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APPENDIX (Form number 1 to 5)

A handwritten signature consisting of several loops and strokes, appearing to begin with 'M' and end with a flourish.A handwritten mark or signature, appearing to begin with 'F' and end with a flourish.

I. INTRODUCTION

'NCC Bank Retirement Fund' (NCCB-RF) was granted approval for operations and management of retirement fund of its employees and also of other institutions by Nepal Rastra Bank, Bank and Financial Institutions Regulation Department and Inland Revenue Department. **Retirement Fund includes all retirement contributions, provident funds and gratuity funds.**

The NCCB-RF can accept deposits of Provident Fund (PF) and Retirement Funds (RF) of its employees and also of other Institutions. The interest paid on such deposits is exempted from tax. This is as per the provisions of Income Tax Act 2058. As per section 63 (2) of Income Tax Act 2058, an individual who is a beneficiary of an approved Retirement Fund may claim to have their taxable income for an income year reduced by retirement contribution made by the individual during the year. As per the provision, the reduction claimed by an individual for any income year shall not exceed Rs. 3,00,000/- or 1/3 of assessable income whichever is less.

The Retirement Fund Account shall be managed by the NCCB-RF in accordance with the provision laid down in the 'Retirement Fund Management and Operation By-Laws 2059' approved by Inland Revenue Department of Nepal.

The purpose of this manual is to describe all accounting policies and procedures currently in use at NCCB-RF and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; and funds are managed with accuracy, efficiency, and transparency.

All the staff with a role in the management of financial and accounting operations are expected to comply with the policies and procedures in this manual.

These policies and procedures will be reviewed annually and revised as needed by the Committee of NCCB-RF.

II. NATURE OF ACCOUNTS

All Retirement Fund accounts are non-operative individual accounts opened in the name of the employees and regulated by the institution employing them. All contributions to individual PF/RF accounts shall be routed through the account of the institution. Loan against such deposits may be provided to an employee as per the request received from an employee along with the consent letter of the concerned institution. If an employee retires from his/her service, he/she may request to the NCCB-RF along with retirement document of the institution for the final payment.

III. TYPES OF FUNDS

The NCCB-RF shall accept retirement fund deposits as mentioned below:

- Provident Fund – account shall be opened in the name of individual employee through his/her employer.
- Retirement Fund – account shall be opened in the name of individual employee through his/her employer.
- Gratuity Fund – account shall be opened either in the name of individual employee through his/her employer or in the name of the institution.
- Other fund classified as Retirement Fund such as Leave Encashment, etc

IV. RATE OF INTEREST & INTEREST POSTING

The rate of interest for RF accounts and loan against RF accounts shall be as decided by the NCC Bank Retirement Fund Committee.

Interest on retirement fund deposits and loan against retirement fund deposits accrue daily and the posting frequency of the interest on deposit shall be quarter end. In case of loan against retirement fund deposits, interest shall be posted at the time of final settlement of the loan.

V. CHART OF ACCOUNTS AND GENERAL LEDGER

NCCB-RF has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The NCC Bank Retirement Fund Committee is responsible for maintaining the Chart of Accounts and may recommend to the Committee for revision as necessary. The Chart of Accounts is attached to this manual. - **Form No. 1.**

The general ledger is automated and maintained using our accounting software. All input and balancing is the responsibility of NCC Bank Retirement Fund Committee.

The NCC Bank Retirement Fund Committee should review the general ledger on a periodic basis for any unusual transactions.

VI. RECEIPTS

Receipts generally arise from the following retirement funds:

1. Deposit of Provident Funds
2. Deposit of Retirement Funds
3. Deposit of Gratuity Funds
4. Other Retirement Funds

The principal steps in the receipts process are:

The institution should send a letter to the NCCB-RF with the list of employees for whom it wishes to open retirement fund accounts.

- The letter should be accompanied by an Application (**Form No. 2**) and Citizenship Certificate of the employee for the record of the NCCB-RF.
- The institution should deposit the retirement fund amount of contribution of the employees in any branch of NCC Bank in the specified Form (**Form No. 3**).
- All the branches of NCC Bank shall receive cheque/cash from beneficiary for the contribution against retirement fund and deposit the amount in Current/Call deposit account of NCC Bank Retirement Fund (NCCB-RF) held in Main Branch, Kathmandu.
- Every branch of NCC Bank shall inform to NCC Bank Retirement Fund, Bagbazar through e-mail or fax about the amount deposited by beneficiaries (Deposit Slip and Form No.3).

On receipt of the retirement fund deposit following entries should be made:

Dr. NCCB (Current/Call A/c)

Cr. PF/RF Account of Individual

Or

Name of the Institution

(In case of the deposit of gratuity funds. The gratuity fund may be in the name of Individual employee if the institution provides the list of the employees.)

- The above mentioned entry should be made in the same day of the receipt of the deposit from beneficiaries.

VII. PAYMENTS

Payments are generally made for:

- Refund of Retirement Funds
- Payment of Interest of Retirement Funds
- Payments to vendors for goods and services
- Payments for staff expenses
- Payments for administrative expenses

NCC Bank Retirement Fund

All the payments shall be made through the person designated by NCC Bank Retirement Fund Committee after obtaining the approval from the Chairperson of the NCCB-RF.

Any employee retired from the service shall apply to the NCCB-RF for the refund of retirement fund deposit in the specified application form. (**Form No.4**)

Each branch of NCC Bank has to forward the refund application - Form No. 4 (including the letter of the concerned institution and retirement document of the employee) of the retirement fund amount of any employee to the NCC Bank Retirement Fund Committee. The person designated by NCC Bank Retirement Fund Committee shall calculate the final payment of the employee and shall make payment.

The amount deposited in Retirement Fund accounts shall be paid on the following conditions after obtaining the request of the concerned institution.

- At the time of voluntary retirement from the service.
- At the time of compulsory retirement from the service.
- In case of death or permanent physical disability of the beneficiary.
- If the service is terminated due to departmental action or any other reasons provided by the employer.

In case of death of the beneficiary of the retirement fund payment will be made to nominee if appointed. In case of non-appointment of nominee payment would be made as per Rule 8(2) of Retirement Fund Management and Operation By-Laws 2059.

Settlement Entries:

Dr. PF/RF Account of Individual

Dr. Accrued Interest Payable

Cr. NCCB (Current/Call) A/c

If an employee has also availed loan:

Dr. PF/RF Account of Individual

Dr. Accrued Interest Payable

Cr. Loan Account of Individual

Cr. Accrued Interest Receivable

Cr. NCCB (Current/Call) A/c

Tax shall be levied on the final payment of the retirement fund deposit of an employee as per the prevailing provision of Income Tax Act/Regulation.

VIII. LOAN AGAINST RETIREMENT FUND ACCOUNTS

The procedures for availing loan against retirement fund accounts are as follows:

- An employee can apply for loan against retirement fund account (PF/RF) if he/she has been contributing on such retirement fund for not less than one year. (**Form No. 5**)
- The institution shall recommend on the loan application form along with the authorization to lien the said PF/RF account.
- The Retirement Funds account holder may avail loan up to 90% of the amount available in his/her PF/RF account.

- The interest rate shall be 2% above the applicable interest rate on the PF/RF contribution account.
- Principal and interest shall be recovered on the final refund of the PF/RF account at the time of retirement.
- He/she can settle the loan against the PF/RF account and interest partially or in full at any time before his/her retirement. However, in such case the loan amount and interest shall be settled only with the cash being deposited but not by adjusting on the PF/RF account.
- The security shall be the lien over the PF/RF account itself. However security documents including legal loan deed, promissory note and authority to debit account shall be obtained from the employee who applies for loan against PF/RF accounts.
- For this purpose, separate individual loan account shall be opened against the PF/RF account.
- Each branch of NCC Bank has to forward the application for the loan against PF/RF account along with the recommendation of the concerned institution to NCC Bank Retirement Fund Committee. The person designated by NCC Bank Retirement Fund Committee shall disburse the loan to the beneficiary.

Entries:

1. Disbursement:

Dr. Loan Account of Individual

Cr. NCCB (Current) A/c

2. Settlement:

Dr. NCCB (Current) A/c
Cr. Loan Account of Individual
Cr. Accrued Interest Receivable

- An employee may apply to the NCCB-RF for additional loan upto the limit of 90% of the deposit on the PF/RF account.

IX. BANK ACCOUNT AND RECONCILIATIONS

NCCB-RF shall open current account and call deposit account to deposit the received amount and for the payment to be made by the NCCB-RF. The bank accounts shall be operated by the joint signature of any two persons among the list given below:

1. Chairperson
2. Treasurer
3. Any one Officer as designated by the Committee

The person designated by NCC Bank Retirement Fund Committee reviews all the bank statements for unusual balances and/or transactions and shall prepare bank reconciliation statements on monthly basis. The reconciliation report will be reviewed and approved by the Chairperson of NCC Bank Retirement Fund.

The person designated by NCC Bank Retirement Fund Committee will verify that void cheques, if returned, are appropriately defaced and filed and will investigate any cheques that are outstanding over six months.

X. PETTY CASH FUND

Petty cash funds are maintained by the NCCB-RF. The funds are to be used for miscellaneous or unexpected purchases.

1. The petty cash fund will not exceed Rs. 10,000/- and is kept in a locked file cabinet at all times.
2. The person designated by NCC Bank Retirement Fund Committee oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.

XI. PROPERTY AND EQUIPMENTS

Property and equipment includes items such as:

1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Other Assets
5. Vehicles
6. Leasehold improvements

It is the organization's policy to capitalize all items which have a unit cost greater than Rs.5,000. Items purchased with a value or cost less than Rs. 5,000 will be expensed in the period purchased.

The depreciation rate for capitalized assets will be as follows:

Computer Hardware	25%
Office Equipment	25%
Office Furniture	25%
Other Assets	15%
Vehicles	20%
Computer Software	25%
Leasehold improvements	5%

1. A Fixed Asset Register will be maintained including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.
2. The Register will be reviewed by the person designated by NCC Bank Retirement Fund Committee.
3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.
4. The person designated by NCC Bank Retirement Fund Committee shall be informed in writing of any change in status or condition of any property or equipment.
5. Depreciation will be recorded at least monthly. Depreciation will be computed using the written down value method. Any impaired assets discovered during the inventory will be written down to their actual value.
6. If any fixed asset is acquired during the fiscal year, depreciation will be charged from the next month of the acquisition/use of the asset.

XII. INVESTMENTS

Amount deposited into the Retirement Fund of the NCCB-RF may be invested in the following areas considering the interest rates on such investments:

1. Citizen Investment Trust established under the prevailing law.
2. Bonds issued by the Government.
3. Commercial/Development Banks established and has been operating under the prevailing law with sound financial standing.
4. Other loan & advance can be provided to the beneficiary as per the provision of the charter of NCC Bank Retirement Fund.

XIII. INSURANCE BENEFITS

Under Retirement Fund of the NCCB-RF, the accountholders are covered by free medical expenses reimbursement of Rs. 10,000/- per fiscal year and personal accidental insurance upto Rs. 5,00,000/- .

If a claim is made, the amount received from the insurance company is to be paid to the individual and not the institution.

XIV. FINANCIAL REPORTS & AUDIT

The person designated by NCC Bank Retirement Fund Committee will prepare the monthly and annual financial reports. The reports will include: Balance Sheet, Income Statement, Cash Flows, Changes in equity and Schedules to the financial statements.

Periodic and annual financial reports will be submitted to the NCC Bank Retirement Fund Committee for review and approval.

The annual financial statements have to be audited by the Independent auditor.

NCC BANK RETIREMENT FUND
Bagbazar

Financial Trial
Date:

de	Name	Group Head	Dr. Amount	Cr. Amount
	Capital and Liabilities			
01	Share Capital			
02	Reserves			
03	General Reserve			
01	Revaluation Reserve			
02	Profit & Loss Account			
	Borrowing			
01	Borrowing from A			
02	Borrowing from B			
	Deposit			
01	Provident Fund			
02	Retirement Fund			
03	Gratuity Fund			
	Other Liabilities			
01	Interest Payables			
02	Sundry Creditors			
03	Other Payables			
04	Accumulated Depreciation			
05	Provision			
	Assets			
	Cash Balance			
	Bank Balance			
	Balance with A			
	Balance with B			
	Balance with C			
	Investments			
	Investment in Fixed Deposit			
	Investment in Equity Share			
	Loan & Advances			
	Loan against PF			
	Loan against RF			
	Fixed Assets			
	Office furniture and equipment			
	Computer hardware			
	Computer software			
	Other Assets			
	Vehicles			
	Leasehold improvements			
	Other Assets			
	Interest Receivable			
	Sundry Debtors			
	Other Receivables			
	Prepaid/Advance Payments			

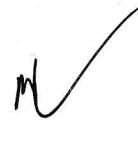
Revenue

Interest Income
 Interest from PF Loan
 Interest from RF Loan
 Interest from Investments
Non Operating Income
 Gain on Sale of Investments
 Gain on Sale of Assets
Other Income

Expenditure

Interest Expenses
 Interest on PF
 Interest on RF
 Interest on GF
 Interest on LEF
Staff Expenses
 Salaries
 Allowances
 PF Contribution
 Training
 Staff Welfare
 Uniforms
 Gratuity
Office Overhead
 Office Rent
 Electricity
 Water
 Repair & Maintenance
 Communication & Postage
 Printing & Stationery
 Travelling Expenses
 Insurance Premium
 News Paper & Periodicals
 Fuel Expenses
 Audit Fee & Expenses
 Advertisement
 Professional Fee
 Taxes & Duties
 Donation
 Depreciation
 Miscellaneous Expenses
Non Operating Expenses
 Dividend
 Loss on Sale of Investments
 Loss on Sale of Assets

Total =>



APPLICATION FORM

Date:

D	D	M	M	Y	Y	Y	Y

Account Number:

--	--	--	--	--	--	--	--

Bank Retirement Fund
Bazar, Kathmandu

I to open the following retirement fund account and undertake to comply, observe and be bound by the Rules & Regulations made and as may be amended by the NCC Bank Retirement Fund from time to time pertaining to accounts.

 Provident Fund Account Retirement Fund Account Gratuity Fund Account Others**Personal Details**

Name of Employee (IN CAPITAL LETTERS)

Name of Father/Husband

Name of Grandfather

Permanent Address

Correspondence Address

Name and Address

Date of Birth: _____

Sex: Male/Female

Marital Status: Single/Married

Nationality: _____ Citizenship/Passport Number: _____ Issued From: _____

Phone No. : Residence: _____

Office: _____

Mobile: _____

Occupation: _____

Email Address: _____

Nomination (Under Section 81 of the Banking and Financial Institution Act 2063)

Nominate the following person to whom in the event of my/our/minor's death, the amount of deposit, particulars whereof are below, may be returned by NCC Bank Retirement Fund.

Name of Nominee:

Address of the Nominee:

Contact Number:

Photo of Nominee

Name of Employee: _____

Institution's Declaration

I hereby confirm that the information given above and signature of employee are true and correct.

Photo

Seal/Stamp

Name of Employee

Name of the Institution

Signature/Thumb Impression
of Employee

Authorized Signatory

Name: _____

Position: _____

Date: _____

Documents to be enclosed:

- Citizenship Certificate
- Employee Identification Card
- Others (Please specify)

LOCATION MAP OF RESIDENTIAL ADDRESS OF APPLICANT

N



For NCC Bank Retirement Fund's Use

Amount Deposited Rs. _____

Deposited by: _____

Approved By: _____

Date : _____

Pending Documents (if any):

_____, Obtained On _____

_____, Obtained On _____

Entered & Verified By _____

Reviewed Date: _____

NCC Bank Retirement Fund

Details of Deposit on Retirement Fund Account

Name of the Institution:-

Year & Month of Deduction:-

Address:-

Deposit Date:-

Code of Institution:-

Deposit Amount:-

0,
 NCC Bank Retirement Fund
 Bagbazar, Kathmandu
 Nepal

Please acknowledge the payment against the Provident/Retirement Fund deposit as per the details given below:-

No.	Name of Employee	Designation	Account Number	Deposit Amount	Remarks
Total					

Prepared by

Checked by

Approved by

Date:

To
NCC Bank Retirement Fund
Bagbazar, Kathmandu
Nepal.

Re: Request for Refund of Deposit Amount

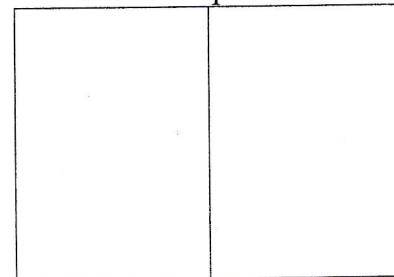
Dear Sir/Madam,

This is to inform that I have resigned/retired from the service of effective from

Hence, you are kindly requested to make payment of the amount deposited in my Provident/Retirement Fund account and the interest accrued thereon as per the rules of the NCC Bank Retirement Fund.

1. Name of the Employee:-
2. Provident/Retirement Fund Account No. :-
3. Address:-
4. Father/Husband's Name :-
5. Code of the Institution :-
6. If loan taken (Principal Amount):-

Thumb Impression



Right

Left

Signature of Employee :

Name of Employee :

Designation :

Telephone & Mobile No. :

Recommendation of Institution :-

Signature :

Name :

Designation :

Seal of Institution :

For NCC Bank Retirement Fund's use only

Name of the Employee:

PF/RF Account No.:

Name of the Employer:

Calculation of payment

1. PF/RF Deposit Amount:
2. Interest Accrued on PF/RF Deposit:
3. Total Amount:
4. Tax Deduction Amount:
5. Total Amount after TDS :
6. Loan taken against PF/RF:
7. Interest on Loan against PF/RF:
8. Net Payable Amount:

(Amount in words:)

Prepared by

Checked by

Approved by

Received cheque/credit advice no. of
for the payment of Provident/Retirement Fund as stated above.

Thumb Impression

--	--

Receiver's Signature:

Receiver's Name:

Date:

Right

Left





Date:

To
NCC Bank Retirement Fund
Bagbazar, Kathmandu
Nepal

Re: Loan against PF/RF Account

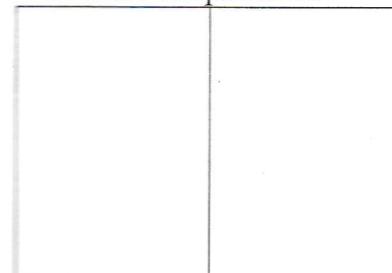
Dear Sir/Madam,

I would like to request you to provide me Rs.(.....only) as loan against the lien of my PF/RF account number (% of PF/RF Deposit).

I hereby authorize NCC Bank Retirement Fund to recover the principal and interest on such loan at the time of retirement debiting my PF/RF account number

Thanking you.

Thumb Impression



Signature of Employee :

Name of Employee :

PF/RF Account No. :

Father/Husband's Name :

Name of the Employer (Institution) :

Code of the Employer (Institution) :

Recommendation of Institution :-

Signature :

Name :

Designation :

Seal of Institution :

For NCC Bank Retirement Fund's use only

Name of the Employee:

PF/RF Account No.:

Name of the Employer:

Calculation of payment

1. PF/RF Deposit Amount :
2. Interest Accrued on PF/RF Deposit :
3. Total Amount:
4. Outstanding Loan against PF/RF :
5. Outstanding Interest on Loan against PF/RF :
6. Total Outstanding (Loan & Interest) :
7. 90% of the Provident/Retirement Fund :
8. Balance Amount available to provide loan :
9. Requested Loan Amount by Employee :

Recommended for the payment of Rs. (Amount in words :as loan against PF/RF as compared above.

Prepared by

Checked by

Approved by

Received cheque/credit advice no. of for the payment of Rs. (Amount in words :as loan against Provident/Retirement Fund.

Thumb Impression

--	--

Right

Left

Receiver's Signature:

Receiver's Name:

Date: