authority via letter Pa.Sa. Kanun 248(2079/80) C.N. 5001 dated 2079/12/16 informed all the companies that license renewal is not required as per Insurance Act, 2079. Accordingly, the Company holds a valid license to operate life insurance business in Nepal.

B. Company's Management Report:

1. Income tax liabilities of NPR 374,584,562/- has been paid to Inland Revenue Department on respective due dates. Out of total regulation fee 55% of such total fee amounting to NPR 23,835,270/- is paid to Nepal Insurance Authority per regulatory instruction and remaining balance shall be paid within Poush 29, 2080. TDS payable of NPR 5,171,292/- related to F.Y. 2079-80 at the Balance Sheet date has been paid on respective due dates. There is no fines or penalties pending to be paid to government authorities.
2. American Life Insurance Company is registered as a foreign branch of American Life Insurance Company (ALICO), USA with Office of the Company Registrar on 2062/02/23 (June 05, 2005) and with Inland Revenue Department. There is not any change in the structure of the company compared to previous year.
Being an independent branch, it does not have to share any part of risk arising from the business operated in other territories. ALICO is a subsidiary of MetLife Inc, HO/RO and offices operated in different countries are as under:

Head Office: Wilmington, USA

Regional Office: Hong Kong

Other MetLife Operations:

- Australia
- Bahrain
- Bangladesh
- Brazil
- Bulgaria
- Chile
- China
- Colombia
- Cyprus
- Malaysia
- Mexico
- Vietnam
- UAE
- Ukraine
- United Kingdom
- Czech Republic
- Ecuador
- Egypt
- France
- Oman
- Poland
- Portugal
- Turkey
- United States
- Uruguay
- Hungary
- India
- Ireland
- Italy
- Qatar
- Romania
- Saudi Arabia
- Japan
- Jordan
- Kuwait
- Lebanon
- Slovakia
- South Korea
- Spain

3. The Company is compliant with the requirement of Valuation Directive, 2077 and maintains a solvency margin of 4.16 as of Ashad 31, 2080 (July 16, 2023).
4. A. Value of total assets reflected in the Statement of Financial Position as on Ashad 31, 2080 are not overstated than its fair value.

B. Assets recognized in Statement of Financial Position are measured on historical cost basis except certain financial assets which are required to be measured at fair value.
5. Company has made all its investment within the provisions of the existing laws.
6. Total number of benefits and claims paid during the year is 19,127 (Death claims – 9,076, Partial maturity benefits 1,684 and Full maturity benefits – 8,367). Detail of number of outstanding claims and benefits are as follows:

Fiscal Year	2075/76	2076/77	2077/78	2078/79	2079-80
Death Claims	174	395	619	494	572
Maturity Benefits	2481	5085	5988	5240	3508

The claims are settled within the time frame prescribed by Insurance Act, 2079 and related directives issued by Nepal Insurance Authority.

7. The Company follows the provisions of Insurance Act 2079, Insurance Regulation 2049, Company Act 2063, Nepal Financial Reporting Standards and other prevailing laws & regulation.
8. Appropriate accounting policies are consistently applied, and uniformity is maintained which has been tested and appropriateness is found.
9. The financial statements are prepared in accordance with Nepal Financial Reporting Standards and in compliance with Insurance Act, 2079, Insurance Regulations, 2049, Insurer's Financial Statement Related Directive, 2080 and other guidelines issued by Nepal Insurance Authority. The financial statements present transactions of Nepal branch only. The financial statement gives true & fair picture of all the financial conditions of the Company.
10. It is declared that the control mechanism and processes are in place which is sufficient and effective to safeguard the Company's assets and to control the fraud and misappropriations.
11. The financial statements are prepared on going concern basis.
12. The Company has strong, effective, reliable, and independent internal audit unit at Local, Regional and Head office level which conducts internal audit on regular basis. It has been found quite effective as a controlling mechanism for normal operation of the business activities.
13. The Company has not done business with any person, firm, company, and with its director or institution having interest of the directors which is against the Insurance Act, 2079, Company Act, 2063 and regulations, order, and directives under it.
14. No penalties have been levied by Nepal Insurance Authority during the year.
15. The Company has adequate re-insurance arrangement for insurance risks, and other situational risks are being closely monitored. Required actions are being taken in consultation with regional office and head office.

16. The Company is compliant with Anti money laundering Act 2064 and its directive, rules, by-laws, and policies.
17. The Company received approval of its actuarial valuation report for FY 2079/80 (2022-23) on November 30 (Mangsir 14, 2080). After incorporation of actuarial valuation results, the total distributable profit as per Statement of Distributable Profit or Loss is NPR 567,866,055/-. The company has received approval from Nepal Insurance Authority on Poush 11, 2080 via letter Bi.Bi.Sa: 86(2080/81) CN. 3965 to declare dividend for this financial year. Accordingly, the company has proposed cash dividend of NPR 450,051,200/- for the year out of distributable profit.
18. The Company has transferred below amount out of net profit before deferred tax adjustment to respective reserves as required by section 11 of Insurer's Financial Statement Related Directive, 2080.

	Current Year	Total Reserves
Catastrophe Reserve	: 75,850,756	445,894,495
Capital Reserves	: 151,701,512	700,209,338
Corporate Social Responsibility (CSR) Reserve	: 7,585,076	12,174,106

Similarly, as required by section 57(Ka) of Corporate Good Governance Directive, 2075 and section 38 of Financial Statement Related Directive, 2080, the Company has incurred NPR 6,470,697/- in employee training and development which is 2.6% of previous year's total employee benefit expenses excluding staff bonus.

The disclosure related to CSR activities are provided in note 59 and Climate Risk related disclosure in Appendix I of the financial statements.

19. The company has declared below bonus per thousand for participatory products mentioned against respective terms for the financial year 2079-80.

Products	Term of Policy	Bonus per 1000	Inforce Policies at the end of financial year
Endowment	1-15	60	3,153
	16-20	70	5,568
	21 and above	80	1,826
Education Protection Plan	1-15	60	14,937
	16-20	70	16,534
	21 and above	80	5,284
Anticipated Endowment (Three Payment Plan)	1-15	45	10,286
	16-20	55	3,607
	21 and above	65	4,689

Independent Auditor's Report

To the General Manager of American Life Insurance Company-Nepal Branch

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the American Life Insurance Company-Nepal Branch (the "Company"), which comprise the statement of financial position as at Ashadh 31, 2080 (July 16, 2023), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as at Ashadh 31, 2080 (July 16, 2023), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our Report. We are independent of the Company in accordance with the *ICAN's Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. N	Key Audit Matters	Auditor's Response
1.	<p>Investment Valuation, Identification, and Impairment NFRS - Investment of the company comprises of investment in in quoted equity instruments, debentures, mutual funds, fixed deposits of financial institutions. The valuation of the aforesaid securities has been done in compliance with NFRS 9. The investment in the government and NRB bonds and T-bills should be recognized on reporting date on Amortized cost basis whereas other investments in equity instruments, other than those held for trading, should be valued at Fair Value through Other Comprehensive Income.</p> <p>Given the varieties of treatments recommended for valuation of investment based on nature of cash flow, the business model adopted, complexity of calculations and the significance of amount involved in such investments, same has been considered as Key Audit Matter in our audit.</p>	<p>Our audit approach regarding verification of process of investment valuation, identification and impairment included:</p> <p>a. Review of the investment of company and its valuation having reference to NFRS issued by the Accounting Standard Board of Nepal.</p> <p>b. We assessed the nature of expected cash flow of the investments as well as the business model adopted by the management on the basis of available evidence/circumstances and ensured that classification of investment is commensurate with nature of cash flow and management intention of holding the investment.</p> <p>c. For the investment valuation that is done at amortized cost, we checked the EIR and amortization schedule on test basis.</p> <p>d. For the investment valued through OCI for quoted investment, we ensured that fair valuation has been done at the closing transaction rate in NEPSE as on 16.07.2023.</p>
2.	<p>Information Technology General Controls IT controls with respect to recording of transactions, generating various reports in compliance with Nepal Insurance Authority guidelines and other compliances to regulators is</p>	<p>Our audit approach regarding Information technology of company is based upon the Information Technology Guidelines 2076 issued by Nepal Insurance Authority and it included:</p> <p>a. Understanding the coding system adopted by company</p>



<p>an important part of the process. Such reporting is highly dependent on the effective working of Software and other allied systems.</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management, shareholders and regulators</p>	<p>for various categories of products.</p> <p>b. Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in company</p> <p>c. Checking of the user requirements for any changes in the regulations/ policy of the company</p> <p>d. Reviewed the reports generated by the system on sample basis. We verified the premium income/expense and claim payment in regard to policies issued and claim intimated on test basis</p>
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Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report and Management Report but does not include the financial statements and our auditor's report thereon. Such information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

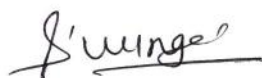
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the requirements of Companies Act 2063, Prevailing Insurance Act and Directives of Nepal Insurance Authority

We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief were necessary for the purpose of our audit; the returns received from the branch offices of the company, though the statements are independently not audited, were adequate for the purpose of the audit; the financial statements have been prepared in accordance with the provisions of the Companies Act 2063, and they are in agreement with the books of accounts of the company; and the accounts and records of the company are properly maintained in accordance with the prevailing laws.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed that adequate amount have been set aside for insurance fund and other statutory reserves as per Nepal Insurance Authority Directives; the business of the company was conducted satisfactorily in line with the Nepal Insurance Authority Directives, the company has not conducted any business other than insurance business and has not issued any unauthorized policies and its transactions were found to be within the scope of its authority. We did not come across cases where the company has acted against the interest of insured and investors. Further, company's internal control system is reasonably adequate, and we did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law, caused loss or damage to the company, or committed any misappropriation of the funds of company. Also, the company has provided the required financial and other information to its shareholders and company appears to be able to serve its long-term liabilities out of its assets.



Sunir Kumar Dhungel
Managing Partner



Date: December 31, 2023
Place: Kathmandu

UDIN No: 231231CA00109wbCqa

Annexure II

American Life Insurance Company

STATEMENT OF FINANCIAL POSITION

As at July 16, 2023 (Ashadh 31, 2080)

Particulars	Notes	Fig. in NPR	
		Current Year	Previous Year
Assets			
Goodwill & Intangible Assets	4	8,628,488	7,473,569
Property and Equipment	5	128,090,299	140,989,002
Investment Properties	6	-	-
Deferred Tax Assets	7	51,304,784	43,283,719
Investment in Subsidiaries	8	-	-
Investment in Associates	9	-	-
Investments	10	26,273,000,623	23,419,161,190
Loans	11	1,560,260,435	1,166,318,211
Reinsurance Assets	12	15,918,897	6,620,220
Current Tax Assets	21	151,637,033	136,764,676
Insurance Receivables	13	67,454,639	81,465,251
Other Assets	14	141,445,353	139,925,259
Other Financial Assets	15	130,976,657	81,732,588
Cash and Cash Equivalent	16	385,479,011	418,211,016
Total Assets		28,914,196,219	25,641,944,701
Equity & Liabilities			
Equity			
Share Capital	17 (a)	-	-
Share Application Money Pending Allotment	17 (b)	-	-
Share Premium	17 (c)	-	-
Catastrophe Reserves	17 (d)	445,894,495	370,043,739
Retained Earnings	17 (e)	2,447,485,748	2,227,825,276
Other Equity	17 (f)	909,411,197	762,322,785
Total Equity		3,802,791,440	3,360,191,800
Liabilities			
Provisions	18	192,033,333	181,591,624
Gross Insurance Contract Liabilities	19	23,871,415,696	21,267,601,124
Deferred Tax Liabilities	7	-	-
Insurance Payable	20	71,172,049	82,480,415
Current Tax Liabilities	21	-	-
Borrowings	22	-	-
Other Liabilities	23	260,546,996	304,797,131
Other Financial Liabilities	24	716,236,705	445,282,607
Total Liabilities		25,111,404,779	22,281,752,901
Total Equity and Liabilities		28,914,196,219	25,641,944,701

The accompanying notes form an integral part of Financial Statements.

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

.....
Nirmal Kajee Shrestha
VP and General Manager

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants

Date: 31 December, 2023
Place: Lalitpur, Nepal

American Life Insurance Company

STATEMENT OF PROFIT OR LOSS

For Period 17th July, 2022 - 16th July, 2023

(For the Year Ended Ashad 31, 2080)

Fig. in NPR

Particulars	Notes	Current Year	Previous Year
Income:			
Gross Earned Premiums	25	5,262,265,369	5,231,786,863
Premiums Ceded	26	(214,144,315)	(249,474,044)
Net Earned Premiums		5,048,121,054	4,982,312,819
Commission Income	27	110,922,602	139,036,365
Other Direct Income	28	5,530,322	6,157,132
Interest Income on Loan to Policyholders	11	154,696,916	123,190,212
Income from Investments and Loans	29	2,369,272,933	1,836,336,554
Net Gain/(Loss) on Fair Value Changes	30	-	-
Net Realised Gains/(Losses)	31	-	-
Other Income	32	7,994,581	13,574,159
Total Income		7,696,538,408	7,100,607,241
Expenses:			
Gross Benefits and Claims Paid	33	2,863,347,739	4,081,764,537
Claims Ceded	33	(80,674,691)	(108,399,561)
Gross Change in Contract Liabilities	34	2,603,814,571	1,114,928,357
Change in Contract Liabilities Ceded to Reinsurers	34	(9,298,677)	5,427,056
Net Benefits and Claims Paid		5,377,188,942	5,093,720,389
Commission Expenses	35	475,453,711	487,891,466
Service Fees	36	43,336,854	52,317,869
Other Direct expenses	37	-	-
Employee Benefits Expenses	38	361,867,757	314,998,021
Depreciation and Amortization Expenses	39	65,472,835	69,334,789
Impairment Losses	40	-	-
Other Operating Expenses	41	229,659,061	251,890,782
Finance Cost	42	8,986,727	9,566,819
Total Expenses		6,561,965,887	6,279,720,135
Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax		1,134,572,521	820,887,106
Share of Net Profit of Associates accounted using Equity Method	9	-	-
Profit Before Tax		1,134,572,521	820,887,106
Income Tax Expense	43	369,111,490	239,377,617
Net Profit/(Loss) For The Year		765,461,031	581,509,489
Earning Per Share	51		
Basic EPS		-	-
Diluted EPS		-	-

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

.....
Nirmal Kajee Shrestha
VP and General Manager

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R. Associates
Chartered Accountants

Date: 31 December, 2023
Place: Lalitpur, Nepal

American Life Insurance Company
STATEMENT OF OTHER COMPREHENSIVE INCOME
For Period 17th July, 2022 - 16th July, 2023
(For the Year Ended Ashad 31, 2080)

Fig. in NPR

Particulars	Notes	Current Year	Previous Year
Net Profit/(Loss) For The Year		765,461,031	581,509,489
Other Comprehensive Income			
a) Items that are or may be Reclassified to Profit or Loss			
Changes in Fair Value of FVOCI Debt Instruments		-	-
Cash Flow Hedge - Effective Portion of Changes in Fair Value		-	-
Exchange differences on translation of Foreign Operation		-	-
Share of other comprehensive income of associates accounted for using the equity method	9	-	-
Income Tax Relating to Above Items		-	-
Reclassified to Profit or Loss		-	-
b) Items that will not be Reclassified to Profit or Loss			
Changes in fair value of FVOCI Equity Instruments		-	-
Revaluation of Property and Equipment/Goodwill & Intangible Assets		-	-
Remeasurement of Post-Employment Benefit Obligations	44	(473,129)	(8,238,747)
Share of other comprehensive income of associates accounted for using the equity method	9	-	-
Income Tax Relating to Above Items		118,282	2,059,687
Total Other Comprehensive Income For the Year, Net of Tax		(354,847)	(6,179,060)
Total Comprehensive Income For the Year, Net of Tax		765,106,184	575,330,429

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

.....
Nirmal Kajee Shrestha
VP and General Manager

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R Associates
Chartered Accountants

Date: 31 December, 2023
Place: Lalitpur, Nepal

American Life Insurance Company

STATEMENT OF CHANGES IN EQUITY

For Period 17th July, 2022 - 16th July, 2023
(For the Year Ended Ashad 31, 2080)

Previous Year	Fig. in NPR																		
Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserves	CSR Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves (HO Fund)	Other Reserves - Contingency	Other Reserves (Housing Fund)	Other Reserves (Regulatory Reserves)	Total	
Balance as at Shrawan 1, 2078	-	-	-	-	2,099,040,546	-	429,194,338	310,386,995	-	-	-	(22,294,348)	38,075,900	75,444,600	15,000,000	96,941,329	8,072,010	3,049,861,371	
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restated Balance as at Shrawan 1, 2078	-	-	-	-	2,099,040,546	-	429,194,338	310,386,995	-	-	-	(22,294,348)	38,075,900	75,444,600	15,000,000	96,941,329	8,072,010	3,049,861,371	
Profit/(Loss) For the Year	-	-	-	-	581,509,489	-	-	-	-	-	-	-	-	-	-	-	-	581,509,489	
Other Comprehensive Income for the Year, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
i) Changes in Fair Value of FVOCI Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ii) Gains/ (Losses) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
iii) Exchange differences on translation of Foreign Operation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
iv) Changes in fair value of FVOCI Equity Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
v) Revaluation of Property and Equipment/Goodwill & Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
vi) Remeasurement of Post-Employment Benefit	-	-	-	-	(6,179,060)	-	-	-	-	-	-	-	-	-	-	-	-	(6,179,060)	
Transfer to Reserves/ Funds	-	-	-	-	(191,114,966)	-	119,313,488	59,656,744	5,965,674	-	-	6,179,060	-	-	-	-	-	-	
Transfer of Deferred Tax Reserves	-	-	-	-	(5,207,820)	-	-	-	-	-	-	-	5,207,820	-	-	-	-	-	
Transfer of Depreciation on Revaluation of Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer on Disposal of revalued Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer on Disposal of Equity Instruments measured at FVTOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to Insurance Contract Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share Issuance Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Others (Utilization of Reserves)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
i) Bonus Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
ii) Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
iii) Cash Dividend	-	-	-	-	(251,750,000)	-	-	-	-	-	-	-	-	-	-	-	-	(251,750,000)	
iv) Dividend Distribution Tax	-	-	-	-	(13,250,000)	-	-	-	-	-	-	-	-	-	-	-	-	(13,250,000)	
v) Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at Ashadh 32, 2079	-	-	-	-	2,213,048,190	-	548,507,826	370,043,739	5,965,674	-	-	(16,115,288)	43,283,720	75,444,600	15,000,000	96,941,329	8,072,010	3,360,191,800	

American Life Insurance Company

STATEMENT OF CHANGES IN EQUITY

For Period 17th July, 2022 - 16th July, 2023
(For the Year Ended Ashad 31, 2080)

Current Year

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Revaluation Reserves	Capital Reserves	Catastrophe Reserves	CSR Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves (HO Fund)	Other Reserves - Contingency	Other Reserves (Housing Fund)	Other Reserves (Regulatory Reserves)	Total
Balance as at Shrawan 1, 2078	-	-	-	-	2,213,048,190	-	548,507,826	370,043,739	5,965,674	-	-	(16,115,288)	43,283,720	75,444,600	15,000,000	96,941,329	8,072,010	3,360,191,800
Prior period adjustment	-	-	-	-	14,777,086	-	-	-	-	-	-	(14,777,086)	-	-	-	-	-	-
Restated Balance as at Shrawan 1, 2078	-	-	-	-	2,227,825,276	-	548,507,826	370,043,739	5,965,674	-	-	(30,892,374)	43,283,720	75,444,600	15,000,000	96,941,329	8,072,010	3,360,191,800
Profit/(Loss) For the Year	-	-	-	-	765,461,031	-	-	-	-	-	-	-	-	-	-	-	-	765,461,031
Other Comprehensive Income for the Year, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Changes in Fair Value of FVOCI Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Gains/ (Losses) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Exchange differences on translation of Foreign Operation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv) Changes in fair value of FVOCI Equity Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v) Revaluation of Property and Equipment/Goodwill &	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
vi) Remeasurement of Post-Employment Benefit	-	-	-	-	(354,847)	-	-	-	-	-	-	-	-	-	-	-	-	(354,847)
Transfer to Reserves/ Funds	-	-	-	-	(216,413,029)	-	151,701,512	75,850,756	7,585,076	-	-	(354,847)	(10,297,458)	-	-	-	(8,072,010)	-
Transfer of Deferred Tax Reserves	-	-	-	-	(7,902,783)	-	-	-	-	-	-	-	7,902,783	-	-	-	-	-
Transfer of Depreciation on Revaluation of Property and Transfer on Disposal of revalued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pronerty and Equipment Transfer on Disposal of Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Instruments measured at FVOCI Transfer to Insurance Contract	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Issuance Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others (Utilization of Reserves)	-	-	-	-	-	-	-	-	(1,376,644)	-	-	-	-	-	-	-	-	(1,376,644)
Contribution by/ Distribution to the owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i) Bonus Share Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Share Issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Cash Dividend	-	-	-	-	(305,073,405)	-	-	-	-	-	-	-	-	-	-	-	-	(305,073,405)
iv) Dividend Distribution Tax	-	-	-	-	(16,056,495)	-	-	-	-	-	-	-	-	-	-	-	-	(16,056,495)
v) Others (to be Specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2080	-	-	-	-	2,447,485,748	-	700,209,338	445,894,495	12,174,106	-	-	(31,247,221)	40,889,045	75,444,600	15,000,000	96,941,329	-	3,802,791,440

The accompanying notes form an integral part of these Financial Statements.

Date: 31 December, 2023
Place: Lalitpur, Nepal

.....
Rajiv Kumar Pathak
Chief Financial Officer

.....
Nirmal Kajee Shrestha
VP and General Manager

As per our report of even date
.....
Sunir Kumar Dhungel
Managing Partner
SAR & Associates
Chartered Accountants

American Life Insurance Company

STATEMENT OF CASH FLOWS

For Period 17th July, 2022 - 16th July, 2023
(For the Year Ended Ashad 31, 2080)

Fig. in NPR

Particulars	Current Year	Previous Year
Cash Flow From Operating Activities:		
Cash Received		
Gross Premium Received	5,264,135,324	5,233,646,640
Commission Received	124,933,214	139,036,365
Claim Recovery Received from Reinsurers	80,674,691	96,389,016
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	-	-
Other Direct Income	5,530,322	7,140,487
Other Income	556,153	108,228
Cash Paid		
Gross Benefits and Claims Paid	(2,877,988,618)	(4,107,670,580)
Reinsurance Premium Paid	(225,452,681)	(230,205,955)
Commission Paid	(470,511,122)	(494,007,712)
Service Fees Paid	(52,317,869)	(50,330,975)
Employee Benefits Expenses Paid	(379,608,364)	(317,200,990)
Other Expenses Paid	(241,784,875)	(274,452,081)
Income Tax Paid	(391,886,630)	(158,146,833)
Net Cash Flow From Operating Activities [1]	836,279,545	(155,694,390)
Cash Flow From Investing Activities		
Acquisitions of Intangible Assets	(4,471,791)	(4,254,379)
Proceeds From Sale of Intangible Assets	-	-
Acquisitions of Investment Properties	-	-
Proceeds From Sale of Investment Properties	-	-
Rental Income Received	-	-
Acquisitions of Property and Equipment	(8,908,723)	(14,831,498)
Proceeds From Sale of Property and Equipment	224,890	4,397,965
Investment in Subsidiaries	-	-
Receipts from Sale of Investments in Subsidiaries	-	-
Investment in Associates	-	-
Receipts from Sale of Investments in Associates	-	-
Purchase of Equity Instruments	-	-
Proceeds from Sale of Equity Instruments	-	-
Purchase of Mutual Funds	-	-
Proceeds from Sale of Mutual Funds	-	-
Purchase of Preference Shares	-	-
Proceeds from Sale of Preference Shares	-	-
Purchase of Debentures	-	-
Proceeds from Sale of Debentures	-	-
Purchase of Bonds	-	-
Proceeds from Sale of Bonds	-	-
Investments in Deposits	(9,088,180,622)	(20,070,641,189)
Maturity of Deposits	6,234,341,189	18,849,023,507
Loans Paid	(1,242,567,673)	(450,956,100)
Proceeds from Loans	852,260,158	256,529,565
Rental Income Received	-	-
Proceeds from Finance Lease	-	-
Interest Income Received	2,472,299,167	1,956,818,153
Dividend Received	-	-
Total Cash Flow From Investing Activities [2]	(785,003,405)	526,086,024
Cash Flow From Financing Activities		
Interest Paid	-	-
Proceeds From Borrowings	-	-
Repayment of Borrowings	-	-
Payment of Finance Lease	(54,701,650)	(45,370,578)
Proceeds From Issue of Share Capital	-	-
Share Issuance Cost Paid	-	-
Dividend Paid	-	(337,650,000)
Dividend Distribution Tax Paid	(29,306,495)	(17,545,000)
Total Cash Flow From Financing Activities [3]	(84,008,145)	(400,565,578)
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	(32,732,005)	(30,173,943)
Cash & Cash Equivalents At Beginning of The Year/Period	418,211,016	448,384,959
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	-
Cash & Cash Equivalents At End of The Year/Period	385,479,011	418,211,016
Components of Cash & Cash Equivalents		
Cash In Hand	-	862,808
Cheque in Hand	-	555,827
Term Deposit with Banks (with initial maturity upto 3 months)	-	-
Balance With Banks	385,479,011	416,792,381

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

Rajiv Kumar Pathak
Chief Financial Officer
Date: 31 December, 2023
Place: Lalitpur, Nepal

Nirmal Kajee Shrestha
VP and General Manager

Sunir Kumar Dhungel
Managing Partner
S.A.R Associates
Chartered Accountants

American Life Insurance Company
Statement of Distributable Profit or Loss
For Period 17th July, 2022 - 16th July, 2023
(For the Year Ended Ashad 31, 2080)

Amount in NPR

Particulars	Current Year	Previous Year
Opening Balance in Retained Earnings	2,226,630,276	2,101,459,513
Transfer from OCI reserves to retained earning in current year	-	-
Net profit or (loss) as per statement of profit or loss	765,461,031	581,509,489
Appropriations:		
i) Transfer to Insurance Fund	-	-
ii) Transfer to Catastrophe Reserve	(75,850,756)	(59,656,744)
iii) Transfer to Capital Reserve	(151,701,512)	(119,313,488)
iv) Transfer to CSR reserve	(7,585,076)	(5,965,674)
v) Transfer to/from Regulatory Reserve	8,072,010	-
vi) Transfer to Fair Value Reserve	-	-
vii) Transfer of Deferred Tax Reserve	(7,902,783)	(5,207,820)
viii) Transfer to OCI reserves due to change in classification	-	-
ix) Others	-	-
Deductions:		
i) Accumulated Fair Value Gain on each Financial Assets Measured at FVTPL	-	-
a) Equity Instruments	-	-
b) Mutual Fund	-	-
c) Others (if any)	-	-
ii) Accumulated Fair Value gain on Investment Properties	-	-
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 method included in Investment Account	-	-
ix) Overdue loans	-	-
x) Fair value gain recognised in Statement of Profit or Loss	-	-
xi) Investment in unlisted shares as per sec 16 of Financial Directive	(4,780,000)	(1,195,000)
xii) Delisted share investment or mutual fund investment	-	-
xiii) Bonus share/dividend paid	(321,129,900)	(265,000,000)
xiv) Deduction as per Sec 17 of Financial directive	(54,844)	-
xiv) Deduction as per Sec 18 of Financial directive	-	-
xv) Others (to be specified)	-	-
Adjusted Retained Earning	2,431,158,446	2,226,630,276
Add: Transfer from Share Premium Account	-	-
Less: Amount apportioned for Assigned capital	-	-
Less: Deduction as per sec 15(1) of Financial directive	(31,247,221)	(30,892,374)
Add/Less: Others (Retained Earning)	(1,832,045,170)	(1,832,045,170)
Total Distributable Profit/(loss)	567,866,055	363,692,732

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date

.....
Rajiv Kumar Pathak
Chief Financial Officer

.....
Nirmal Kajee Shrestha
VP and General Manager

.....
Sunir Kumar Dhungel
Managing Partner
S.A.R Associates
Chartered Accountants

Date: 31 December, 2023
Place: Lalitpur, Nepal

Notes to the Financial Statements
for the year ended Ashad 31, 2080 (July 16, 2023)

1. General Information

American Life Insurance Company is incorporated under the laws of the United States of America. The company commenced life insurance business as a foreign branch in Nepal from the year 2002 AD under the license granted by the Nepal Insurance Authority. The Nepal branch was registered as a branch of foreign company in 2006 AD under the Company Ordinance, 2006 AD. The address of its registered office is Ward no. 3, Pulchowk, Lalitpur, Nepal. The company underwrites life insurance risks, such as those associated with death, accident, disability, and health.

The principal activities of the Company are to provide various life insurance products including participating and non-participating products through its branches and network of agents. In the Financial Statements, American Life Insurance Company has been referred as “the company”.

2. Basis of Preparation

a) 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, Statement of Distributable Profit or Loss and Notes to the Financial Statements which have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by The Institute of Chartered Accountants of Nepal (ICAN) and in compliance with the requirements of Insurance Act 2079, Insurance Regulation 2049, related directives and circulars and Companies Act 2006. The format used in the preparation and presentation of the Financial Statements and disclosures made therein complies Insurer’s Financial Statement Related Directive, 2080 issued by 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.

The accompanied financial statements have been approved for submission by the Management Committee of the Company on Mangsir 20, 2080 B.S. (December 06, 2023 A.D.) and acknowledges the responsibility of preparation of financial statements.

b) Reporting Period and approval of financial statements

The Company reporting period is from Shrawan 01, 2079 to Ashad 31, 2080 (17 July 2022 to 16 July 2023) with the previous year from Shrawan 01, 2078 to Ashad 32, 2079 (16 July 2021 to 16 July 2022).

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 & Liabilities which are required to be measured at fair value.
- ii. Defined Employee Benefits
- iii. Gross Insurance Contract Liabilities which are required to be determined using actuarial valuation method prescribed by Actuarial Valuation Directive 2077.

Historical cost is generally fair value of the consideration given in exchange for goods & 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 measurement in its entirety, which are described as follows:

- Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable other than quoted prices included within Level 1.
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

d) Use of Estimates, assumption, and judgement

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgements, and assumptions. These estimates, judgments and assumptions affect the reported balances 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 years 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

The 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 unless otherwise indicated.

f) Going Concern

The financial statements are prepared on a going concern basis. The management 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, management 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 operations of it.

g) Changes in Accounting Policies

Accounting policies are the specific principles, basis, 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 flows. The company applies its accounting policies consistently from year to year. Disclosure is provided if the change is required by the accounting standards.

h) Recent Accounting Pronouncements

Accounting standards issued and effective:

All accounting standards issued by Institute of Chartered Accountants of Nepal (ICAN) except mentioned below are effective and has been applied in preparation of these Financial Statements.

Accounting standards issued and non - effective.

Institute of Chartered Accountants of Nepal (ICAN) has issued NFRS 17(Insurance Contracts) which is yet to be effective. NFRS 9 will also be applied at the time of application of NFRS 17 and thus yet to be 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 Nepal Financial Reporting Standards, Insurance regulations 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

This note provides a list of the significant policies adopted in the preparation of these Financial Statements.

a) Goodwill and 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.

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 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 from the date that it 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 is categorized as stated below:

List of Asset Categories	Useful Life (In Years) for SLM
Software	4
Licenses	Not applicable

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.

Explanatory notes:

The company does not have goodwill in this reporting period.

b) Property and Equipment (P&E)

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 asset, land, 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 because 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 because 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 on Property and Equipment other than Freehold Land i.e., the Company's Freehold Building, Vehicles & Other Assets is provided on Straight Line Method (SLM) based on Useful Life estimated by 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 is categorized as stated below:

List of Asset Categories	Useful Life (In Years)
Land	Not Applicable
Buildings	20
Leasehold Improvement	Lease Period
Furniture & Fixtures	4
Computers and IT Equipment	4
Office Equipment	4
Vehicles	5
Other Assets	4

iv) Derecognition

An item of Property and Equipment is derecognized upon 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 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.

Explanatory notes:

The company does not have Land and has not revalued Property and Equipment in this reporting period.

c) Investment Properties

An investment property is defined as property held by the company to earn rentals or for capital appreciation or both, rather than own-occupied. It will not be held for consumption in the business operations and disposal would not affect the operations of the company. Investment properties are initially measured at cost, including transaction costs. Subsequently all investment properties (without exception) are reported at fair value with any gains or losses in fair value reported in the income statement as they arise. The fair value used is that which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction and should reflect market conditions at the balance sheet date.

Explanatory notes:

The company does not have any investment properties.

d) Deferred Tax Assets

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.

Explanatory notes:

Below are the details of Deferred tax assets:

Particulars	Opening Balance	Movement	Closing Balance
Depreciation	3,443,839	1,855,039	5,298,878
Gratuity Provision	31,580,676	3,765,483	35,346,159
Leave Provision	8,259,204	1,244,903	9,504,107
Right of Use Assets	-	(25,306,762)	(25,306,762)
Lease Liability	-	26,462,402	26,462,402
Total	43,283,719	8,021,065	51,304,784

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 to hold the asset 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. These financial assets are measured at fair value and changes are taken to statement of profit or loss.

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 a 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.

Explanatory notes:

The company has investments in term deposits of banks and government bonds. These financial assets are carried at Amortized Cost. Insurance receivables and other financial assets are recognized at realizable value.

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 or minus, in the case of Financial Liabilities not at fair value through profit or loss recognized at 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.

Explanatory notes:

The company has not offset financial assets with liabilities in this reporting period.

h) Reinsurance Assets

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

A reinsurance asset is impaired if there is objective evidence, because of an event that occurred after the initial recognition, 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.

Explanatory notes:

The company has created reinsurance assets for Claim Payment Reserve which will be received as per contractual provisions with the reinsurers. Reinsurance assets is not impaired as there is no event occurred due to which company may not receive all amounts due.

i) Current Tax Assets

Current Tax Assets are the assets which are created against the excess amount paid as advance tax than the actual income tax liability.

j) 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.

k) 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.

Explanatory notes:

The company is operating as branch operation of foreign insurance company. Therefore, it does not have Equity share capital in Nepal operation.

l) Funds and Reserves

i) Share Application Money Pending Allotment

Not applicable

ii) Share Premium

Not applicable

iii) Catastrophe Reserves

10% of net profit before adjustment of deferred tax income/expense is transferred to this reserve as required by Insurer's Financial Statement Related Directive, 2080.

iv) Retained Earnings

Retained earnings shows the company's accumulated earnings (or deficit in the case of losses) less dividends paid of previous year.

v) Capital Reserves

This reserve is created as per requirement of section 19(2) of Insurer's registration and Insurance Business Directive, 2073. The company has transferred 20% of current year net profit before adjustment of deferred tax income/expense to the capital reserve.

vi) Regulatory Reserves

This reserve was created to transfer the excess profit generated from NFRS based financial statements over special purpose financial statements as per regulatory instruction. With the introduction of Insurer's Financial Statement Related Directive 2080, opening balance is allocated among the products and equity as per regulatory instruction.

vii) Corporate Social Responsibility (CSR) Reserves

1% of net profit before adjustment of deferred tax income/expense is transferred to this reserve as required by Insurer's Financial Statement Related Directive, 2080.

viii) Fair Value Reserves

The Company has policy of creating fair value reserve equal to the amount of fair value Gain recognized in statement of other comprehensive income.

Explanatory notes:

The company does not have balance in this reserve as there are no such items recognized in SOCI.

ix) Actuarial Reserves

This reserve is created 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 occurred) and the effects of changes in actuarial assumptions. The company performs revaluation of defined benefit obligation in annual basis at the end of fiscal year.

x) Revaluation Reserves

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

Explanatory notes:

The company does not create this reserve as P&E are not revalued in this reporting period.

xi) Other Reserves

Other reserves include deferred tax reserve, contingency reserve, housing fund reserves and HO fund.

m) Provisions

Provisions are recognized when the company has a present legal or constructive obligation because 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.

Explanatory notes:

The company has provisioned difference amount between defined benefit obligation liability determined as per actuarial method and plan assets. Also, the company has provisioned total tax payable amount as a part of settlement under amnesty scheme introduced by Finance Act, 2077 & Finance Act, 2078 from FY 2065-66 to FY 2071-72 and the same is pending for clearance from Large Taxpayers' Office.

n) Gross Insurance Contract Liabilities

i) Life Insurance Fund

The company performs the liability valuation of its portfolio in annual basis at the end of each financial year as per Actuarial valuation Directive, 2077.

For actuarial valuation purpose, all surplus arising from all the portfolios are transferred to Life Insurance Fund. Accumulated Life Insurance Fund is re-adjusted based on liability determined as per actuarial valuation to align with latest policy liabilities balance.

Poly Systems Life Master model is used for the calculation of liabilities. Liabilities calculated by the Model are based on mortality, persistency, expense, interest rate and bonus rate assumptions which are updated annually at each financial year.

ii) Claim Payment Reserve including IBNR

As per section 15(d) of Insurance Regulation, 2049 (1993), provision for outstanding claim is made at 115% of the total outstanding claim. Incurred But Not Reported (IBNR) claims have been booked based on actual claim intimated till balance sheet date in accordance with the directive of Nepal Insurance Authority, Nepal Accounting Standards 10 on “Events after the Balance Sheet Date” and as per company practice.

o) Income Recognition

i) Gross Premium

Gross premium income is recognized on a cash basis as and when it is due (Premium received but not due is shown as advance premium under other liabilities) in accordance with Insurance Act. Cash received in advance is recognized as premium income during the period to which they relate. Premium ceded to the reinsurer during the year has been separately recognized under “Premium ceded to Reinsurer”. Entire single premium income is recognized on a cash basis and related reserve is booked as per Actuarial valuation directive, 2077 issued by the Nepal Insurance Authority.

Explanatory notes:

The above policy for recognition of gross premium income has been continued as NFRS 17 is yet to be adopted.

ii) Premiums on Reinsurance Accepted

Premium on reinsurance accepted comprise the total premiums payable for the whole cover provided by contracts entered 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 benefits and claims, respectively, because this is consistent with how the business is managed.

Explanatory notes:

The company has not accepted any reinsurance business in this reporting period.

iii) Commission income

Commission income refers to the reinsurance commission income earned for insurance business ceded to the reinsurer and is recognized on accrual basis supported by written confirmation from the reinsurer.

iv) Other direct income

Late fee and other direct incomes are recognized as and when received from the customer.

v) Interest Income from Investment and Loan to Policyholders

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

vi) Net Gains/(Losses) on Fair Value Changes

Net Gains/ (Losses) on fair value changes in the statement of profit or loss include gains and losses on financial assets, investment properties due to changes in fair value of such assets.

Explanatory notes:

The company does not have any Net Gains/ (Losses) on Fair value changes in this reporting period.

vii) Net realized gains/(losses)

Net realized gains and losses recorded in the statement of profit or loss include realized 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.

Explanatory notes:

The company does not have any net realized gains/(losses) in this reporting period.

viii) Other Income

Other income includes profit on sale of property and equipment, finance income, foreign currency exchange revaluation gains and other miscellaneous income.

Foreign currency exchange revaluation gains

Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in Statement of Profit and Loss in the period in which they arise.

p) Expenses recognition

i) Gross benefits & claims and Gross change in insurance contract liabilities.

Benefits and claims include the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlements of claims except related employee cost. Benefits and claims that are paid during the financial year are recognized under Gross Benefits and claims paid.

Due benefits, intimated death benefits yet to be paid and change in liabilities in the reporting period of active policies are recognized under changes in gross insurance contract liabilities.

ii) Claims ceded and Change in Contract Liabilities Ceded to Reinsurers

Claims ceded (Reinsurer's portion in claims paid) is recognized when the related gross insurance claim paid is recognized according to the terms of the reinsurance contracts.

Change in Contract Liabilities Ceded to Reinsurers (Reinsurer's portion in claim payment reserve) is recognized when the related gross claim payment reserve is generated.

iii) Commission expenses

Commission expenses refers to commission earned by agents based on collected premium and are recognized on accrual basis.

iv) Service fees

Service fees are recognized on accrual basis at the rate of 1% as per Insurance Act, 2049 before enactment of Insurance Act, 2079 and at the rate of 0.75% as per Insurance Act, 2079 of Gross Written Premium.

v) Employee Benefit expenses

Short term obligation

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 obligations in the Statement of Financial Position.

Employee bonus at the rate of 10% of profit required to be paid as per Bonus act 2030, has been recognized under employee expenses.

Post-Employment Benefits

Defined contribution plan.

Contributions to defined contribution schemes (Provident fund) are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions.

As per the provision of new Labor Act enacted and effective from September 4, 2017, gratuity plan has been converted into contribution plan from defined benefit plan. Accordingly, the company has deposited the contribution to Social Security Fund (SSF).

Defined benefit plan.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The Company recognizes all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss. The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognized.

Revaluation of Defined Benefit Plan is performed on annual basis.

Long Term Employee Benefits

Employees have a statutory entitlement to payment of number of days in excess of required accumulation as per Labor Act.

The obligation for such long-term employee benefits is calculated using the projected unit credit method and is discounted to its present value based on an actuarial valuation. Service cost, interest cost and actuarial gain/loss are recognized in the profit or loss statement. Revaluation of Defined Benefit Plan is performed on annual basis.

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. 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.

vi) Other operating expenses

Employee Benefit and Other operating expenses includes employee related expenses and administration expenses and is recognized on accrual basis.

vii) Finance Cost

Finance costs are recognized for the period relating to unwinding of discount and interest expenses due to re-measurement of liabilities.

q) Income tax expenses

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the profit or loss statement except to the extent that it relates to items recognized directly to equity.

Current tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Income tax rates applicable to company is 25%. The current income tax for the year is calculated on the taxable profit for the year determined in accordance with Special Purpose financial statements.

Deferred tax

Deferred Tax is recognized on temporary differences between the carrying amounts of Assets & 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 & Liabilities and their carrying amount in Financial Statements, except when the Deferred Income Tax arises from the initial recognition of goodwill, an Asset or Liability in a transaction that is not a business combination and affects neither accounting nor taxable Profits or Loss at the time of the transaction.

r) Earnings per share

Since the Company is a branch office of a foreign company and does not have any issued equity share capital, the earnings per share of the company is not calculated.

s) Contingent Liabilities & Contingent Assets

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.

Explanatory notes:

The company has gone for Administrative Review for the disputed amount of NPR 114,816,489 against different tax treatment for carry forward of advance tax amount of FY 2075/76. Contingent liability arising out of this is disclosed in note 56 to the financial statements.

Final tax assessment from Large Taxpayers' Office for fiscal year 2076/77, 2077/78 and 2078/79 is pending as of the reporting date. The company has received the tax clearance certificate for Fiscal year 2078/79 from Inland Revenue Department.

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.

Explanatory notes:

The company does not have any contingent assets.

t) Leases

Finance Leases

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as Finance Leases. Assets acquired under Finance Leases are capitalized at the lower of the Fair Value of the Leased Assets at the inception of the Lease Term & the Present Value of Minimum Lease Payments. Lease Payments are apportioned between the Finance charge and the reduction of the outstanding liability. The Finance Charge is allocated to periods during the Lease Term at a constant periodic Rate of Interest on the remaining balance of the liability. Recognition of finance leases is done as per the requirement of NFRS 16 retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

Operating Leases

Any lease agreement with non-cancellable period of upto 12 months and lease agreement with value of underlying assets identified as of low value have been identified and accounted for as operating lease. Lease payments under such leases are booked as expense in straight basis or other basis, where appropriate, normally in case of short-term leases. Company has not entered into such lease agreements during the reporting period.

u) 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.

v) Operating segment

Operating Segments are reported as per Insurers' Financial Statement Related Directive 2080.

w) Leased assets

The Company has made the use of leasing arrangements principally for the provision of the office spaces. The rental contracts for the offices are typically negotiated for terms of between 2 to 5 years and some of these have extension terms. The Company has not entered sale and leaseback arrangements. All the leases are negotiated on an individual basis. The Company has assessed whether a contract is or contains a lease at inception of the company. The lease conveys the right to direct the use and obtain substantially all the economic benefits of an identified assets for a period in exchange for consideration.

At lease commencement date, the company has recognized a right-of-use lease asset and a lease liability in its Statement of Financial Position. The right of use assets is measured at cost. Which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company has depreciated the right of use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The company has also assessed the right of use asset for impairment when such indicator exists.

At the commencement date, the company has measured the lease liability at the present value of the lease payments unpaid at that date, discounted using the company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

4 Goodwill & Intangible Assets

Particulars	Software	Goodwill	Others (to be Specified)	Total
Gross carrying amount				
As at Shrawan 1, 2078	11,143,595	-	-	11,143,595
Additions during the year	-	-	-	-
Acquisition	4,254,379	-	-	4,254,379
Internal Development	-	-	-	-
Business Combination(to be Specified)	-	-	-	-
Disposals during the year	-	-	-	-
Revaluation/Adjustment	-	-	-	-
Balance as at Ashadh 32, 2079	15,397,974	-	-	15,397,974
Additions during the year	-	-	-	-
Acquisition	4,471,791	-	-	4,471,791
Internal Development	-	-	-	-
Business Combination (to be Specified)	-	-	-	-
Disposals during the year	-	-	-	-
Revaluation/Adjustment	-	-	-	-
Balance as at Ashadh 31, 2080	19,869,765	-	-	19,869,765
Accumulated amortization and impairment				
As at Shrawan 1, 2078	5,260,814	-	-	5,260,814
Additions during the year	2,663,591	-	-	2,663,591
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 32, 2079	7,924,405	-	-	7,924,405
Additions during the year	3,316,872	-	-	3,316,872
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 31, 2080	11,241,277	-	-	11,241,277
Capital Work-In-Progress				
As on Shrawan 1, 2078	-	-	-	-
Additions during the year	-	-	-	-
Capitalisation during the year	-	-	-	-
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 32, 2079	-	-	-	-
Additions during the year	-	-	-	-
Capitalisation during the year	-	-	-	-
Disposals during the year	-	-	-	-
Impairment during the year	-	-	-	-
Balance as at Ashadh 31, 2080	-	-	-	-
Net Carrying Amount				
As at Ashadh 32, 2079	7,473,569	-	-	7,473,569
As at Ashadh 31, 2080	8,628,488	-	-	8,628,488

American Life Insurance Company
Notes to the Financial Statements

5 Property and Equipment

Fig. in NPR

Particulars	Land	Buildings	Leasehold Improvement	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Asset	Total
Gross carrying amount									-
As on Shrawan 1, 2078	-	-	3,021,860	47,507,894	50,894,659	20,204,965	54,368,800	-	175,998,178
Additions during the year									
Acquisition	-	-	-	6,272,828	4,946,989	3,361,781	249,900	-	14,831,498
Capitalization	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(198,218)	(2,969,601)	(817,618)	(17,597,900)	-	(21,583,337)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2079	-	-	3,021,860	53,582,504	52,872,047	22,749,128	37,020,800	-	169,246,339
Additions during the year									
Acquisition	-	-	-	3,765,120	2,788,112	2,101,591	253,900	-	8,908,723
Capitalisation	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(629,683)	-	(311,976)	(8,573,900)	-	(9,515,559)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Revaluation during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2080	-	-	3,021,860	56,717,941	55,660,159	24,538,743	28,700,800	-	168,639,503
Accumulated depreciation and impairment									
As on Shrawan 1, 2078	-	-	3,021,860	37,113,306	41,532,268	16,190,738	35,452,265	-	133,310,437
Addition during the year	-	-	-	5,925,014	4,877,769	2,378,821	8,027,638	-	21,209,242
Disposals during the year	-	-	-	(198,218)	(2,969,601)	(817,618)	(17,597,900)	-	(21,583,337)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2079	-	-	3,021,860	42,840,102	43,440,436	17,751,941	25,882,003	-	132,936,342
Addition during the year	-	-	-	5,747,024	4,980,475	2,210,189	5,412,122	-	18,349,810
Disposals during the year	-	-	-	(629,683)	-	(306,318)	(8,573,900)	-	(9,509,901)
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	-	-	-	-	-	-	-	-
Balance as at Ashadh 31, 2080	-	-	3,021,860	47,957,443	48,420,911	19,655,812	22,720,225	-	141,776,251

Particulars	Land	Buildings	Leasehold Improvement	Furniture & Fixtures	Computers and IT Equipments	Office Equipments	Vehicles	Other Asset	Total
Accumulated depreciation									-
As on Shrawan 1, 2078	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
As at Shrawan 1, 2079	-	45,362,965	-	-	-	-	-	-	45,362,965
Depreciation	-	43,806,153	-	-	-	-	-	-	43,806,153
Disposals during the year	-	-	-	-	-	-	-	-	-
Write-offs during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Transfer/ adjustments	-	206,150	-	-	-	-	-	-	206,150
Balance as at Ashadh 31, 2080	-	89,375,268	-	-	-	-	-	-	89,375,268
Net Carrying Amount									
As at Ashadh 32, 2079	-	104,679,005	-	10,742,402	9,431,611	4,997,187	11,138,797	-	104,679,005
As at Ashadh 31, 2080	-	101,227,047	-	8,760,498	7,239,248	4,882,931	5,980,575	-	101,227,047
Grand Total									
As at Ashadh 32, 2079	-	104,679,005	-	21,484,804	18,863,222	9,994,374	22,277,594	-	140,989,002
As at Ashadh 31, 2080	-	101,227,047	-	17,520,996	14,478,496	9,765,862	11,961,150	-	128,090,299

American Life Insurance Company
Notes to the Financial Statements

6 Investment Properties

Fig. in NPR

Investment Properties at Cost			
Particulars	Land	Building	Total
Gross carrying amount			
As at Shrawan 1, 2078	-	-	-
Additions during the year	-	-	-
Acquisition	-	-	-
Subsequent Expenditure	-	-	-
Assets classified as held for sales	-	-	-
Disposals during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 32, 2079	-	-	-
Additions during the year	-	-	-
Acquisition	-	-	-
Subsequent Expenditure	-	-	-
Assets classified as held for sales	-	-	-
Disposals during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Accumulated depreciation and impairment			
As at Shrawan 1, 2078	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 32, 2079	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Transfer/Adjustments	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Capital Work-In-Progress			
As on Shrawan 1, 2078	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as on Ashadh 32, 2079	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as on Ashadh 31, 2080	-	-	-
Net Carrying Amount			
Net Balance As At Ashad 31, 2079	-	-	-
Net Balance As At Ashad 31, 2080	-	-	-

American Life Insurance Company
Notes to the Financial Statements

6 Investment Properties

Fig. in NPR

(i) Amounts recognised in statement of profit or loss

Particulars	Current Year	Previous Year
Rental income	-	-
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that didn't generated rental income	-	-
Profit from investment properties before depreciation	-	-
Depreciation charge	-	-
Profit from investment properties	-	-

(ii) Fair value of investment properties:

Particulars	Current Year	Previous Year
Land	-	-
Building	-	-
Total	-	-

Notes on Fair Value :

- (i) The company does not hold any investment property.
- (ii) Disclosure on restriction on the realisability of investment properties: Not applicable
- (iii) Contractual obligations: Not applicable

Investment Properties at Fair Value

Particulars	Land	Building	Total
Gross carrying amount			-
As at Shrawan 1, 2078	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Net changes in Fair Value	-	-	-
Revaluation/Adjustment	-	-	-
Balance as at Ashadh 32, 2079	-	-	-
Additions during the year	-	-	-
Disposals during the year	-	-	-
Net changes in Fair Value	-	-	-
Revaluation/Adjustment	-	-	-
Balance as at Ashadh 31, 2080	-	-	-
Capital Work-In-Progress			-
As on Shrawan 1, 2078	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as on Ashadh 32, 2079	-	-	-
Additions during the year	-	-	-
Capitalisation during the year	-	-	-
Disposals during the year	-	-	-
Impairment during the year	-	-	-
Balance as on Ashadh 31, 2080	-	-	-
Net Carrying Amount			-
Net Balance As At Ashad 31, 2079	-	-	-
Net Balance As At Ashad 31, 2080	-	-	-

Notes on Fair Value :

- (i) The company does not hold any investment property.
- (ii) Disclosure on restriction on the realisability of investment properties: Not applicable
- (iii) Contractual obligations: Not applicable

American Life Insurance Company
Notes to the Financial Statements

7 Deferred Tax Assets/(Liabilities)

Fig. in NPR

Particulars	Current Year			Previous Year		
	Through SOPL	Through SOCI	Total	Through SOPL	Through SOCI	Total
Deferred Tax on Temporary Difference						
Goodwill & Intangible Assets	-	-	-	-	-	-
Property and Equipment	5,298,878	-	5,298,878	3,443,839	-	3,443,839
Financial Assets at FVPTL	-	-	-	-	-	-
Financial Assets at FVTOCI	-	-	-	-	-	-
Provision for Leave	9,504,107	-	9,504,107	8,259,204	-	8,259,204
Provision for Gratuity	24,930,419	10,415,740	35,346,159	21,283,218	10,297,458	31,580,676
Impairment Loss on Financial Assets	-	-	-	-	-	-
Impairment Loss on Other Assets	-	-	-	-	-	-
Carry forward of unused tax losses	-	-	-	-	-	-
Changes in tax rate	-	-	-	-	-	-
ROU Assets and Lease Liability	1,155,640	-	1,155,640	-	-	-
Total	40,889,044	10,415,740	51,304,784	32,986,261	10,297,458	43,283,719
Deferred Tax Asstes	40,889,044	10,415,740	51,304,784	32,986,261	10,297,458	43,283,719
Deferred Tax Liabilities	-	-	-	-	-	-
Movements in deferred tax assets/ (liabilities)						
Particulars	Current Year			Previous Year		
	SOPL	SOCI	Total	SOPL	SOCI	Total
As at Shrawan 1, 2079	32,986,261	10,297,458	43,283,719	29,838,129	8,237,771	38,075,900
Charged/(Credited) to Statement of Profit or Loss	7,902,783	-	7,902,783	3,148,132	-	3,148,132
Charged/(Credited) to Other Comprehensive Income	-	118,282	118,282	-	2,059,687	2,059,687
As at Ashadh 31, 2080	40,889,044	10,415,740	51,304,784	32,986,261	10,297,458	43,283,719

8 Investment in Subsidiaries

Particulars	Current Year	Previous Year
Investment in Quoted Susidiaries	-	-
Investment in Unquoted Susidiaries	-	-
Less: Impairment Losses	-	-
Total	-	-

Investment in Quoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
..... Shares of Rs. Each of Ltd.	-	-	-	-
..... Shares of Rs. Each of Ltd.	-	-	-	-
Total	-	-	-	-

Investment in Unquoted Subsidiaries

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
..... Shares of Rs. Each of Ltd.	-	-	-	-
..... Shares of Rs. Each of Ltd.	-	-	-	-
Total	-	-	-	-

Information Relating to Subsidiaries

Particulars	Percentage of Ownership	
	Current Year	Previous Year
..... Shares of Rs. Each of Ltd.	-	-
..... Shares of Rs. Each of Ltd.	-	-
..... Shares of Rs. Each of Ltd.	-	-
..... Shares of Rs. Each of Ltd.	-	-

American Life Insurance Company
Notes to the Financial Statements

9 Investment in Associates

Fig. in NPR

Particulars	Current Year	Previous Year
Investment in Quoted Associates	-	-
Investment in Unquoted Associates	-	-
Less: Impairment Losses	-	-
Total	-	-

Investment in Quoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equity Method	Cost	Fair Value	(or) Equity Method
..... Shares of Rs. Each of Ltd.	-	-	-	-	-	-
..... Shares of Rs. Each of Ltd.	-	-	-	-	-	-
Add: Share of Profit or Loss for Earlier Years	-	-	-	-	-	-
Add: Share of Profit or Loss for Current Year	-	-	-	-	-	-
Total	-	-	-	-	-	-

Investment in Unquoted Associates

Particulars	Current Year			Previous Year		
	Cost	Fair Value	(or) Equity Method	Cost	Fair Value	(or) Equity Method
..... Shares of Rs. Each of Ltd.	-	-	-	-	-	-
..... Shares of Rs. Each of Ltd.	-	-	-	-	-	-
Add: Share of Profit or Loss for Earlier Years	-	-	-	-	-	-
Add: Share of Profit or Loss for Current Year	-	-	-	-	-	-
Total	-	-	-	-	-	-

Information Relating to Associates

Particulars	Current Year	Previous Year
Name	-	-
Place of Business	-	-
Accounting Method	-	-
% of Ownership	-	-
Current Assets	-	-
Non-Current Assets	-	-
Current Liabilities	-	-
Non-Current Liabilities	-	-
Income	-	-
Net Profit or Loss	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income	-	-
Company's share of profits	-	-
Net Profit or Loss	-	-
Other Comprehensive Income	-	-

10 Investments

Particulars	Current Year	Previous Year
Investments measured at Amortised Cost		
i) Investment in Preference Shares of Bank and Financial Institutions	-	-
ii) Investment in Debentures	-	-
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	1,685,325,000	1,685,325,000
iv) Fixed Deposits in "A" Class Financial Institutions	24,482,895,623	21,632,641,190
v) Fixed Deposits in Infrastructure Banks	-	-
vi) Fixed Deposits in "B" Class Financial Institutions	100,000,000	100,000,000
vii) Fixed Deposits in "C" Class Financial Institutions	-	-
viii) Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Investments measured at FVTOCI		
i) Investment in Equity Instruments (Quoted)	-	-
ii) Investment in Equity Instruments (Unquoted)	4,780,000	1,195,000
iii) Investment in Mutual Funds	-	-
iv) Investment in Debentures	-	-
v) Others (to be Specified)	-	-
Investments measured at FVTPL		
i) Investment in Equity Instruments (Quoted)	-	-
ii) Investment in Equity Instruments (Unquoted)	-	-
iii) Investment in Mutual Funds	-	-
iv) Investment in Debentures	-	-
v) Others (to be Specified)	-	-
Total	26,273,000,623	23,419,161,190

a) Details of Impairment Losses

Particulars	Current Year	Previous Year
Investment in Preference Shares of Bank and Financial Institutions	-	-
Investment in Debentures	-	-
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-
Fixed Deposit with "A" Class Financial Institutions	-	-
Fixed Deposit with Infrastructure Banks	-	-
Fixed Deposits with "B" Class Financial Institutions	-	-
Fixed Deposits with "C" Class Financial Institutions	-	-
Others (to be Specified)	-	-
Total	-	-

b) Investments having expected maturities less than 12 months:

Particulars	Current Year	Previous Year
Investment in Equity Instruments (Quoted)	-	-
Investment in Equity Instruments (Unquoted)	-	-
Investment in Mutual Funds	-	-
Investment in Preference Shares of Bank and Financial Institutions	-	-
Investment in Debentures	-	-
Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	-	-
Fixed Deposit with "A" Class Financial Institutions	2,911,095,623	5,719,341,190
Fixed Deposit with Infrastructure Banks	-	-
Fixed Deposits with "B" Class Financial Institutions	100,000,000	100,000,000
Fixed Deposits with "C" Class Financial Institutions	-	-
Others (to be Specified)	-	-
Total	3,011,095,623	5,819,341,190

c) Information relating to investment in equity instruments

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Investment in Equity Instruments (Quoted)				
.....Ltd....shares of Rs...Each	-	-	-	-
Investment in Equity Instruments (Unquoted)				
Insurance Institute of Nepal Ltd 4,780 shares of NPR 100 Each	4,780,000	4,780,000	1,195,000	1,195,000

c) The Company has earmarked investments of NPR 24,582,895,623/- with Nepal Insurance Authority.

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

11 Loans

Particulars	Current Year	Previous Year
Loans measured at Amortised Cost		
Loan to Employees	124,323	582,957
Loan to Agents	378,695	1,858,506
Loan to Policyholders	1,559,757,417	1,163,876,748
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	1,560,260,435	1,166,318,211

a) Loans to Policyholders

Particulars	Loan amount		Interest Income	
	Current Year	Previous Year	Current Year	Previous Year
Endowment	539,032,420	449,095,514	58,415,821	47,982,982
Anticipated Endowment	183,986,220	145,512,347	18,779,560	14,384,491
Endowment cum Whole Life	-	-	-	-
Whole Life	-	-	-	-
Foreign Employment Term	-	-	-	-
Micro Term	-	-	-	-
Special Term	-	-	-	-
Others:	-	-	-	-
Future Care DPS	836,738,777	569,268,887	77,501,535	60,822,739
Term	-	-	-	-
Total	1,559,757,417	1,163,876,748	154,696,916	123,190,212

a) Expected repayment within 12 months:

Particulars	Current Year	Previous Year
Loan to Employees	49,369	22,892
Loan to Agents	385,956	2,492,016
Loan to Policyholders	123,786,557	166,887,902
Others (to be Specified)	-	-
Total	124,221,882	169,402,810

12 Reinsurance Assets

Particulars	Claim Payment Reserve		Impairment Losses		Net Reinsurance Assets	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
Endowment	902,561	200,000	-	-	902,561	200,000
Anticipated Endowment	200,000	-	-	-	200,000	-
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-
Special Term	-	-	-	-	-	-
Others:	-	-	-	-	-	-
Future Care DPS	11,216,336	5,720,220	-	-	11,216,336	5,720,220
Term	3,600,000	700,000	-	-	3,600,000	700,000
Total	15,918,897	6,620,220	-	-	15,918,897	6,620,220

a) Expected receivable within 12 months:

Particulars	Current Year	Previous Year
Policy liabilities and provisions	-	-
Claim Payment Reserve	15,918,897	6,620,220
Total	15,918,897	6,620,220

13 Insurance Receivables

Particulars	Current Year	Previous Year
Receivable from Reinsurers	67,454,639	81,465,251
Receivable from Other Insurance Companies	-	-
Other (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	67,454,639	81,465,251

a) Expected receivable within 12 months:

Particulars	Current Year	Previous Year
Receivable from Reinsurers	67,454,639	81,465,251
Receivable from Other Insurance Companies	-	-
Other (to be Specified)	-	-
Total	67,454,639	81,465,251

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

14 Other Assets

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	-	-
Claim Advances	-	-
Advances to Suppliers	696,354	575,000
Staff Advances	53,508,843	48,183,394
Printing and Stationery Stocks	-	-
Stamp Stocks	-	-
Deferred Expenses	-	-
Deferred Re-Insurance Commission Expenses	-	-
Deferred Agent Commission Expenses	-	-
Lease Receivables	-	-
Others (to be specified)		
Other Assets	-	292,000
Deposits with Government under tax litigation	24,483,505	24,483,505
Deposits with Government under tax settlement scheme	58,366,952	58,366,952
Prepaid Employee Cost	4,382,438	7,561,202
Prepaid Agent Cost	7,261	463,206
Less: Impairment Losses	-	-
Total	141,445,353	139,925,259

a) Expected to be recovered/settled within 12 months:

Particulars	Current Year	Previous Year
Capital Advances	-	-
Prepaid Expenses	-	-
Claim Advances	-	-
Advances to Suppliers	696,354	575,000
Staff Advances	4,796,869	3,195,734
Printing and Stationery Stocks	-	-
Stamp Stocks	-	-
Deferred Expenses	-	-
Deferred Re-Insurance Commission Expenses	-	-
Deferred Agent Commission Expenses	-	-
Lease Receivables	-	-
Others (to be specified)		
Other Assets	-	292,000
Deposits with Government under tax litigation	24,483,505	24,483,505
Deposits with Government under tax settlement scheme	58,366,952	58,366,952
Prepaid Employee Cost	1,989,477	3,178,764
Prepaid Agent Cost	7,261	455,945
Less: Impairment Losses	-	-
Total	90,340,418	90,547,900

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

15 Other Financial Assets

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accrued Interest	51,160,867	25,234,315
Interest Receivable from Loan to Policyholders	73,619,239	47,875,109
Other Receivables	-	-
Other Deposits	-	-
Sundry Debtors	6,196,551	8,623,164
Other (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	130,976,657	81,732,588

a) Expected maturities within 12 months:

Particulars	Current Year	Previous Year
Security Deposits	-	-
Accrued Interest	51,160,867	25,234,315
Interest Receivable from Loan to Policyholders	73,619,239	47,875,109
Other Receivables	-	-
Other Deposits	-	-
Sundry Debtors	6,196,551	8,623,164
Other (to be Specified)	-	-
Total	130,976,657	81,732,588

16 Cash and Cash Equivalents

Particulars	Current Year	Previous Year
Cash in Hand	-	862,808
Cheques in Hand	-	555,827
Bank Balances		
i) Balance with "A" Class Financial Institutions	381,275,289	414,868,814
ii) Balance with Infrastructure Banks	-	-
iii) Balance with "B" Class Financial Institutions	4,203,722	1,923,567
iv) Balance with "C" Class Financial Institutions	-	-
Less: Impairment Losses	-	-
Deposits with initial maturity upto 3 months	-	-
Others (to be Specified)	-	-
Less: Impairment Losses	-	-
Total	385,479,011	418,211,016

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

17 (a) Share Capital

Particulars	Current Year	Previous Year
Ordinary Shares		
As at Shrawan 1, 2079	-	-
Additions during the year	-	-
i) Bonus Share Issue	-	-
ii) Share Issue	-	-
As at Ashadh 31, 2080	-	-
Convertible Preference Shares (Equity Component Only)	-	-
As at Shrawan 1, 2079	-	-
Additions during the year	-	-
As at Ashadh 31, 2080	-	-
Irredeemable Preference Shares (Equity Component Only)	-	-
As at Shrawan 1, 2079	-	-
Additions during the year	-	-
As at Ashadh 31, 2080	-	-
Total	-	-

(i) Ordinary Shares

Particulars	Current Year	Previous Year
Authorised Capital:	-	-
..... Ordinary Shares of Rs.each	-	-
Issued Capital:	-	-
..... Ordinary Shares of Rs.each	-	-
Subscribed and Paid Up Capital:	-	-
..... Ordinary Shares of Rs.each	-	-
Total	-	-

(ii) Preference Share Capital

Particulars	Current Year	Previous Year
Authorised Capital:	-	-
..... Convertible Preference Shares of Rs. ... each	-	-
.....Irredeemable Preference Shares of Rs. ... each	-	-
Issued Capital:	-	-
..... Convertible Preference Shares of Rs. ... each	-	-
.....Irredeemable Preference Shares of Rs. ... each	-	-
Subscribed and Paid up Capital:	-	-
..... Convertible Preference Shares of Rs. ... each	-	-
.....Irredeemable Preference Shares of Rs. ... each	-	-
Total	-	-

American Life Insurance Company
Notes to the Financial Statements

Shareholding Structure of Share Capital

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Promoters				
Government of Nepal	-	-	-	-
Nepali Organized Institutions	-	-	-	-
Nepali Citizens	-	-	-	-
Foreigners	-	-	-	-
Others (to be Specified)	-	-	-	-
Total (A)	-	-	-	-
Other than Promoters				
General Public	-	-	-	-
Others (to be Specified)	-	-	-	-
Total (B)	-	-	-	-
Total (A+B)	-	-	-	-

Details of shareholders holding 1% or more than 1% of the aggregate shares in the Company:

Particulars	Number of Shares		Percentage	
	Current Year	Previous Year	Current Year	Previous Year
Not applicable	-	-	-	-

Fig. in NPR

17 (b) Share Application Money Pending Allotment

Particulars	Current Year	Previous Year
Share Application Money Pending Allotment	-	-
Total	-	-

17 (c) Share Premium

Particulars	Current Year	Previous Year
As at Shrawan 1, 2079	-	-
Increase due to issue of shares at premium	-	-
Decrease due to issue of bonus shares	-	-
Transaction costs on issue of shares	-	-
Others (to be Specified)	-	-
As at Ashadh 31, 2080	-	-

17 (d) Catastrophe Reserves

Particulars	Current Year	Previous Year
As at Shrawan 1, 2079	370,043,739	310,386,995
Additions	75,850,756	59,656,744
Utilizations	-	-
As at Ashadh 31, 2080	445,894,495	370,043,739

American Life Insurance Company
Notes to the Financial Statements

17 (e) Retained Earnings

Particulars	Current Year	Previous Year
As at Shrawan 1, 2079	2,227,825,276	2,101,459,513
Net Profit or Loss	765,461,031	581,509,489
Items of OCI recognised directly in retained earnings		
Remeasurement of Post-Employment Benefit Obligations	(354,847)	(6,179,060)
Transfer to reserves		
Revaluation Reserves	-	-
Capital Reserves	(151,701,512)	(119,313,488)
Catastrophe Reserves	(75,850,756)	(59,656,744)
Corporate Social Responsibility (CSR) Reserves	(7,585,076)	(5,965,674)
Insurance Fund	-	-
Fair Value Reserves	-	-
Actuarial Reserves	354,847	6,179,060
Deferred Tax Reserves	2,394,675	(5,207,820)
Regulatory Reserves	8,072,010	-
Other Reserve(to be specified)		
Transfer of Depreciation on Revaluation of Property and Equipment	-	-
Transfer on Disposal of Revalued Property and Equipment	-	-
Transfer of Disposal of Equity Instruments Measured at FVTOCI	-	-
Issue of Bonus Shares	-	-
Transaction costs on issue of Shares	-	-
Dividend Paid	(305,073,405)	(251,750,000)
Dividend Distribution Tax	(16,056,495)	(13,250,000)
Transfer to Insurance Contract Liability	-	-
Others (Contingency Reserve)	-	-
Others (to be Specified)	-	-
As at Ashadh 31, 2080	2,447,485,748	2,227,825,276

17 (f) Other Equity

Particulars	Current Year	Previous Year
Revaluation Reserves	-	-
Capital Reserves	700,209,338	548,507,826
Corporate Social Responsibility (CSR) Reserves	12,174,106	5,965,674
Insurance Fund	-	-
Fair Value Reserves	-	-
Actuarial Reserves	(31,247,221)	(30,892,374)
Deferred Tax Reserve	40,889,045	43,283,720
Other Reserves		
Regulatory Reserves	-	8,072,010
Head Office Fund	75,444,600	75,444,600
Contingency Reserve	15,000,000	15,000,000
Housing Fund Reserve	96,941,329	96,941,329
Total	909,411,197	762,322,785

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

18 Provisions

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave	38,016,427	33,036,817
ii) Provision for Gratuity	35,853,363	30,391,264
iii) Termination Benefits	-	-
iv) Other Employee Benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	118,163,543	118,163,543
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-
Total	192,033,333	181,591,624

a) Movement of Provisions, Contingent Liabilities and Contingent Assets

Description	Opening Balance	Additions During the Year	Utilised During the Year	Reversed During the Year	Unwinding of Discount	Closing Balance
Provisions for employee benefits						
i) Provision for Leave	33,036,817	5,728,376	748,766	-	-	38,016,427
ii) Provision for Gratuity	30,391,264	8,327,970	2,865,871	-	-	35,853,363
iii) Termination Benefits	-	-	-	-	-	-
iv) Other Employee Benefit obligations (to be Specified)	-	-	-	-	-	-
Provision for tax related legal cases	118,163,543	-	-	-	-	118,163,543
Provision for non-tax related legal cases	-	-	-	-	-	-
Others (to be Specified)	-	-	-	-	-	-

b) Provision with expected payouts within 12 months:

Particulars	Current Year	Previous Year
Provisions for employee benefits		
i) Provision for Leave	1,759,608	1,518,345
ii) Provision for Gratuity	10,000,000	10,000,000
iii) Termination Benefits	-	-
iv) Other Employee Benefit obligations (to be Specified)	-	-
Provision for tax related legal cases	118,163,543	118,163,543
Provision for non-tax related legal cases	-	-
Others (to be Specified)	-	-
Total	129,923,151	129,681,888

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

19 Gross Insurance Contract Liabilities

Particulars	Current Year	Previous Year
Life Insurance Fund as per Actuary Report (19.1)	23,271,299,883	20,566,325,609
Claim Payment Reserve including IBNR (19.2)	600,115,813	701,275,515
Transfer from:		
Fair Value Reserve	-	-
Actuarial Reserve	-	-
Revaluation Reserve	-	-
Other Reserve	-	-
Net gain on fair value changes on FVTPL instruments	-	-
Fair Value Gain on Investment Properties	-	-
Share of Profit of Associates accounted as per Equity Method	-	-
Share of Other Comprehensive Income of Associates Accounted for using the Equity Method	-	-
Total	23,871,415,696	21,267,601,124

i) Notes on the cash-flows considered for valuation of liabilities

At each reporting date, an assessment is made of whether the recognized long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in the light of the estimated future cash flows, the deficiency is recognized in the income statement by setting up an additional provision in the statement of financial position. The liability has been determined as per Actuarial Valuation directive, 2077 issued by Nepal Insurance Authority.

For calculation of liabilities, Poly Systems Life Master model is used. Liabilities calculated by the Model are based on mortality, persistency, expense, interest rate and bonus rate assumptions which are updated annually at each fiscal year end.

Accounting policy for valuation of liabilities

The company has followed going concern basis on account of liability valuation. To be prudent, sufficient margin for adverse deviation has been considered. Active policies (including policies from which premium is received and premium due to be received) and expenses incurred in the fiscal year have been considered for liability valuation. Liabilities for probability of revival has also been considered and future bonus has been adequately considered in the liabilities.

American Life Insurance Company

Notes to the Financial Statements

Inflows include:

- a) Investment income on reserves and net cash flows at each point of time
- b) Premium: Premium is due at the beginning of the month of premium mode

Outflows include:

- a) Expected Death benefit = Probability of death x Death Benefit
- b) Expected Survival/Maturity benefit = Probability of survival x Survival/Maturity Benefit
- c) Maintenance Expenses: There are two types of Maintenance expense:
 - Percentage of premium
 - Per Policy Expense
- d) Commission

ii) Notes on valuation methods and assumptions

The valuation has been performed based on Gross Premium Valuation (GPV) method as prescribed by valuation directive issued by Nepal Insurance Authority. For shorter duration non participatory fund, reserve is based on unearned premium reserve. GPV is calculated as the expected present value of future outflows less the expected present value of future inflows. GPV is then further adjusted for the following items:

- a) Zeroization – Individual reserves are floored to 0.
- b) Surrender Value Deficiency (Cash Value Adjustment) – ensuring that at product level the reserves are not less than the cash value at valuation date. In case reserves are lower, keeping the difference of cash value & reserves as additional amount of reserves.
- c) Adjustment – These are additional reserves adjustment for items like due premiums, payments due but not paid to matured policies etc.

To validate if the model has picked correct assumptions to calculate the reserves, Model point testing is performed. Model points are selected such that each and every aspect of a policy is covered. Following factors are considered while choosing appropriate model point: -

- Product
- Policy-term
- Gender
- Cohort
- Premium mode

This testing is performed annually at the time of statutory valuation. In addition, whenever there are assumption updates; model point testing is performed to ensure that correct assumptions are being picked by Poly Systems.

Discount rate of 6% is used as prescribed by Nepal Insurance Authority.

Mortality assumption of 50.6% of Nepal Mortality Table, 2009 for Male and 38.5% of Nepal Mortality Table, 2009 for Female is used with loading of 10% in the best

iii) Note on the discounting policy

Discount rate of 6% (Determined by Nepal Insurance Authority) or return on investment whichever is lower is considered. As return on investment is higher than 6%, Discount rate of 6% is considered.

American Life Insurance Company

Notes to the Financial Statements

iv) Notes on aggregation practises

The model used for reserve calculation calculates the reserves at Policy level. However, results can be extracted at group level or at required granularity (e.g. by product, by policy etc.). There is no additional aggregation of data performed for reserve calculation.

Sensitivity of Liabilities:

Sensitivity testing is performed based on following assumptions and scenarios:

Assumption	Scenario(s)
Mortality	Base: Liabilities with PAD (10%) - Liabilities without PAD - Liabilities with PAD (20%)
Interest	- Plus/Minus 100bps
Expenses	- Plus/Minus 10%

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

Annexure 19.1: Life Insurance Fund

Particulars	Endowment	Anticipated Endowment	Endowment cum Whole Life	Whole Life	Foreign Employment Term	Micro Term	Special Term	Others (Future Care DPS)	Others (Term)	Total
Opening Life Insurance Fund	6,568,650,021	2,440,839,828	-	-	-	205,009,085	-	11,143,758,809	208,067,866	20,566,325,609
Surplus transfer to Life Insurance fund as per Sec 21 of the directive	578,226,308	(12,379,626)	-	-	-	53,816,752	-	2,529,266,757	235,079,670	3,384,009,861
Gross Life Insurance Fund for valuation (A)	7,146,876,329	2,428,460,202	-	-	-	258,825,837	-	13,673,025,566	443,147,536	23,950,335,470
Net policyholder's liability	5,919,232,869	2,026,035,596	-	-	-	158,961,932	-	13,386,265,003	233,064,487	21,723,559,886
Surplus/(Deficit) before shareholder transfer	1,227,643,460	402,424,607	-	-	-	99,863,905	-	286,760,563	210,083,050	2,226,775,584
Transfer to shareholder fund (B)	61,872,948	25,113,404	-	-	-	99,765,495	-	282,200,691	210,083,050	679,035,588
Transfer from shareholder fund to cover deficit as per actuary report (C)	-	-	-	-	-	-	-	-	-	-
Closing life insurance Fund as per actuarial valuation (D=A-B+C)	7,085,003,381	2,403,346,798	-	-	-	159,060,342	-	13,390,824,875	233,064,487	23,271,299,883
i) Life fund to cover Net Policyholder's liability	5,919,232,869	2,026,035,596	-	-	-	158,961,932	-	13,386,265,003	233,064,487	21,723,559,886
ii) Life fund to cover Cost of bonus	455,465,168	131,904,278	-	-	-	-	-	-	-	587,369,446
iii) Any other liabilities (Please Specify)	-	-	-	-	-	-	-	-	-	-
iv) Unallocated surplus	710,305,344	245,406,924	-	-	-	98,410	-	4,559,872	-	960,370,551

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

19.2 Gross claim payment Reserve including IBNR/IBNER

Particulars	Outstanding Death Claim		Outstanding Maturity Claim		Outstanding Partial Maturity Claim		Outstanding Surrender Claim		Outstanding Other Claim	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	62,165,456	54,217,083	137,076,817	181,435,610	-	-	-	-	-	-
Anticipated Endowment	792,500	551,750	102,273,670	143,752,565	31,653,436	36,470,674	-	-	-	-
Endowment cum Whole Life	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-
Micro Term	2,718,483	2,216,970	-	-	-	-	-	-	-	-
Special Term	-	-	-	-	-	-	-	-	-	-
Others:										
Future Care DPS	18,318,863	10,174,819	9,426,258	12,758,699	-	-	-	-	-	-
Term	27,211,469	33,985,880	-	-	-	-	-	-	-	-
Total	111,206,771	101,146,502	248,776,745	337,946,874	31,653,436	36,470,674	-	-	-	-

Particulars	IBNR/IBNER		Gross Outstanding	
	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,554,339	2,029,792	230,916,104	273,334,858
Anticipated Endowment	1,007,361	1,444,726	156,086,013	209,552,672
Endowment cum Whole Life	-	-	-	-
Whole Life	-	-	-	-
Foreign Employment Term	-	-	-	-
Micro Term	84,179,768	82,212,011	99,932,989	97,093,329
Special Term	-	-	-	-
Others:				
Future Care DPS	31,912,839	27,993,868	68,606,655	58,566,494
Term	11,548,576	20,560,348	44,574,052	62,728,162
Total	130,202,883	134,240,745	600,115,813	701,275,515

Particulars	Gross Outstanding Claim Reserve		Claim Outstanding upto one year		Unclaimed Fund (As per sec 123(2) of Insurance Act, 2079)		Transferred to Policyholder's Protection Fund		Gross Claim Payment Reserve	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	230,916,104	273,334,858	139,945,041	182,906,382	90,971,063	90,428,476	-	-	230,916,104	273,334,858
Anticipated Endowment	156,086,013	209,552,672	59,542,786	114,970,125	96,543,227	94,582,547	-	-	156,086,013	209,552,672
Endowment cum Whole Life	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-
Micro Term	99,932,989	97,093,329	99,932,989	97,093,329	-	-	-	-	99,932,989	97,093,329
Special Term	-	-	-	-	-	-	-	-	-	-
Others:										
Future Care DPS	68,606,655	58,566,494	66,527,517	55,365,206	2,079,138	3,201,288	-	-	68,606,655	58,566,494
Term	44,574,052	62,728,162	44,574,052	62,250,341	-	477,821	-	-	44,574,052	62,728,162
Total	600,115,812	701,275,515	410,522,384	512,585,383	189,593,428	188,690,132	-	-	600,115,812	701,275,515

Note: 1) Unclaimed fund includes all outstanding claim which have not been settled for more than one year from the date of intimation/date of maturity.

2) Individual outstanding Claims are presented at 100% and Gross Outstanding Claim Reserve is presented at 115% of total claims amount.

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

20 Insurance Payables

Particulars	Current Year	Previous Year
Payable to Reinsurers	71,172,049	82,480,415
Payable to other insurance companies	-	-
Others (to be Specified)	-	-
Total	71,172,049	82,480,415

Payable within 12 months:

Particulars	Current Year	Previous Year
Payable to Reinsurers	71,172,049	82,480,415
Payable to other insurance companies	-	-
Others (to be Specified)	-	-
Total	71,172,049	82,480,415

21 Current Tax (Assets)/ Liabilities (Net)

Particulars	Current Year	Previous Year
Income Tax Liabilities	374,584,563	239,408,696
Income Tax Assets	(526,221,596)	(376,173,372)
Total	(151,637,033)	(136,764,676)

22 Borrowings

Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans - Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others (to be Specified)	-	-
Total	-	-

Payable within 12 months:

Particulars	Current Year	Previous Year
Bonds	-	-
Debentures	-	-
Term Loans - Bank and Financial Institution	-	-
Bank Overdrafts	-	-
Others (to be Specified)	-	-
Total	-	-

23 Other Liabilities

Particulars	Current Year	Previous Year
TDS Payable	5,171,292	7,796,891
Unidentified Deposits	4,864,358	7,430,093
Advance Premiums	24,734,598	22,864,643
Insurance Service Fee Payable	43,336,854	52,317,869
Lease Liability	105,849,608	111,210,335
Deferred Reinsurance Commission Income	-	-
Deferred Income	-	-
Others	-	-
Premium Deposits	17,701,380	29,647,514
Outstanding Cheques	58,888,907	73,529,786
Total	260,546,996	304,797,131

American Life Insurance Company
Notes to the Financial Statements

Payable within 12 months:

Particulars	Current Year	Previous Year
TDS Payable	5,171,292	7,796,891
Unidentified Deposits	4,864,358	7,430,093
Advance Premiums	24,734,598	22,864,643
Insurance Service Fee Payable	43,336,854	52,317,869
Lease Liability	41,184,399	46,840,004
Deferred Reinsurance Commission Income	-	-
Deferred Income	-	-
Others		
Premium Deposits	17,701,380	29,647,514
Outstanding Cheques	58,888,907	73,529,786
Total	195,881,788	240,426,800

24 Other Financial Liabilities

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Refundable Share Application Money	-	-
Payable to Agents	54,015,238	49,072,649
Sundry Creditors	5,363,284	4,216,155
Retention and deposits	-	-
Short-term employee benefits payable	-	-
i) Salary Payables	7,179,569	10,253,998
ii) Bonus Payables	89,290,204	111,609,938
iii) Others		
SSF contribution Payables	1,418,840	1,526,947
Other employee benefit payables	1,511,730	2,996,360
Audit Fees Payable	585,375	557,500
Actuarial Fees Payable	49,060	49,060
Dividend Payable	556,823,405	265,000,000
Others (to be specified)	-	-
Total	716,236,705	445,282,607

Payable within 12 months:

Particulars	Current Year	Previous Year
Redeemable Preference Shares	-	-
Irredeemable Cumulative Preference Shares	-	-
Refundable Share Application Money	-	-
Payable to Agents	54,015,238	49,072,649
Sundry Creditors	5,363,284	4,216,155
Retention and deposits	-	-
Short-term employee benefits payable	-	-
i) Salary Payables	7,179,569	10,253,998
ii) Bonus Payables	89,290,204	111,609,938
iii) Others		
SSF contribution Payables	1,418,840	1,526,947
Other employee benefit payables	1,511,730	2,996,360
Audit Fees Payable	585,375	557,500
Actuarial Fees Payable	49,060	49,060
Dividend Payable	556,823,405	265,000,000
Others (to be specified)	-	-
Total	716,236,705	445,282,607

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

25 Gross Earned Premiums

Particulars	Direct Premium		Premium on Reinsurance Accepted		Gross Change in Unearned Premium		Gross Earned Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,176,992,819	1,094,657,203	-	-	-	-	1,176,992,819	1,094,657,203
Anticipated Endowment	398,473,664	413,589,659	-	-	-	-	398,473,664	413,589,659
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Micro Term	185,165,112	261,403,818	-	-	-	-	185,165,112	261,403,818
Special Term	-	-	-	-	-	-	-	-
Others:								
Future Care DPS	2,898,699,555	2,932,264,572	-	-	-	-	2,898,699,555	2,932,264,572
Term	602,934,219	529,871,611	-	-	-	-	602,934,219	529,871,611
Total	5,262,265,369	5,231,786,863	-	-	-	-	5,262,265,369	5,231,786,863

Note: "Gross change in unearned premium" of previous year is reclassified from this note to Note 34 under "Change in Gross Insurance contract liabilities" for appropriate comparison.

25.1 Gross Written Premiums

Particulars	First Year Premium		Renewal Premium		Single Premium		Total Direct Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	238,752,453	266,184,452	938,240,366	828,472,751	-	-	1,176,992,819	1,094,657,203
Anticipated Endowment	61,997,051	86,908,684	336,476,613	326,680,975	-	-	398,473,664	413,589,659
Endowment Cum Whole Life	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-
Micro Term	-	-	-	-	185,165,112	261,403,818	185,165,112	261,403,818
Special Term	-	-	-	-	-	-	-	-
Others:								
Future Care DPS	409,016,826	520,878,516	2,489,682,729	2,411,386,056	-	-	2,898,699,555	2,932,264,572
Term	117,974,788	130,773,174	248,789,841	201,124,374	236,169,590	197,974,063	602,934,219	529,871,611
Total	827,741,118	1,004,744,826	4,013,189,549	3,767,664,156	421,334,702	459,377,881	5,262,265,369	5,231,786,863

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

26 Premiums Ceded

Particulars	Premium Ceded To Reinsurers		Reinsurer's Share of Change in Unearned Premium		Premium Ceded	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	5,708,572	3,661,714	-	-	5,708,572	3,661,714
Anticipated Endowment	3,484,227	2,973,952	-	-	3,484,227	2,973,952
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	569,880	881,270	-	-	569,880	881,270
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	135,714,474	170,013,252	-	-	135,714,474	170,013,252
Term	68,667,162	71,943,856	-	-	68,667,162	71,943,856
Total	214,144,315	249,474,044	-	-	214,144,315	249,474,044

26.1 Portfolio-wise detail of Net Earned Premium

Particulars	Gross Earned Premiums		Premium Ceded		Net Earned Premium	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,176,992,819	1,094,657,203	5,708,572	3,661,714	1,171,284,247	1,090,995,489
Anticipated Endowment	398,473,664	413,589,659	3,484,227	2,973,952	394,989,437	410,615,707
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	185,165,112	261,403,818	569,880	881,270	184,595,232	260,522,548
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	2,898,699,555	2,932,264,572	135,714,474	170,013,252	2,762,985,081	2,762,251,320
Term	602,934,219	529,871,611	68,667,162	71,943,856	534,267,057	457,927,755
Total	5,262,265,369	5,231,786,863	214,144,315	249,474,044	5,048,121,054	4,982,312,819

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

27 Commission Income

Particulars	Reinsurance Commission		Profit Commission		Total Commission Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	1,799,826	869,510	-	-	1,799,826	869,510
Anticipated Endowment	589,187	511,947	-	-	589,187	511,947
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	78,185,098	100,021,697	-	-	78,185,098	100,021,697
Term	28,373,927	34,981,206	1,974,564	2,652,005	30,348,491	37,633,211
Total	108,948,038	136,384,360	1,974,564	2,652,005	110,922,602	139,036,365

28 Other Direct Income

Particulars	Other Direct Income		Late Fee		Total Other Direct Income	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Endowment	-	-	2,447,533	2,980,503	2,447,533	2,980,503
Anticipated Endowment	-	-	1,011,383	1,539,891	1,011,383	1,539,891
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	-	-	-	-	-	-
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	-	-	1,572,095	1,262,616	1,572,095	1,262,616
Term	-	-	499,311	374,122	499,311	374,122
Total	-	-	5,530,322	6,157,132	5,530,322	6,157,132

29 Income from Investments and Loans

Particulars	Current Year	Previous Year
Interest Income from Financial Assets Designated at Amortised Costs	-	-
i) Fixed Deposit with "A" Class Financial Institutions	2,258,630,421	1,730,561,742
ii) Fixed Deposit with Infrastructure Bank	-	-
iii) Fixed Deposit with "B" Class Financial Institutions	10,402,603	8,799,041
iv) Fixed Deposit with "C" Class Financial Institutions	-	-
v) Debentures	-	-
vi) Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)	85,686,080	87,138,640
vii) Bank Deposits other than Fixed Deposit	5,390,973	2,842,268
viii) Agent Loans	38,345	75,307
ix) Employee Loans	8,485	18,941
x) Other Interest Income (CIT Deposit)	9,116,026	6,900,615
Financial Assets Measured at FVTOCI	-	-
i) Interest Income on Debentures	-	-
ii) Dividend Income	-	-
iii) Other Interest Income (to be specified)	-	-
Financial Assets Measured at FVTPL	-	-
i) Interest Income on Debentures	-	-
ii) Dividend Income	-	-
iii) Other Interest Income (to be specified)	-	-
Rental Income	-	-
Others (to be Specified)	-	-
Total	2,369,272,933	1,836,336,554

American Life Insurance Company
Notes to the Financial Statements

30 Net Gain/(Loss) on Fair Value Changes

Fig. in NPR

Particulars	Current Year	Previous Year
Changes in Fair Value of Financial Assets Measured at FVTPL	-	-
i) Equity Instruments	-	-
ii) Mutual Fund	-	-
iii) Others (to be specified)	-	-
Changes in Fair Value on Investment Properties	-	-
Changes in Fair Value on Hedged Items in Fair Value Hedges	-	-
Changes in Fair Value on Hedging Instruments in Fair Value Hedges	-	-
Other (to be Specified)	-	-
Total	-	-

31 Net Realised Gains/(Losses)

Particulars	Current Year	Previous Year
Realised Gain/(Losses) on Derecognition of Financial Assets Measured at FVTPL	-	-
i) Equity Instruments	-	-
ii) Mutual Fund	-	-
iii) Debentures	-	-
iv) Others (to be specified)	-	-
Realised Gain/(Losses) on Derecognition of Financial Assets at Amortised Costs	-	-
i) Debentures	-	-
ii) Bonds	-	-
iii) Others (to be specified)	-	-
Total	-	-

32 Other Income

Particulars	Current Year	Previous Year
Unwinding of discount on Financial Assets at Amortised Cost		
i) Employee Loans	15,238	16,735
ii) Bonds	-	-
iii) Others (to be specified)		
Employee Advance	2,488,285	1,929,617
Agent Loan	50,299	191,500
Foreign Exchange Income	2,994,202	6,972,499
Interest Income from Finance Lease	-	-
Amortization of Deferred Income	-	-
Profit from disposal of Property and Equipment	2,318,872	4,397,965
Amortization of Deferred Income	-	-
Stamp Income	-	-
Others (Policy Charges & Miscellaneous Income)	127,685	65,843
Total	7,994,581	13,574,159

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

33 Gross Benefits, Claims Paid and Claims Ceded

Particulars	Gross Benefits and Claims Paid		Claims Ceded		Net Claims Paid	
	Current	Previous	Current	Previous	Current	Previous
	Year	Year	Year	Year	Year	Year
Endowment	965,404,298	1,658,681,528	3,600,450	1,000,000	961,803,847	1,657,681,528
Anticipated Endowment	588,230,097	1,178,951,110	973,701	1,570,767	587,256,396	1,177,380,343
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	120,103,521	283,547,486	-	-	120,103,521	283,547,486
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	870,656,115	622,660,397	55,328,215	89,406,535	815,327,900	533,253,862
Term	318,953,709	337,924,016	20,772,324	16,422,259	298,181,384	321,501,757
Total	2,863,347,739	4,081,764,537	80,674,691	108,399,561	2,782,673,048	3,973,364,976

33.1 Details of Gross Benefits and Claim Paid

Particulars	Death Claims		Maturity Benefits		Partial Maturity Benefits		Surrender Claim		Other Claims and Benefits		Total Gross Benefits and Claims	
	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous	Current	Previous
	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
Endowment	21,181,382	16,485,488	767,236,174	1,523,077,839	-	-	176,681,341	119,118,201	305,400	-	965,404,298	1,658,681,528
Anticipated Endowment	9,212,601	13,611,044	463,267,482	1,075,027,852	71,462,982	64,485,790	44,287,032	25,826,424	-	-	588,230,097	1,178,951,110
Endowment Cum Whole Life	-	-	-	-	-	-	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-	-	-	-	-	-	-
Micro Term	120,103,521	283,547,486	-	-	-	-	-	-	-	-	120,103,521	283,547,486
Special Term	-	-	-	-	-	-	-	-	-	-	-	-
Others:												
Future Care DPS	120,052,152	182,643,541	142,997,775	51,062,412	-	-	345,943,794	216,011,168	261,662,394	172,943,276	870,656,115	622,660,397
Term	318,953,709	337,924,016	-	-	-	-	-	-	-	-	318,953,709	337,924,016
Total	589,503,365	834,211,575	1,373,501,431	2,649,168,103	71,462,982	64,485,790	566,912,167	360,955,793	261,967,794	172,943,276	2,863,347,739	4,081,764,537

American Life Insurance Company
Notes to the Financial Statements

Fig. in NPR

34 Change in Insurance Contract Liabilities

Particulars	Gross Change in Insurance Contract Liabilities		Change in Reinsurance Assets		Net Change in Insurance Contract Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Endowment	473,934,606	(367,470,287)	702,561	200,000	473,232,045
Anticipated Endowment	(90,959,689)	(682,080,874)	200,000	(2,600,000)	(91,159,689)	(679,480,874)
Endowment cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	(43,109,083)	(118,974,496)	-	-	(43,109,083)	(118,974,496)
Special Term	-	-	-	-	-	-
Others:						
Future Care DPS	2,257,106,227	2,305,089,818	5,496,116	(3,077,056)	2,251,610,111	2,308,166,874
Term	6,842,510	(21,635,804)	2,900,000	50,000	3,942,510	(21,685,804)
Total	2,603,814,571	1,114,928,357	9,298,677	(5,427,056)	2,594,515,894	1,120,355,413

American Life Insurance Company
Notes to the Financial Statements

38 Employee Benefits Expenses

Particulars	Current Year	Previous Year
Salaries	193,606,347	172,703,281
Allowances	1,255,394	1,131,786
Festival Allowances	13,199,798	11,458,798
Defined Benefit Plans		
i) Gratuity	7,851,233	7,003,177
ii) Others (Leave provision)	5,728,376	3,848,805
Defined Contribution Plans		
i) Provident Fund/Social Security Fund	20,694,950	18,441,651
ii) Gratuity	9,417,009	7,363,673
Leave Encashment	2,795,670	2,647,627
Termination Benefits	-	-
Training Expenses	6,470,697	9,986,888
Uniform Expenses	-	-
Medical Expenses	1,631,745	1,069,503
Insurance Expenses	5,185,909	4,707,396
Welfare	2,236,903	3,412,492
Others		
Amortization of Deferred Employee Cost	2,503,522	1,946,352
Sub-Total	272,577,553	245,721,429
Employees Bonus	89,290,204	69,276,592
Total	361,867,757	314,998,021

39 Depreciation & Amortization Expenses

Fig. in NPR

Particulars	Current Year	Previous Year
Amortization of Goodwill & Intangible Assets (Refer Note. 4)	3,316,872	2,663,591
Depreciation on Property and Equipment (Refer Note. 5)	62,155,963	66,671,198
Depreciation on Investment Properties (Refer Note. 6)	-	-
Total	65,472,835	69,334,789

40 Impairment Losses

Particulars	Current Year	Previous Year
Impairment Losses on Property and Equipment, Investment Properties, Goodwill & Intangible Assets		
i) Property and Equipment	-	-
ii) Investment Properties	-	-
iii) Goodwill & Intangible Assets	-	-
Impairment Losses on Financial Assets		
i) Investments	-	-
ii) Loans	-	-
iii) Other Financial Assets	-	-
iv) Cash and Cash Equivalents	-	-
v) Others (to be Specified)	-	-
Impairment Losses on Other Assets		
i) Reinsurance Assets	-	-
ii) Insurance Receivables	-	-
iii) Lease Receivables	-	-
iv) Others (to be Specified)	-	-
Total	-	-

American Life Insurance Company
Notes to the Financial Statements

41 Other Operating Expenses

Particulars	Current Year	Previous Year
Rent Expenses	-	-
Electricity and Water	4,282,153	4,211,321
Repair & Maintenance	-	-
i) Buildings	-	-
ii) Vehicles	563,338	762,578
iii) Office Equipments	985,102	-
iv) Others (Furnitures & Fixtures)	1,572,624	1,949,417
Telephone & Communication	9,611,056	11,071,053
Printing & Stationary	5,974,028	7,282,303
Office Consumable Expenses	4,466,820	4,056,992
Travelling Expenses		
i) Domestic	4,669,865	2,792,010
ii) Foreign	175,027	-
Transportation Expenses	5,349,150	4,950,037
Agent Training	4,693,790	3,684,451
Agent Others	117,816,204	133,955,227
Insurance Premium	1,106,407	1,153,011
Security and Outsourcing Expenses	45,535,338	45,668,198
Legal and Consulting Expenses	579,100	-
Newspapers, Books and Periodicals	-	-
Advertisement & Promotion Expenses	11,551,832	14,464,555
Business Promotion	-	-
Guest Entertainment	-	-
Gift and Donations	-	-
Board Meeting Fees and Expenses	-	-
i) Meeting Allowances	-	-
ii) Other Allowances	-	-
Other Committee/ Sub-committee Expenses	-	-
i) Meeting Allowances	-	-
ii) Other Allowances	-	-
General Meeting Expenses	-	-
Actuarial Service Fee	49,720	49,720
Other Actuarial Expenses	-	-
Audit Related Expenses		
i) Statutory Audit	513,250	485,000
ii) Tax Audit	55,000	55,000
iii) Long Form Audit Report	25,000	25,000
iv) Other Fees	-	-
v) Internal Audit	-	-
vi) Others (Due Diligence audit fee)	-	395,500
Bank Charges	2,915,382	3,956,864
Fee and Charges	837,396	633,097
Postage Charges	3,170,000	4,120,000
Foreign Exchange Losses	-	-
Others (Miscellaneous)	7,477	2,429,589
Amortization of Deferred Agent Cost	50,299	191,495
Sub-Total	226,555,358	248,342,418
Medical examination fee	1,872,721	1,989,837
Fines, interest, Late Fees and Penalties	1,230,982	1,558,527
Total	229,659,061	251,890,782

42 Finance Cost

Particulars	Current Year	Previous Year
Unwinding of discount on Provisions	-	-
Unwinding of discount on Financial Liabilities at Amortised Costs	-	-
Interest Expenses - Bonds	-	-
Interest Expenses - Debentures	-	-
Interest Expenses - Term Loans	-	-
Interest Expenses - Leases	8,986,727	9,566,819
Interest expenses - Overdraft Loans	-	-
Others (to be Specified)	-	-
Total	8,986,727	9,566,819

43 Income Tax Expense**(a) Income Tax Expense**

Particulars	Current Year	Previous Year
Current Tax		
i) Income Tax Expenses for the Year	374,584,562	239,408,696
ii) Income Tax Relating to Prior Periods	2,429,711	3,117,054
Deferred Tax For The Year		
i) Originating and reversal of temporary differences	(7,902,783)	(3,148,133)
ii) Changes in tax rate	-	-
iii) Recognition of previously unrecognised tax losses	-	-
iv) Write-down or reversal	-	-
v) Others (to be Specified)	-	-
Income Tax Expense	369,111,490	239,377,617

(b) Reconciliation of Taxable Profit & Accounting Profit

Particulars	Current Year	Previous Year
Accounting Profit Before Tax	1,134,572,521	820,887,106
Applicable Tax Rate	25%	25%
Tax at the applicable rate on Accounting Profit	283,643,130	205,221,777
Add: Tax effect of expenses that are not deductible for tax purpose		
i) Due to Non deductible expenses	1,352,393,727	1,302,283,100
ii) Due to Depreciation amount	12,860,435	13,724,113
Less: Tax effect on exempt income and additional deduction	-	-
i) Due to Non Taxable Income	(1,262,086,486)	(1,270,424,655)
ii) Due to deductible expenses	(12,226,246)	(11,395,638)
Less: Adjustments to Current Tax for Prior Periods	-	-
Add/ (Less): Deferred Tax	(7,902,783)	(3,148,133)
Income Tax relating to Prior Periods	2,429,712	3,117,054
Income Tax Expense	369,111,490	239,377,617
Effective Tax Rate	33%	29%

44 Employee Retirement Benefits

a) Post Employment Benefit - Defined Contribution Plans

For the year ended Ashadh 31, 2080 (July 16, 2023) the company has recognised an amount of NPR. 30,111,959/- as an expenses under the defined contribution plans in the Statement of Profit or Loss.

b) Post Employment Benefit - Defined Benefit Plans

For Defined Benefit Plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out.

c) Total Expenses Recognised in the Statement of Profit or Loss

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	9,570,412	7,746,148	-	-
Past service cost	-	-	-	-
Net interest cost (a-b)	4,009,197	3,105,834	-	-
a. Interest expense on defined benefit obligation (DBO)	10,256,734	8,957,247	-	-
b. Interest (income) on plan assets	6,247,537	5,851,413	-	-
Defined benefit cost included in Statement of Profit or Loss	13,579,609	10,851,982	-	-

d) Remeasurement effects recognised in Statement of Other Comprehensive Income (OCI)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
a. Actuarial (gain)/ loss due to financial assumption changes in DBO	-	-	-	-
b. Actuarial (gain)/ loss due to experience on DBO	3,341,618	9,287,949	-	-
c. Return on plan assets (greater)/ less than discount rate	(2,868,489)	(1,049,202)	-	-
Total actuarial (gain)/ loss included in OCI	473,129	8,238,747	-	-

e) Total cost recognised in Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cost recognised in Statement of Profit or Loss	13,579,609	8,909,148	-	-
Remeasurements effects recognised in OCI	473,129	8,238,747	-	-
Total cost recognised in Comprehensive Income	14,052,738	17,147,895	-	-

f) Change in Defined Benefit Obligation

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation as at the beginning of the year	159,359,520	142,239,418	-	-
Service cost	10,202,768	10,460,438	-	-
Interest cost	10,256,734	8,957,247	-	-
Benefit payments from plan assets	(3,127,220)	(8,871,242)	-	-
Actuarial (gain)/ loss - financial assumptions	-	-	-	-
Actuarial (gain)/ Loss - experience	2,708,962	6,573,659	-	-
Defined Benefit Obligation as at Year End	179,400,764	159,359,520	-	-

g) Change in Fair Value Of Plan Assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of plan assets at end of prior year	95,931,439	91,012,657	-	-
Interest Income	6,247,537	5,851,413	-	-
Expected return on plan assets	-	-	-	-
Employer contributions	2,747,475	5,485,930	-	-
Participant contributions	-	-	-	-
Benefit payments from plan assets	(2,378,454)	(7,467,763)	-	-
Transfer in/ transfer out	114,488	-	-	-
Actuarial gain/ (loss) on plan assets	2,868,489	1,049,202	-	-
Fair value of Plan Assets as at Year End	105,530,974	95,931,439	-	-

h) Net Defined Benefit Asset/(Liability)

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit Obligation	(179,400,764)	(159,359,520)	-	-
Fair Value of Plan Assets	105,530,974	95,931,439	-	-
Liability/(Asset) Recognised in Statement of Financial Position	(73,869,790)	(63,428,081)	-	-

i) Expected Company Contributions for the Next Year

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Expected company contributions for the next year	10,000,000	10,000,000	-	-

j) Reconciliation of amounts in Statement of Financial Position

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Net defined benefit liability/(asset) at prior year end	(63,428,081)	(51,226,761)	-	-
Defined benefit cost included in Statement of Profit or Loss	(13,579,609)	(10,851,982)	-	-
Total remeasurements included in OCI	(473,129)	(8,238,747)	-	-
Acquisition/Divestment	-	-	-	-
Employers contributions	2,747,475	5,485,930	-	-
Benefits directly paid by the company	863,554	1,403,479	-	-
Net asset / (liability) recognised at the end of the period	(73,869,790)	(63,428,081)	-	-

k) Reconciliation of Statement of Other Comprehensive Income

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Cumulative OCI - (Income)/Loss, beginning of period	38,291,163	30,052,416	-	-
Total remeasurements included in OCI	473,129	8,238,747	-	-
Cumulative OCI - (Income)/Loss	38,764,292	38,291,163	-	-

l) Current/Non - Current Liability

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Current Liability	11,759,608	11,518,345	-	-
Non - Current Liability	167,641,456	147,841,175	-	-
Total	179,401,064	159,359,520	-	-

m) Expected Future Benefit Payments

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Within 1 year	8,509,000	11,518,345	-	-
Between 1-2 years	9,232,000	7,739,790	-	-
Between 2-5 years	38,005,000	30,550,085	-	-
From 6 to 10	146,316,000	81,193,382	-	-
Total	202,062,000	131,001,602	-	-

n) Plan assets

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
	(% Invested)	(% Invested)	(% Invested)	(% Invested)
Government Securities (Central and State)	-	-	-	-
Corporate Bonds (including Public Sector bonds)	-	-	-	-
Mutual Funds	-	-	-	-
Deposits	-	-	-	-
Cash and bank balances	-	-	-	-
Others (Gratuity Fund Scheme of Citizen Investment Trust)	100%	100%	-	-
Total	100%	100%	-	-

o) Sensitivity Analysis

Particulars	Employee Benefit Plan		Any Other Funded Liability	
	Current Year	Previous Year	Current Year	Previous Year
Effect in Defined Benefit Obligation Due to 1% Increase in Discount Rate	164,731,832	145,745,513	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Discount Rate	196,240,342	175,040,703	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Salary Escalation Rate	195,399,734	174,261,292	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Salary Escalation Rate	165,141,574	146,121,720	-	-
Effect in Defined Benefit Obligation Due to 1% Increase in Attrition Rate	176,150,234	155,972,360	-	-
Effect in Defined Benefit Obligation Due to 1% Decrease in Attrition Rate	183,023,532	163,150,324	-	-

p) Assumptions

Particulars	Employee Benefit Plan	Any Other Funded Liability
Discount Rate	6.50%	0.00%
Escalation Rate (Rate of Increase in Compensation Levels)	10.00%	0.00%
Attrition Rate (Employee Turnover)	6.00%	0.00%
Mortality Rate During Employment	NALM 2009	-

Notes to Financial Statements (Continued...)

45 Fair Value Measurements

(i) Financial Instruments by Category & Hierarchy

This section explains the judgements and estimates made in determining the Fair Values of the Financial Instruments that are (a) recognised and measured at fair value and (b) measured at Amortised Cost and for which fair values are disclosed in the Financial Statements.

Particulars	Level	Current Year			Previous Year		
		FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Investments							
i) Investment in Equity Instruments							
Investment in Equity (Quoted)	1	-	-	-	-	-	-
Investment in Equity (Unquoted)	3	-	4,780,000	-	-	1,195,000	-
ii) Investment in Mutual Funds							
iii) Investment in Preference Shares of Bank and Financial Institutions							
iv) Investment in Debentures							
v) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Government)							
vi) Fixed Deposits	3	-	-	24,582,895,623	-	-	21,732,641,190
vii) Others (to be specified)		-	-	-	-	-	-
Loans							
Other Financial Assets							
Cash and Cash Equivalent	3	-	-	385,479,011	-	-	418,211,016
Total Financial Assets		-	4,780,000	28,344,936,726	-	1,195,000	25,084,228,005
Borrowings							
Other Financial Liabilities							
Total Financial Liabilities		-	-	716,236,705	-	-	445,282,607

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable other than quoted prices included

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There is no transfer of Financial Instruments between different levels as mentioned above during the year.

(ii) Valuation Technique Used to Determine Fair Value

- Use of quoted market prices or dealer quotes for similar instruments
- Fair Value of remaining financial instruments is determined using discounted cash flow analysis

(iii) Valuation Process

The finance department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes. Discussion on valuation processes and results are held at least once in a year.

The main level 3 inputs are derived and evaluated as follows:

- Discount rate is arrived at considering the internal and external factors.
- Discounting has been applied where assets and liabilities are non-current, and the impact of the discounting is material.

(iv) Fair Value of Financial Assets and Liabilities Measured at Amortised Cost

Particulars	Current Year		Previous Year	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investments				
i) Investment in Preference Shares of Bank and Financial Institutions				
ii) Investment in Debentures				
iii) Investment in Bonds (Nepal Government/ NRB/ Guaranteed by Nepal Governn	1,685,325,000	1,685,325,000	1,685,325,000	1,685,325,000
iv) Fixed Deposit	24,582,895,623	24,582,895,623	21,732,641,190	21,732,641,190
v) Others (to be Specified)				
Loans				
i) Loan to Associates				
ii) Loan to Employees	136,170	124,323	615,645	582,957
iii) Loan to Agent	385,956	378,695	2,321,712	1,858,506
iv) Loan to Policyholders	1,559,757,417	1,559,757,417	1,163,876,748	1,163,876,748
v) Others (to be Specified)				
Other Financial Assets	130,976,657	130,976,657	81,732,588	81,732,588
Total Financial Assets at Amortised Cost	27,959,476,823	27,959,457,715	24,666,512,883	24,666,016,989
Borrowings				
i) Bonds				
ii) Debentures				
iii) Term Loans - Bank and Financial Institution				
iv) Bank Overdrafts				
v) Others (to be Specified)				
Other Financial Liabilities	716,236,705	716,236,705	445,282,607	445,282,607
Total Financial Liabilities at Amortised Cost	716,236,705	716,236,705	445,282,607	445,282,607

The fair values of the above financial instruments measured at amortised cost are calculated based on cash flows discounted using current discount rate. The carrying amounts of cash and cash equivalents are considered to be the same as their fair values due to their short-term nature.

Notes to Financial Statements (Continued...)

46 Insurance Risk

Insurance risk relates to the likelihood that an insured event will occur, requiring the insurance company to pay a claim, beyond either its original expectation during the pricing of the insurance product, or its The Company seeks to minimise insurance risk through a formalised reinsurance arrangement with an appropriate mix and spread of business between classes of business based on its overall strategy. This is complemented by observing formalised risk management policies.

The Company considers insurance risk to be a combination of the following components of risks:

- a) Product development
- b) Pricing
- c) Underwriting and
- d) Claims Handling
- e) Reinsurance
- f) Reserving

a) Product development:

The Company principally issues the following types of Life Insurance contracts:

- Endowment
- Anticipated Endowment
- Micro Term
- Others (Future Care DPS)
- Others (Term)

The above risk exposure is mitigated by the diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

b) Pricing:

The pricing of an insurance product involves the estimation of claims, operational and financing costs and the income arising from investing the premium received. The pricing process typically comprises collecting data on the underlying risks to be covered, determining the pricing assumptions and the base rate, setting the final premium rate, and monitoring the review of the appropriateness of pricing.

The Company collects adequate data to validate the reasonableness of the underlying assumptions used for pricing. The base rate represents the amount required to meet the value of anticipated benefits, expenses, and margins for risks and profit. Data primarily relates to the company's own historical experience and that of the industry where relevant. These may be supplemented by other internal and external data, and could include trends observed in claims costs and expenses.

Pricing is done by modelling all identified risks, using appropriate methodologies depending on the complexity of the risks and available data. Adequate buffers are kept in the premiums to cushion against the risk that actual experience may turn out to be worse than expected.

Notes to Financial Statements (Continued...)

c) Underwriting:

The Company's underwriting process is governed by the internal underwriting procedures. Some of the actions undertaken to mitigate underwriting risks are detailed below:

- i) Investments are made on the training and development of underwriting and claims management staff, including those attached to the distribution network.
- ii) Pre-underwriting inspections are made on new business over a predetermined threshold to evaluate risk prior to acceptance.
- iii) Post-underwriting reviews are conducted to ensure that set guidelines have been observed.
- iv) Adequate reinsurance arrangements are in place and reviews are undertaken to ensure the adequacy of these covers.

d) Claims handling:

The Company considers insurance claim risk to be a combination of the following components of risks:

- i) Mortality Risk – risk of loss arising due to policyholder death experience being different than expected
- ii) Longevity Risk – risk of loss arising due to the annuitant living longer than expected
- iii) Investment Return Risk – risk of loss arising from actual returns being different than expected
- iv) Expense Risk – risk of loss arising from expense experience being different than expected
- v) Policyholder Decision Risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Assumptions

The assumptions that have the greatest effect on the statement of financial position and statement of profit or loss of the Company are listed below:

Particulars	Current Year				Previous Year			
	Mortality Rates	Investment Return	Lapse and Surrender Rate	Discount Rate	Mortality Rates	Investment Return	Lapse and Surrender Rate	Discount Rate
Life Insurance	Male-53.9% & Female-40.7% of NALM	9.6%	5.8%	6%	Male-50.6% & Female-38.5% of NALM	8.2%	5.5%	6%

Sensitivities

The life insurance claim liabilities are sensitive to the key assumptions as mentioned in the table below.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

Particulars	Changes in Assumptions	Current Year		Previous Year	
		Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities	Increase/ (Decrease) on Gross Liabilities	Increase/ (Decrease) on Net Liabilities
Mortality Rate	+50%	52,195,886	52,020,906	26,197,254	26,048,695
Longevity	+ 10%	-	-	-	-
Discount Rate	+ 1%	(904,722,396)	(901,804,797)	(656,747,632)	(653,829,755)
Mortality Rate	-50%	(45,469,522)	(45,286,853)	(23,340,072)	(23,185,536)
Longevity	-10%	-	-	-	-
Discount Rate	-1%	1,152,752,141	1,149,394,661	942,865,035	939,518,802

* Above figures are as per actuarial valuation report approved by Nepal Insurance Authority.

Notes to Financial Statements (Continued...)**e) Reinsurance**

The Company purchases reinsurance as part of its risks mitigation programme. Premium ceded to the reinsurers is in accordance with the terms of the programmes already agreed based on the risks written by the insurance companies. Recoveries from reinsurers on claims are based on the cession made in respect of each risk and is estimated in a manner consistent with the outstanding claims provisions made for the loss. Although we mitigate our exposures through prudent reinsurance arrangements, the obligation to meet claims emanating from policy holders rests with the Company. Default of reinsurers does not negate this obligation and in that respect the Company carries a credit risk up to the extent ceded to each reinsurer.

f) Reserving

Insurance Contract Liabilities are created to cover this risk based on the actuarial valuation report.

The table below sets out the concentration of risk associated with above mentioned products. Risk as at year end has been measured as insurance contract liabilities and disclosed as below:

Particulars	Current Year			Previous Year		
	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities	Gross Insurance Liabilities	Reinsurance Assets	Net Liabilities
Endowment	7,315,919,485	902,561	7,315,016,924	6,841,984,880	200,000	6,841,784,880
Anticipated Endowment	2,559,432,811	200,000	2,559,232,811	2,650,392,500	-	2,650,392,500
Endowment Cum Whole Life	-	-	-	-	-	-
Whole Life	-	-	-	-	-	-
Foreign Employment Term	-	-	-	-	-	-
Micro Term	258,993,331	-	258,993,331	302,102,414	-	302,102,414
Special Term	-	-	-	-	-	-
Others						
Future Care DPS	13,459,431,530	11,216,336	13,448,215,194	11,202,325,303	5,720,220	11,196,605,083
Term	277,638,539	3,600,000	274,038,539	270,796,027	700,000	270,096,027
Total	23,871,415,696	15,918,897	23,855,496,799	21,267,601,124	6,620,220	21,260,980,904

Notes to Financial Statements (Continued...)

47 Financial Risk Management

The Company's activities expose it to Credit Risk, Liquidity Risk & Market Risk.

i) Credit Risk

Credit risk is the risk of financial loss as a result of the default or failure of third parties to meet their payment obligations to the Company. Thus, for an insurance contract, credit risk includes the risk that an insurer incurs a financial loss because a reinsurer defaults on its obligations under the reinsurance contract.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- Company has credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by entering into agreement with more than one party. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The company deals with only creditworthy counterparties and obtains sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Receivables arising out of direct insurance arrangements;
- Receivables arising out of reinsurance arrangements; and
- Reinsurers' share of insurance liabilities.

Other areas where credit risk arises include cash and cash equivalents, government bonds and deposits with banks and other receivables.

Reinsurance is issued to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or historical information about counter party default rates.

The Company classifies counterparties without an external credit rating as below.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

Group1- new customers/ related parties.

Group2- existing customers/ related parties with no defaults in the past.

Group3- existing customers/ related parties with some defaults in the past. All defaults were fully recovered.

The amount that best represents the Company's maximum exposure to credit risk is made up as follows:

Incurred Credit Losses for Financial Assets at Amortised Cost as at Ashadh 31, 2080 (July 16, 2023).

Maximum exposure to credit risk before collateral held	Credit Classification	Current Year	Previous Year
Government Bonds	Group 2	1,685,325,000	1,685,325,000
Fixed Deposit with Commercial Bank	Group 2	24,582,895,623	21,732,641,190
Fixed Deposit with Development Bank	Group 2	100,000,000	100,000,000
Equity Investment	Group 2	4,780,000	1,195,000
Loans to Life Policyholders (Incl. Interest receivable)	Group 2	1,633,376,656	1,211,751,857
Agent Loan	Group 2	378,695	1,858,506
Employee Loan	Group 2	124,323	582,957
Employee Advance	Group 2	53,508,843	48,183,394
Trade and Security Deposit	Group 2	-	-
Reinsurance receivables	Group 2	67,454,639	81,465,251
Cash and cash equivalents	Group 2	385,479,011	418,211,016
Total		28,513,322,790	25,281,214,171

Surrender values of the life insurance policies are held as collateral for loans on life policies. None of the above assets are past due or impaired.

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 31, 2080

Particulars	Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses	-	-	-	-
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time expected credit losses	-	-	-	-
Credit Risk has significantly increased and credit impaired		-	-	-	-

Expected Credit Losses for Financial Assets at Amortised Costs as at Ashadh 32, 2079

Particulars	Asset Group	Gross Carrying Amount	Expected probability of Default	Expected Credit Losses	Carrying Amount After Provision
Credit Risk has not significantly increased since initial recognition	Loss allowance measured at 12 months expected credit losses	-	-	-	-
Credit Risk has significantly increased and not credit impaired	Loss allowance measured at life-time expected credit losses	-	-	-	-
Credit Risk has significantly increased and credit impaired		-	-	-	-

Reconciliation of Loss Allowance Provision

Particulars	Measured at 12 months	Measured at life-time expected credit losses	
	expected credit losses	Credit Risk has significantly increased and not credit impaired	Credit Risk has significantly increased and credit impaired
Loss Allowance on Ashadh 32, 2079	-	-	-
Changes in loss allowances	-	-	-
Write-offs	-	-	-
Recoveries	-	-	-
Loss Allowance on Ashadh 31, 2080	-	-	-

ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

The Company is exposed to daily calls on its available cash for claims settlement and other administration expenses. The Company maintains cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The following table summarizes the maturity profile of the financial assets, financial liabilities and insurance contract liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized insurance liabilities.

Notes to Financial Statements (Continued...)

Assets												
Particulars	Current Year						Previous Year					
	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total
Government Bonds	1,685,325,000	-	565,325,000	1,120,000,000	-	1,685,325,000	1,685,325,000	-	212,775,000	1,472,550,000	-	1,685,325,000
Fixed Deposits with Commercial Banks	24,482,895,623	2,911,095,623	6,804,300,000	14,767,500,000	-	24,482,895,623	21,632,641,190	5,719,341,190	9,102,300,000	6,811,000,000	-	21,632,641,190
Fixed Deposits with Development Banks	100,000,000	100,000,000	-	-	-	100,000,000	100,000,000	100,000,000	-	-	-	100,000,000
Equity Investment	4,780,000	-	-	-	4,780,000	4,780,000	1,195,000	-	-	-	1,195,000	1,195,000
Loans to Life Policyholders	1,559,757,417	123,786,557	363,240,160	1,072,730,700	-	1,559,757,417	1,163,876,748	94,682,235	341,471,841	727,722,671	-	1,163,876,748
Agent Loan	378,695	385,956	-	-	-	385,956	1,858,506	1,860,215	-	-	-	1,860,215
Employee Loan	124,323	49,369	74,954	-	-	124,323	582,957	163,237,000	419,720	-	-	582,957
Other Financial Assets	130,976,657	130,976,657	-	-	-	130,976,657	81,732,588	81,732,588	-	-	-	81,732,588
Other Assets	141,445,353	90,340,418	51,104,935	-	-	141,445,353	139,925,259	86,621,191	44,987,660	-	-	131,608,851
Reinsurance assets	15,918,897	15,918,897	-	-	-	15,918,897	6,620,220	6,620,220	-	-	-	6,620,220
Insurance Receivables	67,454,639	67,454,639	-	-	-	67,454,639	81,465,251	81,465,251	-	-	-	81,465,251
Cash and Cash Equivalents	67,454,639	67,454,639	-	-	-	67,454,639	418,211,016	418,211,016	-	-	-	418,211,016
Total	28,256,511,243	3,507,462,755	7,784,045,049	16,960,230,700	4,780,000	28,256,518,504	25,313,433,735	6,590,697,143	9,701,954,221	9,011,272,671	1,195,000	25,305,119,036

Liabilities												
Particulars	Current Year						Previous Year					
	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total	Carrying Amount	Upto 1 Year	1 Year to 5 Years	More than 5 Years	No Maturity Date	Total
Gross Insurance Contract Liabilities	23,871,415,696	-	-	-	23,871,415,696	23,871,415,696	21,267,601,124	701,275,515	-	-	20,566,325,609	21,267,601,124
Insurance Payables	71,172,049	71,172,049	-	-	-	71,172,049	82,480,415	82,480,415	-	-	-	82,480,415
Other Liabilities	260,546,996	195,881,788	69,270,768	1,758,432	-	266,910,987	304,797,131	240,426,800	99,813,539	12,047,790	-	352,288,129
Other Financial Liabilities	716,236,705	716,236,705	-	-	-	716,236,705	445,282,607	445,282,607	-	-	-	445,282,607
Total Financial Liabilities	24,919,371,447	983,290,542	69,270,768	1,758,432	23,871,415,696	24,925,735,438	22,100,161,277	1,469,465,337	99,813,539	12,047,790	20,566,325,609	22,147,652,275

iii) Market Risk

a1) Foreign Currency Risk Exposure

Foreign exchange risk is the potential for the Company to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency. The Company maintains foreign currency denominated assets in its investment portfolios.

The Company has no significant concentration of currency risk. The amount with reinsurer is settled in Nepali Rupee.

Alternative note for Foreign Currency Risk Exposure (where there is Foreign Currency Risk)

Operation of the Company has exposed it to foreign exchange risk arising from foreign currency transactions, with respect to the USD and Currency A. The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the NPR cash flows of highly probable forecast transactions.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in NPR, are as follows:

Particulars	Current Year		Previous Year	
	USD	Currency A	USD	Currency A
Investments	-	-	-	-
Loans	-	-	-	-
Insurance Receivables	-	-	-	-
Other Financial Assets	-	-	-	-
Less: Derivative Assets				
i) Foreign exchange forward contracts - Sell Foreign Currency	-	-	-	-
ii) Foreign exchange option contracts - Sell Foreign Currency	-	-	-	-
Net Exposure to Foreign Currency Risk/ (Assets)	-	-	-	-
Insurance Payable	-	-	-	-
Other Liabilities	-	-	-	-
Less: Derivative Liabilities				
i) Foreign exchange forward contracts - Buy Foreign Currency	-	-	-	-
ii) Foreign exchange option contracts - Buy Foreign Currency	-	-	-	-
Net Exposure to Foreign Currency Risk/ (Liabilities)	-	-	-	-

a2) Foreign Currency Risk - Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on the other components of equity arising from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges

Particulars	Impact on profit after tax		Impact on other component of equity	
	Current Year	Previous Year	Current Year	Previous Year
USD sensitivity				
NPR/ USD - Increases by 10% *	-	-	-	-
NPR/ USD - Decreases by 10% *	-	-	-	-
Currency A sensitivity				
NPR/ USD - Increases by 10% *	-	-	-	-
NPR/ USD - Decreases by 10% *	-	-	-	-

* Holding all other variable constant

b1) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The major interest rate risk that the Company is exposed to is the discount rate for determining insurance liabilities. For the purpose of Insurance Liabilities earned interest or 6% whichever is lower, is considered.

b2) Interest Rate Sensitivity

Profit or Loss is sensitive to changes in Interest Rate for Borrowings. A change in Market Interest Level by 1% which is reasonably possible based on Management's Assessment would have the following effect on the Profit After Tax.

*Company doesn't have borrowing for fiscal year 2079.80

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%*	-	-
Interest Rate - Decrease By 1%*	-	-

* Holding all other Variable Constant

c1) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The company is not exposed to equity securities price risk because there are no investments in quoted shares.

The company has no investments in quoted shares and hence is unaffected by the market price fluctuations of such quoted shares. Investment in unquoted shares are however not exposed to equity securities price risk. Thus, in overall the company is not exposed to equity securities price risk.

c2) Sensitivity

The table below summarises the impact of increase/decrease of the index in the Company's equity and impact on OCI for the period. The analysis is based on the assumption that the equity index had increased/ decreased by 1% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%*	-	-
Interest Rate - Decrease By 1%*	-	-

* Other components of equity would increase/decrease as a result of gains/ (losses) on equity securities classified as fair value through other comprehensive income.

48 Operational Risk

Operational Risk is the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

49 Climate Risk

Climate Risk related disclosure is provided in Appendix I.

50 Capital Management

The Company's objectives when managing Capital are to:

- Safeguard their ability to continue as a going concern so that they can continue to provide returns to investors, and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

Since the company is a branch of foreign company, the company does not have any share capital.

Regulatory minimum paid up capital

American Life Insurance Company Nepal is a branch of American Life Insurance Company which is incorporated under the laws of the United State of America, The branch does not have any share capital.

Dividend

Particulars	Current Year	Previous Year
(i) Dividends recognised		
Final dividend for the year ended Ashadh 32, 2079 of NPR 321,129,900/- (Ashadh 31, 2078 of NPR 265,000,000/-)	321,129,900	265,000,000
	321,129,900	265,000,000
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, company declares dividend of NPR 450,051,200 out of distributable profits of NPR 567,866,055.	450,051,200	321,129,900
Total	450,051,200	321,129,900

51 Earnings Per Share

Particulars	Current Year	Previous Year
Profit For the Year used for Calculating Basic Earning per Share	-	-
Less: Dividend on Preference Share	-	-
Add: Interest saving on Convertible Bonds	-	-
Profit For the Year used for Calculating Diluted Earning per Share	-	-
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share	-	-
Adjustments for calculation of Diluted Earning per Share:	-	-
i) Dilutive Shares	-	-
ii) Options	-	-
iii) Convertible Bonds	-	-
Weighted Average Number of Equity Shares Outstanding During the Year for Diluted Earning Per Share	-	-
Nominal Value of Equity Shares	-	-
Basic Earnings Per Share	-	-
Diluted Earnings Per Share	-	-
Proposed Bonus Share	-	-
Weighted Average Number of Equity Shares outstanding during the year for restated Earning Per Share	-	-
Restated Basic Earnings Per Share	-	-
Restated Diluted Earnings Per Share	-	-

Note: Since the Company is a branch office of a foreign company and does not have any issued equity share capital, the earnings per share of the company is not calculated.

Notes to Financial Statements (Continued...)

52 Operating Segment

Segment information is presented in respect of the Company's business segments. Management of the Company has identified portfolio as business segment and the Company's internal reporting structure is also based on portfolio. The portfolios are also defined by Nepal Insurance Authority. Performance is measured based on segment profit as management believes that it is most relevant in evaluating the results of segment relative to other entities that operate within these industries. Segment asset is disclosed below based on total of all asset for each business segment.

The Company operates predominantly in Nepal and accordingly, the Management of the Company is of the view that the financial information by geographical segments of the Company's operation is not necessary to be presented.

Business Segments of the Company's are:

- i) Endowment
- ii) Anticipated Endowment
- iii) Micro Term
- iv) Future Care DPS
- v) Term

a) Segmental Information for the year ended Ashadh 31, 2080 (July 16, 2023)

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Other Term	Special Term	Others (Future care DPS)	Others (Micro)	Inter Segment Elimination	Total
Income:											
Gross Earned Premiums	1,176,992,819	398,473,664	-	-	-	602,934,219	-	2,898,699,555	185,165,112	-	5,262,265,369
Premiums Ceded	(5,708,572)	(3,484,227)	-	-	-	(68,667,162)	-	(135,714,474)	(569,880)	-	(214,144,315)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	1,171,284,247	394,989,437	-	-	-	534,267,057	-	2,762,985,081	184,595,232	-	5,048,121,054
Commission Income	1,799,826	589,187	-	-	-	30,348,491	-	78,185,098	-	-	110,922,602
Other Direct Income	-	-	-	-	-	-	-	-	-	-	-
Income from Investments and Loans	679,972,474	236,715,659	-	-	-	48,591,401	-	1,253,853,586	33,251,930	-	2,252,385,050
Net Gain/(Loss) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-
Other Income	2,447,533	1,011,383	-	-	-	499,311	-	1,572,095	-	-	5,530,323
Total Segmental Income	1,855,504,081	633,305,666	-	-	-	613,706,260	-	4,096,595,861	217,847,162	-	7,416,959,029
Expenses:											
Gross Benefits and Claims Paid	965,404,298	588,230,097	-	-	-	318,953,709	-	870,656,115	120,103,521	-	2,863,347,739
Claims Ceded	(3,600,450)	(973,701)	-	-	-	(20,772,324)	-	(55,328,215)	-	-	(80,674,691)
Gross Change in Contract Liabilities	473,934,606	(90,959,689)	-	-	-	(43,109,083)	-	2,257,106,227	6,842,510	-	2,603,814,570
Change in Contract Liabilities Ceded to Reinsurers	(702,561)	(200,000)	-	-	-	(2,900,000)	-	(5,496,116)	-	-	(9,298,677)
Net Benefits and Claims Paid	1,435,035,892	496,096,707	-	-	-	252,172,301	-	3,066,938,011	126,946,032	-	5,377,188,942
Commission Expenses	125,791,423	33,169,043	-	-	-	32,325,549	-	262,426,814	21,740,882	-	475,453,711
Service Fees	9,680,494	3,252,424	-	-	-	4,966,872	-	23,861,089	1,575,975	-	43,336,855
Other Direct expenses	-	-	-	-	-	-	-	-	-	-	-
Employee Benefits Expenses	57,474,624	18,647,462	-	-	-	30,463,400	-	132,145,226	6,589,086	-	245,319,798
Depreciation and Amortization Expenses	13,805,343	4,479,100	-	-	-	7,317,276	-	31,741,141	1,582,691	-	58,925,551
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	48,310,731	15,639,276	-	-	-	25,586,849	-	110,759,108	5,476,580	-	205,772,543
Finance Cost	1,894,906	614,796	-	-	-	1,004,361	-	4,356,753	217,238	-	8,088,054
Total Segmental Expenses	1,691,993,412	571,898,808	-	-	-	353,836,608	-	3,632,228,142	164,128,484	-	6,414,085,454
Total Segmental Results	163,510,669	61,406,858	-	-	-	259,869,651	-	464,367,719	53,718,678	-	1,002,873,575
Segment Assets	7,756,257,484	2,708,775,593	-	-	-	277,458,841	-	14,124,153,522	255,467,464	-	25,122,112,904
Segment Liabilities	7,646,718,761	2,675,161,056	-	-	-	290,192,344	-	14,068,018,081	270,704,067	-	24,950,794,308

b) Segmental Information for the year ended Ashadh 32, 2019 (July 16, 2022)

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Other Term	Special Term	Others (Future care DPS)	Others (Micro)	Inter Segment Elimination	Total
Income:											
Gross Earned Premiums	1,094,657,203	413,589,659	-	-	-	539,148,204	-	2,932,264,572	351,513,027	-	5,331,172,665
Premiums Ceded	(3,661,714)	(2,973,952)	-	-	-	(71,943,856)	-	(170,013,252)	(881,270)	-	(249,474,044)
Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-
Net Earned Premiums	1,090,995,489	410,615,707	-	-	-	467,204,348	-	2,762,251,320	350,631,757	-	5,081,698,621
Commission Income	869,510	511,947	-	-	-	37,633,211	-	100,021,697	-	-	139,036,365
Income from Investments and Loans	543,793,852	216,381,512	-	-	-	36,726,731	-	905,537,554	36,726,731	-	1,739,166,380
Net Gain/(Loss) on Fair Value Changes	-	-	-	-	-	-	-	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-
Other Income	5,327,449	2,170,442	-	-	-	394,626	-	9,076,394	394,626	-	17,363,536
Total Income	1,640,986,299	629,679,608	-	-	-	541,958,916	-	3,776,886,965	387,753,113	-	6,977,264,901
Expenses:											
Gross Benefits and Claims Paid	1,658,681,528	1,178,951,110	-	-	-	337,924,016	-	622,660,397	283,547,486	-	4,081,764,537
Claims Ceded	(1,000,000)	(1,570,767)	-	-	-	(16,422,259)	-	(89,406,535)	-	-	(108,399,561)
Gross Change in Contract Liabilities	(367,470,287)	(682,080,874)	-	-	-	(12,359,211)	-	2,305,089,818	(28,865,286)	-	1,214,314,160
Change in Contract Liabilities Ceded to Reinsurers	(200,000)	2,600,000	-	-	-	(50,000)	-	3,077,056	-	-	5,427,056
Net Benefits and Claims Paid	1,290,011,241	497,899,469	-	-	-	309,092,546	-	2,841,420,736	254,682,200	-	5,193,106,192
Commission Expenses	120,912,105	35,547,614	-	-	-	24,993,229	-	288,793,144	17,645,374	-	487,891,466
Service Fees	10,946,572	4,135,897	-	-	-	5,298,716	-	29,322,646	2,614,038	-	52,317,869
Other Direct expenses	-	-	-	-	-	-	-	-	-	-	-
Employee Benefits Expenses	44,229,857	17,200,500	-	-	-	24,572,143	-	122,860,715	12,286,071	-	221,149,286
Depreciation and Amortization Expenses	12,480,262	4,853,435	-	-	-	6,933,479	-	34,667,395	3,466,739	-	62,401,310
Impairment Losses	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	45,340,341	17,632,355	-	-	-	25,189,078	-	125,945,391	12,594,539	-	226,701,704
Finance Cost	1,722,027	669,677	-	-	-	956,682	-	4,783,410	478,341	-	8,610,137
Total Expenses	1,525,642,405	577,938,947	-	-	-	397,035,873	-	3,447,793,435	303,767,303	-	6,252,177,964
Total Segmental Results	115,343,894	51,740,660	-	-	-	144,923,043	-	329,093,529	83,985,810	-	725,086,937
Segment Assets	7,976,542,328	3,686,956,617	-	-	-	270,441,769	-	9,849,376,136	304,942,603	-	22,088,259,452
Segment Liabilities	7,159,822,768	2,797,308,776	-	-	-	281,544,583	-	11,594,571,108	314,253,637	-	22,147,500,872

Notes to Financial Statements (Continued...)

c) Reconciliation of Segmental Profit with Statement of Profit or Loss

Particulars	Current Year	Previous Year
Segmental Profit	1,002,873,575	725,086,937
Less: Employee Benefits expenses	116,547,959	119,037,813
Less: Depreciation and Amortization	6,547,284	6,933,478
Less: Other operating expenses	23,886,518	-
Less: Impairment losses	-	-
Less: Finance Cost	898,673	956,682
Add: Unallocable Other Income	279,579,379	222,728,142
Profit Before Tax	1,134,572,521	820,887,107

d) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	25,122,112,904	22,088,259,452
Goodwill & Intangible Assets	1,185,665	1,076,927
Property and Equipment	17,601,252	20,316,241
Investment Properties	-	-
Deferred Tax Assets	51,304,784	43,283,719
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	3,610,247,672	3,374,655,519
Loans	503,018	2,441,463
Current Tax Assets	20,836,876	19,707,523
Other Assets	19,436,409	20,162,958
Other Financial Assets	17,997,875	11,777,507
Cash and Cash Equivalent	52,969,766	60,263,392
Total Assets	28,914,196,219	25,641,944,701

e) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	24,950,794,308	22,147,500,872
Provisions	26,387,845	26,166,998
Deferred Tax Liabilities	-	-
Current Tax Liabilities	-	-
Other Liabilities	35,802,503	64,164,356
Other Financial Liabilities	98,420,122	43,920,675
Total Liabilities	25,111,404,778	22,281,752,902

Notes to Financial Statements (Continued...)

53 Related Party Disclosure

(a) Identify Related Parties

During the year, the company identified following Related Parties:

Holding Company: Not applicable

Subsidiaries: Not applicable

Associates: Not applicable

Fellow Subsidiaries: Delaware American Life Insurance Company

Key Management Personnel: Key Management Personnel include Vice President and General Manager of the Company

(b) Key Management Personnel Compensation:

Particulars	Current Year	Previous Year
Short-term employee benefits	-	-
Post-employment benefits	22,809,918	20,237,876
Other long-term benefits	-	-
Termination benefits	-	-
Total	22,809,918	20,237,876

Payment to Vice President and General Manager

Particulars	Current Year	Previous Year
Annual salary and allowances	9,924,444	9,098,824
Performance based allowances	-	-
i) Employee Bonus	6,492,535	3,879,582
ii) Benefits as per prevailing provisions	317,485	838,507
iii) Incentives	2,314,207	3,214,250
Insurance related benefits	-	-
i) Life Insurance	-	-
ii) Accident Insurance	-	-
iii) Health Insurance (including family members)	-	-
Total	19,048,671	17,031,163

(c) Related Party Transactions:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Premium Earned						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Commission Income						
Current Year	-	-	-	82,511,229	-	82,511,229
Previous Year	-	-	-	106,000,096	-	106,000,096
Rental Income						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Interest Income						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Sale of Property & Equipment						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Purchase of Property & Equipment						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Premium Paid						
Current Year	-	-	-	157,361,874	-	157,361,874
Previous Year	-	-	-	196,239,152	-	196,239,152
Commission Expenses						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-

Notes to Financial Statements (Continued...)

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Dividend						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Meeting Fees						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Allowances to Directors						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Others (Claims Recovered)						
Current Year	-	-	-	82,127,615	-	82,127,615
Previous Year	-	-	-	87,291,653	-	87,291,653

(d) Related Party Balances:

Particulars	Holding Company	Subsidiaries	Associates	Fellow Subsidiaries	Key Managerial Personnel	Total
Receivables including Reinsurance Receivables						
Current Year	-	-	-	49,700,284	-	49,700,284
Previous Year	-	-	-	61,794,763	-	61,794,763
Other Receivables (to be Specified)						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-
Payables including Reinsurance Payables						
Current Year	-	-	-	51,938,937	-	51,938,937
Previous Year	-	-	-	64,089,794	-	64,089,794
Other Payables (to be Specified)						
Current Year	-	-	-	-	-	-
Previous Year	-	-	-	-	-	-

Notes to Financial Statements (Continued...)

54 Leases

(a) Leases as Lessee

(i) Operating Leases:

The company does not have operating leases.

Disclosure in respect of Non-cancellable lease is as given below

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year	-	-
ii) Later than 1 year and not later than 5 years	-	-
iii) Later than 5 years	-	-

(ii) Finance Lease:

The Company has various leases ranging from 2 to 5 years. The Company has entered into non-cancellable lease agreements. The leases are renewable by mutual consent and contain escalation clause.

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year	41,184,399	46,840,004
ii) Later than 1 year and not later than 5 years	69,270,768	99,813,539
iii) Later than 5 years	1,758,432	12,047,790
Total Future Minimum Lease Payments	112,213,599	158,701,333
Less: Effect of Discounting	6,363,991	47,490,998
Finance lease liability recognised	105,849,608	111,210,335

(b) Leases as Lessor

(i) Operating Lease:

The Company has not leased out any assets.

Disclosure in respect of Non-cancellable lease is as given below.

Future Minimum Lease Income	Current Year	Previous Year
i) Not Later than 1 year	-	-
ii) Later than 1 year and not later than 5 years	-	-
iii) Later than 5 years	-	-

(ii) Finance Lease:

The Company has not given any assets under finance lease.

Particulars	Current Year		Previous Year		
	Gross Investment	Unearned Finance Income	Gross Investment	Unearned Finance	Net Investment
i) Not Later than 1 year	-	-	-	-	-
ii) Later than 1 year and not later than 5 years	-	-	-	-	-
iii) Later than 5 years	-	-	-	-	-
Total	-	-	-	-	-

55 Capital Commitments

Estimated amount of contracts remaining to be executed in capital accounts and not provided for

Particulars	Current Year	Previous Year
Property and Equipment	-	-
Investment Properties	-	-
Goodwill & Intangible Assets	-	-
Total	-	-

56 Contingent Liabilities

Estimated amount of contracts remaining to be executed in capital accounts and not provided for (net of advances)

Particulars	Current Year	Previous Year
Claims against Company not acknowledged as debts		
a) Income Tax	114,816,489	-
b) Indirect Taxes	-	-
c) Others (to be Specified)	-	-
Total	114,816,489	-

57 Events occurring after Balance Sheet

There is no such events occurred after Balance Sheet that needs to be adjusted or disclosed.

58 Assets Pledged as Security (only if pledged)

The carrying amount of assets pledged as security are:

Particulars	Current Year	Previous Year
Reinsurance Receivables	-	-
Investments in equity	-	-
Fixed Deposits	-	-
Property and equipment	-	-
Others (to be Specified)	-	-
Total	-	-

Notes to Financial Statements (Continued...)

59 Corporate Social Responsibility (CSR)

The company has focused on four pillars i.e. health, education, environment and insurance awareness. Accordingly, to make a contribution on these pillars, the company has formed a sub-committee who initiates and implement CSR activities. The company has expenses NPR 2,576,785/- as on balance sheet signing date.

Details of CSR reserves:

Particulars	Amount
Opening reserves (17th July 2022)	5,965,674
Utilization during the year	(1,376,644)
Addition to reserves	7,585,076
Closing Reserves (16th July 2023)	12,174,106

Activities conducted in Financial Year 2079-80:

Areas	Amount
Education	680,000
Environment	45,200
Health	554,425
Insurance Awareness	97,019
Total	1,376,644

Activities completed in Financial Year 2080-81 till date:

Areas	Amount
Education	855,141
Environment	632,971
Health	43,500
Total	1,531,612

60 Miscellaneous

- (i) All amounts are in Nepalese Rupees unless otherwise stated.
- (ii) All figures are in the Nearest Rupee & Rounded off.

**Annexure III
Major Financial Indicators**

S.N.	Particulars	Indicators	Fiscal Year				
			FY 2079-80 (2022-23)	FY 2078-79 (2021-22)	FY 2077-78 (2020-21)	FY 2076-77 (2019-20)	FY 2075-76 (2018-19)
Equity:							
1	Net worth	NPR	3,802,791,440	3,360,191,800	3,049,861,371	3,105,067,473	2,613,523,779
2	Number of Shares	No.s	-	-	-	-	-
3	Book value per shares	NPR	-	-	-	-	-
4	Net Profit	NPR	765,461,031	581,509,489	296,903,381	682,873,523	555,815,623
5	Earning per Shares (EPS)	NPR	-	-	-	-	-
6	Dividend per Shares (DPS)	NPR	-	-	-	-	-
7	Market Price per Shares (MPPS)	NPR	-	-	-	-	-
8	Price Earning Ratio (PE Ratio)	Ratio	-	-	-	-	-
9	Change in Equity	%	13.2%	10.2%	-1.8%	18.8%	26.9%
10	Return on Equity	%	21.4%	18.1%	9.6%	23.9%	23.8%
11	Capital to Total Net Assets Ratio	%	11.6%	11.6%	9.7%	10.5%	10.4%
12	Capital to Technical Reserve Ratio	%	13.8%	13.8%	11.9%	13.2%	13.2%
13	Affiliate Ratio	%	1.3%	1.8%	1.9%	0.9%	0.7%
Business :							
14	First Year Premium Growth Rate	%	-17.6%	9.5%	4.8%	-22.0%	10.0%
	Endowment	%	-10.3%	19.7%	17.5%	59.3%	7.1%
	Anticipated Endowment	%	-28.7%	28.2%	61.1%	46.4%	1.1%
	Endowment Cum Whole Life	%	-	-	-	-	-
	Whole Life	%	-	-	-	-	-
	Foreign Employment Term	%	-	-	-	-	-
	Micro Term	%	-	-	-	-	-
	Special Term	%	-	-	-	-	-
	Future Care DPS	%	-21.5%	-1.1%	-3.8%	-35.9%	7.1%
	Term	%	-9.8%	29.8%	3.9%	-20.1%	45.4%
15	Renewal Premium Growth Rate	%	6.5%	5.5%	24.2%	7.5%	16.5%
	Endowment	%	13.2%	8.8%	23.5%	-1.0%	0.2%
	Anticipated Endowment	%	3.0%	-13.9%	-6.3%	-17.1%	-15.6%
	Endowment Cum Whole Life	%	-	-	-	-	-
	Whole Life	%	-	-	-	-	-
	Foreign Employment Term	%	-	-	-	-	-
	Micro Term	%	-	-	-	-	-
	Special Term	%	-	-	-	-	-
	Future Care DPS	%	3.2%	8.4%	32.1%	17.7%	41.9%
	Term	%	23.7%	-1.7%	20.8%	27.7%	50.9%
16	Single Premium Growth Rate	%	-8.3%	-15.7%	39.7%	-7.4%	36.2%
	Endowment	%	-	-	-	-	-
	Anticipated Endowment	%	-	-	-	-	-
	Endowment Cum Whole Life	%	-	-	-	-	-
	Whole Life	%	-	-	-	-	-
	Foreign Employment Term	%	-	-	-	-	-
	Micro Term	%	-29.2%	28.1%	15.3%	-7.9%	48.8%
	Special Term	%	-	-	-	-	-
	Future Care DPS	%	-	-	-	-	-
	Term	%	19.3%	-33.1%	200.3%	-4.1%	-13.8%
17	Total Direct Premium Growth Rate	%	0.6%	3.9%	21.5%	-1.9%	16.3%
18	Net Insurance Premium/ Gross Insurance Premium	%	95.9%	95.2%	95.6%	95.8%	96.1%
19	Reinsurance Ratio	%	4.1%	4.8%	4.4%	4.2%	3.9%
20	RI Commission Income/ Gross Reinsurance Premium	%	51.8%	55.7%	59.5%	60.3%	55.9%
21	Gross Premium Revenue/ Equity	%	146.9%	163.2%	158.7%	146.4%	180.6%
22	Net Premium Revenue/ Equity	%	141.0%	155.5%	151.7%	140.2%	174.2%
23	Gross Insurance Premium/ Total Assets	%	19.3%	21.4%	20.9%	19.7%	22.3%
24	Return on Revenue	%	15.2%	11.4%	6.4%	17.0%	14.0%
25	Net Profit/Gross Insurance Premium	%	14.5%	10.9%	6.1%	16.3%	13.5%
26	Return on Investments and Loan	%	9.6%	8.2%	7.7%	9.4%	10.0%

**Annexure III
Major Financial Indicators**

Expenses:							
27	Management expenses/Direct Insurance Premium	%	10.9%	11.0%	9.5%	10.4%	10.3%
28	Agent Related Expenses/ Total Management expenses	%	21.4%	24.0%	25.9%	23.2%	29.9%
29	Employee expenses/ Management expenses	%	47.5%	42.9%	39.1%	40.5%	36.0%
30	Agent Related Expenses/ Gross Insurance Premium	%	2.3%	2.6%	2.5%	2.4%	3.1%
31	Employee expenses/ Number of Employees	Amt.	1,594,021	1,412,192	1,361,507	1,173,355	1,163,868
32	Expense Ratio	%	18.3%	17.8%	17.9%	18.5%	19.7%
33	Commission Ratio	%	7.2%	7.0%	7.4%	7.6%	8.5%
34	Direct Business Acquisition Ratio	%	10.7%	10.4%	8.8%	8.1%	8.7%
35	Operating Expense Ratio	%	14.1%	14.0%	13.5%	13.8%	13.9%
Assets:							
36	Increment in Investment held	%	12.2%	5.5%	9.0%	10.4%	13.0%
37	Return on Assets	%	2.8%	2.3%	1.6%	3.2%	2.9%
38	Long term Investments/Total Investments	%	88.5%	75.2%	15.5%	16.5%	14.7%
39	Short term Investments/Total Investments	%	11.5%	24.8%	84.5%	83.5%	85.3%
40	Total Investment & Loan/Gross Insurance Contract Liabilities	%	116.6%	115.6%	115.1%	114.5%	113.7%
41	Investment in Unlisted Shares and Debtors/ Total Net Assets	%	-	-	-	-	-
42	Investment in Shares/ Total Net Assets	%	0.1%	0.0%	0.0%	0.0%	0.0%
43	Agent loan / Number of Agents	Per agent	8,233	15,376	18,060	48,218	72,566
44	Liquidity Ratio	%	198.2%	390.1%	406.4%	436.2%	525.1%
Liabilities:							
45	Solvency Margin	%	416.0%	388.0%	376.0%	461.0%	327.0%
46	Increment in Gross Insurance Contract Liabilities		12.2%				
47	Net Technical Reserve/ Average Net Premium of Previous 3 Years	%	479.3%	417.4%	403.5%	386.1%	503.5%
	Anticipated Endowment	%	486.0%	277.4%	334.2%	352.8%	703.3%
	Endowment	%	547.4%	401.2%	493.3%	551.9%	695.6%
	Endowment Cum Whole Life	%	-	-	-	-	-
	Whole Life	%	-	-	-	-	-
	Foreign Employment Term	%	-	-	-	-	-
	Micro Term	%	57.1%	62.1%	80.7%	65.8%	120.8%
	Special Term	%	-	-	-	-	-
	Future Care DPS	%	494.5%	448.1%	384.7%	332.6%	111.7%
	Term	%	48.2%	52.3%	64.6%	61.4%	54.6%
48	Actuarial Provision	%	453.6%	399.0%	406.5%	446.0%	413.8%
49	Technical Provisions/ Total Equity	%	617.6%	625.6%	759.3%	661.3%	697.9%
50	Insurance Debt/ Total Equity	%	-	-	-	-	-
51	Outstanding Claim/ Claim Paid	%	21.0%	17.2%	26.2%	27.1%	15.6%
52	No. of Outstanding Claim/ No. of Intimated Claims	%	3.0%	4.5%	7.6%	6.8%	3.1%
53	Total Number of In Force Insurance Policies	No.s	1,324,640	1,312,552	1,199,392	929,909	1,410,173
54	Lapse Ratio		5.8%	5.5%	5.8%	4.8%	3.3%
55	Number of Renewed Policy/ Last Year's Total Number of In Force Policies	%	94.2%	94.5%	94.2%	95.2%	96.7%
56	Number of Intimated Claim/ Total Number of In Force Policy	%	0.7%	0.8%	0.7%	0.5%	0.4%
57	Declared Bonus Rate	Per '000	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP	45/55/65-3PP, 60/70/80-END & 60/70/80-EPP	50/60/70-3PP, 65/70/80-END & 65/75/85-EPP
58	Interim Bonus Rate	Per '000	60/70/80-END & 60/70/80-EPP	-	-	-	-
Others:							
59	Number of Offices	No.s	35	35	33	33	25
60	Number of Agents	No.s	4,527	4,848	5,846	9,894	5,101
61	Number of Employees	No.s	171	174	154	149	137

Annexure IV
Statement of Sum Assured (As per Actuarial Valuation report)

S.N.	Insurance Types	InForce Number of Policies		Sum Assured of In Force Policies		Sum at Risk		Sum at Risk Transferred to Reinsurer		Net Sum at Risk	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Endowment	47,311	49,532	19,611,836,452	17,488,141,849	17,075,366,737	15,260,934,652	9,082,470,699	8,262,245,049	7,992,896,037	6,998,689,604
2	Anticipated Endowment	19,755	22,995	5,337,613,441	5,483,477,631	4,577,418,685	4,772,238,856	2,094,105,529	1,972,181,394	2,483,313,156	2,800,057,461
3	Endowment Cum Whole Life	-	-	-	-	-	-	-	-	-	-
4	Whole Life	-	-	-	-	-	-	-	-	-	-
5	Foreign Employment Term	-	-	-	-	-	-	-	-	-	-
6	Micro Term	864,389	903,383	121,202,959,535	152,433,758,741	120,974,275,520	152,153,605,985	-	-	120,974,275,520	152,153,605,985
7	Special Term	-	-	-	-	-	-	-	-	-	-
8	Others										
	Future Care DPS	126,752	128,578	248,329,956,253	243,256,608,016	234,943,691,250	232,116,898,818	145,685,649,629	152,287,558,838	89,258,041,621	79,829,339,980
	Term	266,433	208,064	134,503,792,437	107,666,578,680	134,306,280,127	107,533,654,484	37,213,779,863	32,139,233,341	97,092,500,264	75,394,421,144
	Total	1,324,640	1,312,552	528,986,158,118	526,328,564,917	511,877,032,319	511,837,332,796	194,076,005,720	194,661,218,622	317,801,026,599	317,176,114,174

APPENDIX I

Climate Risk related Disclosures

(As per Annexure 1 of Section 3.1 of the directive)

Nepal Insurance Authority (herein referred to as “NIA”) recognizes the significance of climate change related risk and related disclosure requirement with the issue of directive on climate change related risk. Within this context, the response to NIA’s directive and disclosure requirement is being submitted at the MetLife, Inc. Group Level (herein referred to as “MetLife”, the “company”, the “enterprise” “we” or “our” unless specifically referred to by entity name). Companies within the MetLife enterprise, including “MetLife Nepal”, have adopted policies and procedures relating to climate change that inform and impact the policies and practices of other MetLife affiliates.

MetLife expressly disclaims any responsibility for the accuracy of forward-looking information contained in the responses set forth below. By providing such responses, MetLife is not implying the materiality of any of the information provided. These responses are provided only on the condition that any person who makes use of such information waives any claim under any theory of law based on the inaccuracy of such information.

Background on Climate Action at MetLife

MetLife’s commitment to environmental stewardship has been a cornerstone of our 155-year history. This includes addressing climate change and enabling a just transition to a low-carbon economy that will require collective action from diverse stakeholders. We aim to reduce the environmental impacts associated with our business while developing solutions to help positively contribute to a more sustainable future for all.

MetLife employees are responsible for living MetLife’s purpose and driving progress towards MetLife’s sustainability commitments. MetLife’s [Environmental Policy Statement](#) and [Statement on Climate Change](#) guide the company’s strategies and actions, and it is the responsibility of MetLife employees to adhere to these guidelines. Protecting the environment is also stated as an area of focus in the company’s [Code of Business Ethics](#). MetLife employees are encouraged to reduce their own environmental impact at the office and to take advantage of climate-related opportunities that drive business value.

Specific to climate risk, MetLife recognizes that its business operations, investments, customers, and supply chain may be affected by climate change and considers how climate risk, both physical and transition, may impact its balance sheet. MetLife considers how it could be impacted by climate risks across the business, both assets and liabilities, by qualitatively evaluating how risks could manifest across risk types, including: credit, market, insurance, operational, legal and compliance non-financial risks.

Stakeholders responsible on addressing Climate change related Risk

Monitoring and managing environmental, social, and governance (“ESG”) issues, including climate risks, are integrated into MetLife’s operations and management. Climate risk management is integrated into MetLife’s enterprise risk management framework. MetLife operates under the “Three Lines of Defense” model. Together, these three lines of defense help us identify, measure, monitor, manage and report on risks at the right level. Independent from the lines of business, the centralized GRM function, led by the Chief Risk Officer (“CRO”), coordinates across the risk committees to ensure that material risks are identified, measured, monitored, managed and reported across the Company, including reporting to MetLife’s Board of Directors, when appropriate. Within MetLife, there is a climate risk team that works across the enterprise to develop best practices, including integrating climate risk into the risk management framework.

Additionally, in 2022, MetLife launched a global Climate Advisory Council to enhance our governance of climate risk, which is chaired by our CRO and includes our Chief Financial Officer, Chief Investment Officer, Chief Legal Officer, and other executives.

MetLife Nepal Climate Risk related Policy/guidance note:

MetLife Nepal has prepared a Climate Risk Guidance note in FY 2079-80 which was approved by the country Risk Management Committee. The guidance note supports the implementation of the requirements contained in the Climate Change related directive 2078 issued by NIA. This guidance note provides further information to support the understanding of the climate change risk assessment requirements and their implementation.

The guidance note adequately defines roles and responsibilities of different stakeholders including risk management and business functions. MetLife shall on a continuous basis review and update this note to reflect the experience and in response to other changes affecting implementation (e.g., regulatory developments, technological advances).

The company has embedded climate change related risk in its risk management framework and will also consider climate change in formulation of its strategic plan.

Climate change Risk related Strategic plan and Risk Assessment approach.

Impact and opportunities from climate risk for MetLife shall be regularly identified, monitored, measured, managed, and reported to the appropriate level of governance to support the monitoring of identified critical areas. Moreover, such impact and opportunities shall also be considered in MetLife's strategic plan.

MetLife Nepal has integrated climate change related risk in its Risk Appetite Statement (RAS) and risk management framework; and the country risk management team has been continuously engaged with relevant regional/enterprise team to develop and implement a comprehensive approach to managing climate risk and regulatory expectations. Also, climate change related risk has been assessed (considering impact and likelihood scale) for FY 2079-80 based on top-down approach; wherein MetLife Nepal has identified, measured, and reported all relevant **Transition risk** and **Physical risk** across short-term, medium-term, and long-term horizon. The climate risk register, as prepared, has been reviewed and approved by country risk management committee.

MetLife Nepal's approach in managing climate change related risk can be summarized as:

Step 1: Identify potential impacts: Potential risk or impacts from climate change to MetLife are identified under subclasses of transition and physical risk.

Step 2: Estimate likelihood & impact of identified risks to MetLife across the Short-term: 0-4 years, Medium-term: 5-10 years; and Long-term: 10+ years' time horizons.

Step 3: Translate likelihood & impact to overall risk rating (i.e., Low, Medium, High).

Step 4: Review the climate change risk register by appropriate level of governance to define actions and monitor progress.

Climate Change Scenario Analysis and Stress Testing

MetLife Nepal has assessed the materiality of climate-related risk in the local context with current and anticipated organizational exposures through the risk assessment methodology described in guidance note.

MetLife Nepal continues to build assessment and scenario analysis capabilities to make progress on understanding climate risks and their potential impacts on our business, strategy and financial planning. Considering the existing investment portfolio of MetLife Nepal, which is majorly concentrated in bank deposits, scenario analysis/stress testing on assets side is less relevant. Local team will continuously liaise with NIA and the enterprise climate risk team to keep abreast of ongoing exploratory efforts around scenario analysis, which in our opinion do not yet yield results that are decision useful given model limitations and high degrees of uncertainty.

Key metrics, indicators, and other measurements

At the enterprise level, MetLife is targeting Net-zero greenhouse gas ('GHG') emissions for its global operations and General Account investment portfolio by 2050 or sooner¹. The MetLife lines of business, functions and regions have climate champions who are responsible for helping the enterprise achieve its Net Zero commitment. These champions help the Net Zero commitment by setting objectives for their respective functions, driving action, collecting metrics and sharing progress with their senior leaders and associates regularly. In addition to this, MetLife Nepal, on the local level, shall continuously work with NIA for setting and monitoring local level targets and/or metrics.

To support MetLife's global climate commitments, the major initiatives in MetLife Nepal organized in 2023 include:

- Tree plantation in support of MetLife's initiative to plant 5 million trees between 2020 and 2030
 - 50 tree planted in KaryaBinayak;
 - Partnered with Arbor Day Foundation to plant trees in the Bara Municipality for MetLife Nepal Legacy Trees program, in which one tree will be planted for every death claim paid;
 - Partnered with Shreejana Development Centre to distribute 4,500 fruit tree saplings to more than two thousand farmers across Bagmati, Lumbini and Gandaki provinces of Nepal.
- Partnered with Doko Recyclers Pvt Ltd to recycle 9.5 tons of scrap papers for maximum value extraction; saving an estimated 934 cubic feet of landfill site, 209 megawatt hours of energy, 278 kiloliters of water, 15 kiloliters of oil, and 167 trees conserved.
- Events to support MetLife's extraordinary litter pickup program (54 Kg of litter collected and separated as recyclable and non- recyclable for their proper disposal)
- Various other operational initiatives towards reducing carbon emission.

For more information on our Net Zero commitment, associated interim targets and metrics, please read MetLife's 2022 Sustainability Report, available on metlife.com/sustainability.

¹ The Net Zero commitment applies to GHG emissions from MetLife, Inc.'s global owned and leased offices and vehicle fleets, employee business travel, supply chain and assets in MetLife's General Account investment portfolio, which includes the general accounts of MetLife, Inc.'s wholly owned insurance company subsidiaries, where reliable data and methodologies are available. While reliable methodologies and data sets pertaining to certain GHG emissions are not available at this time, MetLife is committed to identifying and measuring relevant climate data as methodologies and standards evolve. Emissions are tracked in accordance with the GHG Protocol, unless otherwise directed by regulators. Additional information about MetLife's General Account investment portfolio is available here: <https://investor.metlife.com/Fact-Sheets/Investment-Fact-Sheet/default.aspx>.

Forward-Looking Statements:

Our report may include or incorporate by reference information that might give expectations, predictions, estimates or forecasts of future events (“forward-looking statements”). These statements can be identified by the fact that they do not relate strictly to historical or current facts. They typically use words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe” and other similar words. Although forward-looking statements contained in this report are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining actual future results.

- *General economic conditions;*
- *legal and regulatory policy changes;*
- *Unsuccessful efforts to meet all environmental, social and governance standards or to enhance our sustainability;*
- *Global political, legal, and operational risks;*
- *Technological changes;*
- *Catastrophes;*
- *Climate changes or responses to it.*

The Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable laws. The reader is cautioned not to place undue reliance on forward-looking statements.



नेपाल बीमा प्राधिकरण NEPAL INSURANCE AUTHORITY

मिति: २०८०।०९।१८

वि. वि. शा. : ९५ (२०८०/०८९) च.नं. ४१२७

श्री अमेरिकन लाईफ इन्स्योरेन्स (मेट लाईफ),
पुल्चोक, ललितपुर।



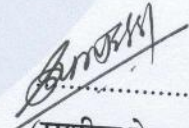
विषय: आ.व. २०७९।८० को वित्तीय विवरणको स-शर्त स्वीकृति बारे।

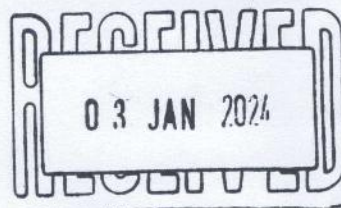
तहाँको मिति २०८०।०९।१६ (च.नं.८४०-२०२३) को पत्र साथ प्राधिकरणमा पेश भएको आ.व. २०७९।८० को वित्तीय विवरण सम्बन्धमा लेखिदैंछ।

उपरोक्त सम्बन्धमा बीमक श्री अमेरिकन लाईफ इन्स्योरेन्स (मेट लाईफ) बाट पेश भएको आ.व. २०७९।८० को वित्तीय विवरण तथा अन्य कागजातहरु अध्ययन गर्दा बीमा ऐन, २०७९ को दफा ३८, ३९, ४० र ४१ तथा बीमकको वित्तीय विवरण सम्बन्धी निर्देशन, २०८० को दफा ११ बमोजिम बीमा कोष, अनिवार्य जगेडा कोष, पूँजीगत कोष, महाविपत्ति कोष र दाबी भुक्तानी कोष तथा जगेडा कोष कायम गरेको देखिएकोले तहाँको आ.व. २०७९।८० को वार्षिक वित्तीय विवरणलाई बीमा ऐन, २०७९ को दफा ८७ को उपदफा (८) तथा बीमकको वित्तीय विवरण सम्बन्धी निर्देशन, २०८० को दफा ७, ८ र ९ बमोजिम वार्षिक प्रतिवेदनमा समावेश गर्न तथा प्रकाशित गर्न देहायको निर्देशन, शर्त तथा आदेश सहित स्वीकृति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउदछौं।

शर्तहरु:

१. बीमकले जोखिमांकन तथा दाबी भुक्तानी प्रक्रियालाई थप प्रभावकारी गराउने।
२. बीमकले लेखा परीक्षण समितिलाई थप प्रभावकारी बनाई आन्तरिक नियन्त्रण प्रणालि सुदृढ बनाउने।
३. बीमकको Unidentified हिसाबमा देखिएको रकम पहिचान गर्ने व्यवस्था सुनिश्चित गर्ने।
४. प्राधिकरणको स्थलगत निरीक्षण क्रममा देखियका कैफियत तथा लेखापरीक्षकले औल्याएका कैफियतहरु सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिन आवश्यक व्यवस्था गर्ने।


(सुशील देव सुवेदी)
निर्देशक



श्री नेपाल बीमा प्राधिकरणको मिति २०८०।०९।१८ को पत्रद्वारा आ.व. २०७९।८० को वित्तीय विवरण स-शर्त स्वीकृति प्रदान गर्दा तोकिएका शर्तहरू उपर बीमकको जवाफ निम्न बमोजिम रहेको छ ।

- १) बीमकले तर्हावाट समय समयमा जारी गरेको निर्देशन तथा बीमकको अण्डरराईटिङ्ग म्यानुयल तथा दावी भुक्तानी सम्बन्धी Standard Operating Procedure अनुसार बीमितलाई तोकिएको Turn Around Time (TAT) भित्र सेवा प्रदान गरी रहेको व्यहोरा अनुरोध गर्दै उक्त कार्यहरूको मासिक रूपमा प्रगति विवरण कार्यकारी प्रमुखलाई समेत पेश गर्ने गरिएको जानकारी गर्दछौं । बीमककोमा रहेको रिस्क तथा कम्प्लायन्स विभागले बार्षिक कार्यक्रम तय गरी नियमित रूपमा अनुगमन समेत गर्ने गरेको व्यहोरा अनुरोध गर्दछौं ।
- २) बीमकको लेखा परीक्षण समितिको बैठक हरेक त्रैमासिकमा हुने गरेको र बैठकमा आन्तरिक लेखा परिक्षक तथा बाह्य लेखा परिक्षकले औल्याएका कैफियतहरू उपर छलफल हुने गरेको छ । देखिएका कैफियतहरू आगामी दिनहरूमा पुनः दोहोरिन नदिन प्रभावकारी रूपमा गर्नु पर्ने कार्यहरूको बारेमा छलफल हुने गरेको र साथै आगामी दिनहरूमा उक्त कार्यहरूलाई थप प्रभावकारी बनाउने व्यहोरा अनुरोध गर्दछौं ।
- ३) आ.व. २०७९।८० को अन्तिममा आ.व. २०७८।७९ को तुलनामा ३४.५ प्रतिशतले Unidentified deposit को रकम घटेको जानकारी गराउदछौं । सन् २०१९ देखि नै Customer service र Finance का कर्मचारी सम्मिलित कार्य समुह बनाई बैकहरूसंग छलफल गरी विभिन्न प्रक्रियाद्वारा जम्मा भएको रकमको विवरण पहिचान गरिरहेको र Unidentified deposit को रकम घट्दो क्रममा रहेको व्यहोरा अनुरोध गर्दै यस कार्यलाई थप प्रभावकारी बनाई अभै न्युनिकरण गर्दै लाने व्यहोरा अनुरोध गर्दछौं ।
- ४) प्राधिकरणको स्थलगत निरीक्षण क्रममा देखिएका कैफियतहरू सुधार गरिएको तथा लेखा परिक्षकले औल्याएका कैफियतहरू निरन्तर रूपमा सुधार गरिरहेको र कम्पनीको आन्तरिक नियन्त्रण प्रणाली सशक्त रहेकोले देखिएका कैफियतहरू पुनः दोहोरिन नदिन प्रयास जारी रहेको व्यहोरा अनुरोध छ ।