



# **I.M.E Life Insurance Company Limited**

3rd Floor, Hathway Complex, Lainchaur, Kathmandu

## **Interim Financial Statements**

Second Quarter of FY 2080/81

As on Poush 29, 2080 (14th January, 2024)

# I.M.E. Life Insurance Company Limited

3rd Floor, Hathway Complex, Lainchaur, Kathmandu

Phone Number : 01-4024071 Email ID:info@imelifeinsurance.com Website: www.imelifeinsurance.com

## Statement of Financial Position

As on Poush 29, 2080 (14th January 2024)

Fig in NPR.

Particulars	(Unaudited) At the end of this Quarter	(Unaudited) At the end of Immediate Previous Year
<b>Assets:</b>		
Goodwill & Intangible Assets	8,542,386	6,931,387
Property and Equipment	186,240,562	193,406,517
Investment Properties	-	-
Deferred Tax Assets	545,669,347	546,215,082
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investments	13,476,802,567	10,039,924,068
Loans	649,451,229	625,376,622
Reinsurance Assets	-	-
Current Tax Assets	273,425,916	243,402,318
Insurance Receivables	-	-
Other Assets	27,274,616	16,231,726
Other Financial Assets	235,136,554	2,465,860,399
Cash and Cash Equivalent	529,653,106	376,683,004
<b>Total Assets</b>	<b>15,932,196,283</b>	<b>14,514,031,123</b>
<b>Equity:</b>		
Share Capital	4,000,000,000	4,000,000,000
Share Application Money Pending Allotment	-	-
Share Premium	1,533,406,269	1,535,809,416
Catastrophe Reserves	153,522,969	130,050,434
Retained Earnings	850,272,566	641,367,003
Other Equity	553,685,326	551,174,352
<b>Total Equity</b>	<b>7,090,887,129</b>	<b>6,858,401,204</b>
<b>Liabilities:</b>		
Provisions	17,567,497	18,814,843
Gross Insurance Contract Liabilities	7,998,983,176	7,021,924,266
Deferred Tax Liabilities	-	-
Insurance Payable	67,085,861	103,291,748
Current Tax Liabilities		
Borrowings	-	-
Other Liabilities	163,941,127	218,563,016
Other Financial Liabilities	593,731,493	293,036,045
<b>Total Liabilities</b>	<b>8,841,309,154</b>	<b>7,655,629,919</b>
<b>Total Equity and Liabilities</b>	<b>15,932,196,283</b>	<b>14,514,031,123</b>

# I.M.E. Life Insurance Company Limited

## Statement of Profit or Loss

For the quarter ended Poush 29, 2080 (14th January 2024)

Fig in NPR.

Particulars	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
<b>Income:</b>				
Gross Earned Premiums	1,007,946,101	2,108,294,843	1,006,027,682	1,876,814,781
Premiums Ceded	(52,007,280)	(112,530,089)	(54,428,910)	(82,023,983)
<b>Net Earned Premiums</b>	<b>955,938,821</b>	<b>1,995,764,755</b>	<b>951,598,772</b>	<b>1,794,790,798</b>
Commission Income		-		
Other Direct Income	1,773,637	4,293,682	1,846,487	4,933,812
Interest Income on Loan to Policyholders	12,594,849	14,266,637	11,323,903	21,099,663
Income from Investments and Loans	321,800,459	639,271,828	186,003,252	344,556,880
Net Gain/(Loss) on Fair Value Changes	-	-	-	-
Net Realised Gains/(Losses)	-	-	-	-
Other Income	829,001	868,168	1,000	1,000
<b>Total Income</b>	<b>1,292,936,766</b>	<b>2,654,465,070</b>	<b>1,150,773,414</b>	<b>2,165,382,153</b>
<b>Expenses:</b>				
Gross Benefits and Claims Paid	313,000,385	934,421,969	350,700,971	632,963,748
Claims Ceded	(25,546,702)	(39,833,702)	(98,967,966)	(105,493,958)
Gross Change in Contract Liabilities	617,755,661	975,585,426	602,481,164	1,006,987,279
Change in Contract Liabilities Ceded to Reinsurers		-		
<b>Net Benefits and Claims Paid</b>	<b>905,209,345</b>	<b>1,870,173,694</b>	<b>854,214,169</b>	<b>1,534,457,069</b>
Commission Expenses	97,207,950	204,400,088	112,643,019	224,631,490
Service Fees	7,169,541	14,968,236	5,589,593	14,021,513
Other Direct expenses	530,290	881,700	7,130	7,130
Employee Benefits Expenses	69,719,602	141,653,168	50,726,581	116,595,023
Depreciation and Amortization Expenses	5,075,397	10,115,654	5,197,405	10,303,295
Impairment Losses	-	-	-	-
Other Operating Expenses	103,687,281	177,547,179	76,716,673	145,691,238
Finance Cost	-	-	-	-
<b>Total Expenses</b>	<b>1,188,599,405</b>	<b>2,419,739,718</b>	<b>1,105,094,570</b>	<b>2,045,706,758</b>
<b>Net Profit/(Loss) For The Year Before Share of Net Profits of Associates Accounted for Using Equity Method and Tax</b>	<b>104,337,361</b>	<b>234,725,352</b>	<b>45,678,844</b>	<b>119,675,395</b>
Share of Net Profit of Associates accounted using Equity Method	-	-		
<b>Profit Before Tax</b>	<b>104,337,361</b>	<b>234,725,352</b>	<b>45,678,844</b>	<b>119,675,395</b>
Income Tax Expenses		-		
<b>Net Profit/(Loss) For The Year</b>	<b>104,337,361</b>	<b>234,725,352</b>	<b>45,678,844</b>	<b>119,675,395</b>
<b>Earning Per Share</b>				
Basic EPS		11.74		9.10
Diluted EPS		11.74		9.10

# I.M.E. Life Insurance Company Limited

## Statement of Other Comprehensive Income

For the quarter ended Poush 29, 2080 (14th January 2024)

Fig in NPR.

Particulars	Current Year		Corresponding Previous Year	
	This Quarter	Upto this Quarter (YTD)	This Quarter	Upto this Quarter (YTD)
Net Profit/(Loss) For The Year	104,337,361	234,725,352	45,678,845	119,675,395
Other Comprehensive Income	30,913,164	1,637,204	-	-
<b>Total Comprehensive Income</b>	<b>135,250,525</b>	<b>236,362,556</b>	<b>45,678,845</b>	<b>119,675,395</b>

### OTHER DETAILS

Particulars	Current Year	Previous Year
	Upto this Quarter (YTD)	Upto this Quarter (YTD)
1. Total inforce Policy count	415,494	230,800
2. First Year Premium Including single premium	672,398,552	529,013,632
3. Single Premium	25,503,432	41,367,116
4. Renewal Premium	1,435,896,291	1,347,801,149
5. Total Benefits and Claims Paid in Count	874	421
6. Outstanding Benefits and Claims in Count	28	31
7. Declared Bonus rate (FY 2079.80)	Rs. 22 to Rs. 80	Rs. 20 to Rs. 70
8. Interim bonus rate	Rs. 22 to Rs. 80	Rs. 20 to Rs. 70
9. Long Term Investments (Amount)	10,616,302,567	7,345,930,000
10. Short Term Investments (Amount)	2,860,500,000	1,162,500,000

#### Notes:

- Figures presented above may vary with the audited figures.
- Above Financial Statement are prepared as per Nepal Financial Reporting Standard (NFRS) and Financial directive 2080 issued by Nepal Insurance authority
- Figures have been regrouped and rearranged wherever necessary.

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

- Solvency Ratio** : The company has maintained solvency ratio of 2.8 As per Actuarial Valuation Report of FY 2079/80.
- Reinsurance**: Company has entered adequate reinsurance arrangement to cover the risk associated with its line of business.
- Details regarding legal proceeding**: There are no any legal proceedings during the period which might have negative impact on the reserve, profit or cash flow position of the company.
- Corporate Governance**: Company has a separate Governance Unit in place for the continuous monitoring and implementation of Corporate Governance Directive issued by the Nepal Insurance Authority. The board of directors, Audit Committee and Senior Management are committed to upholding good governance practices in the company. The organisation structure, internal control system and management practices are designed keeping the best corporate governance practices in mind.
- Regulator limit on expenses ratio** : The company's expenses are within the ratio as prescribed by Nepal Insurance authority.
- Interim Financial Report has been published in the company's website [www.imelifeinsurance.com](http://www.imelifeinsurance.com)

**I.M.E. Life Insurance Company Limited**  
**Statement of Changes In Equity**  
As on Poush 29, 2080 (14th January 2023)

Fig. in NPR

Particulars	Ordinary Share Capital	Preference Shares	Share Application Money Pending Allotment	Share Premium	Retained Earnings	Regulatory Reserve	Revaluation Reserves	Capital Reserves	Catastrophe Reserve	Corporate Social Responsibility (CSR) Reserves	Insurance Fund	Fair Value Reserves	Actuarial Reserves	Deferred Tax Reserve	Other Reserves	Total
<b>Balance as on Shrawan 01, 2080</b>	<b>4,000,000,000</b>	-	-	<b>1,535,809,416</b>	<b>641,367,003</b>	<b>0</b>	-	-	<b>130,050,434</b>	<b>4,859,087</b>	-	-	-	<b>546,115,265</b>	<b>200,000</b>	<b>6,858,401,205</b>
Prior period adjustment					-											-
<b>Restated Balance as at Shrawan 1, 2080</b>	<b>4,000,000,000</b>	-	-	<b>1,535,809,416</b>	<b>641,367,003</b>	<b>0</b>	-	-	<b>130,050,434</b>	<b>4,859,087</b>	-	-	-	<b>546,115,265</b>	<b>200,000</b>	<b>6,858,401,205</b>
Profit/(Loss) For the Year					234,725,352											234,725,352
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					1,637,204											1,637,204
v) Revaluation of Property and Equipments/ Goodwill & Intangible Assets																-
vi) Remeasurement of Post-Employment Benefit Obligations																-
Transfer to Reserves/ Funds					(1,637,204)							1,637,204				-
Transfer to Deferred Tax Reserves																-
Transfer to Catastrophic Reserve					(23,472,535)				23,472,535							-
Transfer to CSR Reserves					(2,347,254)					2,347,254						-
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/from Insurance Contract Liabilities												(1,473,483)				(1,473,483)
Transfer from Fair Value Reserve					-							-				-
Share Issuance Costs				(2,403,148)												-
Contribution by/ Distribution to the owners of the Company																-
i) Bonus Share Issued																-
ii) Share Issue					-											-
iii) Cash Dividend																-
iv) Dividend Distribution Tax																-
v) Others (To be specified)																-
<b>Balance as on Poush end, 2080</b>	<b>4,000,000,000</b>	-	-	<b>1,533,406,269</b>	<b>850,272,566</b>	<b>0</b>	-	-	<b>153,522,969</b>	<b>7,206,340</b>	-	<b>163,720</b>	-	<b>546,115,265</b>	<b>200,000</b>	<b>7,090,887,129</b>

# I.M.E. Life Insurance Company Limited

## Statement of Cash Flows

As on Poush 29, 2080 (14th January 2023)

Fig. in NPR

Particulars	Current Year Upto this Quarter (YTD)
<b>Cash Flow From Operating Activities:</b>	
<b>Cash Received</b>	
Gross Premium Received	2,108,294,843
Commission Received	
Claim Recovery Received from Reinsurers	39,833,702
Realised Foreign Exchange Income other than on Cash and Cash Equivalents	
Other Direct Income	4,293,682
Others income	867,203
<b>Cash Paid</b>	
Gross Benefits and Claims Paid	(934,421,969)
Reinsurance Premium Paid	(148,735,976)
Commission Paid	(312,278,729)
Service Fees Paid	(36,048,759)
Employee Benefits Expenses Paid	(118,558,198)
Other Expenses Paid	2,418,039,792
Others	8,547,684,931
Income Tax Paid	(30,023,598)
<b>Net Cash Flow From Operating Activities [1]</b>	<b>11,538,946,923</b>
<b>Cash Flow From Investing Activities</b>	
Acquisitions of Intangible Assets	(3,084,750)
Proceeds From Sale of Intangible Assets	
Acquisitions of Investment Properties	
Proceeds From Sale of Investment Properties	
Rental Income Received	
Acquisitions of Property and Equipment	(4,124,010)
Proceeds From Sale of Property and Equipment	2,649,028
Investment in Subsidiaries	
Receipts from Sale of Investments in Subsidiaries	
Investment in Associates	
Receipts from Sale of Investments in Associates	
Purchase of Equity Instruments	(417,798,841)
Proceeds from Sale of Equity Instruments	-
Purchase of Mutual Funds	(3,000,000)
Proceeds from Sale of Mutual Funds	
Purchase of Preference Shares	
Proceeds from Sale of Preference Shares	
Purchase of Debentures	(9,587,855,815)
Proceeds from Sale of Debentures	
Purchase of Bonds	
Proceeds from Sale of Bonds	
Investments in Deposits	(2,005,000,000)
Maturity of Deposits	
Loans Paid	
Proceeds from Loans	(24,074,607)
Rental Income Received	
Proceeds from Finance Lease	
Interest Income Received	658,715,322
Dividend Received	-
Others	
<b>Total Cash Flow From Investing Activities [2]</b>	<b>(11,383,573,674)</b>
<b>Cash Flow From Financing Activities</b>	
Interest Paid	
Proceeds From Borrowings	
Repayment of Borrowings	
Payment of Finance Lease	
Proceeds From Issue of Share Capital	-
Share Issuance Cost Paid	(2,403,148)
Dividend Paid	
Dividend Distribution Tax Paid	
Others (to be specified)	
<b>Total Cash Flow From Financing Activities [3]</b>	<b>(2,403,148)</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents [1+2+3]</b>	<b>152,970,102</b>
Cash & Cash Equivalents At Beginning of The Year/Period	376,683,004
Effect of Exchange Rate Changes on Cash and Cash Equivalents	
<b>Cash &amp; Cash Equivalents At End of The Year/Period</b>	<b>529,653,106</b>
<b>Components of Cash &amp; Cash Equivalents</b>	
Cash In Hand	3,349,289
Cheque in Hand	-
Term Deposit with Banks (with initial maturity upto 3 months)	-
Balance With Banks	526,303,817

# I.M.E. Life Insurance Company Limited

## Statement of Distributable Profit or Loss

As on Poush 29, 2080 (14th January 2023)

Fig. in NPR

Particulars	Current Year Upto this Quarter (YTD)
Opening Balance in Retained Earnings	641,367,002.51
Prior period adjustment	-
Transfer from OCI reserves to retained earning in current year	
Net profit or (loss) as per statement of profit or loss	234,725,351.86
<b>Appropriations:</b>	
i) Transfer to Insurance Fund	
ii) Transfer to Catastrophe Reserve	(23,472,535.19)
iii) Transfer to Capital Reserve	
iv) Transfer to CSR reserve	(2,347,253.52)
v) Transfer to/from Regulatory Reserve	-
vi) Transfer to/from Fair Value Reserve	
vii) Transfer of Deferred Tax Reserve	
viii) Transfer to OCI reserves due to change in classification	
ix) Transfer to Reserve/Fund	-
x) Others (to be Specified)	
<b>Deductions:</b>	
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	
viii) Accumulated Share of Net Profit of Associates accounted using Equity Method included in Investment Account	
ix) Overdue loans	
x) Fair value gain recognised in Statement of Profit or Loss	
xi) Investment in unlisted shares as per sec 16 of Financial Directive	
xii) Delisted share investment or mutual fund investment	
xiii) Bonus share/dividend paid	
xiv) Deduction as per Sec 17 of Financial directive	
xiv) Deduction as per Sec 18 of Financial directive	
xv) Others (to be specified)	
<b>Adjusted Retained Earning</b>	<b>850,272,566</b>
Add: Transfer from Share Premium Account	
Less: Amount apportioned for Assigned capital	
Less: Deduction as per sec 15(1) Of Financial directive	
Add/Less: Others (to be specified)	
<b>Total Distributable Profit/(loss)</b>	<b>850,272,565.67</b>

# I.M.E. Life Insurance Company Limited

Registered and Corporate Office, KMC-26, Lainchaur

## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### 1 General Information

I.M.E Life Insurance Limited (herein after referred to as the 'Company') was incorporated on 15 Ashwin 2065 and operated as life insurance company after obtaining license from Nepal Insurance Authority (Then Insurance Board) on 20 Ashad 2074 under the Insurance Act 2079 (then Insurance Act 2049).

The registered office of the Company is located at Kathmandu Metropolitan city(KMC)-26, Lainchaur, Nepal.

The Company's share are listed on 18th Shrawan 2080.

### 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 and Notes to the Financial Statements which have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB) and in compliance with the requirements of the Companies Act , 2006, directives issued by Nepal Insurance Authority and required disclosures as per Securities Board of Nepal. The format used in the preparation and presentation of the Financial Statements and disclosures made therein also complies with the specified formats prescribed in the directives of Nepal Insurance Authority.

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

#### (b) Reporting Period and approval of financial statements

The Company reporting period is as below:

Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity - As at the end of Quarter (29 Poush, 2080) with comparative period as preceeding year (Ashad end, 2080).

Statement of Profit or Loss, Statement of other comprehensive income, Statement of Distributable Profit or Loss - From Shrawan 1, 2080 to Poush 29, 2080 with corresponding previous quarter.

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

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



# I.M.E. Life Insurance Company Limited

Registered and Corporate Office, KMC-26, Lainchaur

## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### (d) Use of Estimates

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

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

### (f) Going Concern

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

### (g) Changes in Accounting Policies

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

### (h) Recent Accounting Pronouncements

#### Accounting standards issued and effective

All the accounting standard made effective by the ASB are applied while preparing Financial Statement of the Company.

#### Accounting standards issued and non-effective

NFRS 17: Insurance Contract

### (i) Carve-outs

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

### (j) Presentation of financial statements

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

### (k) Offsetting

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

### (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.

# I.M.E. Life Insurance Company Limited

Registered and Corporate Office, KMC-26, Lainchaur

## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### 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.

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

(a) The aggregate of :

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

##### 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.

Amortisation is recognised 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 amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

Useful Life of Intangible Assets based on SLM is categorised as stated below:

List of Asset Categories	Useful Life (In Years) for SLM
Softwares	5 Years

##### iii) Derecognition

An Intangible Asset is derecognised 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 recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

# I.M.E. Life Insurance Company Limited

Registered and Corporate Office, KMC-26, Lainchaur

## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### (b) Property, Plant and Equipment (PPE)

#### i) Recognition

Freehold land is carried at historical cost and other items of property, plant 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 wherever applicable.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are

#### ii) Revaluation

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

An increase in the carrying amount as a result of revaluation, is recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss. A decrease in the carrying amount as a result of revaluation, is recognised in profit and loss. However, the decrease is recognised 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, Plant and Equipment other than Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on Diminishing Balance Method (DBM)" based on Useful Life estimated by technical expert of the management.

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

Rate of Depreciation on Property, Plant and Equipment based on DBM is categorised as stated below:

List of Asset Categories	Rate of Depreciation (In %) for DBM
Land	Not Applicable
Leasehold Improvement	Lease Period
Furniture & Fixtures	25%
Computers and IT Equipments	25%
Office Equipment	25%
Vehicles	20%
Other Assets	15%

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### iv) Derecognition

An item of Property, Plant 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, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

### v) Impairment of Assets

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

### vi) Capital Work-In-Progress

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

### (c) Investment Properties

#### Cost Model:

The Company has policy of classifying property that is held for rental income or for capital appreciation or both, as investment property. Investment properties are measured initially at cost, including related transaction cost. It is subsequently carried at cost less accumulated depreciation. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Land is carried at historical cost, however, buildings are depreciated over their estimated useful lives as mentioned above.

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to PPE, the deemed cost for subsequent accounting is the fair value at the date of change in use. If PPE becomes an investment property, the Company accounts for such property in accordance with the policy stated under PPE up to the date of change in use.

*The Company does not have any property held as investment property as at the quarter end of the financial year*

### (d) Deferred Tax Assets and Liabilities

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.

# I.M.E. Life Insurance Company Limited

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## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### (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.

At initial recognition, the company measures financial asset at its fair value plus transaction costs that are directly attributable to acquisition of the financial asset except financial asset measured at FVTPL. Transaction cost of financial asset measured at FVTPL are expenses in Statement of Profit and 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 in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from 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.

#### Expected Credit Loss for Impairment of Financial Assets is applicable after implementation of NFRS 9

In accordance with NFRS 9 "Financial Instrument", the Company uses 'Expected Credit Loss' (ECL) Model, for evaluating impairment of Financial Assets other than those measured at Fair Value through Profit or Loss (FVTPL).

#### Expected Credit Losses are measured through a loss allowance at an amount equal to:

The 12-months Expected Credit Losses (Expected Credit Losses that result from those default events on the Financial Instrument that are possible within 12 months after the reporting date); or

Full Lifetime Expected Credit Losses (Expected Credit Losses that result from all possible default events over the life of the Financial Instrument)

For other assets, the Company uses 12 months Expected Credit Losses to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk Full Lifetime ECL is used.

# I.M.E. Life Insurance Company Limited

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## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### (f) Reinsurance Assets

Reinsurance assets are the assets which are created against insurance contract liabilities of the amount which are recoverable from the reinsurers. These assets are created for the Reinsurer's share of Insurance Contract Liabilities.

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

### (g) Current Tax Assets

Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset

### (h) 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.

### (i) Financial Liabilities

#### i) Initial Recognition & Measurement

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

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

#### ii) Subsequent Measurement

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

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

#### iii) De-Recognition

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

### (j) 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### (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.

### (l) Reserves and Funds

**i) Share Application Money Pending Allotment :** The Company don't have any share application money pending for allotment

**ii) Share Premium:** If the Company issues share capital at premium it receives extra amount other than share capital, such amount is transferred to share premium. The amount in share premium is allowed for distribution of bonus shares.

**iii) Catastrophe Reserves:** The Company has allocated catastrophe reserve for the amount which is 10% of the distributable profit for the year as per Regulator's Directive.

**iv) 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 as per Regulator's directive.

**v) Regulatory Reserves:** Reserve created out of net profit in line with different circulars issued by Beema Samiti are classified as

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

**vi) Revaluation Reserves:** Reserve created against revaluation gain on property, plant & equipments & intangible assets, other than the reversal of earlier revaluation losses charged to profit or loss.

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## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

**vii ) Corporate Social Responsibility Reserves:** The Corporate Social Responsibility Reserve is created for the purpose of corporate social responsibility by allocating 1% of Net profit as per Sec 11(Ga) of Financial Statement Related Directive, 2080 and is utilized towards  
**viii) Other Reserves:** Reserve other than above reserves are categorized under other reserves.

### (m) Insurance Contract Liabilities

#### i) Provision for unearned premiums

Unearned premiums reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Change in reserve for unearned insurance premium represents the net portion of the gross written premium transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

#### ii) Outstanding claims provisions

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

#### iii) Unapportioned surplus

Unapportioned surplus where the amount are yet to be allocated or distributed to either policyholders or shareholders by the end of the financial period, and held within the insurance contract liabilities.

#### Liability adequacy

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

### (n) Employee Benefits

#### i) Short Term Obligations

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

#### ii) Post - Employment Benefits

##### - Defined Contribution Plan

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

##### - Defined Benefit Plan

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

#### iii) Long Term Employee Benefits

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

# I.M.E. Life Insurance Company Limited

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## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### iv) Termination

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary retirement in exchange of these benefits. The Company recognises 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 recognises 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.

### (o) Revenue Recognition

#### i) Gross Premium

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

#### ii) Unearned Premium Reserves

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

#### iii) Premium on Reinsurance Accepted

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

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

#### iv) Commission income

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

#### v) Investment income

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

Investment income also includes dividends when the right to receive payment is established.

#### vi) Net realised gains and losses

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

### (p) Benefit, Claims and Expenses

#### i) Gross Benefits and Claims

Benefits and claims includes the cost of all claims arising during the year, including external claims handling costs that are directly related to processing and settlements of claims. Benefits and claims that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified. Death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

#### ii) Reinsurance Claims

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

#### iii) Commission Expenses:

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

#### iv) Service Fees:

Service fees are recognized on accrual basis as per the rates mentioned in Insurance act, 2079



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### v) Finance Cost :

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

### (q) Product Classification

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

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

**i) Endowment** - This is a with profit plan that makes provisions for the family of the Life Assured in event of insured early death and also assures a lump sum at a desired age on maturity. It costs moderate premiums, has high liquidity and is savings oriented. This plan is apt for people of all ages and social groups who wish to protect their families from a financial setback that may occur owing to their demise.

**ii) Anticipated** - This scheme provides for specific periodic payments of partial survival benefits during the term of the policy itself so long as the policy holder is alive. It is therefore suitable to meet specified financial requirements needed for occasions like Brata bandha, Academic Graduations etc. An important feature of plan is that in the event of death at any time within the policy term, the death claim comprises full sum assured without deducting any of the survival benefit amounts, which have already been paid. It is also with profit plan.

**iii) Endowment Cum Whole Life** - This plan is a combination of Endowment Assurance and Whole Life with profit plan. It provides financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the maturity of the policy to the assured in case of his survival.

**iv) Whole Life** - This plan is a combination of Endowment Assurance and Whole Life with profit plan. It provides financial protection against death throughout the lifetime of the life assured with the provision of payment of a lump sum at the maturity of the policy to the assured in case of his survival.

**v) Foreign Employment Term** - Term life insurance, also known as pure life insurance, is life insurance that guarantees payment of a stated death benefit during a specified term. Once the term expires, the policyholder can renew it for another term, convert the policy to permanent coverage, or allow the policy to terminate.

**vi) Other Term** - Term life insurance, also known as pure life insurance, is life insurance that guarantees payment of a stated death benefit during a specified term. Once the term expires, the policyholder can renew it for another term, convert the policy to permanent coverage, or allow the policy to terminate.

**vii) Special** - Special Term insurance is a modified version of term insurance with added benefits.

**viii) Others to be Specified**- Life insurance policies other than above mentioned products are classified as others.

### (r) Borrowing Costs

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

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

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

### (s) 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.

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## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### (t) Leases

From 1st Shrawan 2078, the company has effectively adopted NFRS 16- "Leases", which requires any lease arrangement to be recognised in the Statement of Financial Position of the lessee as a 'right-of-use' asset with a corresponding lease liability. Accordingly, depreciation has been charged on such ROU assets and interest expense has been recognised on lease liabilities under Interest Expenses.

Lease is a contract in which one party provides an asset to the other party for some consideration usually a periodic payment. The Company assesses whether a contract is or contains a lease, at inception of the contract. In accordance with NFRS-16 "Leases"; the company recognises a right-of-use asset and a corresponding lease liability, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets as the group is lessee in all lease arrangements. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. Since the company apply NFRS-16; "Leases" to its leases in accordance with Para C5(b), retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application, it uses incremental borrowing rate.

Value of right to use asset has been presented under sub group named building under heading of Property, Plant and Equipment.

### (u) Income Taxes

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

#### i) Current Tax

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

#### ii) Deferred Tax

Deferred Tax is recognized on temporary differences between the carrying amounts of Assets & Liabilities in the Statement of Financial Position and their tax bases. 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 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.

Deferred Tax Assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible Temporary differences 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 differences.

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.

### (v) Provisions, Contingent Liabilities & Contingent Assets

#### (i) Provisions

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

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

Provisions for Contingent Liability are recognized in the books as a matter of abundant precaution and conservative approach based on

#### (ii) Contingent Liabilities

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

# I.M.E. Life Insurance Company Limited

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## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### (iii) Contingent Assets

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

### (w) Functional Currency & Foreign Currency Transactions

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

### (x) Earnings Per Share

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

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

### (y) Related Party Disclosure

#### (a) Identify Related Parties

##### Key Management Personnel:

Name	Position
Dr. Ram Hari Aryal	Chairman
Mr. Deep Chandra Regmi (Resigned on 2080/08/24)	Director
Mrs. Usha Dhakal	Director
Mr. Binod K.C (Appointed From 2079/11/10)	Independent Director
Mr. Sitaram Thapa (Appointed From 2080/09/04)	Director
Mr. Sandeep Agrawal (Appointed From 2080/09/04)	Director

##### Chief Executive Officer:

Mr. Kabi Phuyal	CEO
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##### Entities:

Global IME Bank Ltd.  
IME Digital Solution Ltd.  
Global IME Laghubitta Bittiya Sanstha Ltd.

### (b) Transaction with Related Parties

All transactions between the company and it's related parties are executed on arm's length principle. Benefits are paid as per staff service bylaws to the Key management personnel and there is no any tranaction with the family members of Key management personnel.

# I.M.E. Life Insurance Company Limited

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## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### 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. 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:

- Endowment
- Anticipated Endowment
- Endowment Cum Whole Life
- Foreign Employment Term
- Micro Term

Fig in NPR, Unaudited

Particulars	Endowment	Anticipated Endowment	Endowment Cum Whole Life	Whole Life	Foreign Employment Term	Micro Term	Special Term	Others (to be Specified)	Inter Segment Elimination	Total
<b>Income:</b>										
Gross Earned Premiums	1,135,329,392.78	651,188,478.45	108,142,355.00	-	163,676,981.00	49,957,636.13	-			2,108,294,843.36
Premiums Ceded	(34,280,574.16)	(26,874,249.46)	(3,984,628.04)	-	(37,291,496.86)	(10,099,140.03)	-			(112,530,088.55)
Inter-Segment Revenue										-
<b>Net Earned Premiums</b>	<b>1,101,048,818.62</b>	<b>624,314,228.99</b>	<b>104,157,726.96</b>	<b>-</b>	<b>126,385,484.14</b>	<b>39,858,496.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,995,764,754.81</b>
Commission Income	-	-	-	-	-	-				-
Other Direct Income	2,263,902.00	1,733,317.00	296,463.00	-	-	-				4,293,682.00
Interest Income on Loan to Policyholders	8,759,627.09	3,284,672.09	2,222,337.87	-	-	-				14,266,637.05
Income from Investments and Loans	242,043,081.60	60,164,468.79	33,614,429.54	-	18,396,333.41	2,375,642.81				356,593,956.15
Net Gain/(Loss) on Fair Value Changes										-
Net Realised Gains/(Losses)										-
Other Income										
<b>Total Segmental Income</b>	<b>1,354,115,429.31</b>	<b>689,496,686.87</b>	<b>140,290,957.37</b>	<b>-</b>	<b>144,781,817.55</b>	<b>42,234,138.92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,370,919,030.01</b>
<b>Expenses:</b>										
Gross Benefits and Claims Paid	59,912,727.14	779,279,165.42	35,315,963.43	-	49,882,445.74	10,031,667.50				934,421,969.23
Claims Ceded	(9,295,656.00)	(14,100,000.00)	(2,212,500.00)	-	(11,447,570.58)	(2,777,975.25)				(39,833,701.83)
Gross Change in Contract Liabilities	1,007,062,031.85	(197,945,814.96)	88,010,673.24	-	59,129,191.64	19,329,344.49				975,585,426.26
Change in Contract Liabilities Ceded to Reinsurers										-
<b>Net Benefits and Claims Paid</b>	<b>1,057,679,102.99</b>	<b>567,233,350.46</b>	<b>121,114,136.67</b>	<b>-</b>	<b>97,564,066.80</b>	<b>26,583,036.74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,870,173,693.66</b>
Commission Expenses	134,983,616.39	55,338,240.05	11,128,372.95	-	-	2,949,858.21				204,400,087.60
Service Fees	8,257,866.14	4,682,356.72	781,182.95	-	947,891.13	298,938.72				14,968,235.66
Other direct Expenses	113,210.00	11,680.00	4,570.00	-	750,200.00	2,040.00				881,700.00
Employee Benefits Expenses	57,134,451.99	31,779,900.52	5,363,503.43	-	7,358,782.79	2,378,677.54				104,015,316.27
Depreciation and Amortization Expenses	5,000,774.34	2,781,581.09	469,448.28	-	644,087.95	208,197.14				9,104,088.80
Impairment Losses										-
Other Operating Expenses										-
Finance Cost										-
<b>Total Segmental Expenses</b>	<b>1,263,169,021.84</b>	<b>661,827,108.83</b>	<b>138,861,214.28</b>	<b>-</b>	<b>107,265,028.68</b>	<b>32,420,748.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,203,543,121.98</b>
<b>Total Segmental Results</b>	<b>90,946,407.47</b>	<b>27,669,578.04</b>	<b>1,429,743.08</b>	<b>-</b>	<b>37,516,788.87</b>	<b>9,813,390.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,375,908.02</b>
<b>Segment Assets</b>										
<b>Segment Liabilities</b>	<b>5,467,379,361.38</b>	<b>1,333,611,730.06</b>	<b>773,611,675.61</b>	<b>-</b>	<b>380,388,487.29</b>	<b>42,518,438.34</b>		<b>1,473,483.37</b>		<b>7,998,983,176.05</b>

# I.M.E. Life Insurance Company Limited

Registered and Corporate Office, KMC-26, Lainchaur

## Notes to the Financial Statements for the quarter year Poush 29, 2080 ( January 14, 2024 )

### a) Reconciliation of Segmental Profit with Statement of Profit or Loss

Particulars	Upto this quarter
<b>Segmental Profit</b>	80,608,452
Less: Employee Benefits expenses	(37,637,852)
Less: Depreciation and Amortization	(1,011,565)
Less: Other operating expenses	(90,779,723)
Less: Impairment losses	
Less: Finance Cost	-
Add: Unallocable Other Income	283,546,040
<b>Profit Before Tax</b>	<b>234,725,352</b>

### b) Reconciliation of Assets

Particulars	Upto this quarter
<b>Segment Assets</b>	-
Goodwill & Intangible Assets	8,542,386
Property and Equipment	186,240,562
Investment Properties	-
Deferred Tax Assets	545,669,347
Investment in Subsidiaries	-
Investment in Associates	-
Investments	13,476,802,567
Loans	649,451,229
Current Tax Assets	273,425,916
Other Assets	27,274,616
Other Financial Assets	235,136,554
Cash and Cash Equivalents	529,653,106
<b>Total Assets</b>	<b>15,932,196,283</b>

### c) Reconciliation of Liabilities

Particulars	Upto this quarter
<b>Segment Liabilities</b>	7,998,983,176
Provisions	17,567,497
Deferred Tax Liabilities	
Current Tax Liabilities	
Other Financial Liabilities	593,731,493
Other Liabilities	231,026,987
<b>Total Liabilities</b>	<b>8,841,309,154</b>

**Additional Disclosure as per Securities Registration and  
Issuance Regulation - 2073 (Sub-Rule (1) of Rule 26, Annex 14)  
for  
Second Quarter of FY 2080/81**

**A. Financial Statement**

- i. Statement of Financial Position and Statement of Profit or loss Published along with this report
- ii. Key financial indicators and ratios

Earnings per share	11.74
Price Earnings Ratio (P/E Ratio)	47.29
Net Worth per Share	177.27
Total Assets per Share	398.30

**B. Management Analysis**

- i) The Company has formulated its strategy comprising long term as well as short term plan focusing on sustainable growth through business diversification and customer service excellence.
- ii) The Company is improvising its IT Infrastructure as well and adopting digitization.
- iii) The Company has been utilizing its capital to the optimum Level.

**C. Details to Legal Action**

- i) Except in the normal course of business, no lawsuit of material nature has been filed by or against the company during the review quarter period.
- ii) No legal suit related to criminal activity has been filed by or against the director/ organization/promoter of the Company during the period.

**D. Analysis of share transaction and progress of the insurance**

- i) Management view on share transaction of the insurance at securities market- since price and transaction of the company's shares are being determined at Nepal Stock Exchange through open share market operation, management view on this is neutral.
- ii) Maximum, Minimum and last share price of the Company including total number of transactions traded and days of transaction during the quarter.

Minimum Value	Rs. 444	Total Share Transacted	43,25,307
Maximum Value	Rs.620	Total Amount of Share transaction	Rs 2,37,82,13,425
Closing Price	Rs.555	Total Days Transacted	49

**E. Problem and Challenges**

- Recruitment and retention of quality human resources.
- Changing regulatory framework and its timely adaptation.
- Political instability and current national economic status have resulted distress in the business environment.
- Global economy, inflation and war has an adverse effect on national economy resulting price hikes.

**F. Strategy**

- Better management of assets and liabilities.
- Focus on investment diversification
- Closely monitoring internal and external environment changes and adopting proactive approaches.
- Developing human resources through online trainings and motivating them for growth.

**G. Corporate Governance**

- i) Committees like Human Resource Committee, Audit Committee, AML/CFT Committee have been constituted to carry out operations and these committees have been involved in major policy/plans related decisions.
- ii) The company is committed to maintain high standard of corporate governance by compliance to legal and regulatory requirement.
- iii) Good Corporate Governance is an integral part of the Company to safeguard the interest of stakeholders.

**H. Declaration by the Chief Executive Officer on the truthfulness and accuracy of information**

I, CEO of the insurance company, take responsibility for the truthfulness of the information and details disclosed in this report. I also hereby declare that to the best of my knowledge and belief, the information disclosed in this report are true, fair and complete and have not concealed any matters that can adversely affect the investment decisions of the investors.