





# ANNUAL REPORT 2021

Director  
Bhutan Livestock Development  
Corporation Limited  
Thimphu: Bhutan

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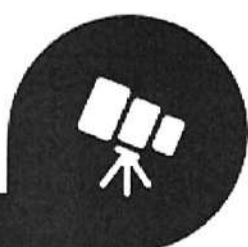
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## COMPANY PROFILE

- ✓ To be a leading and trusted corporation in transforming the livestock industry



### VISION



### MISSION

- ✓ Adopt corporate and business principles to enhance livestock production efficiency;
- ✓ Implement effective value chain management and support services; and
- ✓ Execute quality management standards with animal welfare as a priority



### **Marketing**

1. Establish and strengthen market outlet facilities for all livestock and agri-process products;
2. Coordinate and harmonize product aggregation from the farmers and marketing of livestock products for domestic and export markets.

### **Input & Production**

1. Produce and supply Broiler Day Old Chicks (DOC);
2. Promote and support domestic feed production and marketing, and import of feed and other raw materials required for feed production;
3. Lead in production of livestock products for domestic and export markets.

### **Post-Production**

1. Lead and promote post-production and value addition of livestock products;
2. Institute and strengthen warehousing and cold storage services;
3. Engage in product development/diversification processes and consultancy services of livestock enterprises.

### **Support services**

1. Engage and catalyze collaborations with livestock contract farmer groups/farmers/youths/other farmers associated with the company in the area of livestock enterprise development and livestock farm mechanization/automation and also provisioning of technical supports;
2. Engage in Schools, Hospitals and other Institutional Feeding Programs;
3. Undertake other activities as directed by Government/Board.


**Dr. Tashi Yangzome Dorji**
**Chairperson**

Dr. Tashi Yangzome Dorji is the Director of the Department of Livestock under the Ministry of Agriculture and Forests. She started her career as a Veterinary Officer under the Department of Livestock and subsequently served as the Program Director at the National Biodiversity Centre, Serbithang before taking up the current position. She has a Master's degree in Wild Animal Health from the University of London, UK and Bachelor's degrees in Science and Veterinary Medicine and Surgery from Murdoch University, Western Australia.


**Mr. Tshewang Tashi**
**Director**

Mr. Tshewang Tashi is the Deputy Chief Planning Officer, under the Policy and Planning Division, Ministry of Agriculture and Forests. He started his career as an assistant extension officer with the Department of Livestock in 1997. Awarded meritorious promotion to his achievement in 100% egg self-sufficiency, and for introducing commercial chicken production in Bhutan, and for helping thousands of farmers earn better income and create hundreds of employments. Mr. Tshewang has been instrumental in designing many development projects for the Livestock Sector, and held numerous important responsibilities while in the Department of Livestock.



Mr. Tshewang was the main coordinator and co-member in initial design of the present Bhutan Livestock Development Corporation Ltd. (BLDCL). He drafted the Article of Incorporation (AOI) and also became the first Interim CEO of BLDCL in 2016. At present, he is the Board Director to National CSI Bank and Advisor to Horticulture Association and Agricultural & Marketing Cooperatives in Bhutan. He has a Master's degree in Agricultural Production Chain Management and Bachelor's degrees in Animal Husbandry from the University of Applied Science VHL, Wageningen, The Netherlands.



**Mr. Bhim Prasad Neopanay**

**Director**

Mr. Bhim Prasad Neopanay is the Director of the Community Financing Services Department under the National CSI Development Bank Ltd. (NCSIDBL). Prior to his secondment assignment to NCSIDBL, he worked as a Dy. Chief Program Officer with the Department of Macroeconomic Affairs under the Ministry of Finance where, he analyzed government investment portfolio through the State-Owned Enterprises (SOEs) besides overseeing the performance management and advocating corporate governance best practices in SOEs. He has Master's degree in International Finance/Professional Accounting from Deakin University, Australia.


**Mr. Sonam Dorji**
**Director**

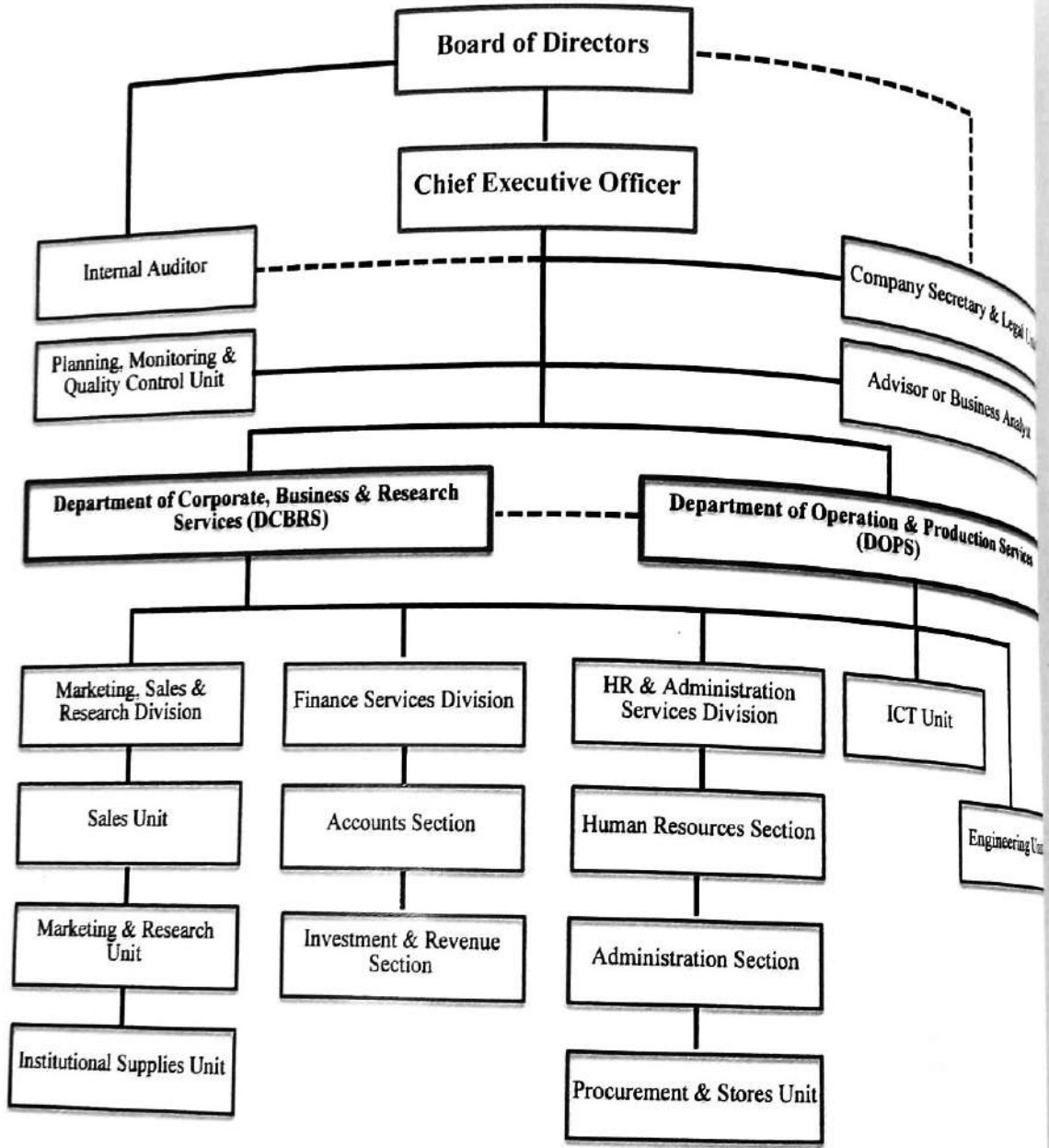
Mr. Sonam Dorji is a Senior Program Officer at the Department of Macroeconomic Affairs, Ministry of Finance. He was an Analyst at His Majesty's Secretariat prior to his current position. Mr. Sonam did his MBA from the University of Canberra, Australia. He also holds a Post Graduate Diploma in Financial Management (PGDFM) from the Royal Institute of Management, Thimphu, Bhutan (2007) and Bachelor of Commerce Honours from Sherubtse College, Bhutan affiliated to Delhi University, India (2003-2005). He is a recipient of the AusAID scholarship in 2012 and he served as the Australia Awards Ambassador to Bhutan in 2017.


**Mr. Jigme Wangchuk**
**Executive Board Director**

Mr. Jigme Wangchuk is the Chief Executive Officer at BLDCL. He began his career in the Department of Livestock under Ministry of Agriculture and Forests as a Livestock Extension Officer. He served in various capacities under DoL such as Dzongkhag Livestock Officer, Project Director, Program Director, and Chief Livestock Production Officer. He received his Master's degree in Agricultural Production Chain Management from Larenstein University, Deventer, The Netherlands and has Bachelor's degree in Animal Science from University of Reading, Berkshire, United Kingdom.

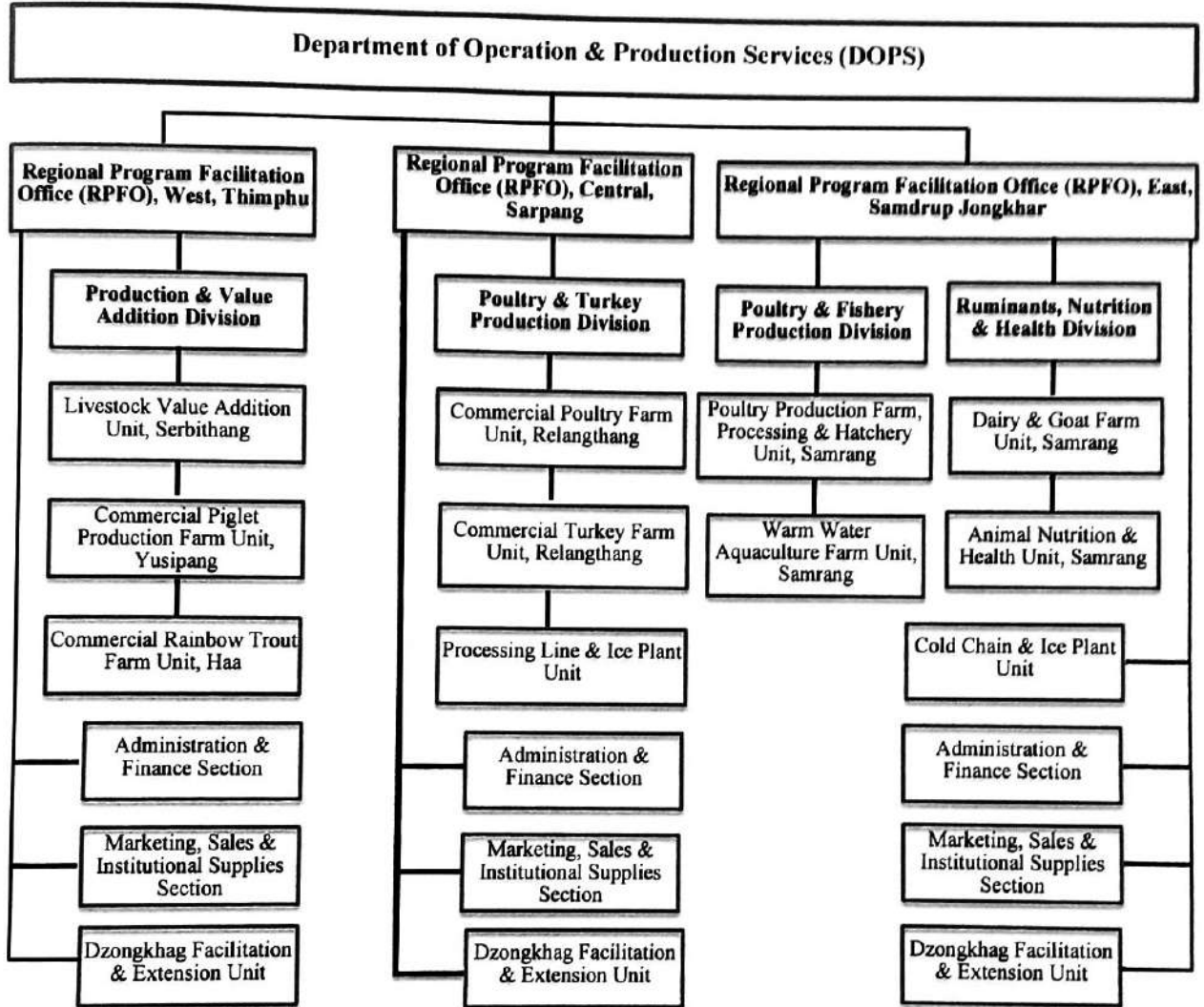


# ORGANIZATIONAL STRUCTURE OF BLDCL





ORGANIZATIONAL STRUCTURE OF REGIONAL OFFICES





# MANAGEMENT



**Mr. Jigme Wangchuk**  
Chief Executive Officer



**Mr. Sithar Dorji**  
Director, DOPS, HQ



**Mr. Tshewang Penjor**  
Offg. Head, Regional  
Program Facilitation Office,  
East, DOPS



**Mr. Dal Bdr**  
Chief Livestock Production Officer,  
Ruminants, Nutrition & Health  
Division, RPFO, East, DOPS



**Mr. Dorji Khando**  
Dy. Chief Livestock Production  
Officer, Poultry & Fishery  
Division, RPFO, East, DOPS



**Mr. Duptho Tshewang**  
Chief Livestock Production Officer,  
Poultry & Turkey Production  
Division, RPFO, Central, DOPS



**Mr. Dal Bdr Mishra**  
Dy. Chief Livestock Production  
Officer, Production & Value  
Addition Division, RPFO, West,  
DOPS



**Mr. Suraj Ghalley**  
Dy. Chief Finance Officer, Finance  
Service Division, DCBRS



**Mr. Ganga Ram Rai**  
Manager, Warm Water  
Aquaculture Farm, East,  
DOPS



**Mr. Singay Dawa**  
Sr. HRO, HR/Administration  
Service Division, DCBRS



**Mr. Ugyen Dorji**  
Manager, BLDC Outlets, DCBRS



**Mr. Sangay Norbu**  
LPO, Commercial Rainbow Trout  
Unit, Haa, RPFO, West, DOPS



**Mr. Tshulkrim Thapa**  
LPO, Commercial Pigeon  
Unit, Yusipang, RPFO,  
DOPS



It is my immense pleasure to present to you, on behalf of the board of directors, management, and staff of Bhutan Livestock Development Corporation Limited, the Annual Report for the fiscal year 2021, and to take this opportunity to welcome our stakeholder to the company's 4<sup>th</sup> Annual General Meeting. I place before you the highlights of BLDCL's performance for the fiscal year 2021.

**Financial performance highlights**

For the year ended	(All fig. in million Nu)	
	31.12.2021	31.12.2020
Sales Including Other Income	309,240,290	233,787,946
Total Expenditure	322,656,540	228,297,229
Profit /(Loss)before taxation	(13,416,250)	5,490,717
Profit /(loss)after tax	<b>(13,416,250)</b>	<b>5,490,717</b>

According to the audited financial statements, the Company incurred a loss of Nu. (13,416,250) million (Profit/ (Loss) before tax) as compared to a profit of Nu. 5,490,717 million in the same period last year. The decrease in financial performance for 2021 was primarily caused by a global pandemic, with frequent lockdowns and movement restrictions impeding consistent production, aggregation and marketing.

**OPERATIONS**

**Revenue and Expenditure**

The total gross revenue of BLDCL in 2021 was Nu.309.24 Million out of which, operation revenue has increased by 84%. The overall expenditure of the company in 2020 is Nu.322.65 Million which has increased by 41.3% compared to that of 2020 (Nu.228.297million). BLDCL's profit/ (Loss) before tax in 2021 was Nu.13.41 Million which is equivalent to Nu. -2.83 in the earnings per share.



## DIRECTORS' REPORT

The table below illustrates the company's portfolio with its revenue share:

Sl. No	Division/Unit	Revenue (Million Nu)	Contribution revenue (%)
1	BLDC Outlets, Marketing, Sales & Research Division, DCBRS	177,068,537	76.8%
2	Regional Program Facilitation Office, East, DOPS	25,033,337	10.9%
3	Poultry & Turkey Production Division, RPFO, Central, DOPS	808,600	0.4%
4	Production & Value Addition Division, RPFO, West, DOPS	10,991,571	4.8%
5	Commercial Rainbow Trout Unit, Haa, RPFO, West, DOPS	545,773	0.2%
6	Commercial Piglet Production Unit, Yusipang, RPFO, West, DOPS	352,000	0.2%
7	Others-Return from Schools & Hospitals Feeding Program (SHFP)	15,682,405	6.8%
	<b>TOTAL</b>	<b>230,482,223</b>	<b>84%</b>

### Other Income

The other income during 2021 and 2020 were as under:

	Nu. In Million	
	2021	2020
<b>Other income</b>		288,130
Scrap sale/sale of spent birds	1,038,975	1,232,958
Others	5,549,030	5,713,682
Fair value gain on biological assets	9,276,343	100,986,450
Government grants & budget	62,893,719	108,221,220
<b>Total</b>	<b>78,758,067</b>	

### **Human Resource Development**

Human resources development has been prioritized because they are regarded as a valuable, intangible asset to the organization. We have consistently worked to enhance the skills and knowledge to improve the performances of our human capital. The company was fortunate to receive trainings and workshops from various training institutions in the year 2021, which aided the company's employees in expanding their knowledge and skills. The following eighty-four (84) employees were sent to the trainings and workshops:

1. One (1) staff from the Livestock Products Value Addition Division (LPVAD) attended a five-day training for food hygiene and safety, as well as Codex Hygiene principles and requirements, from the EU- Bhutan Trade Support, Policy & Planning Division, MoEA, at Punakha.
2. A total of fourteen (14) staff from the Head Office and BLDCL outlets attended a five-day marketing strategy and cost of production workshop from Skills & Development Institute (SDI), at Thimphu.
3. Our new Internal Auditor attended three days of Internal Auditing training from the Financial Institutions Training Institute (FITI), at Thimphu.
4. Two (2) staff (Enterprise Development Officers) who would work in the Dzongkhags later to foster collaboration with the farmers attended eight days of training on the poultry layer management aspects at the Regional Poultry Breeding Centre, at Paro.
5. One (1) staff from the Livestock Products Value Addition Division (LPVAD) attended a three-day Codex advocacy workshop held by BAFRA, MoAF, at Punakha.
6. Three (3) marketing and administrative assistants attended a three-day training on Tetra pack bag production from the Start-up Centre, at Thimphu.
7. One (1) staff from the Head Office attended a five-day workshop on humanitarian supply chain and logistics management hosted by the DoS, MoAF at Punakha.



8. Two (2) finance staff from the Head Office attended a four-day virtual training on identification and amendments/revisions of BAS from the Accounting & Auditing Standards Board of Bhutan at Thimphu.
9. A total of nine (9) BLDCL Outlet staff (mainly sales executives) attended a three-day in-house training on customer relationship management imparted by the resource person Pema Gyelpo, a freelance trainer at Thimphu.
10. A total of twenty-nine (29) employees from the Head Office, BLDCL Outlets, and Livestock Products Value Addition Division (LPVAD) attended a two-day in-house training on "Search Inside Yourself (SIY)" by the resource persons Ms. Jamba Gyeltsen, Teacher, Khasadrapchu Higher Secondary School and Mr. Ugyen Tenzin, Teacher, Babesa Primary Higher Secondary School at Thimphu. These two resource persons were representing the Royal Civil Service Commission (RCSC) in imparting the "Search Inside Yourself" training.
11. A total of twenty (20) employees from the Head Office, BLDCL Outlets, and the Livestock Products Value Addition Division (LPVAD) attended a two-day action learning workshop on coaching skills from the resource person Ms. Sonam Choden, Teacher, Babesa Primary School.

### STATUTORY AUDIT REPORT

The statutory audit for the year ended 31<sup>st</sup> December 2021 was carried out by MOOKHERJEE BISWAS & PATHAK, Chartered Accountants from Kolkata, West Bengal, India. Owing to the current situation of COVID-19 pandemic around the globe, statutory audit for 2021 was conducted virtually as per the Royal Audit Authority's (RAA) advice. The firm audited the accounts for the period from 14<sup>th</sup> March to 28<sup>th</sup> April 2022 keeping in line with the auditing standard prescribed by the Accounting and Auditing Standards Board of Bhutan and relevant provisions of the Companies Act of Bhutan 2016.

### OPENING OF ADDITIONAL OUTLETS

In addition to the five (5) existing wholesale and retail outlets in Thimphu, the company opened three (3) outlets in Thimphu and Mongar in the year 2021. The newly opened outlets are at Jungshina, Lungtenphu, and at Mongar. Furthermore, the company signed a franchise agreement with Ms. Leki Bidha, Lobesa, Punakha; M/S Peoples' Mart, Hejo, Thimphu; M/S. Big Pizza & Bakery, Thimphu; M/S. KN Groceries, Thimphu; M/S. One Click Shop, Babesa, Thimphu; Ms. Dawa Dema, Zhemgang; Ms. Thinley Wangmo, Thimphu; Mr. Drimi Wangda, Paro; and Mr. Mangal Singh Moktan, Babena, Thimphu for one (1) year term to sell BLDC's value-added livestock products.

### ACTIVITIES UNDER ECONOMIC CONTINGENCY PLAN AND SCHOOLS AND HOSPITALS FEEDING PROGRAM IN 2021

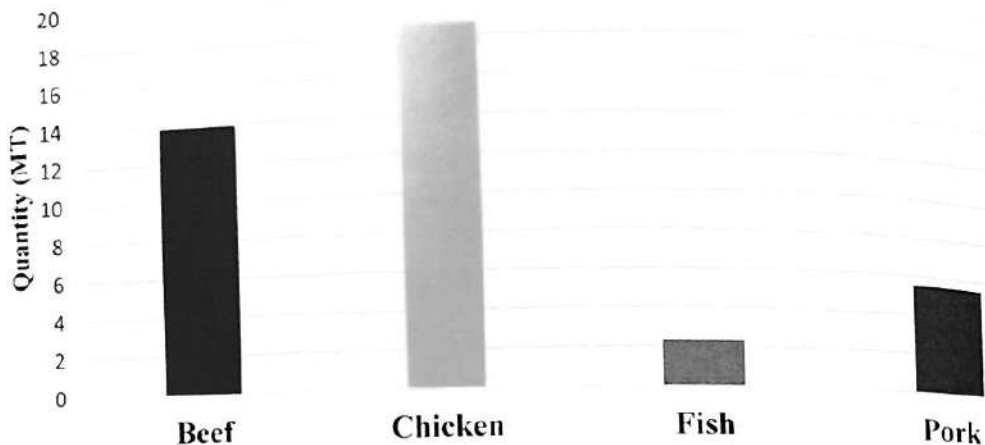
#### List of Schools and Hospitals that BLDC supplied Livestock Products to in 2021

Sl. No	Name of Dzongkhag	Number of Schools	Number of Hospitals
1.	Bumthang	16	1
2.	Chukha	17	
3.	Lhuntse	4	
4.	Mongar	6	
5.	Pema Gatshel	18	
6.	Samdrup Jongkhar	18	
7.	Tashigang	1	
8.	Thimphu	8	
9.	Trongsa	5	
10.	Wangdue Phodrang	7	
11.	Zhemgang	8	
<b>Total</b>		<b>108</b>	<b>1</b>

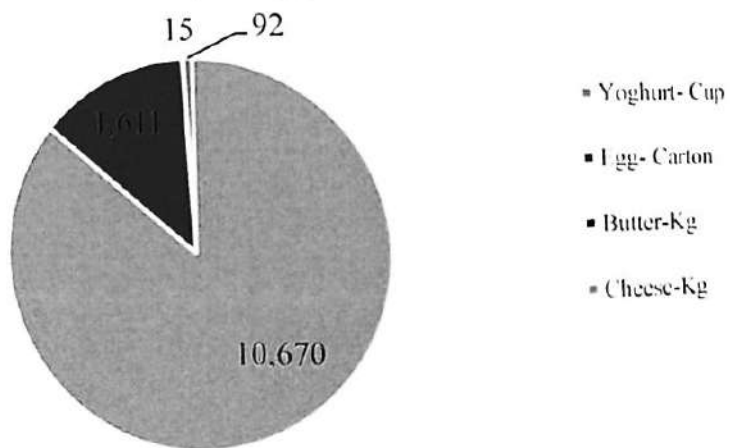


## Total quantity of meat, dairy and egg items supplied to the above Schools and Hospitals 2021

### Meat Items



### Dairy & Egg Products



**Infrastructure Development undertaken ECP and SHFP-2021**

Sl. No	Name of Infrastructure	Place	Funding Source	Status
1.	Construction of 8 units Farm Assistant Quarter.	Samrang	SHFP	Under Progress and earmarked to be completed by June 2022
2.	Construction of 8 units Technical Staff Quarter.		SHFP	Under Progress and earmarked to be completed by June 2022
3.	Construction of modern Predator Protection Fencing (UK technology) for warm water fishery farm		SHFP	Under Progress and earmarked to be completed by June 2022
4.	Construction of Office Complex		ECP	Completed.
5.	Construction of Milking Cow shed		ECP	Under Progress and earmarked to be completed by June 2022
6.	Construction of dairy calf shed		ECP	Under Progress and earmarked to be completed by June 2022
7.	Construction of Silo-pit and Bedding storage for the dairy farm		ECP	Under Progress and earmarked to be completed by June 2022



## DIRECTORS' REPORT

8.	Construction of Broiler Poultry Parent Stock sheds		ECP	Under Progress earmarked to completed by Ju 2022
9.	Construction of Central Machinery Unit		ECP	Completed
10.	Construction of Vermi-Compost pit		ECP	Under Progress earmarked to completed by Ju 2022
11.	Construction of Ice Plant Shed at OPD, Samrang		ECP	Under Progress earmarked to completed by Ju 2022
12.	Supply, Erection, Installation and Commissioning of Cold Stores with PUF Panels at OPD, Samrang. (Capacity: Cold room. 47 MT. Blast Freezer: 12 MT).		ECP	Under Progress
13.	Construction of 4 units Technical Staff Quarter	Relangthang	SHFP	Completed
14.	Construction of 8 units Farm Assistant Quarter.		ECP	Under Progress earmarked to completed by Ju 2022
15.	Construction of Egg Washing House		ECP	Completed
16.	Construction of Ice Plant Shed at CLPD, Relangthang, Sarpang.		ECP	Under Progress earmarked to completed by Ju 2022



## DIRECTORS' REPORT

17.	Maintenance of existing LPVAD processing building, installation of gate at the road junction <b>existing water supply.</b>	Serbithang, Thimphu	ECP	Completed	
18.	Supply, Erection, Installation and Commissioning of Dairy Re-Processing and Re-Packing Facility at LPVAD, Serbithang. (1914.14 sq. feet).		ECP	Under Progress and earmarked to be completed by June 2022	
19.	Cold Store at LPVAD (Capacity: 34 MT) and BLDCL Outlet, Norzin Lam (Capacity: 13 MT).		ECP	Completed	
20.	Construction of Site Development and Civil Works for Cold Stores at LPVAD, Serbithang.		ECP	Completed	
21.	Civil Works for Dairy Re-Processing and Re-Packaging Unit.		ECP	Completed	
22.	Supply, erection, installation and commissioning of Blast Freezer (Capacity: 7 MT) & Blast Chiller (Capacity: 15 MT)		ECP	Completed	
23.	Construction of small product store at Changkhorlo Outlet		ECP	Completed	
24.	Construction of temporary store at BLDCL Outlet, Norzin Lam.		ECP	Completed	
25.	Construction of additional water line at Commercial Piglet Production Farm (CPPF)		Yusipang,	ECP	Completed
26.	Shed renovation works at CPPF, Yusipang including plastering, painting and electrification.			ECP	Completed

**List of equipment purchased under Economic Contingency Plan (ECP) in 2021**

Sl. No	Name of Equipment	Quant
1.	Double Chop Machine (1500) for pasture grass mowing	1
2.	Total Mixed Ration Mixer Machine (Capacity: 5 cubic metres)	1
7.	DK10 Ice Block making machines (1Ton per day) (Sarpang, Samrang & Samtse)	3
8.	VIB30 Ice crusher machine	1
9.	Egg Washing Machines (3000 eggs per hour at Relangthang & Samrang)	2
10.	Light Utility Vehicle (Bolero S/C 4WD)	1
11.	Medium Freezer Vehicles (SMLI Sartaj GS 5252 2515 Cab chassis 10Ft BSIII)	3
12.	Heavy Freezer Vehicle (Super BS container van 14FT 3335 WB 85KW BS111Engine)	1
13.	Farm Utility Machine (Bobcat skid steer loader with dozer blade, Model S450)	1
15.	Electric rechargeable Poultry and Dairy farms manure cleaning machines (WS800 vario)	4
16.	Automatic Sausage Vacuum Filler (RVF-327)	1
17.	Automatic Burger Forming Machine (C/E 653) for burger patty production	1
18.	Continuous Vacuum Packaging Machine (Robust 18/10)	1
19.	Light Utility Vehicle (ECCO Van)	1
20.	Light Utility Vehicles (ISUZU Hi- Lander pick-up)	3
21.	Pesola Digital Weighing Machine (6 kg)	15
22.	Pesola Digital Weighing Machine (60 kg)	9
23.	Pesola Digital Weighing Machine (200 kg)	4
24.	Tractor with hydraulic tipping trailer (60HP,4WD Captain)	1
25.	Enterprise Resource Planning (ERP) Software	1



### **CORPORATE SOCIAL RESPONSIBILITY**

Despite the fact that the year 2021 was unusual and challenging for all business sectors, BLDCL management made donations of chicken wastes to the following agencies as part of Corporate Social Responsibility:

1. National Accelerated Dog Population Management (NADPM)- 901.81 kg;
2. Zeus NGO- 800 kg;
3. Jangsa Animal Saving Trust- 4,144.3 kg;
4. BAFRA- 1,002.56 kg;
5. Bhutan Animal Rescue & Care for Dogs-4,014.72 kg;
6. B-Family- 2,149.5 kg.

In the coming years, the company hopes to plan and carry out more social activities.

### **CHALLENGES AND THE WAY FORWARD**

The global pandemic caused by COVID-19 has caused an unprecedented impact on the lives of people, both economically and socially, in the world. Even BLDCL is not spared by it and the testament is that the company could not fulfill its annual targets entailing into a revenue loss of Nu. 13.416 million in 2021. Even prior to the pandemic, the company has been facing huge challenges due to very less equity injection of Nu. 43.33 million with incomplete farm and production infrastructure and facilities. COVID-19 had exacerbated the situation.

However, with the blessings of His Majesty the King and the government, the guidance and supports from the Board, the Ministry of Finance, the Ministry of Agriculture and Forests and finally, the unwavering support and hard work of all BLDCL employees, the company has managed to trudge on and continue operations and productions till date.



The key challenges faced by the company are:

### **1. Financial sustainability**

As elucidated above, BLDCL was granted a total of Nu. 43.33 million only from the government when it was instituted for operation and management in 2017. Had the farm units and production facilities been completed and operational when these units were handed over to BLDCL, it is opined that the above granted working budget or equity would have sufficed. Unlike other enterprises, livestock farming is very complex. Numerous physical and biological factors affect production and on top of that, product losses commence from the farm to the fork (mortality, harvesting, transportation, processing, storing and expiry). As such, uncertainty in financial sustainability is the biggest concern for the company. Moreover, the global pandemic has aggravated the company's financial position.

### **2. Human resource development and its capacity building**

Human resource development is the process of enhancing and developing human resource skills. It is a people-oriented process that entails providing education and training to employees at work. This overall process aims to improve employee's personal and organizational knowledge, skills and competencies.

One of the main mandates of BLDCL is to diversify and value add livestock products especially meat products to provide choices to the customers and earn premium prices. In 2021, BLDCL generated a revenue of Nu. 11.937 million from value added product sales. The revenue generation can be enhanced multifold only with the development of new value-added products but the company has not been able to develop new products because of the lack of skills and knowledge of the employees working in the value addition center. The diversification and value addition process has not changed a lot since 2017. This is because the company is unable to afford to send the right employees for skills and knowledge enhancement. Such capacity building is also not available in Bhutan.



If BLDCL is to bring about transformative change in the meat industry, value addition and diversification is one important pillar in the value chain that need to be streamlined and if the current trend of selling mostly generic meat products with very few value added products continue, BLDCL would fail to sustain itself as well as fail to strengthen the value chains of the meat industry thereby the national objective of livestock self-sufficiency would not be met. Thus, skills and knowledge on meat diversification and value addition is imperative which the government need to support wholeheartedly.

### **3. Increased feed cost leading to inconsistent production**

The universal truth about livestock farming is that 60% to 70% of the cost is on feeds. The increased feed cost renders domestic products not competitive with the cheap imported products. As such, the national objective of attaining being livestock self-sufficiency by increasing domestic output can be defeated. With the experience of collaborating with 102 contract farmers, feed is the biggest impediment for them and the resultant is that there always was, is and will be inconsistent production in the country (sometimes surplus and sometimes deficit). This said, inconsistent livestock inputs also exacerbate the consistent production in the country. In addition, the Company's feeds requirement for its owned farms is approximately 4967MT annually and the increased feed cost has also affected the company greatly in 2021. During the year, the company has spent a total of Nu.91, 584,967 (Ninety-one million five hundred eighty-four thousand nine hundred sixty-seven) on feeds for its own farms and contract farmers.

BLDCL is optimistic that feed cost may become cheaper and competitive in 2022 and 2023 as there are few upcoming private feed plants in the country triggering a consistent livestock production by the farmers. However, if the feed price remains same as now even from the new feed plants, the target of import reduction and livestock self-sufficiency can never be met and this will then necessitate BLDCL to again submit the feed plant establishment to the government which is kept on hold for now for the benefit of the farmers and the company.



#### 4. Continued irrigation issue at Samrang, Samdrup Jongkhar

One of the integrated farms handed over to BLDCL was at Samrang consisting of dairy, poultry and fishery farms in 812 (eight hundred twelve) acres land. To feed water perennially 32 fish ponds in 50 acres land, irrigation channel of 6.65 km was constructed. This irrigation channel is also shared with the community of Samrang for drinking as well as for paddy cultivation. In 2014, there were only 14 households with 0 (zero) paddy cultivation. Now in 2015 there are 52 households with 59.33 acres paddy cultivation. However, the issue with the current irrigation is that its source falls within a coal deposited area wherein in the summers, the water is densely coal laden and makes it unfit for drinking, irrigation and fish production. This coal laden water can definitely be pernicious to the health of the employees of BLDCL, community of Samrang, crops and animals in the long run. Even after 5 years of establishment, fish production from Samrang is very low due to unfit, coal contaminated water. Unless, its source is changed, the minimum annual potential fish production of 65MT cannot be realized. BLDCL has been exploring for additional funding of about Nu. 10.00 million to change the source but the company has not been successful so far.



## ACKNOWLEDGMENT

I would like to place on record my sincere appreciation for the commitment, dedication and hard work put in by the Chief Executive Officer and employees of Bhutan Livestock Development Corporation Limited. I would also like to thank all the Board Directors for their constructive guidance to the management in all spheres of the company's operations especially during the difficult time of the global pandemic.

On behalf of the Board of Directors and the management of BLDCL, I take this opportunity to express my sincere gratitude to His Majesty the King, the Royal Government of Bhutan, Central Monastic Body, Ministry of Finance, Ministry of Agriculture and Forests, Office of the Registrar, Royal Audit Authority, Statutory Auditors, other valued agencies and Frontline workers for their relentless support, guidance and prayers during the unprecedented situation of the year 2021.

Tashi Delek!



(Dr. Tashi Yangzome Dorji)

**CHAIRPERSON**



Bhutan Development Corporation Limited (BLDCL) has been able to adopt and implement good corporate and management practices with the support and guidance extended by the Officer of the Registrar, Ministry of Finance, Ministry of Agriculture and Forests and Ministry of Labor and Human Resource. The BLDCL Board constitutes of five Board of Directors including the Chief Executive Officer of BLDCL.

### 1. Board Directors

Sl.no.	Name	Address	Date of appointment	Terms
1.	Dr. Tashi Yangzome Dorji	Director, DoL, Ministry of Agriculture and Forests.	3 <sup>rd</sup> May 2021	First
2.	Mr. Tshewang Tashi	Dy. Chief Planning Officer, PPD, Ministry of Agriculture and Forests.	3 <sup>rd</sup> May 2021	First
3.	Mr. Bhim Prasad Neopanay	Director, CFSD, National CSI Bank Ltd.	3 <sup>rd</sup> May 2021	First
4.	Mr. Sonam Dorji	Sr. Program Officer, DMEA, Ministry of Finance.	3 <sup>rd</sup> May 2021	First
5.	Mr. Jigme Wangchuk	Chief Executive Officer, BLDCL.	Reappointed on 1 <sup>st</sup> August 2020	Second

### 2. Board Meetings

Despite numerous lockdowns and restrictions imposed by the government to combat the Covid-19 pandemic, the Board of Directors held six (6) Board meetings in the year 2021.



The details of the Board attendance are as follows:

<b>Board Meeting No.</b>	<b>Date</b>	<b>Members Present</b>	<b>Leave of Absence</b>
19 <sup>th</sup>	5 <sup>th</sup> March 2021	Dr. Tashi Samdrup Mr. Ugyen Penjore Mr. Phub Dorji Mr. Jigme Wangchuk	None
20 <sup>th</sup>	23 <sup>rd</sup> April 2021	Dr. Tashi Samdrup Mr. Ugyen Penjore Mr. Phub Dorji Mr. Jigme Wangchuk	None
21 <sup>st</sup>	29 <sup>th</sup> June 2021	Dr. Tashi Yangzome Dorji Mr. Tshewang Tashi Mr. Bhim Prasad Neopanay Mr. Sonam Dorji Mr. Jigme Wangchuk	None
22 <sup>nd</sup>	1 <sup>st</sup> September 2021	Mr. Tshewang Tashi Mr. Bhim Prasad Neopanay Mr. Sonam Dorji Mr. Jigme Wangchuk	Dr. Tashi Yangzome Dorji
23 <sup>rd</sup>	27 <sup>th</sup> September 2021	Mr. Tshewang Tashi Mr. Bhim Prasad Neopanay Mr. Sonam Dorji Mr. Jime Wangchuk	Dr. Tashi Yangzome Dorji
24 <sup>th</sup>	15 <sup>th</sup> December 2021	Dr. Tashi Yangzome Dorji Mr. Tshewang Tashi Mr. Bhim Prasad Neopanay Mr. Sonam Dorji Mr. Jigme Wangchuk	None



BLDC Outlet, Mongar (Adjacent to Vegetable Market)



BLDC Outlet, Jungshina, PT House Building, Thimphu



BLDC Outlet, Near Helipad, Lungtenphu Road, Changjalu, Thimphu.



Two-day in-house training on "Search Inside Yourself (SIY)"

# AUDITOR'S REPORT





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# BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LIMITED

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AUDITED FINANCIAL STATEMENTS AND REPORTS 2021



DECEMBER, 2021  
MOOKHERJEE BISWAS & PATHAK  
KOLKATA, INDIA

## TITLE SHEET

Title	:	The Audit Report on the financial statements of <b>Bhutan Livestock Development Corporation Limited</b>
AIN:		U20170315THI0561
Head of the Agency	:	Mr Jigme Wangchuk, Chief Executive Officer CID No. 11503000055
Finance Personnel	:	Mr Suraj Ghalley CID No. 11301000181
Period Audited	:	Jan. 1, 2021 - Dec. 31, 2021
Schedule of Audit	:	Planning: Dec. 27 - Dec. 30, 2021 Actual: Mar. 14 - Apr. 18, 2022 Reporting: 18 <sup>th</sup> Apr. 2022
Composition of Audit Team	:	<u>Team Leader:</u> Sudersan Mukherjee, Managing Partner <u>Team Members:</u> 1 Anusree Chatterjee, Senior Audit Associate 2 Subhashis Pramanik, Audit Associate
Supervising Officer	:	Sudersan Mukherjee, Managing Partner
Engagement Letter	:	Appointment letter dated Dec. 10, 2021
Focal Person	:	Email: sudersan@mbpkol.com Phone: 09433037064
Date of Exit Conference	:	April 22, 2022

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# Mookherjee Biswas & Pathak

Chartered Accountants

## Independent Auditors' Report

To the Members of Bhutan Livestock Development Corporation Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Bhutan Livestock Development Corporation Limited** (The Company), which comprise the Statement of Financial Position as at December 31, 2021, the Statement of Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and Notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan and we have fulfilled our ethical requirements in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

### Emphasis of Matter

We draw attention to the following matter in the notes to the financial statements:

- i. Note No. 2 (b) of the financial statements, wherein the Company has a proposal to write off certain fixed assets received from Department of Livestock (DoL), Ministry of Agriculture and Forests (MoAF), in the form of equity. However, due to pendency of approval for proposed write off, from Ministry of Finance (MoF), the ultimate equity share holder of the company, such write off cannot be materialized in the current financial year. Further, no depreciation was recognized on such assets in the financial year also.

Our opinion is not modified in respect of this matter.

- ii. Note No. 5(b) of the financial statements, wherein the management has given reason for not revising the fair values of the biological assets as at the year-end, due to lack of active market data.

Our opinion is not modified in respect of this matter.



**Other Matter**

Due to the outbreak of COVID-19 pandemic that has caused worldwide lockdown and is still continuing, and other travel restrictions imposed by the Governments/Local administration during the period of our audit, we could not travel to the Farmhouses/ Outlets/ Corporate Offices of the Company and carry out the audit processes physically. The audit of respective offices were conducted virtually based on necessary documents/information made available to us by the company through Digital Medium. We were also unable to attend the physical verification of the inventory conducted by the management as at year end. However we put our reliance on management certification of inventory balances as on 31.12.2021.

Our opinion is not modified in respect of this matter.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ISAs, we have exercised professional judgment and maintained professional skepticism throughout the audit. Our responsibilities are to:

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Company's internal control;



- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of Accounting estimates and related disclosures made by management;
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a Going concern; and
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

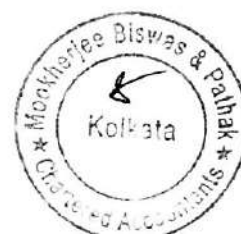
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation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

### Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as *Appendix I* with statements on the matters specified therein to the extent applicable.

Further, as required under Section 265 of the Companies Act of Bhutan 2016, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company insofar as it appears from our examination of those books;



## Mookherjee Biswas & Pathak

- c) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS; and
- d) Based on the information, explanations and management representations received during the course of our audit, the Company has complied with other legal and regulatory requirements to the extent applicable to the Company.

For Mookherjee Biswas & Pathak  
Chartered Accountants  
FRN : 301138E



(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
UDIN: 22059159AKEANM1752



Place: Kolkata  
Date: 30.05.2022

APPENDIX I'

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON  
THE FINANCIAL STATEMENTS

OF:

**BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LIMITED**

**REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS**

(Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

All audits shall be carried out applying the International Standards on Auditing (ISA) as adopted and issued by the Accounting and Auditing Standards Board of Bhutan (AASBB). Every report made by an auditor under the Companies Act of Bhutan 2016 and other relevant Acts and regulatory norms in examining the accounts of the corporations, financial institutions, authority and bodies subject to such statutory audits shall contain, *inter alia*, the following:

General:

- a) The Company under audit adheres to the Corporate Governance Guidelines and Regulations as applicable to them.
- b) The governing board/authority generally pursue a prudent and sound financial management practice in managing the affairs of the company except the observations reported in our Management Audit Report.
- c) The financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB) except in cases mentioned in our Audit Report.
- d) Proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
- e) Adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
- f) The Company has fulfilled all its mandatory obligations social or otherwise, if any, entrusted to it.
- g) As required by BAS-12, Deferred Tax Asset on carry forward of unused tax losses have not been recognized as there is no reasonable certainty that sufficient future taxable profit will be available against which the un used tax losses will be realized.



## Mookherjee Biswas & Pathak

In the case of a manufacturing, mining or processing company:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. None of the fixed assets has been revalued during the year ended on 31<sup>st</sup> December, 2021.
3. Physical verifications were conducted at reasonable intervals in respect of finished goods, stores, spares parts and raw materials.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. No material discrepancies were noticed on physical verification of stocks as compared to the book records.
6. We test checked and observed that the Company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the respective jobs, commensurate with its size and nature of its business.
7. Quantitative reconciliation is carried out at least at the end of accounting year in respect of all major items of inventories i.e. finished goods and raw materials.
8. *The Company has not determined the obsolete, damaged, slow moving and surplus goods/inventories. Hence, no provisions were made for the year ending as on 31<sup>st</sup> December, 2021.*
9. No obsolete inventories were disposed off, except for the disposal off Scrap/Spent Birds and proceeds from such disposals were accounted by the Head Office on the basis of cash deposit made by the respective units into the bank.
10. The Company has not written off any amount due to material loss/discrepancies in physical/book balances of inventories including finished goods, raw materials, stores and spares during the period of our audit.
11. *According to the information and explanations provided, the valuation of inventories are in accordance with the applicable Accounting Standards issued by the Accounting and Auditing Standard Board of Bhutan (AASBB). However, observations relating to inventories are mentioned in our 'Management Report'. The basis of valuation of stocks is the same as in the preceding year.*
12. The rate of interest and the other terms and conditions of secured loans taken by the company are *prima facie* not prejudicial to the interest of the company.
13. The clause 13 is not applicable to the Company as the Company has not given any loans to other parties during the period of our audit.



14. The loans/advances granted to officers/staff are in conformity with the provisions of the service rules and no excessive/frequent advances are granted and accumulation of large advances against particular individual is avoided.
15. The company has established adequate system of internal controls to ensure completeness accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the company as well as to ensure adherence to the rules/regulations and system and procedures.
16. The Company has a reasonable system of authorization at proper levels, and has an adequate system of internal control commensurate with the size of the company and nature of its business, on issue of stores and allocation of materials and labour to jobs.
17. There is a reasonable system of competitive biddings/quotations from the party in respect of purchase of goods and services including stores, raw materials, plant and machinery, equipment and other assets, and for the sale of goods and services which is commensurate with the size of the company and the nature of its business.
- 18(a) According to information and explanations given to us, there was no transaction for purchases and sales of goods and services made in pursuance of contracts or arrangement entered into with the director(s) or any other party/parties related to the director(s) or with company or firms in which the director(s) are directly or indirectly interested have been made at prices, which are reasonable having regard to the prevailing market prices for such goods or services or at prices at which the transactions for similar goods or services have been made with other parties.
- 18(b) According to information and explanations given to us, there was no transactions entered into by the company wherein the directors are directly or indirectly interested are prejudicial to the interest of the other shareholders and the company.
19. The expenses charged to the company accounts represent legitimate business expenses and no personal expenses are charged to the company.
20. There was no unserviceable or damaged stores, raw materials or finished goods has been determined, and hence no provision for loss has been made in the accounts.
21. *There is no reasonable system of ascertaining and identifying point of occurrence of breakage/damages raw materials, packaging materials and finished products i.e. while in transit, during processing, during loading/unloading, in storage and during handling etc. so that responsibility could be fixed and compensation sought from those responsible.*
22. The company is maintaining reasonable records for production of finished goods, by-products and whether adequate physical safeguards exist to prevent unauthorized or irregular movement of goods from the company.
23. As informed to us, the different units of the Company are maintaining reasonable records for sales and disposal of realizable by-products and scraps where applicable.
24. The Company is generally regular in depositing rates and taxes, duties, royalties, provident funds, and other statutory dues with the appropriate authority. The requirement for making provision for corporate tax is not required for the current year as the company had incurred loss.
25. There was no undisputed amounts payable in respect of rates, taxes, duties, royalties, provident funds and other statutory deductions were outstanding, as per the last day of the financial year concerned.



## Mookherjee Biswas & Pathak

26. The Company has a reasonable system of allocating man-hours utilized to the respective jobs, commensurate with the size and nature of its business.
27. The price fixation policy is reasonable by taking into account the cost of production and market conditions.
28. The Company has written credit sales policy but no credit rating of customers is required.
29. As informed to us, no sale was done through commission agent; hence the clause 29 is not applicable for the Company.
30. According to information and explanations given to us, there is a reasonable system for continuous follow-up with debtors and other parties for recovery of outstanding amounts. No age-wise analysis of outstanding debtor balances is required as there is no unrecovered debtor outstanding balances lying for more than a year.
31. We observed that the management of liquid resources particularly cash/bank and short term deposits etc. are adequate and that excessive amount was lying idle in non-interest bearing accounts. And withdrawals of loan amounts are made after assessing the requirements of funds from time to time and no excess amounts are withdrawn leading to avoidable interest burden on the company.
32. On the basis of examination of books and records on test check basis, the activities carried out by the Company are lawful and intra-vires to the Articles of Incorporation of the Company.
33. The investment decisions are made subject to prior approval of the Board and investment in new projects are made only after ascertaining the technical and economic feasibility of such new ventures and after taking approval from the Ministry.
34. The Company has established an effective budgetary control system.
35. The Company is not a manufacturing company. Therefore, clause 35 is not applicable.
36. The details of managerial remuneration have been disclosed in the Notes to the Accounts.
37. According to the information and explanations given to us, the directives of the Boards have been complied with.
38. The officials of the Company have not transmitted any price sensitive information, which are not made publicly available, to their relatives/friends/associates or close persons, which would directly or indirectly benefit themselves.
39. The Company is maintaining proper records for inter unit transactions/services and arrangements for services made with other agencies engaged in similar activities.
40. According to the information and explanations given to us, proper agreements are executed and that the terms and conditions of leases are reasonable and beneficial to the Company.



**In the case of a Trading Company**

1. According to the information and explanations given to us, the sourcing of products for retailing has been done rightly from manufacturers and authorized dealers at most advantageous terms and prices.
2. The Company has appropriate system to determine inventory levels to avoid stock-out and overstocking situations.

Other Clauses relating Finance and Investments Companies and Other Service Sector Companies are not relevant to the Company and have therefore not being commented upon.

**Computerized Accounting Environment**

1. In our opinion and according to the information and explanations given to us, the organizational and system development controls and other internal controls are adequate to the size and nature of computer installations.
2. We have been informed and verified that adequate safeguard measures and backup facilities exist within the organization.
3. We have been informed that the Company has back up facilities and disaster recovery measures including keeping files maintained with third party NANO at ICT Park, Serbithang.
4. The operational controls are adequate to ensure correctness and validity of input data and output information.
5. We have been informed and verified that the measures adopted by the Company to prevent unauthorized access over the computer installation and files are adequate.
6. There was no change over to new system, so question of data migration to new system doesn't arise.

**Facts to be stated for unfavorable/qualified answers:**

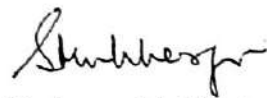
1. In relation to Clause 8 applicable to manufacturing, mining or processing company. The Company has not determined the obsolete, damaged, slow moving and surplus goods.
2. In relation to Clause 21 applicable to manufacturing, mining or processing company. There is no reasonable system of ascertaining and identifying point of occurrence of breakage/damages raw materials, packaging materials and finished products i.e. while in transit, during processing, during loading/ unloading, in storage and during handling etc.



Other requirements:

1. **Going concern problems**  
Based on the Company's financial statements for the year ended on 31st December, 2021 audited by us, the Company has incurred loss in the current financial year as compared to profit in previous year. However, on reviewing the Management's future plans and also discussing with them in relation with the same of the entity's ability to continue as going concern; the entity's continuity as going concern can be substantiated.
2. **Ratio Analysis**  
Financial and Operational ratios in respect of the Company are given in the statement of Ratio Analysis.
3. **Compliance with the Companies Act of Bhutan 2016**  
The Company has complied with the requirement of The Companies Act of Bhutan, 2016.  
Our Observations in detail have been furnished separately in "Compliance Checklist".
4. **Adherence to Laws, Rules and Regulations**  
Audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and reviews of the financial statements as produced to us by the management. In the course of audit, we have considered the compliance of provision of the said Companies Act and the Company's Article of Incorporation. According to the information and explanations given to us and in our opinion, there exists a mechanism to ensure the company's adherence to the applicable laws, rules and regulations, systems, procedures and practices as are applicable to the company operating in Bhutan.

For Mookherjee Biswas & Pathak  
Chartered Accountants  
FRN : 301138E



(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
UDIN: 22059159AKEANM1752



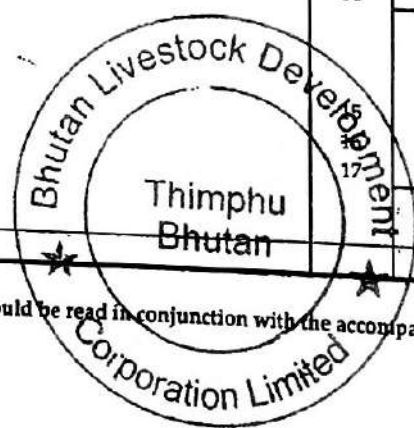
Place: Kolkata  
Date: 30.05.2022

**Bhutan Livestock Development Corporation Limited**

**Statement of Financial Position as at 31 December, 2021**

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

Particulars	Notes	As at December 31, 2021	As at December 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	375,265,427	
Intangible assets	3	104,857	357,336,509
Capital Work in Progress	4	50,443,754	58,723
Biological Asset	5	36,976,247	3,289,692
Long-term loans & advances	6	802,432	24,586,572
<b>Total non-current assets</b>		<b>463,592,717</b>	<b>420,748</b>
<b>Current assets</b>			<b>385,692,242</b>
Inventories	7	16,606,083	
Trade & other receivables	8	429,992	20,206,636
Short-term loans & advances	9	50,773,112	34,137
Cash and cash equivalents	10	19,587,061	17,522,147
Other Current Assets	11	-	216,615,527
<b>Total current assets</b>		<b>87,396,249</b>	<b>800,000</b>
<b>Total Assets</b>		<b>550,988,965</b>	<b>640,870,689</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital			
Retained earnings	12	473,900,711	473,900,711
<b>Total equity</b>		<b>(123,660,060)</b>	<b>(121,303,960)</b>
<b>Non-current liabilities</b>		<b>350,240,651</b>	<b>352,596,751</b>
Deferred Government Grants			
Long term Employee Benefits	13	179,004,217	238,224,601
<b>Total non-current liabilities</b>	14	<b>6,481,836</b>	<b>4,473,996</b>
<b>Current liabilities</b>		<b>185,486,053</b>	<b>242,698,597</b>
Trade & other payables			
Short term Employee Benefits		6,207,064	16,799,821
Short term Borrowings	17	9,055,196	8,000,497
<b>Total current liabilities</b>		<b>15,262,261</b>	<b>20,775,023</b>
<b>Total Equity and Liabilities</b>		<b>550,988,965</b>	<b>640,870,689</b>



The above Statement of Financial Position should be read in conjunction with the accompanying notes

As per our report of even date attached  
For Mookherjee Biswas & Pathak  
(Chartered Accountants)  
FRN: 301138E

*Sudersan Mukherjee*

Sudersan Mukherjee  
(Partner)  
Membership No. 059159

Date: 30/05/2022  
Place: Kolkata



*Dr. Tashi Yangzome Dorji*

Dr. Tashi Yangzome Dorji  
(Chairman)

Date:  
Place: Thimphu

*Jigme Wangchuk*

Jigme Wangchuk  
(Chief Executive Officer)

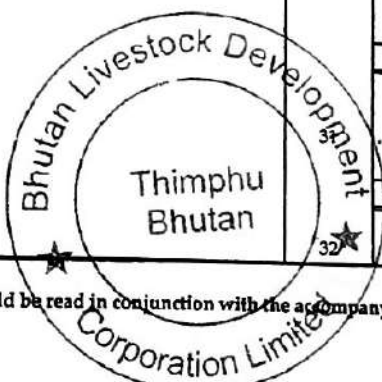
Date: 30/05/2022  
Place: Thimphu

Bhutan Livestock Development Corporation Limited

Statement of Comprehensive Income for the year ended December 31, 2021

(All amounts are in Bhutanese Ngultrum (Nu.) unless stated otherwise)

Particulars	Note	For the year ended December 31, 2021	For the year ended December 31, 2020
<b>Revenue</b>			
Revenue from Operations			
Sale of Product			
<b>Other Income</b>			
Scrap sale/sale of Spent birds	18	230,482,223	125,566,719
Others	19		
Fair Value gain on Biological asset	20	1,038,975	288,130
Government Grants & Budget	21	5,549,030	1,232,956
	22	9,276,343	5,713,682
		62,893,719	100,986,459
<b>Total Revenue</b>	A	<b>309,240,290</b>	<b>233,787,946</b>
<b>Expenditure</b>			
Employee benefits expense			
Administration Expenses	23	61,328,066	48,614,680
Finance Charges	24	20,995,344	13,795,237
Marketing Expenses	25	534,797	828,344
Office Expenses	26	109,276	94,430
Maintenance & Operation	27	2,251,698	1,403,089
Animal Development Cost	28	8,131,024	4,841,569
Value Additional Cost	29	45,059,761	42,727,579
Depreciation and Amortisation Expenses	30	156,346,718	87,723,276
	2 & 3	27,899,857	28,269,025
<b>Total Expenditure</b>	B	<b>322,656,540</b>	<b>228,297,229</b>
<b>Profit/(Loss) before tax</b>	C=(A-B)	<b>(13,416,250)</b>	<b>5,490,717</b>
<b>Tax Expenses</b>			
Current Tax			
Deferred Income Tax			
<b>Profit/ (Loss) for the Period</b>		<b>(13,416,250)</b>	<b>5,490,717</b>
<b>Other comprehensive income/(loss)</b>			
Actuarial Gain/ (Loss) on Post Employee Benefits		(340,775)	(50,777)
Tax on Other Comprehensive Income			
<b>Total comprehensive Income/ (Loss) for the year</b>		<b>(13,757,025)</b>	<b>5,439,940</b>
<b>Earnings per Share</b>	32	<b>(2.83)</b>	<b>1.16</b>



The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

As per our report of even date attached  
For Mookherjee Biswas & Pathak  
(Chartered Accountants)  
FRN: 301138E

*Sudersan Mukherjee*  
Sudersan Mukherjee  
(Partner)  
Membership No. 059159  
Date: 30/05/2022  
Place: Kolkata



*Dr. Tashi Yangzome Dorji*  
Dr. Tashi Yangzome Dorji  
(Chairman)  
Date:  
Place: Thimphu

*Jigme Wangchuk*  
Jigme Wangchuk  
(Chief Executive Officer)  
Date: 30/5/22  
Place: Thimphu

Bhutan Livestock Development Corporation Limited

Statement of Cash Flow for the year ended December 31, 2021

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

	2021	2020
<b>Cash Flow from Operating Activities</b>		
Profit & (Loss) before tax	(13,416,250)	5,490,717
Add: Depreciation	27,899,857	28,269,023
Add: Fair Value Gain/(loss) of Biological asset	(9,276,343)	(5,713,682)
Add: Write off	-	464,292
Add: Actuarial Gain/(Loss) on Post Employee Benefits	(340,775)	-
Less: Interest income	(146,500)	-
Add: Finance Cost	534,797	828,344
<b>Operating Profit before working Capital Changes</b>	<b>5,254,787</b>	<b>29,338,696</b>
<b>Changes in Working Capital</b>		
(Increase)/ Decrease in Inventories, loans & advance and trade and other receivables	(29,627,953)	(30,656,462)
Increase/ (Decrease) in Trade & other payables and other liabilities	(56,563,048)	236,225,041
	(86,191,001)	205,568,580
<b>Net Cash Flow from Operating Activities</b> A	<b>(80,936,214)</b>	<b>234,907,273</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, plant and equipment and Intangible Assets (net)	(45,888,791)	(16,564,382)
Increase in Capital Work in Progress	(47,154,062)	(1,064,418)
Interest income	146,500	-
Purchase of Biological assets	(1,886,080)	-
<b>Net Cash Flows from Investing Activities</b> B	<b>(94,782,432)</b>	<b>(17,628,799)</b>
<b>Cash Flows from Financing Activities</b>		
Payment of short term borrowings	(20,775,023)	(431,564)
Finance cost paid	(534,797)	(828,344)
<b>Net Cash Flows from Financing Activities</b> C	<b>(21,309,820)</b>	<b>(1,259,908)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b> A+B+C	<b>(197,028,467)</b>	<b>216,018,568</b>
Add: Opening Cash & Cash Equivalents	216,615,528	994,939
<b>Closing Cash &amp; Cash Equivalents</b>	<b>19,587,061</b>	<b>216,615,528</b>
<b>Note to Cash flow statement :</b>		
Components of Cash & Cash Equivalents are as under		
Cash & cash equivalents		
- Cash in Hand	567,684	3,451,338
- Cheques in Hand	-	54,270
- Balance with Banks	19,019,378	213,109,419
	<b>19,587,061</b>	<b>216,615,527</b>

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

As per our report of even date attached  
For Mookherjee Biswas & Pathak  
(Chartered Accountants)  
FRN: 301138E

*Sudersan Mukherjee*  
Sudersan Mukherjee  
(Partner)  
Membership No. 059159

Date: 30/05/2022  
Place: Kolkata



*Dr. Tashi Yangzome Dorji*  
Dr. Tashi Yangzome Dorji  
(Chairman)

Date:  
Place: Thimphu

*Wangchuk*  
Wangchuk  
(Chief Executive Officer)

Date: 30/05/22  
Place: Thimphu

**Bhutan Livestock Development Corporation Limited**  
**Statement of Changes in Equity as on December 31, 2021**

(All amounts are in Bhutanese Ngultrum (Nu.) unless stated otherwise)

Particulars	Share Capital		Stock Holders' Equity	Retained Earnings	Capital Reserve	Total
	No. of Shares (in Nos.)	Par Value Per Share				
Opening Balance as on 1st January 2021	4,739,007	100	473,900,711	(121,303,960)	-	352,596,751
Add: Shares issued during the year	-	-	-	-	-	-
Add: Profit/ (Loss) for the period from 01.01.2021 to 31.12.2021	-	-	-	(13,416,250)	-	(13,416,250)
Add: Other Comprehensive Income/Loss	-	-	-	(340,775)	-	(340,775)
Add: Biological Assets acquired from Govt.*	-	-	-	-	1,227,253	1,227,253
Add: Adjustments**	-	-	-	10,173,672	-	10,173,672
<b>Closing Balance as on 31st December 2021</b>	<b>4,739,007</b>	<b>100</b>	<b>473,900,711</b>	<b>(124,887,313)</b>	<b>1,227,253</b>	<b>350,240,651</b>

\*Note: The biological assets received from government and have not gone through any biological transfer as at the year-end, is shown under 'Capital Reserve'.

\*\*Note: Adjustments for Nu. 101,73,672 made in the current financial year consist of Nu. 116,665 for grant, Nu. 13,882 for Property Plant and Equipment and Nu. 100,70,889 for Trade and Other payables' wrongly shown in the audited financial statements of FY 2020, which is now rectified.

Particulars	Share Capital		Stock Holders' Equity	Retained Earnings	Capital Reserve	Total
	No. of Shares (in Nos.)	Par Value Per Share				
Opening Balance as on 1st January 2020	4,738,460	100	473,845,974	(126,243,968)	-	347,102,075
Add: Shares issued during the year	547	100	54,767	-	-	54,767
Add: Profit/ (Loss) for the period from 01.01.2020 to 31.12.2020	-	-	-	(50,777)	-	(50,777)
Add: Other Comprehensive Income/ Loss	-	-	-	(121,303,960)	-	(121,303,960)
<b>Closing Balance as on 31st December 2020</b>	<b>4,739,007</b>	<b>100</b>	<b>473,900,711</b>	<b>(124,887,313)</b>	<b>1,227,253</b>	<b>352,596,751</b>

As per our report of even date attached

For Mookherjee Biswas & Pathak

(Chartered Accountants)

FRN/301138E

Sudersan Mukherjee

(Partner)

Membership No. 059159

Date: 30/05/2022

Place: Kolkata



Date: 30/05/22

Place: Thimphu

Jigme Wangchuk

(Chief Executive Officer)

Date: 30/05/22

Place: Thimphu



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**Corporate Head Office**  
**Thimphu: Bhutan**  
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Notes forming part of the Financial Statements

1A. Background:

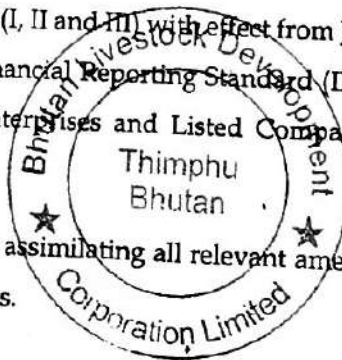
Bhutan Livestock Development Corporation Limited (the 'Company') was incorporated and registered under The Companies Act of Bhutan, 2016 on March 15, 2017 with limited liability of Nu. 1000 million of which 60% is owned by Ministry of Finance. The registered corporate head office is located at Namtog Lam, Khangkhulu, Thimphu with its production units at Samrang, Samdrup Jongkhar; Relangthang, Sarpang and Serbithang, Thimphu.

The main mandate of the company is to complement the developmental needs of the livestock sector in the country to enhance livestock production and achieve self-sufficiency in inputs and products through business principles and stratagem. Besides the production of livestock inputs, BLDCL will embark on value addition, internal marketing and export of products of the farmers and youth entrepreneurs through contract farming system.

1B. Adoption of Bhutanese Accounting Standard (BAS):

The Ministry of Finance (MoF), Royal Government of Bhutan embarked on the process of developing accounting standards to promote quality financial reporting system in the country, which is consistent with international practices. Pursuant to this, the Ministry of Economic Affairs (MoEA), Royal Government of Bhutan issued the Accounting Standard Rules for Companies in Bhutan, in 2012, notifying that companies in Bhutan shall implement Bhutanese Accounting Standards ('BAS') in three phases (I, II and III) with effect from January 1, 2013. As BAS has been aligned with the International Financial Reporting Standard (IFRS), all the financial statements adopted by the State Owned Enterprises and Listed Companies in Bhutan are prepared in compliance to BAS.

BLDCL has also adopted the BAS assimilating all relevant amendments and interpretations for its effective and efficient operations.



Post Box No. 2078, Namtog Lam, Khangkhulu, Thimphu: Bhutan, Tel: (+975) 2-365520, 2-365524  
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 Website: <http://www.bhutanlivestock.bt>





## 1C. Significant Accounting Policies

### 1C.1 Basis of preparation

All the financial statements are prepared in accordance with the Bhutanese Accounting Standards (BAS), which is in compliance with the International Financial Reporting Standards (IFRS). It is issued by Auditing and Accounting Standard Board of Bhutan (AASBB) and all relevant provisions of the Companies Act of Bhutan, 2016 to the extent applicable to the Company are included on the accrual basis of accounting with the historical cost convention and growing concern basis except as stated otherwise in the financial statements.

The preparation of financial statements, in conformity with BAS, requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of revenue and expenses during the reported period. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed at each Statement of Financial Position date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

### 1C.2 Functional and presentation currency

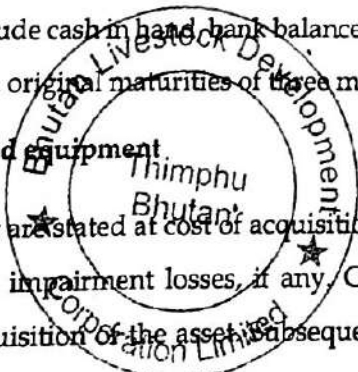
Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The functional currency and presentation currency of the Company is Bhutanese Ngultrum (Nu.).

### 1C.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits and other short-term highly liquid investments with original maturities of three months or less.

### 1C.4 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's



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**Thimphu: Bhutan**

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recognised on a straight line basis over the estimated useful life of 5 years as estimated by the Company. The useful life is reviewed at each Statement of Financial Position date and any change therein is treated as change in accounting estimates and dealt with prospectively.

### 1C.6 Financial Instruments

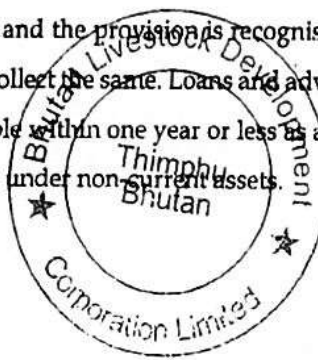
Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred all risks substantially and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### 1C.6.1 Trade and other receivables

Trade and other receivables are amounts due from customers and other parties in the ordinary course of business. Trade and other receivables are initially recognised at the sale/recoverable value and are assessed at each Statement of Financial Position date for uncollectability and necessary provision is made, if required. Trade and other receivables are classified under current assets if payment is recoverable within one year or less as at Statement of Financial Position date, if not, they are classified under non-current assets.

#### 1C.6.2 Loans and advances

Loans and advances represent advances given to suppliers, contractors and others in the ordinary course of the business activities of the Company. Loan and advances are initially recognized at the value of cash advanced and are assessed at each Statement of Financial Position date for realisability and the provision is recognised when it is more likely that the Company will not be able to collect the same. Loans and advances are classified under current assets if payment is recoverable within one year or less as at Statement of Financial Position date, if not, they are classified under non-current assets.



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Website: <http://www.bhutanlivestock.bt>



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carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance costs are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is computed using the diminishing-line method over the estimated useful lives of the assets. The estimated useful lives of the assets as per the evaluation performed by the Company as well as in reference to Ministry of Finance are as follows:

Property	Land	
	Buildings & Transformer	30 years
	Semi-permanent buildings	10 years
	Irrigation structures and facilities	7 years
	Furniture and Fixtures	10 years
	Vehicles	15 years
	Computers & Office Equipment	5 years
Plant	Biological Asset	Fair Value
Equipment	Tools	2 years
	Farm machinery and equipment	5 years

The cost and the accumulated depreciation for property, plant and equipment sold, scrapped, retired or otherwise disposed off are eliminated from the financial statements and the resulting gains and losses are included in the statement of Comprehensive Income.

#### 1C.5 Intangible assets

Intangible assets include computer software and licences with finite useful lives and are stated at cost of acquisition/implementation, less accumulated amortisation. Amortisation is

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1C.6.3 Trade and other payables

Trade and other payables are obligations incurred by the Company towards purchase of live animal, animal feeds, fertilizers, chemicals and other goods and services that have been acquired / availed in the ordinary course of business. Trade payables are classified under current liabilities, if payment is due within 12 months as at Statement of Financial Position date, if not, they are classified under non-current liabilities.

1C.7 Biological Assets

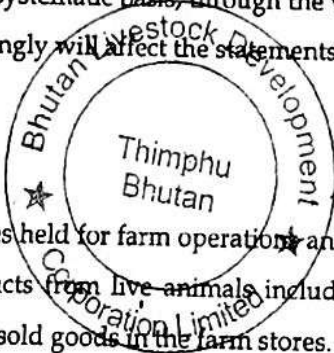
BLDCL is a company engaged in integrated livestock farming. Its first and foremost mandate is production of quality inputs to be supplied to the farmers and livestock entrepreneurs in the country and act as an aggregator to market their products, with the end result of fully developed value chains. Secondly, some products will be produced by the company to complement their products in the market for consistency and price stabilization. This process requires the Company to procure parent stock animals periodically and maintain them in our respective farms for the above stated products. As such, all the costs involved for their daily maintenances like feeds, medical treatments, biosecurity aspects and unexpected costs pertaining to it are treated as Animal Development cost.

Currently, the 'Biological Assets' is valued at the fair value on existing animals based on the animal species' present conditions/stages with the value worked out at cost less accumulated impairment losses, if any as on the reporting date.

The 'Biological Assets' is carried in the Statement of Financial Position to be amortized over the period of their production cycle on a systematic basis, through the valuation of actuarial gain or loss on the reporting date and accordingly will affect the statements.

1C.8 Inventories

Inventories consist of stores and spares held for farm operations and maintenance, construction material, agriculture products (products from live animals including live animals itself) and finished value added products and unsold goods in the farm stores.



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Inventories of stores and spares for farm operations and maintenance and construction material along with unsold goods at farm stores are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost formula and comprises cost of purchases and other incidental expenses incurred in its acquisition. Net realizable value is the estimated selling price less applicable selling expenses. If the carrying value exceeds net realizable value, a write down is recognized. The write down may be reversed in a subsequent period if the circumstances, which caused it no longer, exist.

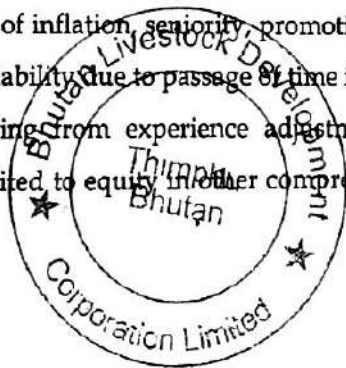
The agriculture products are those harvested products from biological asset including live animals to be sold, valued at cost less accumulated impairment losses, if any, and the same is included in the 'Biological Assets'.

Inventories of Finished value added products are those finished items/goods which has completed the production procedure but held for sales in the ordinary course of business in the commencing financial period.

**1C.9 Employee benefits**

Employee benefits liabilities are recognized when the Company has a present obligation (legal or constructive) as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Liability towards Gratuity is considered as the defined benefit plan and is provided based on actuarial valuation as at the Statement of Financial Position date. The liability is discounted to present value applying the rate of the benchmark interest rate at the accounting date and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long-term basis. Increase in the liability due to passage of time is recognized as interest expense. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.



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Earned Leave is en-cashable when employee accumulates more than 30 days but not more than 90 days of leave balance in succeeding year and as such considered as short term employee benefit and is recognized in the period during which services are rendered by the employees.

The benefits in the form of contribution to Provident Fund administered by National Provident and Pension Fund is considered a defined contribution plan and is charged to Statement of Comprehensive Income as and when they fall due.

#### 1C.10 Impairment of assets

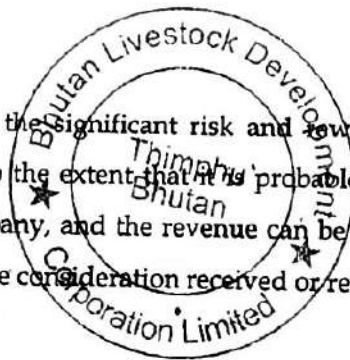
The Company assesses at each Statement of Financial Position date whether there is any indication that property, plant, machinery, equipment and intangible assets may be impaired based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the assets. If the carrying amount of asset/cash generating unit exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

#### 1C.11 Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. A contingent liability is only disclosed in the notes to the account if an outflow of resources embodying economic benefits is possible.

#### 1C.12 Revenue

Revenue is recognized when the significant risk and rewards of ownership have been transferred to the customer, to the extent that it is probable that the associated economic benefits will flow to the Company, and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.



Post Box No. 2078, Namtog Lam, Khangkhulu, Thimphu: Bhutan, Tel: (+975) 2-365520, 2-365524

Email: [blcd17@gmail.com](mailto:blcd17@gmail.com)

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**1C.13 Government Grants/ Assistance**

Government Grants/ Assistance (Grant) are recognized at their fair value where there is a reasonable assurance that the Grant will be received and the Company will comply with the conditions attached to them.

Grants relating to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the Grants are intended to compensate.

Grants relating to assets are presented as deferred income in the Balance Sheet and are recognized in profit or loss on a systematic basis over the useful life of the related assets.

**1C.14 Taxes on Income**

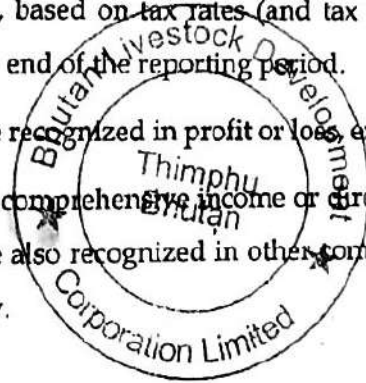
Taxes on income comprises of current taxes and deferred taxes.

Current Tax in the statement of profit and loss is determined as the amount of income-tax payable/recoverable in respect of the taxable income for the current period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred Tax is recognized on temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred Tax Assets are recognized subject to the consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity net of tax respectively.



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# NOTES TO ACCOUNTS

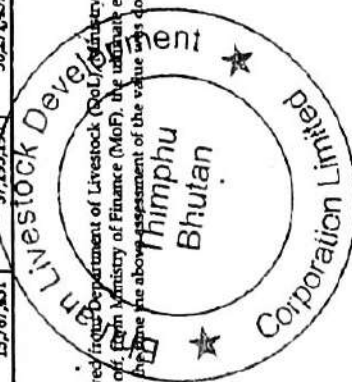
**Bhutan Livestock Development Corporation Limited**  
(All amounts are in Bhutanese Ngultrum (Nu.) unless stated otherwise)

**Note 2: Property, Plant & Equipment**

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>GROSS BLOCK</b>												
Gross Carrying value as at December 31, 2019	190,093,670	10,364,623	68,015,444	63,807,593	3,341,450	81,927,051	3,961,116	23,753,210	1,327,862			446,597,018
Addition	290,011	1,194,772	-	-	688,171	4,064,077	510,732	9,270,191	172,136			16,100,089
Disposal/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Gross Carrying value as at December 31, 2020	190,293,681	11,559,395	68,015,444	63,807,593	4,029,621	85,991,128	4,471,848	33,023,400	1,499,997			462,697,107
Addition	-	5,640,460	196,172	-	618,890	21,816,331	1,423,530	15,680,145	427,112			45,802,641
Disposal/Adjustments*	-	-	-	-	(13,882)	-	-	-	-	-	-	(13,882)
Gross Carrying value as at December 31, 2021	190,293,681	17,199,855	68,211,617	63,807,593	4,634,629	107,807,460	5,895,378	48,708,545	1,927,109			508,485,867
<b>ACCUMULATED DEPRECIATION</b>												
Accumulated Depreciation as at December 31, 2019	12,355,210	685,489	19,467,046	4,220,069	2,417,827	30,586,091	1,073,372	6,042,212	258,937			77,106,255
Depreciation for the period	5,348,096	313,648	6,204,991	1,687,307	459,590	10,557,080	545,696	2,836,197	101,739			28,254,344
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation as at December 31, 2020	17,703,307	999,137	25,672,037	5,907,377	3,077,417	41,143,172	1,619,068	8,878,409	360,676			105,360,599
Depreciation for the period	5,192,019	433,287	5,344,382	1,628,786	615,497	10,312,296	713,861	3,499,469	120,244			27,859,841
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation as at December 31, 2021	22,895,326	1,432,424	31,016,419	7,536,162	3,692,915	51,455,467	2,332,929	12,377,878	480,920			133,220,440
Net Carrying value as at December 31, 2020	172,590,374	10,560,258	42,343,407	57,900,216	952,204	44,847,956	2,852,780	24,149,991	1,139,321			357,336,509
Net Carrying value as at December 31, 2021	167,398,355	15,767,431	37,195,196	56,271,451	941,714	56,351,992	3,562,450	36,330,667	1,446,189			375,286,427

**Notes:**

- (a) Refer note given for SOCE for adjustment of Nu. 13882.  
 (b) The Company had made a proposal to write off certain fixed assets received from the Department of Livestock (DOL) / Ministry of Agriculture and Forests (MoAF), in the form of equity, amounting to Nu. 10,384,240, in financial year 2019. However, due to pendency of approval for proposed write off from the Ministry of Finance (MoF), the relevant equity share holder of the company, such write off cannot be materialized even in the current financial year. Further, no depreciation is being recognized on such assets from the date the above assessment of the value was done.



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**Bhutan Livestock Development Corporation Limited**  
 (All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

**Note 3: Intangible assets**

Particulars	2020	2021	
<b>GROSS BLOCK</b>			
Gross Carrying value as at December 31, 2019	109,000	1	109,001
Addition	-	-	-
Disposal/ Adjustments	-	-	-
Gross Carrying value as at December 31, 2020	109,000	1	109,001
Addition	86,150	-	86,150
Disposal/ Adjustments	-	-	-
Gross Carrying value as at December 31, 2021	195,150	1	195,151
<b>ACCUMULATED AMORTISATION</b>			
Accumulated Amortisation as at December 31, 2019	35,597	-	35,597
Depreciation for the period	14,681	-	14,681
Disposal	-	-	-
Accumulated Amortisation as at December 31, 2020	50,278	-	50,278
Depreciation for the period	40,016	-	40,016
Disposal	-	-	-
Accumulated Amortisation as at December 31, 2021	90,294	-	90,294
Net Carrying value as at December 31, 2020	58,722	1	58,723
Net Carrying value as at December 31, 2021	104,856	1	104,857



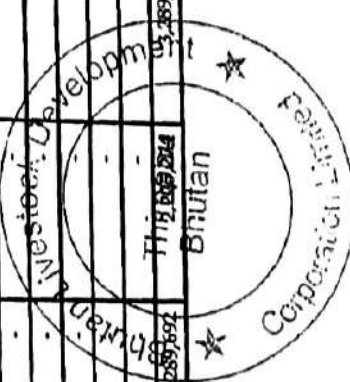
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Bhutan Livestock Development Corporation Limited  
(All amounts are in Bhutanese Ngultrum (Nu.) unless stated otherwise)

Note 4: Capital Work in Progress

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Upgradation of Transformer	-	-	-	-	-	-	2,225,274	-	-
Internet Installation	-	-	-	-	-	-	-	-	-
CWIP- Cold storage	-	2,158,400	-	-	-	2,158,400	-	269,800	2,428,200
CWIP- Water Filtration	-	1,131,292	-	-	-	1,131,292	-	788,670	1,919,962
CWIP-Blast freezer & Chiller	-	-	-	-	-	-	-	3,971,322	3,971,322
CWIP-Calf shed and vercompost	-	-	-	-	-	-	-	1,308,096	1,308,096
CWIP-Cold Sotrage	-	-	-	-	-	-	-	4,729,901	4,729,901
CWIP-Machinery Centre	-	-	-	-	-	-	-	4,370,161	4,370,161
CWIP-Parent stock Shed	-	-	-	-	-	-	-	4,333,389	4,333,389
CWIP-Silo Pit & bedding storage	-	-	-	-	-	-	-	886,670	886,670
CWIP-Milking Cow Shed	-	-	-	-	-	-	-	774,821	774,821
CWIP-Dairy Processing & Repackaging	-	-	-	-	-	-	-	3,926,479	3,926,479
CWIP-ESP Quarter	-	-	-	-	-	-	-	4,099,951	4,099,951
CWIP-ESP Quarter	-	-	-	-	-	-	-	4,292,359	4,292,359
CWIP-Retaining Wall, chips and wash	-	-	-	-	-	-	-	2,500,785	2,500,785
CWIP-Site Development for cold store	-	-	-	-	-	-	-	1,255,036	1,255,036
CWIP-Technical Staff Quarter	-	-	-	-	-	-	-	2,721,911	2,721,911
CWIP-Technical Staff Quarter	-	-	-	-	-	-	-	1,936,810	1,936,810
CWIP-Fencing	-	-	-	-	-	-	-	4,520,070	4,520,070
CWIP-Cold Stores with PUF Panel at	-	-	-	-	-	-	-	2,964,622	2,964,622
CWIP-Office complex at OPD	-	-	-	-	-	-	-	1,730,000	1,730,000
CWIP-Ice plant at OPD	-	-	-	-	-	-	-	121,370	121,370
Total	-	-	-	-	-	-	2,225,274	51,502,224	4,348,162



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**Bhutan Livestock Development Corporation Limited**  
(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

**Note 5: Biological Asset**

Particulars	Fair Value as on 31.12.2020	Capital Reserve	Gain/(Loss) for the year 2021	Closing Value as on 31st Dec 2021
Goat	555,401	-	20,755	576,156
Jersey Cow	10,197,782	-	1,056,982	11,254,764
DxC	-	-	(1,886,080)	-
Layer Birds	10,159,137	-	(1,085,515)	9,073,622
Table fish	3,674,252	-	11,170,201	14,844,453
Piggery	-	1,227,253	-	1,227,253
<b>Total</b>	<b>24,586,572</b>	<b>1,227,253</b>	<b>9,276,343</b>	<b>36,976,287</b>

**Note (a):**

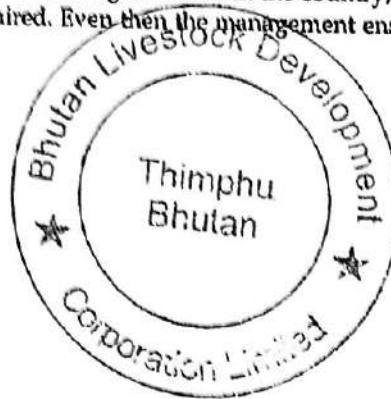
The Company rears the following animals for the below-mentioned activities:

1. Layers birds for eggs,
2. Dairy cow, goat and pig breeder stock to provide quality livestock input to the local Bhutanese farmer and
3. Fish to harvest and sale in the local market to reduce the import

Therefore, all these animals qualifies under BAS 41 Agriculture as 'Biological Assets' and are required to be valued at Fair value as per BFRS 13 on the reporting date.

**Note (b):**

According to BAS 41 Agriculture, the Biological assets are to be restated on the basis of Fair Value at every year-end. However, it is to be noted that due to inactive market for the biological assets in the country, Management is unable to get the true figures/data to ascertain the updated fair value as required. Even then, the management ensures to rework on the fair values in close reference to accepted norms in vogue.



**Bhutan livestock Development Corporation Limited**  
 (All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise).

**Note 6: Long-term loans & advances**

Particulars	As at December 31, 2021	As at December 31, 2020
Security Deposits	802,432	420,746
<b>Total</b>	<b>802,432</b>	<b>420,746</b>

**Note 7: Inventories**

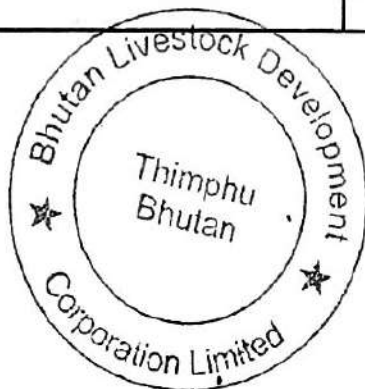
Particulars	As at December 31, 2021	As at December 31, 2020
Agriculture Products	4,844,081	13,244,062
Resalable Products	440,655	-
Value added Products	2,428,313	2,337,266
Stores & spares	8,893,034	4,625,308
<b>Total</b>	<b>16,606,083</b>	<b>20,206,636</b>

Refer note 1C.8 for method used for valuation of inventories.

**Note 8: Trade & other receivables**

Particulars	As at December 31, 2021	As at December 31, 2020
Trade Receivables	429,992	34,137
<b>Total</b>	<b>429,992</b>	<b>34,137</b>

Refer note 1C.6.3



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**Note 9: Short-term loans & advances**

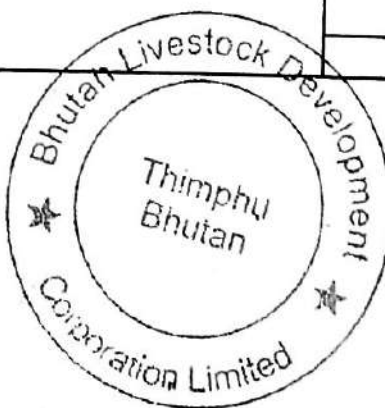
Particulars	As at December 31, 2021	As at December 31, 2020
Advance to suppliers & contractors	50,192,251	17,073,213
Advance to Office	361,288	277,083
Advance to Employees	219,574	171,851
<b>Total</b>	<b>50,773,112</b>	<b>17,522,147</b>

**Note 10: Cash & cash equivalents**

Particulars	As at December 31, 2021	As at December 31, 2020
Cash in hand (As certified by the Management)	567,684	3,451,33
Cheque in hand	-	54,77
Balance with banks	19,019,378	213,109,41
<b>Total</b>	<b>19,587,061</b>	<b>216,615,52</b>

**Note 11: Other Current Assets**

Particulars	As at December 31, 2021	As at December 31, 2020
Fund Receivable from Government MoAF (DOL)	-	800,000
<b>Total</b>	<b>-</b>	<b>800,000</b>



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**Bhutan Livestock Development Corporation Limited**  
(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

**Note 12: Share Capital**

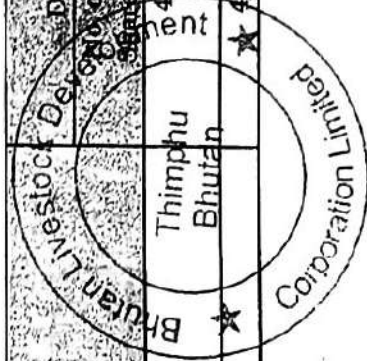
Particulars	As at December 31, 2021	As at December 31, 2020
<b>Authorised shares</b>		
1,000,000,000 equity shares of Nu. 100 each	1,000,000,000	1,000,000,000
<b>Issued, subscribed and fully paid-up shares</b>		
4,739,007 equity shares of Nu. 100 each (Previous year 4738459 equity shares of Nu. 100 each)	473,900,711	473,900,711
<b>Total</b>	<b>473,900,711</b>	<b>473,900,711</b>

**12.1 Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Nu. 100 per share. All ordinary shares are ranked equally and each holder of equity share is entitled to one vote per share. There are no restriction on transfer of shares in the Company or on voting rights between holder of shares.

**12.2 Details of shareholders**

Name of the Shareholder	As at December 31, 2021		As at December 31, 2020	
	No. of Shares	% held	No. of Shares	% held
Ministry of Finance, Royal Government of Bhutan	4,739,007	100	4,739,007	100
<b>Total</b>	<b>4,739,007</b>	<b>100</b>	<b>4,739,007</b>	<b>100</b>



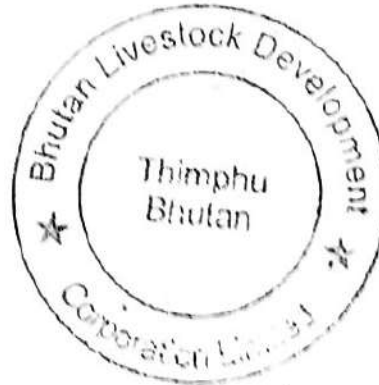
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**12.3 Reconciliation of number of shares outstanding**

Particulars	As at December 31, 2021		As at December 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	4,739,007	473,900,711	4,738,460	473,845,974
Add: Issued during the period			547	54,737
<b>At the end of the period</b>	<b>4,739,007</b>	<b>473,900,711</b>	<b>4,739,007</b>	<b>473,900,711</b>
Weighted Average Number of Shares at the end of the period	4,738,461	473,900,711	4,738,461	- 473,900,711

**12.4 Shares issued for consideration other than cash**

Shares amounting to Nu. 422,367,711 (Previous year - Nu. 422,312,974) have been issued for consideration other than cash.



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**Bhutan Livestock Development Corporation Limited**  
 (All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

**Note 13: Deferred Government Grants**

Particulars	As at December 31, 2021	As at December 31, 2020
At the beginning of the year	238,224,601	11,874,395
Add: Received during the year	3,790,000	327,336,665
Less:		
-For Expenses	58,036,289	98,315,640
-For Depreciation	4,857,430	2,670,819
-Adjustments (Refer note given for SOCE adjustment.)	116,665	-
<b>Total</b>	<b>179,004,217</b>	<b>238,224,601</b>

**Note 14: Long term Employee Benefits**

Particulars	As at December 31, 2021	As at December 31, 2020
Provision for:		
- Gratuity	2,875,630	1,909,440
- Leave encashment	3,560,535	2,536,695
- Carriage Charges	-16,037	-15,701
- Transfer Grant	61,708	43,562
<b>Total</b>	<b>6,481,836</b>	<b>4,473,996</b>



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**Note 15: Trade & other payables**

Particulars	As at December 31, 2021	As at December 31, 2020
Trade payables	1,609,190	5,649,814
Statutory liabilities	632,764	390,365
Audit & Consultant fees payable	85,000	90,000
Employees' payables	567,390	313,922
Accrued expenses	87,068	280,773
Miscellaneous payables	516	516
Payable security Deposit	3,020,052	3,525
Advance paid to Contract Farmers	149,454	10,070,882
Refundable-Office Advance	55,631	
<b>Total</b>	<b>6,207,064</b>	<b>16,799,821</b>

**Note 16: Short Term Employee Benefits**

Particulars	As at December 31, 2021	As at December 31, 2020
Provision for:		
- LTC	2,122,794	1,613,293
- Gratuity	323,515	91,053
- Leave encashment	523,233	326,330
- Carriage Charges	452,622	301,996
- Transfer Grant	328,306	207,330
- PBVI	5,304,726	5,460,495
<b>Total</b>	<b>9,055,196</b>	<b>8,000,497</b>

**Note 17: Short term borrowings**

Particulars	As at December 31, 2021	As at December 31, 2020
Working capital facilities from bank (Secured against certain Property, plant & equipment)	-	20,775,023
<b>Total</b>	-	<b>20,775,023</b>

Note: Loan lend from Bhutan Development Bank Ltd. was cleared in the month of February 2021



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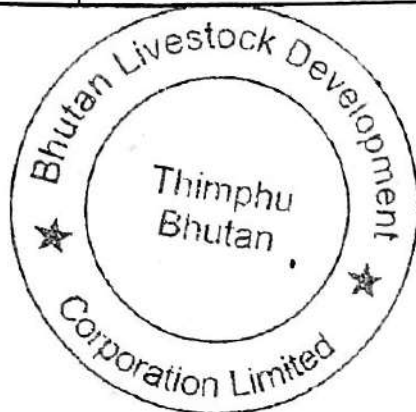
**Bhutan Livestock Development Corporation Limited**  
(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

**18. Sales of Product**

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Sales from Main BO Outlet	101,893,103	55,152,771
Sales from OPD Samrang	24,947,037	24,611,635
Sales from Relangthnag	28,400	385,200
Sales for Changkhorolo Outlet	12,077,946	5,764,065
Sales from Lungtenphu Outlet	3,991,255	-
Sales from Jungshina Outlet	4,271,206	-
Sales from Mongar Outlet	210,710	-
Sales for Babesa Outlet	17,631,345	3,590,173
Sales for CFM Outlet	559,435	355,338
Sales from LPVAD	10,991,571	2,372,897
Sales from CPPF, Yusipang	352,000	-
Sales of Buck	86,300	13,930
Sales of Pullet	-	21,100
Return form SHFP	15,682,405	2,433,718
Marketing & Distribution	36,426,247	30,595,252
Haa Fishery	545,773	270,641
Foreign Sells	7,290	-
Hatching Eggs	780,200	-
<b>Total</b>	<b>230,482,223</b>	<b>125,566,719</b>

**19. Sales of Scrap/Spent animal**

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Sales of Manure	35,050	32,300
Sales of Spent Birds	1,003,925	255,830
<b>Total</b>	<b>1,038,975</b>	<b>288,130</b>



**20. Other Incomes**

Particulars	For the year ended December 31, 2020	For the year ended December 31, 2020
Income from Hire Out	234,189	163,732
House Rent Deduction	745,171	759,478
Tender Fees	-	7,000
Processing fees for Meat	156,204	67,400
Stale Cheque	-	221,464
Income from Interest	146,500	-
Sales of Feeds	2,605,874	-
Others	1,661,092	13,882
<b>Total</b>	<b>5,549,030</b>	<b>1,232,956</b>

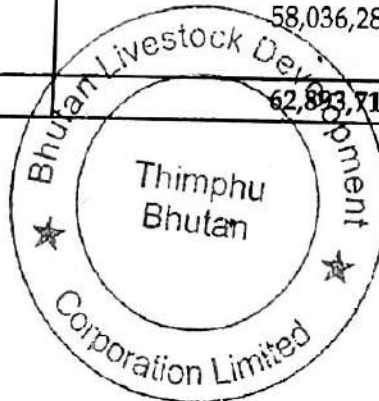
- Note:
1. Movable properties are hired out for additional income
  2. Started to deduct House Rent from the staffs occupying the quarters at Farms
  3. Nominal Fees collected from contractors participating in the tender to serve refreshment during tender opening
  4. Collecting of processing fees for using mince making machine at LPVAD
  5. Other payables carried forward from previous year reversed after net payable.

**21. Income from Fair Value Gain**

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Biological Asset	9,276,343	5,713,682
<b>Total</b>	<b>9,276,343</b>	<b>5,713,682</b>

**22. Government Grants**

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Government Grants		
- For depreciation	4,857,430	2,670,819
- For Expenses	58,036,289	98,315,640
<b>Total</b>	<b>62,893,719</b>	<b>100,986,459</b>



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**Bhutan Livestock Development Corporation Limited**  
 (All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

**23. Employee Benefit Expenses**

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Arrear Payment	5,862	29,767
Cash Handling Allowance	12,000	12,000
Communication Allowance	303,000	243,000
Contract Allowance 50%	495,000	403,126
Daily Wages	-	127,025
Difficult Area Allowance	1,730,000	1,540,000
House Rent Allowance 20%	7,000,853	5,369,474
Leave Travel Concession (LTC)	2,184,988	1,611,305
Local Conveyance Allowance	222,000	222,000
Performance Based Variable Incentive 25%	5,304,726	5,460,495
Production Endurance Allowance 20%	5,492,784	4,130,054
Provident Fund Contribution	3,845,388	3,117,681
Salary	30,266,778	22,846,965
Gratuity	1,153,267	825,875
Leave Encashment	2,990,441	2,447,919
Transfer grant	145,737	104,496
Carriang Charges	175,241	123,498
<b>Total</b>	<b>61,328,066</b>	<b>48,614,680</b>

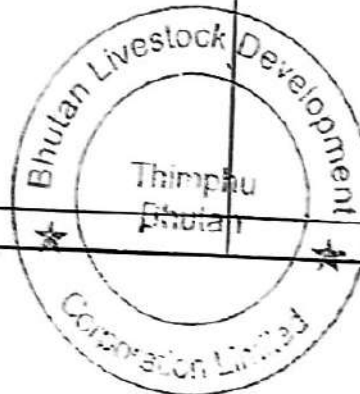


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24. Administrative Expenses

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
CFM Rental	54,314	99,071
Electricity Bill	1,426,449	1,282,006
Environment Clearance	900	-
Extension Kits	69,950	225,000
Farm Stores Rent	460,374	466,482
Fax Charges	205	920
Fees & Permit	24,482	761
Field Dress	590,605	171,676
Foundation Day	-	215,466
Games and Sport	30,000	-
Insurance Premium on Fixed Asset	-	194,016
Internet/Broadband Charges	525,626	529,797
Jungshina Rent	137,500	-
Lungtenphu Rent	139,454	-
Maintenance of Farm Machinery	64,270	83,685
Maintenance of Plant	-	259,610
Mess Expenses during COVID Duty	434,109	203,194
Babesa Rental*	790,000	316,500
Postal Charges	1,000	-
Printing & Press	193,364	66,390
Renewal of License	82,600	31,270
Renewal of Vehicle Blue Book	39,000	14,605
Rent for Babesa Store	76,755	30,000
Safety Kits	74,297	87,950
Services Charges	58,865	2,950
Sitting Fee for Board	182,500	102,500
Stationeries	739,853	382,645
Telephone Bill	32,940	36,426
Transportation/Hiring	7,466,232	5,451,973
Travel In Country	1,741,782	1,256,041
Uniform	-	1,410
Vehicle Emission Certificate	-	15,267
Vehicle Running Expenses(PoL)	2,680,924	1,765,447
Water & Sewerage Bill	20,376	38,990
Web Hosting Charges	10,050	-
Miscellaneous Write off	2,813,295	464,292
Advance tax by Customer	33,263	-
<b>Total</b>	<b>20,995,344</b>	<b>13,795,257</b>



### 25. Finance Charges

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest on Bank Over Draft	534,797	828,344
<b>Total</b>	<b>534,797</b>	<b>828,344</b>

### 26. Marketing Expenses

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Announcement/Publicity Promotional Expenses	109,276	74,300
	-	20,130
<b>Total</b>	<b>109,276</b>	<b>94,430</b>

### 27. Office Expenses

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Audit Expenses	-	197,283
Auditor's Fee	63,956	70,000
Training in country	280,504	25,509
Bank Charges	53,067	12,473
Chadi/Remdrow Exp.	85,090	-
Consultancy Charges/Fee	70,500	20,000
Office Rent	812,000	550,000
Refreshment Expenses	585,588	293,232
Rest Room Supplies	146,586	81,205
Fines & Penalty	4,508	19,887
Donation	149,900	133,500
<b>Total</b>	<b>2,251,698</b>	<b>1,403,089</b>



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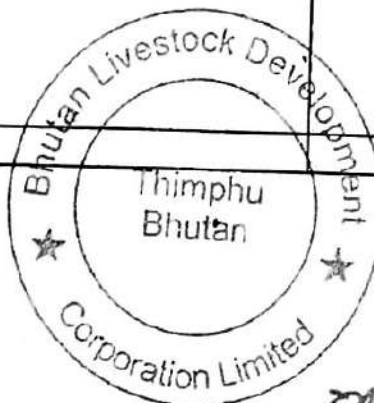


### 28. Maintenance & Operation

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Farm Materials	556,592	
Fertilizer	49,500	68,805
Spare parts	93,000	534,600
Maintenance of Cold Storage/Store	29,800	588,100
Maintenance of Electricity Line	347,628	61,700
Maintenance of Farm Structure	2,158,530	72,848
Maintenance of Fencing	26,250	37,965
Maintenance of Fishery Pond	-	43,475
Maintenance of Irrigation & Water Line	927,042	-
Maintenance of Office	5,995	763,434
Maintenance of OUTLET	59,371	-
Maintenance of Road & Drain	194,864	26,030
Maintenance of Tools & Equipment	225,872	244,015
Maintenance of Vehicle	2,259,059	322,997
Pasture Development	867,622	612,091
Refill Cylinder	69,283	942,513
Seedling & Sapling	91,800	27,810
Tyres & Tube	168,817	125,000
<b>Total</b>	<b>8,131,024</b>	<b>4,841,569</b>

### 29. Animal Development Cost

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Animal Health Care	4,305	7,040
Bio-Security	912	880
Brooding Exp.	69,315	188,524
Dairy Feed	4,637,529	3,796,014
Fishery Feed	5,059,801	1,990,023
Forzen Semen - Dairy	1,268,575	918,201
Piggery Feed	190,235	-
Poultry Feed	33,723,318	35,787,417
Sawdust	105,770	23,480
Supplimentary Feeds	-	16,000
<b>Total</b>	<b>45,059,761</b>	<b>42,727,579</b>



### 30. Value Additional Cost

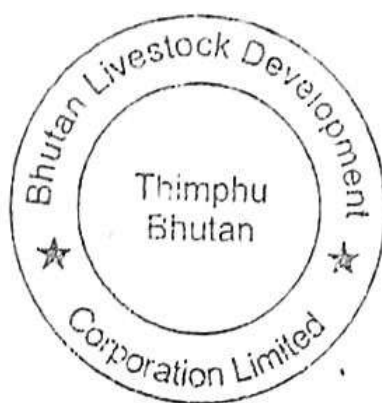
Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Agro Products	95,611,945	55,596,668
Casing	3,600,517	1,918,900
Ingredient for Value Additional	248,821	1,475,536
Product Packaging	5,516,154	5,450,364
Raw Meat & Fish	51,369,281	23,281,809
<b>Total</b>	<b>156,346,718</b>	<b>87,723,276</b>

### 31. Actuarial Gain/(Loss) on Post Employee Benefits

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Gratuity	85,408	97,289
Transfer grant	198,240	(43,479)
Carriage Charges	57,127	(3,033)
<b>Total</b>	<b>340,775</b>	<b>50,777</b>

### 32. Earnings Per Share

Particulars	For the year ended December 31, 2021	For the year ended December 31, 2020
Profit/(Loss) for the period (A)	(13,416,250)	5,490,717
Weighted Average No. of shares (B)	4,738,461	4,738,461
<b>Earnings Per Share (A/B)</b>	<b>(2.83)</b>	<b>1.16</b>



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## OTHER NOTES TO ACCOUNTS

### I. Salary details of CEO

SI No.	Particulars	For the period 01.01.2021 to 31.12.2021	For the period 01.01.2020 to 31.12.2020
1	Salary and Allowances	1,737,000	1,642,315
2	Provident Fund	108,900	145,128
3	Sitting Fees	35,000	20,000
		<b>1,880,900</b>	<b>1,807,443</b>

II. The Board of Director consists of 4 members till 3rd Annual General Meeting. The previous board members has completed their tenure and subsequent 4 new members were appointed with prior approval from the Ministry of Finance in AGM. In total, the meeting was held consecutively 6 times and an Annual General Meeting (AGM) which incurred Nu. 182,500=00 as sitting fees during the year.

### III. Employee benefits (BAS-19)

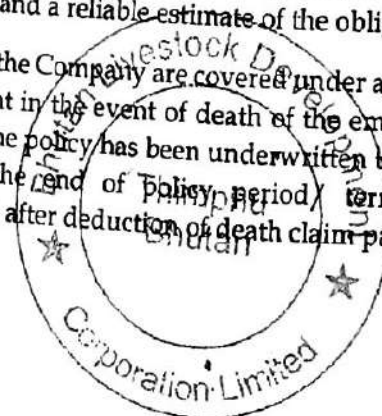
Contribution to Provident Fund administered by National Pension and Provident Fund is charged to Statement of Comprehensive Income as and when they fall due.

Retirement benefit liabilities are recognized when the Company has a present obligation (Legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Gratuity, Transfer Grant, carriage charges and Leave encashment are provided for based on actuarial valuation as at the Statement of Financial Position date. Retirement benefit liabilities are discounted to present value applying the pre-tax rate of return on Government bonds of similar tenure and currency. Increase in the liability due to passage of time is recognized as interest expense. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Further, the contribution towards the gratuity liability is invested in fixed deposits with the banks.

The expected cost of Performance Based Variable Incentive is recognized as an expense when there is a Legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

The employees of the Company are covered under an insurance policy with death claim benefit in the event of death of the employee while in service and within the policy term. The policy has been underwritten through Single premium which will be refunded at the end of Policy period/ term with pre-decided/fixed policy bonus/benefit and after deduction of death claim paid within the Policy term.



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### Key features of the plan

#### 1. Carriage charges

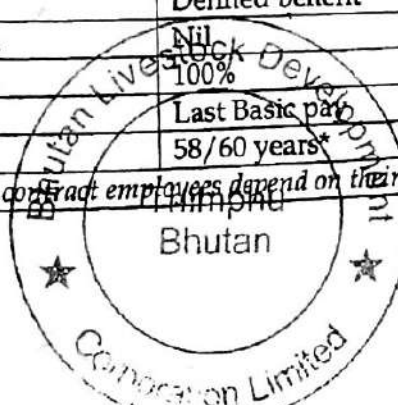
Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference Salary	Last basic pay
Normal retirement age	50/60 years*
<i>* Retirement age for contract employees depend on their contract term</i>	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	Distance x Rate per km as per RSTA
Grade	Entitlement
EX3 and above	Two trucks up to Nu. 55,000
M1-M5	One truck up to Nu. 30,000
S1 and below	One DCM up to Nu. 20,000

#### 2. Earned Leave

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference Salary	Last basic pay
Normal retirement age	58/60 years*
<i>* Retirement age for contract employees depend on their contract term</i>	
Benefit payable on	Retirement/resignation/death while in service
Form of Benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	(Reference salary/30) x accrued leave
Benefit floor	None
Benefit ceiling	90 days

#### 3. Gratuity

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference Salary	Last Basic pay
Normal retirement age	58/60 years*
<i>* Retirement age for contract employees depend on their contract term</i>	



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Parameter	Description
Benefit payable on	Retirement/ resignation/ death while in service
Form of Benefit	Lum Sum
Vesting period	8 years for resignation and none for rest
Service Definition	Total service rounded to nearest integer
Benefit formula	Reference salary x service years
Benefit floor	None
Benefit ceiling	None

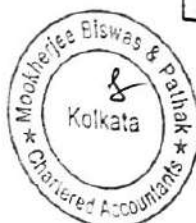
4. Transfer Grant

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference Salary	Last Basic pay
Normal retirement age	58/60 years*
* Retirement age for contract employees depend on their contract term	
Benefit payable on	Retirement/ resignation/ death while in service
Form of Benefit	Lump sum
Vesting period	None
Service Definition	Total service rounded to nearest integer
Benefit formula	One month's reference salary
Benefit floor	None
Benefit ceiling	None

5. Bifurcation between current and non-current liability

Particulars	Carriage Charges		Earned Leave	
	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020
Current liability	Nu. 452,622	Nu. 301,996	Nu. 523,233	Nu. 326,330
Non-Current liability	Nu. (16,037)	Nu. (15,701)	Nu. 3,560,534	Nu. 2,536,695
Net Liability	Nu. 436,585	Nu. 286,295	Nu. 4,083,768	Nu. 2,863,025

Particulars	Gratuity		Transfer Grant	
	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020
Current Liability	Nu. 323,515	Nu. 91,053	Nu. 328,306	Nu. 207,330
Non-current Liability	Nu. 2,875,630	Nu. 1,909,440	Nu. 61,709	Nu. 43,562
Net Liability	Nu. 3,199,145	Nu. 2,000,493	Nu. 390,014	Nu. 250,892



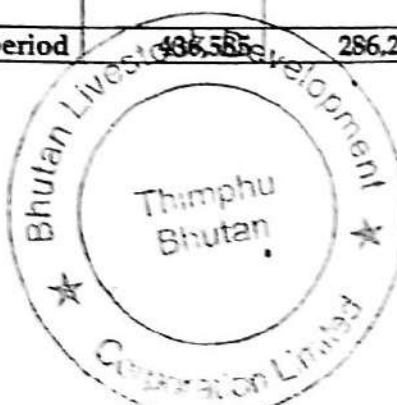
Expected benefit payments in future years.

Particulars	Carriage Charge (Nu.)	Earned Leave (Nu.)	Gratuity (Nu.)	Transfer Grant (Nu.)
December 31, 2022	484,305	559,860	346,161	351,287
December 31, 2023	384,856	549,894	549,942	309,342
December 31, 2024	317,468	371,152	153,821	224,742
December 31, 2025	299,788	357,185	639,121	216,272
December 31, 2026	283,096	343,743	1,167,397	208,122
December 2027 to 2031	1,238,273	1,602,306	9,973,144	966,338
December 2031 to 2041	1,603,034	2,359,500	25,286,711	1,414,609

Disclosures as required under BAS-19 "Employee Benefits" are as under-

Change in present value of defined benefit obligation (in Nu.)

Particulars	Carriage Charge		Earned Leave	
	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020
DBO at the beginning of period	286,295	197,745	2,863,025	2,265,376
Add: Current service cost	160,946	112,315	1,220,743	597,649
Add: Past service cost	-	-	-	-
Add: Interest cost	14,295	11,183	76,533	29,057
Less: Benefits paid by the plan	-	-	-	-
Less: Benefits paid by the employer	(82,078)	(37,981)	(1,769,698)	(1,850,270)
Actuarial (gain) or losses due to experience adjustment	57,163	3,033	1,693,217	1,821,213
Actuarial (gain) or losses due to change in financial assumption	-	-	-	-
Actuarial (gain) or losses due to change in demographic assumptions	(36)	-	(52)	-
DBO at the end of period	436,565	286,295	4,083,768	2,863,025



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Particulars	Gratuity		Transfer Grant	
	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020
DBO at the beginning of period	2,000,493	1,271,907	250,892	159,527
Add: Current service cost	1,016,033	736,842	135,345	95,310
Add: Past service cost	-	-	-	9,186
Add: Interest cost	137,233	89,033	10,393	-
Less: Benefits paid by the plan	-	-	-	-
Less: Benefits paid by the employer	(40,022)	-	(204,855)	(56,610)
Actuarial (gain) or losses due to experience adjustment	82,514	(97,289)	198,210	43,479
Actuarial (gain) or losses due to change in financial assumption	-	-	-	-
Actuarial (gain) or losses due to change in demographic assumptions	2,895	-	30.00	-
<b>DBO at the end of period</b>	<b>3,199,145</b>	<b>2,000,493</b>	<b>390,014</b>	<b>250,892</b>

ii. Expenses recognized in the statement of Comprehensive Income: (in Nu.)

Particulars	Carriage Charge		Earned Leave	
	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020
Actuarial (gain) or loss due to experience adjustments	57,163	3,033	1,693,217	1,821,213
Actuarial (gain) or loss due to changes in financial assumption	-	-	-	-
Actuarial (gain) or loss due to changes in demographics assumption	(36)	-	(52)	-
Return on plan assets (greater) or less than discount rate	-	-	-	-
Immediate Recognition gains/losses- Other long term employee benefits	-	-	1,693,165	1,821,213
<b>Expenses recognized as OCI</b>	<b>57,127</b>	<b>3,033</b>	<b>-</b>	<b>-</b>



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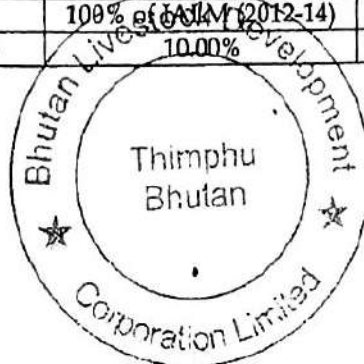
Particulars	Gratuity		Transfer Grant	
	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020
Actuarial (gain) or loss due to experience adjustments	82,514	(97,289)	198,210	43,479
Actuarial (gain) or loss due to changes in financial assumption	-	-	-	-
Actuarial (gain) or loss due to changes in demographics assumption	2,895	-	30.00	-
Return on plan assets (greater) or less than discount rate	-	-	-	-
Immediate Recognition of gains/losses- Other long term employee benefits	-	-	-	-
Expenses recognized as OCI	85,408	(97,289)	198,240	43,479

iii. Actuarial Assumptions:

Principal assumption used for actuarial valuation are:

Particulars	Carriage Charges	
	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020
Discount rate	7.00%	7.00%
Increase in cost of transportation	5.00%	5.00%
Mortality	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover	10.00%	10.00%

Particulars	Earned Leave, Gratuity and Transfer Grant	
	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020
Discount rate	7.00%	7.00%
Salary growth rate	7.00%	7.00%
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	10.00%	10.00%



IV. Fair value measurement (BFRS 13)

Particulars	FVTPL		FVTOCI		Amortized cost	
	As at 31 <sup>st</sup> December, 2021	As at 31 <sup>st</sup> December, 2020	As at 31 <sup>st</sup> December, 2021	As at 31 <sup>st</sup> December, 2020	As at 31 <sup>st</sup> December, 2021	As at 31 <sup>st</sup> December, 2020
<b>Financial assets</b>						
Long-term loans and advances	-	-	-	-	802,432	420,746
Other current asset	-	-	-	-	-	800,000
Trade & other receivables	-	-	-	-	429,992	34,137
Cash and Cash equivalent	-	-	-	-	19,587,061	216,615,527
Short-term loans and advances	-	-	-	-	50,773,112	17,522,147
<b>Total financial asset</b>	-	-	-	-	<b>71,592,597</b>	<b>235,392,557</b>
<b>Financial liabilities</b>						
Borrowing	-	-	-	-	-	20775023
Other payable	-	-	-	-	65,385,533	197817713
Trade & other payables	-	-	-	-	6,207,064	16799821
<b>Total financial liabilities</b>	-	-	-	-	<b>71,592,597</b>	<b>235,392,557</b>

1. Fair value hierarchy

This section explains the judgement and estimates made in determining the fair value of financial instruments that are:

- Recognized and measured at fair value and
- Measured at amortized cost and for which fair values are disclosed in financial statement.

To indicate the reliability of inputs used in determining fair value, the company has segregated its financial instruments into three levels prescribed under the BAS.

Level 1: Includes financial instruments measured using quoted prices.

Cash flow characteristics: The contractual term of the asset gives rise to cash flows that are solely payments of principal and interest.

Financial asset measured at fair value through profit and loss. Fair value through profit and loss (FVTPL) is the residual category. Any financial instrument which does not meet the criteria for categorization as at as at amortized cost of fair value through other comprehensive income is classified at FVTPL.

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interest method. Borrowing is categorized as current liabilities unless the company has the right to defer the settlement for at least 12 months after the

Level 2: If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

ii. Valuation techniques used to determine fair value

The carrying amounts of loans and advances, trade and other receivables, cash and cash equivalents and trade and other payables are considered to be the same as their fair values, due to their short-term nature.

The fair value for financial instruments (such as borrowings, retention money and security deposits) were calculated based on cash flows discounted using current borrowing rate. They are categorized as level 3 fair values in the fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

iii. Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

V. Financial instrument (BFRS 7)

1. Financial assets

a) Initial recognition and measurement

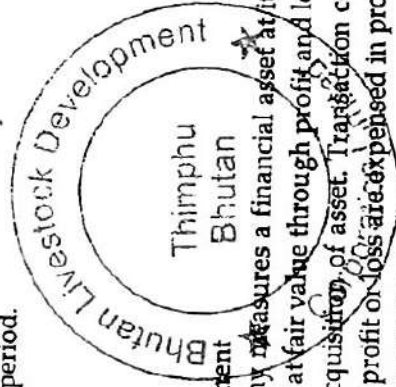
At initial recognition, the company measures a financial asset at its fair value. In case of financial assets not carried at fair value through profit and loss, transaction cost directly attributable to the acquisition of asset. Transaction cost of financial asset carried at fair value through profit or loss are expensed in profit or loss.

b) Classification and subsequent measurement

For measurement of financial assets of the company, it is categorized into 3 groups:

- I. Financial asset measured amortized cost;
  - II. Financial assets measured at fair value through other comprehensive income (FVTOCI); and
  - III. Financial assets measured at fair value through profit and loss (FVTPL).
- A financial asset measured at amortized cost

- Business model test: the asset is held within a business model whose objective is to collect contractual cash flow; and
- Cash flow characteristics test: Contractual terms of the asset gives rise to cash flows that are solely payments of principal and interest.



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2. Financial asset is measured at fair value through other comprehensive income  
 A financial asset is measured at fair value through other comprehensive income if both the following conditions are met:
- Business model test: Objective of business model is achieved by both collecting contractual cash flows and selling financial assets; and reporting period.
3. Trade and other payable  
 Trade and other payable are classified under the current liabilities if payment is due within 12 months; if not, they are classified under non-current liability. Initially, they are recognized at fair value and subsequently measured at amortized using the cost-effective interest method.

#### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different term, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of original liability and recognition of new liability.

#### VI. Related party transaction (BAS-24)

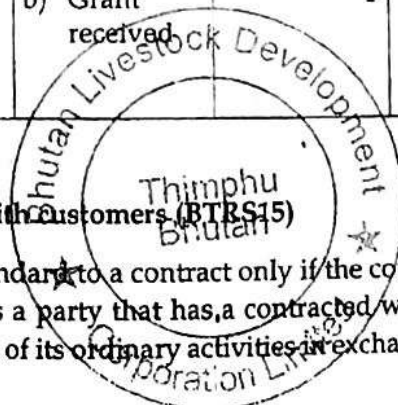
The company is a State-owned Enterprise (SOE) under the Ministry of Finance (MOF). The company consider that for the purpose of BAS 24 the Royal Government of Bhutan is in a position of control over it, and therefore regards the Royal Government of Bhutan and its controlled companies/corporations as related parties for the purpose of the disclosure required by BAS 24.

A summary of the company's transactions with the Ministry of Finance and its related entities is included below:

Name of related party	Relationship	Name of transactions of related party	Amount outstanding		Transactions during the year	
			As at 31-03-2021	As at 31-03-2020	2021	2020
			(Amount in Nu.)	(Amount in Nu.)	(Amount in Nu.)	(Amount in Nu.)
Ministry of finance	Ultimate holding	a) Equity	-	-	-	-
		b) Grant received	-	-	-	-
Ministry of Agriculture and Forest	Portfolio ministry	a) Equity	-	54,736.77	-	54,736.77
		b) Grant received	-	4,820,000	-	321,000,000

#### VII. Revenue from contract with customers (BTR 15)

BLDC shall apply this Standard to a contract only if the counter party to the contract is a customer. A customer is a party that has a contract with BLDC to obtain good or services that are an output of its ordinary activities in exchange for consideration. BLDC



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shall recognize revenue for performance obligations satisfied over time only if it can reasonably measure its progress towards complete satisfaction of the performance obligation but it would not be able to do so if it lacks reliable information. In some circumstances, if it is not be able to reasonably measure the outcome of performance obligation but expects to recover the costs incurred then BLDC shall recognize revenue only to extent of the cost incurred until where it can reasonably measure the outcome of the performance obligation.

BLDC shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which it expects to be entitled to exchange for transferring promised goods or services and may include fixed amounts, variable amounts or both. For determining the transaction price, BLDC shall assume that the goods and services will be transferred to the customer as promised and that the contract will not be cancelled, renewed or modified.

#### VIII. BAS41- Biological Asset:

**Definition:** Agriculture activity is the management by an entity of the biological transformation and harvest of biological assets for;

- a) Sale, or
- b) Conversion into agricultural produce or
- c) Into additional biological assets

Bhutan Livestock Development Corporation Limited is an integrated livestock-based enterprise. The following are the farms currently under the company:

- a) Dairy farm
- b) Goat farm
- c) Poultry farm
- d) Fishery Farm
- e) Breeding piggery

Generally, the cost of the biological assets are often higher than the fair value less costs to sell, as the latter represents an exit price, and transaction expenses therefore create a loss. Initial gains on biological assets arise when new biological assets are generated- for example, when a calf is born. Changes in fair value less costs to sell biological assets represent the difference in value from period to period, normally on an aggregated basis. It is therefore sometimes difficult to distinguish from the initial gain due to procreation. The value typically increases due to growth, procreation and higher prices but, may decrease due to degeneration, sickness and lower prices. Initial gain or losses on agricultural produce represents the difference between the change in carrying value of the biological assets due to harvest and the fair value less cost to sell off the harvested agricultural produce. It reflects the last stage of the value creation of the biological process, and the harvested produce is transferred to inventory.



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a) Dairy Farm:

It is located in Samrang, Samdrup Jongkhar. The breed is either pure or cross-bred jersey with bloodline above 60%. It is an exotic breed widely available, adaptable and preferred by the farmers of Bhutan because of its milk production, small size and easy management.

The main objective of the company is to produce high producing, good quality heifers to supply to the farmers of Bhutan. In order to do that, BLDC uses pure imported jersey sex-sorted semen (imported from UK) to ultimately produce off springs with above 90% bloodline. This will trigger increased milk production in the country. However, the actual production of milk commences generally after 3 years of age.

Fair Value of Biological asset are based on following aspect:

1. Biological stages are the classification of animals attending certain growth level from one stage to another as per science.
2. Price history refers to transactional price to carry out the business transaction in the market (Note that there is no active market in the country for such business). As such, market of such product is very rear.

Assumption considered for the fair value for Dairy Cow

Categories of animals/Stages	Selling Price	Cost to sales-Auction charges & transportation	Fair value	Period for Biological transformation	No. of Days
Biological Asset					
Calves	8,434	3566	12,000	6 - 12 months old	180
Yearling Male/female	20,434	3566	24,000	12 -18 months old	360
Breedable-Heifers	44,434	3566	48,000	18-24 months old	540
Pregnant Heifers	56,434	3566	60,000	24 month onwards	720
Milch Cow	73,434	3566	77,000	35 months	1050
Dry cow	61,434	3566	65,000		
Milch Cow Pregnant	67,434	3566	71,000		
Dry cow Pregnant	67,434	3566	71,000		
Culled Cows	26,434	3566	30,000		

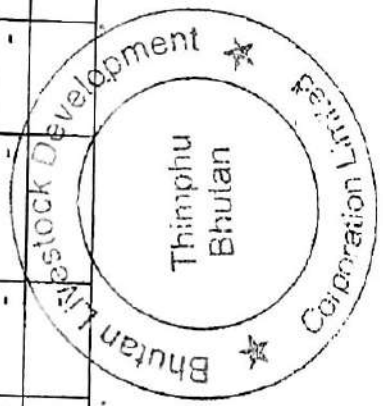


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**Fair Value less cost to Sales or FVLCTS  
Farm Data- Periodic movement of Biological Transformation**

Sl No.	Animal's Stage	2021										
		OSB		Purchase		Death & loss		Breeding Heifer		Milch cow		Dec. 2021
		1.1.2021	Death & loss	New Born	Acquisition	Death & loss	Breeding Heifer	Milch cow	Milch Cow Pregnant	Dry cow	Dry cow Pregnant	
1	Calves new born	46	(4)	36	-	-	-	-	-	-	-	78
2	Yearling Male/Female	29	(1)	-	-	-	-	-	-	-	-	28
3	Breedable Heifers	31	(3)	-	-	-	9	-	-	-	-	37
4	Pregnant Heifers	10	-	-	-	-	-	(2)	-	-	-	8
5	Milch Cow	26	-	-	-	-	-	8	-	-	-	34
6	Milch Cow Pregnant	40	-	-	-	-	-	-	(17)	-	-	23
7	Dry cow	16	(5)	-	-	-	-	-	-	16	-	27
8	Dry cow Pregnant	25	-	-	-	-	-	-	-	-	5	30
9	Culled Cows	-	-	-	-	-	-	-	-	-	-	-
	<b>Total No. of Animals</b>	<b>223</b>	<b>(13)</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265</b>



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**b) Goat Farm**

This is the only government goat farm in the country to serve as a nucleus farm for genetic up-gradation of indigenous goat population in the field of dairy and meat production. There are 4 exotic breeds of goat at Samrang Goat farm as under:

- Sirohi is a dual-purpose breed
- Beetal is a dual-purpose breed
- Jamnapari is also a dual-purpose breed
- Boer is a meat breed

These breeds were imported from India. The main objective of a goat farm is to supply quality breeding bucks to goat rearing communities for genetic up-gradation of indigenous goat population for milk and meat production.

Fair Value of biological assets are based on following aspect:

1. Biological stages are the classification of animals attending certain growth level from one stage to another as per science.
2. Price history refers to transactional price to carry out the business transaction in the market (Note that there is no active market in the country for such business). As such, market of such product is very rear

Assumption considered for the fair value for Goat:

	Categories of animals/Stages	Selling Price	Cost to sales- Auction charges & transportation	Fair value	Period for Biological transformation
A	Biological Asset				
1	KIDS	1,564	2,116	3,880	6 months
2	BUCKS	9,409	2,116	11,525	7-9 months
3	DOELING	12,821	2,116	14,938	10-11 months
4	DOES	15,534	2,116	17,650	12-13 months



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**Farm Data-Periodic Movement of Biological Transformation**

Sl. no.	Animal's Stage	2021										Dec-21
		OSB		New Born	Purchase		Sales	Biological Transfer				
		1.1.21	Death & loss		Acquisition	Death & loss		KIDS	BUCKS	DOELING	DOES	
1	KIDS	27	(7)	29	1	-	(10)	(10)	-	-	-	30
2	BUCKS	2	(1)	-	8	-	(9)	-	3	-	-	3
3	DOELING	1	-	-	2	-	-	-	-	7	-	10
4	DOES	31	(17)	-	10	-	-	-	-	-	-	24
	<b>Total-No. of Animals</b>	<b>61</b>	<b>(25)</b>	<b>29</b>	<b>21</b>	<b>-</b>	<b>(19)</b>					<b>67</b>

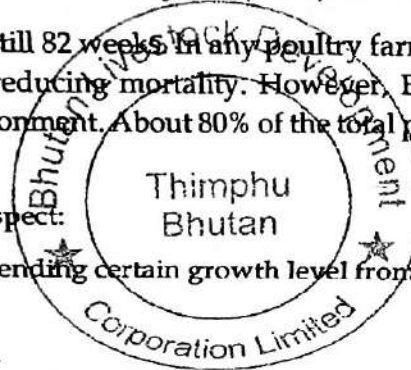
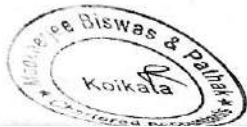
**C) Poultry Farm**

There are two Poultry Layer Farms under BLDC. One is located at Relangthang, Sarpang (21,000 birds' capacity). Poultry layer farming is for the purpose of table egg production. BLDC uses three types of commercial layer breeds as of now namely Hy-Line brown, Lohmann brown and BV380. Generally, the layer birds are stocked from the day one (DOC) till they cease from production as shown under

Most of the birds start laying eggs from 18 weeks of age till 82 weeks in any poultry farming, timely vaccination is a prerequisite to keep birds free from almost all types of diseases there by reducing mortality. However, Egg production depends on Good Management Practices (GMP) including a conducive shelter and environment. About 80% of the total production in animal farming is achieved through GMP.

Fair Value of Biological assets are based on following aspect:

1. Biological stages are the classification of animals attending certain growth level from one stage to another as per science.



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2. Price history refers to transactional price to carry out the business transaction in the market (Note that there is no active market in the country for such business). As such, market of such products is very rear.

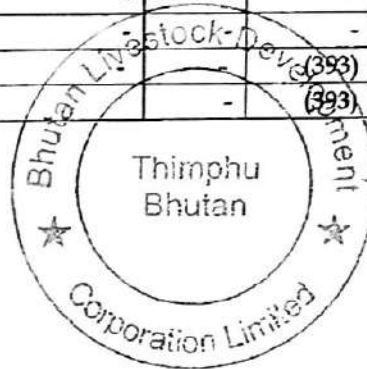
Assumption considered for the fair value for Poultry Layer Birds.

Poultry layer birds for Relangthang

Stage	Categories of animals/ Stages	Selling Price per bird	Cast to sales	Fair value per bird	Period for Biological transformation
1	DoC	39	11	.50	
2	Pullet	176	11	187	6 to 10 weeks old
3	Layer	479	11	490	19 weeks and above with a potential to lay 254 eggs @ COP 6.4
4	Spent	79	11	90	79 weeks onwards

Farm Data- Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021								
			Acquisition /OB	Acquisition	Death & loss	Sales	Biological Transfer				Dec-21
							DoC	Pullet	Layer	Spent	
1	DoC		-	-	-	-	-	-	-	-	-
2	Pullet		-	-	-	-	-	-	-	-	-
3	Layer		-	-	-	-	-	-	-	-	-
4	Spent	11th	393			(393)	-	-	-	-	-
	Total		393			(393)					



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Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021						Dec-21
			Opening Balance	Acquisition	Death & loss	Sales	DoC	Biological Transfer	
1	DoC		-	-	-	-	-	-	-
2	Pullet		-	-	-	-	-	-	-
3	Layer	12th	1,143	-	(6)	-	-	(1,137)	-
4	Spent		-	-	(262)	(875)	-	-	-
	Total		1,143	-	(268)	(875)	-	-	1,137

Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021						Dec-21
			Opening Balance	Acquisition	Death & loss	Sales	DoC	Biological Transfer	
1	DoC		-	-	-	-	-	-	-
2	Pullet		-	-	-	-	-	-	-
3	Layer	13th	4,389	-	(977)	-	-	(3,412)	-
4	Spent		-	-	(425)	(2,987)	-	-	-
	Total		4,389	-	(1,402)	(2,987)	-	-	3,412

Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021						Dec-21
			Opening Balance	Acquisition	Death & loss	Sales	DoC	Biological Transfer	
1	DoC		-	-	-	-	-	-	-
2	Pullet		-	-	-	-	-	-	-
3	Layer	14th	2,553	-	(334)	Thimphu	-	-	-
4	Spent		-	-	(346)	Elsteyn	-	(1,922)	-
	Total		2,553	-	(680)	(1,576)	-	-	1,922



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Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021										
			Opening Balance	Acquisition	Death & loss	Sales	DoC	Biological Transfer		Spent	Dec-21		
1	DoC	15th	-	1,500	(8)	-	-	1,500	(1,492)	-	-	-	-
2	Pullet		-	-	(22)	-	-	-	1,492	(1,470)	-	-	-
3	Layer		-	-	(74)	-	-	-	-	1,470	1,396	1,396	-
4	Spent		-	-	-	-	-	-	-	-	-	-	-
	Total		-	-	(104)	-	-	-	-	-	-	1,396	1,396

Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021										
			Opening Balance	Acquisition	Death & loss	Sales	DoC	Biological Transfer		Spent	Dec-21		
1	DoC	16th	-	7,000	(65)	-	-	7,000	(6,935)	-	-	-	-
2	Pullet		-	-	(104)	-	-	-	6,935	-	-	-	6,831
3	Layer		-	-	-	-	-	-	-	-	-	-	-
4	Spent		-	-	-	-	-	-	-	-	-	-	-
	Total		-	-	(169)	-	-	-	-	-	-	-	6,831

Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021										
			Opening Balance	Acquisition	Death & loss	Sales	DoC	Biological Transfer		Spent	Dec-21		
1	DoC	17th	-	6,000	(53)	-	-	5,947	(5,894)	-	-	-	-
2	Pullet		-	-	-	-	-	-	5,894	-	-	-	5,894
3	Layer		-	-	-	-	-	-	-	-	-	-	-
4	Spent		-	-	-	-	-	-	-	-	-	-	-
	Total		-	-	(53)	-	-	-	-	-	-	-	5,894



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Poultry layer birds for Poultry OPD Samrang

Stage	Categories of animals/ Stages	Selling Price per bird	Cost to sales	Fair value per bird	Period for Biological transformation
1	DoC	39	11	50	
2	Pullet	176	11	187	6 to 10 weeks old
3	Layer	479	11	490	19 weeks and above with a potential to lay 254 eggs @ COP 6.4
4	Spent	79	11	90	79 weeks onwards

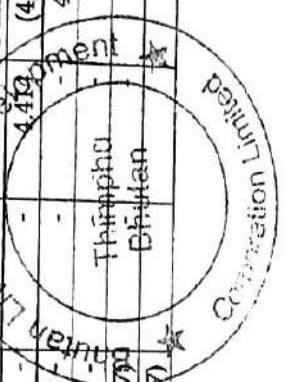
Analysis Period Movements of Fair Values over Biological Transformation of poultry

Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021										Age of report		
			Opening Balance	Acquisition	Death & loss	Sales	Transfer (To)/From	DoC	Pullet	Layer	Spent	Dec-31			
1	DoC	21st	-	7,800	(103)	-	-	-	7,697	(7,594)	-	-	-	-	-
2	Pullet	-	-	-	-	-	-	-	-	7,594	-	-	-	7,594	3 Weeks
3	Layer	13th	2,219	-	(1,180)	-	-	-	-	-	-	(1,039)	-	-	-
4	Spent	-	-	-	-	-	(1,039)	-	-	-	-	1,039	-	-	81 weeks
	<b>Total</b>		2,219		(1,283)		(1,039)							7,594	

Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021										Age of report		
			Opening Balance	Acquisition	Death & loss	Sales	Transfer (To)/From	DoC	Pullet	Layer	Spent	Dec-31			
1	DoC	20th	-	4,414	(21)	-	-	-	4,414	(4,393)	-	-	-	-	-
2	Pullet	-	-	-	(66)	-	-	-	-	4,393	-	-	-	4,327	15 Weeks
3	Layer	14 A	2,439	-	(1,242)	-	-	-	-	-	-	(1,197)	-	-	-
4	Spent	-	-	-	-	(1,197)	(1,197)	-	-	-	-	1,197	-	-	83 weeks
	<b>Total</b>		2,439		(1,329)		(1,197)							4,327	



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Sl. no.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & loss	Sales	Transfer (To)/From	Biological Transfer			Age of report
								Doc	Pullet	Layer	
1	DOC		-	-	-	-	-	-	-	-	-
2	Pullet		-	-	-	-	-	-	-	-	-
3	Layer	15 B	2,135	-	-	-	-	-	-	(1,136)	-
4	Spent		-	-	-	-	-	-	-	1,136	85 Weeks
	Total		2,135	-	-	-	-	-	-	-	-

Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & loss	Sales	Transfer (To)/From	Biological Transfer			Age of report
								Doc	Pullet	Layer	
1	DOC		-	-	-	-	-	-	-	-	-
2	Pullet		-	-	-	-	-	-	-	-	-
3	Layer	15 A	2,200	-	-	(1,041)	-	-	-	(1,159)	-
4	Spent		-	-	-	-	-	-	-	1,159	85 Weeks
	Total		2,200	-	-	(1,041)	-	-	-	-	-

Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & loss	Sales	Transfer (To)/From	Biological Transfer			Age of report
								Doc	Pullet	Layer	
1	DOC	19th	-	2,471	(42)	-	-	(42)	(2,387)	-	-
2	Pullet		-	-	(43)	-	-	-	2,387	-	17 Weeks
3	Layer	14 B	2,164	-	(1,192)	-	-	-	-	(972)	-
4	Spent		-	-	-	(972)	-	-	-	972	83 weeks
	Total		2,164	2,471	(1,277)	(972)	-	-	-	-	2,344

Farm Data-Periodic Movements of Biological Transformation

Farm Data-Periodic Movements of Biological Transformation

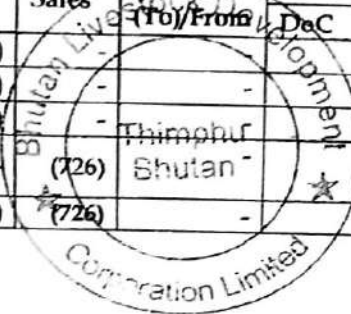
Sl. no.	Animal's Stage	Batch No.	2021										Age of report	
			Opening Balance	Acquisition	Death & loss	Sales	Transfer (To)/From	Biological Transfer				Dec-31		
								DoC	Pullet	Layer	Spent			
1	DoC		-	-	-	-	-	-	-	-	-	-	-	-
2	Pullet		2,296	-	(651)	-	-	-	-	-	-	-	-	-
3	Layer	16th	-	-	(600)	-	-	-	-	(1,645)	-	-	-	-
4	Spent		-	-	-	-	-	-	-	1,645	-	1,045	-	-
	<b>Total</b>		<b>2,296</b>		<b>(1,251)</b>									<b>80 Weeks</b>
												<b>1,045</b>		

Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021										Age of report	
			Opening Balance	Acquisition	Death & loss	Sales	Transfer (To)/From	Biological Transfer				Dec-31		
								DoC	Pullet	Layer	Spent			
1	DoC		-	-	-	-	-	-	-	-	-	-	-	-
2	Pullet		2,505	-	(645)	-	-	-	-	-	-	-	-	-
3	Layer	17th	-	-	(1,019)	-	-	-	-	(1,860)	-	-	-	-
4	Spent		-	-	-	-	-	-	-	1,860	(841)	-	-	-
	<b>Total</b>		<b>2,505</b>		<b>(1,664)</b>						<b>841</b>	<b>841</b>	<b>80 Weeks</b>	
												<b>841</b>		

Farm Data-Periodic Movements of Biological Transformation

Sl. no.	Animal's Stage	Batch No.	2021										Age of report	
			Opening Balance	Acquisition	Death & loss	Sales	Transfer (To)/From	Biological Transfer				Dec-31		
								DoC	Pullet	Layer	Spent			
1	DoC	18th	-	3,687	(48)	-	-	-	-	(3,639)	-	-	-	-
2	Pullet		-	-	(70)	-	-	-	-	3,639	(3,569)	-	-	-
3	Layer		-	-	(1,070)	-	-	-	-	-	3,569	-	2,499	42 Weeks
4	Spent	11 & 12th	726	-	-	(726)	-	-	-	-	-	-	-	-
	<b>Total</b>		<b>726</b>		<b>(1,188)</b>								<b>2,499</b>	



c) Fishery Farm:

It is also called Warm Water Aquaculture at OPD and Cold Water fish at Haa. The different fish species are Common carp, grass carp, Mrigal, Rohu, Kala and Rainbow Trout. It takes about 6 to 9 months to produce a table fish size of 0.50 to 1.0kg. Fair Value of Biological assets are based on following aspect:

1. Biological stages are the classification of animals attending certain growth level from one stage to another as per science.
2. Price history refers to transactional price to carry out the business transaction in the market (Note that there is no active market in the country for such business). As such, market of such product is very rear.

Assumption considered for the fair value for warm water table fish:

1) OPD

Categories of animals/Stages	Selling Price	Cost to sales-Auction charges & transportation	Fair value	Weightage
Fingerling	0.5		0.5	Per fingerling
Table Fish	111.44	12.06	123.5	Per fish 650gm

Farm Data-Periodic Movements of Biological Transformation (Warm Water Table Fish)

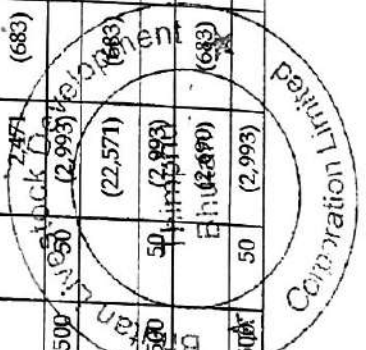
Animals' Stage	Pond Weight (gm)	Av. OB as on Jan 2021	Spec. Acquire						Death & loss	Sales	Biological Transfer		31st December 2021	Stage of Reporting (gm)	Average weight (gm)
			CC	GC	SC	Rohu	Mrigal	Catla			Adult Fish	Fingerling			
Fingerling	No.	1,000	200	900	2,000	2,500	50	(2,993)	6,650	(3,658)					
Adult Fish	No.	7,087					(2,126)	(683)	-	3,658	7,935	6 months	0.24		
Fingerling	No.	1,000	200	900	2,000	2,500	50	(2,993)	6,650	(3,658)					
Adult Fish	No.	7,378					(2,582)	(683)	-	3,658	7,770	6 months	0.24		
Fingerling	No.	1,000	200	900	2,000	2,500	50	(2,993)	6,650	(3,658)					
Adult Fish	No.	6,927					(2,078)	(683)	-	3,658	7,823	6 months	0.24		



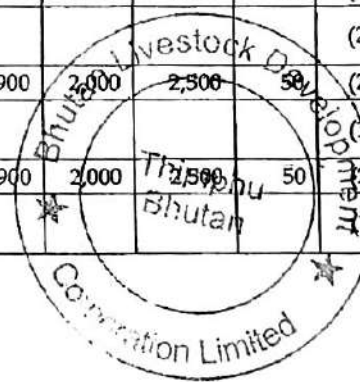
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Animal's Stage	Pond No.	Av. Weight (gm)	OB as on Jan 2021	Sp. Acquire						Death & loss	Sales	Biological Transfer		31st December 2021	Stage of Reporting	Average weight (gm)
				CC	GC	SC	Rohu	Mrigal	Catla			Fingerling	Adult Fish			
Fingerling	4	0.15	7,249	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish												(2,175)	(683)	-	3,658	6 months
Fingerling	5	0.27	7,844	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish												(2,353)	(683)	-	3,658	6 months
Fingerling	6	0.19	6,986	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish												(2,096)	(683)	-	3,658	6 months
Fingerling	7	0.20	7,018	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish												(2,105)	(683)	-	3,658	6 months
Fingerling	8	0.17	7,341	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish												(2,202)	(683)	-	3,658	6 months
Fingerling	9	0.36	8,651	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish												(2,595)	(683)	-	3,658	6 months
Fingerling	10	0.14	8,238	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish												2,471	(683)	-	3,658	6 months
Fingerling	11	0.03	75,237	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish												(22,571)	(683)	-	3,658	4 months
Fingerling	12	0.09	8,967	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish												(2,993)	(683)	-	3,658	6 months
Fingerling				1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			

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Animal's Stage	Pond No.	Av. Weight (gm)	OB as on Jan 2021	Sp. Acquire						Death & loss	Sales	Biological Transfer		31st December 2021	Stage of Reporting	Average weight (gm)
				CC	GC	SC	Rohu	Mrigal	Catla			Fingerling	Adult Fish			
Adult Fish	No. 13	0.13	8,964							(2,689)	(683)	-	3,658	9,249	6 months	0.23
Fingerling	No. 14	0.11	8,922	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish											(2,677)	(683)	-	3,658	9,220	6 months
Fingerling	No. 15	0.09	8,699	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish											(2,610)	(683)	-	3,658	9,064	6 months
Fingerling	No. 16	0.10	9,480	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish											(2,844)	(683)	-	3,658	9,611	6 months
Fingerling	No. 17	0.11	9,697	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish											(2,909)	(683)	-	3,658	9,762	6 months
Fingerling	No. 18	0.10	9,615	1,000	200	900	2000	2500	50	(2,993)		6,650	(3,658)			
Adult Fish											(2,885)	(683)	-	3,658	9,705	6 months
Fingerling	No. 19	0.16	9,064	1,000	200	900	2000	2500	50	(2,993)		6,650	(3,658)			
Adult Fish											(2,719)	(683)	-	3,658	9,319	6 months
Fingerling	No. 20	0.09	9,094	1,000	200	900	2000	2500	50	(2,993)		6,650	(3,658)			
Adult Fish											(2,728)	(683)	-	3,658	9,340	5 months
Fingerling	No. 21	0.15	4833	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish											(1,450)	(683)	-	3,658	6,358	6 months
Fingerling	No. 22	0.03	5429	1,000	200	900	2,000	2,500	50	(2,993)		6,650	(3,658)			
Adult Fish											(1,629)	(683)	-	3,658	6,775	4 months

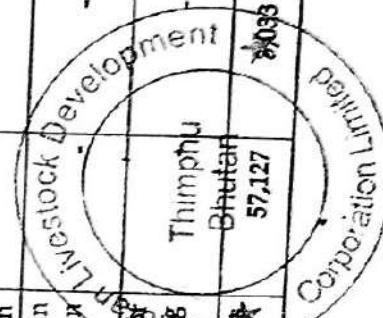


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Particulars	Gratuity		Transfer Grant	
	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020
DBO at the beginning of period	2,000,493	1,271,907	250,892	159,527
Add: Current service cost	1,016,033	736,842	135,345	95,310
Add: Past service cost	-	-	-	-
Add: Interest cost	137,233	89,033	10,393	9,186
Less: Benefits paid by the plan	-	-	-	-
Less: Benefits paid by the employer	(40,022)	-	(204,855)	(56,610)
Actuarial (gain) or losses due to experience adjustment	82,514	(97,289)	198,210	43,479
Actuarial (gain) or losses due to change in financial assumption	-	-	-	-
Actuarial (gain) or losses due to change in demographic assumptions	2,895	-	30.00	-
<b>DBO at the end of period</b>	<b>3,199,145</b>	<b>2,000,493</b>	<b>390,014</b>	<b>250,892</b>

ii. Expenses recognized in the statement of Comprehensive Income: (in N.u.)

Particulars	Carriage Charge		Earned Leave	
	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2020
Actuarial (gain) or loss due to experience adjustments	57,163	3,033	1,693,217	1,821,213
Actuarial (gain) or loss due to changes in financial assumption	-	-	-	-
Actuarial (gain) or loss due to changes in demographics assumption	(36)	-	(52)	-
Return on plan assets (greater) or less than discount rate	-	-	-	-
Immediate Recognition gains/losses- Other long term employee benefits	-	-	-	-
Expenses recognized OCI	57,127	3,033	1,693,165	1,821,213



*CPB*

Animal's Stage	Pond No.	Av. Weight (gm)	OB as on Jan 2021	Sp. Acquire				Death & loss	Sales	Biological Transfer		31st December 2021	Stage of Reporting	Average weight (gm)
				CC	GC	SC	Rohu			Mrigal	Catla			
Adult Fish	32												4 months	0.12
Total No. of Animals		0.11	288,441	41,860	7,912	30,544	71,576	98,992	1,785		252,669	10,061	Aver Weight	0.23

### II) Commercial Rainbow Trout Farm

Categories of animals/ Stages	Fair value	Cost to sales- Auction charges & transportation	Selling Price	Period for Biological transformation
Fingerling	25		25	
Table Fish	529.33	10.67	540	10 months onwards

### Farm Data-Periodic Movements of Biological Transformation (Cold Water Table Fish (Trout))

Sl.no.	Animal's Stage	Pond	Average weight (gm)	15.05.2021 (Pond 1-3) & Rest 25.09.2021	Spc. Acquire	Death & loss	(Sales)	Biological Transfer		Stage of Reporting	Average weight (gm)
								Fingerling	Adult Fish		
1	Fingerling Adult Fish	No.1	-	-	15,000 (225)			15,000 (14,775)	-		
2	Fingerling Adult Fish	No. 2	-	-	15,000 (225)			15,000 (14,775)	14,775	7 months	0.12
3	Fingerling Adult Fish	No.3 & 4	-	-	13,000 (195)			13,000 (12,805)	14,775	7 months	0.12
									12,805	7 months	0.12



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Sl.no.	Animal's Stage	Pond	Average weight (gm)	15.05.2021 (Pond 1-3) & Rest 25.09.2021	Sp. Acquire Rainbow trout	Death & loss	(Sales)	Biological Transfer		Dec-21	Stage of Reporting	Average weight (gm)
								Fingerling	Adult Fish			
4	Fingerling	No.5	-	-	17,000	(255)	-	17,000	(16,745)	-		
	Adult Fish							-	16,745	16,745	3 months	0.15
5	Fingerling	No.6	-	-	10,000	(150)	-	10,000	(9,850)	-		
	Adult Fish							-	9,850	9,850	3 months	0.15
6	Fingerling	No.7	-	-	15,000	(225)	-	15,000	(14,775)	-		
	Adult Fish							-	14,775	14,775	3 months	0.11
7	Fingerling	No.8	-	-	16,000	(240)	-	16,000	(15,760)	-		
	Adult Fish							-	15,760	15,760	3 months	0.11
8	Fingerling	No.9	-	-	15,000	(225)	-	15,000	(14,775)	-		
	Adult Fish							-	14,775	14,775	3 months	0.11
9	Fingerling	No.10	-	-	2,000	(30)	-	2,000	(1,970)	-		
	Adult Fish							-	1,970	1,970	3 months	0.11
	Total No. of Animals		0.00	-	118,000	(1,770)	-	118,000	-	116,230	Aver Weight	0.11

C) Commercial Piglet Production Farm

	Categories of animals/Stages	Selling Price	Cost to sales-Auction charges & transportation	Fair value	Period for Biological transformation
A	Biological Asset				
1	Sucklers	-	-	-	35 days
2	Weaner	4,217	2,783	7,000	35-70 days
3	Growers	20,080	2,783	22,863	70-15 days
4	Young Boars	33,336	2,783	36,119	150-360 days
5	Young Gilts	33,336	2,783	36,119	150-360 days

*(Signature)*

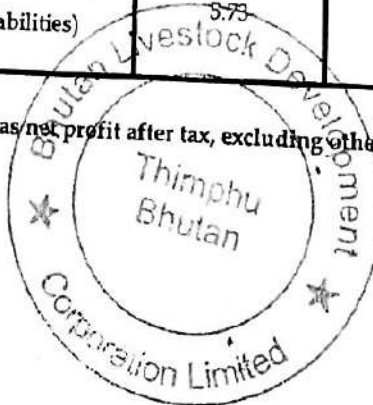


**Bhutan Livestock Development Corporation Limited**  
Notes forming part of the Financial Statements

**Statement of Ratio Analysis**

S. No.	Ratios	For the year ended December 31, 2021	For the year ended December 31, 2020	Remarks
1	Total Earnings per share (Nu per Share) (Loss for the period / No. of shares issued)	-2.83	1.16	Reflecting Financial loss for the period per Equity Share
2	Net Profit Ratio (%) (Net Profit / Turnover * 100)	-4.34%	2.35%	Reflecting loss with respect to Turnover
3	Return on Assets (%) (Net Profit / Total Assets * 100)	-2.43%	0.86%	Reflecting loss with respect to Total Assets
4	Return on Equity (%) (Net Profit / Owner's Equity * 100)	-3.83%	1.56%	Reflecting Financial loss for the period on total Owner's Equity
5	Dividend Coverage Ratio (%) (Net Profit available to equity shareholders / Dividend paid to Equity)	Nil	Nil	Reflecting no Dividend was paid during the period
6	Dividend Payout Ratio (%) (Dividend per share / Earnings per share * 100)	Nil	Nil	Reflecting no Dividend was paid during the period
7	Current Ratio (Times) (Current assets / Current Liabilities)	5.73	5.60	Reflecting Current Assets with respect to Current Liabilities for the period

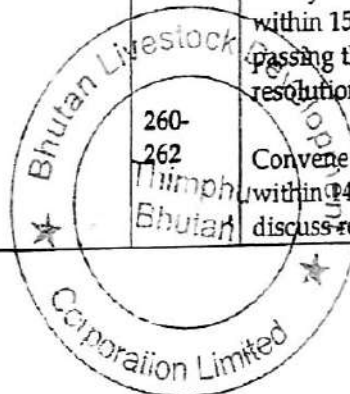
Note: Net profit has been considered as net profit after tax, excluding other comprehensive income



  
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**BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LIMITED**  
**COMPLIANCE CALANDAR**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021**

Sl. No.	Activity	Section		Remarks
1	<b>33.1. Submission of Annual Return</b>	267		
a)	Companies listed with Royal Securities Exchange of Bhutan Limited		On or before 31 <sup>st</sup> May	a) As per Annual Return Form for a period relating to financial year ended on 31 <sup>st</sup> December.
b)	All unlisted companies includes: i) Duly filled form as per Annual Return Form ii) Balance sheet iii) Profit & Loss Account iv) Cash flow statement v) Auditor's report vi) Directors' report.		On or before 31 <sup>st</sup> July	b) Should be duly authenticated by at least one director and the Chief Executive Officer
2	<b>33.2. Annual General Meeting</b>	177		
a)	Listed Companies		On or before 30 <sup>th</sup> April	To be conducted once a year besides other meetings
b)	Unlisted Companies		On or before 30 <sup>th</sup> June	Board Cum AGM
c)	Government Companies		Same timing	
3	Notice Calling General Meetings	185	21 days before the AGM	NA to PVT. LTD
4	Payment of Dividend	204	Within 30 days of declaration in AGM	
5	Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244		By BoD
6	Filing of Documents with Register	267		
7	<b>33.3. Appointment of auditor</b> GCC & GC Reappointment Removal  Resignation	251	AGM  Notify the Registrar within 15 days from passing the resolution  Convene the EGM within 14 days to discuss resignation.	Every year at AGM from panel of auditors-RAA AG of Bhutan. Not more than 3 years



8	Consent to act as directors	140	Within 30 days of appointment or reappointment with the registrar	
9	Board Meetings 1 <sup>st</sup> BM 2 <sup>nd</sup> BM 3 <sup>rd</sup> BM 4 <sup>th</sup> BM	146 & 149	3 months after last BM 3 months after last BM 3 months after last BM 3 months after last BM	Quorum: 2/3 of total directors or 2 directors whichever is higher.
10	Appointment of CEO	210	Every 5 years	At General Meeting
11	Power of Regulatory Authority to accord approval	412	Approval of Regulatory Authority	Prescribing forms, Payments of fees, generally for the purpose of this Act.
12	Appointment of Company Secretary	213	As per prescribed by MTI	Listed companies+ Companies with more than Nu.100,000,000 as paid up capital
13	Statutory Record and Inspection	228	All times	



*JB*



**COMPLIANCE CHECKLIST**  
Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

No.	Ss.	INCORPORATION OF A COMPANY & SECURITIES	YES	NO	NA	REMARKS
1	28	Changes to Articles/Approval		No		
2	47	Change of name/Approval		No		
3	123	Increase or consolidation of share capital		No		
4	124	Reduction of share capital		No		
5	82	License Copy and Share Certificate filing	Yes			License No. 4009368 Valid upto 20.3.2022
6	107	Public offer of shares & Debentures-ROC Approval		No		
		<b>MANAGEMENT &amp; ADMINISTRATION</b>				
7	217	Registered Office of Company	Yes			Namtog Lam, Khangkhulu, Thimphu, Post Box No-2078
		(Postal Address & Contact Number)				
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	Yes			
9	241	Financial Year of Companies as of 31st Dec	Yes			
	242	Extension up to 15 months - ROC approval		No		
	243	Extension up to 18 months - Authority's approval		No		
10	245	Financial Statements to follow BAS	Yes			
11	267	Annual Return Submission On/before 31st May for listed; others 31st July	Yes			Submitted on 19 <sup>th</sup> May 2021 for the financial year 2020
12	177	Annual General Meeting (Minutes)	Yes			AGM was held on 21 <sup>st</sup> May 2020 and minutes have been documented.
13	180	Extraordinary General Meeting (Minutes)		No		
14	185	Notice for calling general meeting			NA	
15	187	listed Co. - written as well as in media	Yes			
		Public Co/Private Co. - Written Notice				
16	190	Chairman of meeting (CEO cannot chair)	Yes			
17	192	Representation of corporations at meetings (appointed by Board Directors)			NA	



No.	Ss.	INCORPORATION OF A COMPANY & SECURITIES	YES	NO	NA	REMARKS
18	193	Ordinary and special resolutions (Minutes)			NA	
19	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195-198)	Yes			
20	199	Declaration and payment of dividend (199-209)		No		
21	232	Books of account to be kept by company (location & time)				Location - At registered office situated at Namtog Lam, Khangkhulu, Thimpu, Post Box No - 2078 Time Period - From October 2017 onwards
22		Board's report (signed by Chairman)	Yes			
23	252	Appointment and removal of Auditors	Yes			New Auditor Firm Mookherji Biswas & Pathak, Chartered Accountants, was appointed by RAA vide letter no. RAA(SA-43)/COAD/2021/2352 Dated 10 <sup>th</sup> December, 2021
		Need to re-appoint annually (251-259)				
24	260	Resignation of Auditors from office (Annual Resignation)	Yes			Former Auditor Firm BM Chatrath & Co.LLP
25	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	Yes			
26	133	Number of directors	Yes			Company has four Board of Directors
27	134	One third of all Public Companies shall be independent	Yes			
28	138	(Minimum No. & retirement on rotation)				
29	139	Additional directors				
30	140	Consent to act as directors		No		
31	141	Certain persons not to be appointed as Directors	Yes			
32	142	Resignation by a director	Yes			
33	143	Removal of directors		No		
			Yes			Entire four former Board Directors was replaced by new board directors
34	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt)	Yes			Four Board Meeting was held in 2021
35	152	General powers of the board	Yes			
36	156	Restriction on powers of Board	Yes			



No.	Ss.	INCORPORATION OF A COMPANY & SECURITIES	YES	NO	NA	REMARKS
37	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)	Yes			
38	213	Company Secretary required in all Public Companies	Yes			
39	414	Appointment of selling or buying agents (govt. Approval obtained or not)			NA	
40	157	No loans to directors (only for Public Co.)		No		
41	53	Inter-corporate investments (investments to be disclosed) apply old rule			NA	
42	158	Conflict of Interest Transactions by Board			NA	
43	161	Standard of care required by directors (Reckless decision)			NA	
		<b>STATUTORY RECORD AND INSPECTION</b>				
44	228	Statutory record and inspection				
	(a)	Register of buy-back of shares			NA	
	(b)	Register of transfers			NA	
	(c)	Register of charges			NA	
	(d)	Register of inter-corporate loans			NA	
	(e)	Register of inter-corporate investments			NA	
	(f)	Register of contracts in which directors are interested		No		
	(g)	Register of directors	Yes			
	(h)	Register of directors' shareholding			NA	

For Mookherjee Biswas & Pathak  
Chartered Accountants  
FRN : 301138E

*Sudersan Mukherjee*

(Sudersan Mukherjee)  
Partner

Membership No. 059159

UDIN: 22059159AKEANM1752

Place: Kolkata

Date: 30.05.2022



BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LIMITEDMANAGEMENT REPORTFOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 20211. Biological Asset1.1 Biological assets received from Government not properly recorded in the books of account (AIMS No. 3.2.13)

In many cases it is observed that new acquisitions are shown in the calculation sheets for different biological assets, but as informed, these acquisitions are all received from Government free of cost. In our opinion, such assets received from Government should be shown as 'Capital Reserve' and thereafter adjusted at the time of biological transfers of those specific assets, to represent a more transparent view of transactions.

Further, for proper control, the date of receipt of such assets should be recorded and at the year-end it is to be assessed whether all the assets received have gone through biological transfers or the ones received nearer to the year-end are in the same stages as received. Accordingly, the capital reserve should be adjusted.

Following are the biological assets that have been received from Government during the year. (The value has been taken as per the rates provided for the valuation, but the correct rate should had been the rate on the date of acquisition.)

Breeding Piggery		
Animal's stage	No. of acquisition	Value (Nu.)
Weaner	4	16,868
Growers	11	220,880
Young Boars	5	166,680
Young Gilts	16	533,375
Sows	8	253,449
Boar	1	36,002
<b>Total</b>	<b>45</b>	<b>1,227,253</b>



Auditee's Response:

- The management is very grateful for this guidance. Based on the guidance and suggestion from the Auditors, the value of the pig shall definitely be booked under the 'Capital Reserves' in this auditing year. Further, the management shall ensure that any biological inputs received free of cost from the government shall be booked under 'Capital Reserve' in the subsequent years.

Auditor's Further Comments:

Areas other than piggery will be reviewed in the next audit.

Who is accountable?

Direct Accountability:

Mr. Tshultrim Tharchen, Designation: Farm Manager, CID:10604001481

Supervisory Accountability:

Mr. Sithar Dorji, Designation: Director, CID: 11913000021

1.2 The fair value rates considered for valuation of biological assets are not revised (AIMS No. 2.1.22)

According to BAS 41 Biological Assets, at every year-end the fair values are to be re-assessed, but the Company has not re-assessed the rates as at 31<sup>st</sup> December, 2021. The existing rates are being used since 2019.

Auditee's Response:

- As pointed out, the management shall, hereafter, reassess the fair values of the biological assets every year-end. The company has not reassessed the fair values of the biological assets since 2019 because the company was of the opinion that these biological assets did not have an active market transactions because it was being nurtured for herd/flock growth and multiplication although the cost of production has increased gradually. In this connection, the management had accorded approval to use the fair value rates of 2019 which is attached here for reference.

The management unequivocally consents with the Auditors' observation and it does makes sense in view of the increase in production costs. Thus, the management shall rework on the fair values in close reference to accepted norms in vogue.

Auditor's Further Comments:

Will be reviewed in the next audit.

Who is accountable?

Direct Accountability:



Mr. Suraj Ghalley, Designation: Deputy Chief Finance Officer, CID: 11301000181

**Supervisory Accountability:**

Mr. Jigme Wangchuk, Designation: Chief Executive Officer, CID: 11503000055

2. Inventories

Inventory details not maintained in Tally (AIMS no. 3.3.5)

- No inventory details are maintained in Tally, therefore, we are unable to comment on the maintenance of proper control on records for inventories.
- It was observed that at the time of providing feeds to the contract farmers, only a purchase entry is made, but whether it is routed through inventory or not could not be verified.
- Valuation of inventories could not be verified, as no supporting documents were made available for it.

Auditee's Response:

➤ The following are the responses:

2.1. The details of inventory could not be furnished during the auditing period as desired by the Auditors from the BLDC Outlet (Shops). This is because the practice of maintaining records of sales and receipts were all manual in the respective registers (sales, receipt and goods transfer) till September 2021. Tally software was introduced in September 2021 but it could be introduced only in one BLDC outlet. However, the data could not be entered retrospectively from the beginning of 2021 in the system due to the inexperienced employees. However, we have attached the excel working of the inventory details of BLDC Outlet.

Moreover, as informed to the Auditors earlier, the company has ongoing Enterprising Resource Planning (ERP) software development by the Thimphu Tech Park Ltd. (TTPL) which is expected to be fully functional by the end of 2022. Thereafter, all data recording and information can be retrieved on real-time basis thereby ensuring the effective monitoring system in the work place.

2.2. With regard to the contract farmers, all input purchases for livestock farming are directly provided to the individual contract farmers as and when required as per the specified quantity for that particular farming and no inventory are maintained or stored in the go-down by the company. As such, the cost of inputs is directly booked as advance against their respective names.



2.3. Please kindly refer to the point no. 2.2.

Auditor's Further Comments:

Will be reviewed in the next audit.

Who is accountable?

**Direct Accountability:**

- 2.1. Mr. Ugyen Dorji, Designation: BLDC Outlet Manager, CID: 10101003315
- 2.2. 1. Mrs. Seldon, Designation: Asst. Enterprise Development Officer,  
CID:11411001804  
2. Mrs. Tendey, Designation: Asst. Enterprise Development Officer,  
CID11606003543  
3. Mr. Pema Khandu, Designation: Asst. Marketing Officer, CID: 11511002438  
and Mr. Bhagawat Dhakal, Designation: Asst. Enterprise Development  
Officer, CID: 11108000454 (Hereafter he will continued)

**Supervisory Accountability:**

Mr. Sithar Dorji, Designation: Director, CID: 11913000021

For Mookherjee Biswas & Pathak  
Chartered Accountants  
FRN : 301138E



(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
UDIN: 22059159AKEANM1752



Place: Kolkata  
Date: 30.05.2022

BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LIMITED

MANAGEMENT APPRAISAL REPORT

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2021

1. Property Plant and Equipment

Rate of depreciation

According to BAS, the assets are supposed to be depreciated over the useful life of the asset. It does not specify any rate for depreciation. The rate of depreciation is supposed to be calculated accordingly. However, it is observed that the Company depreciates at specific rates which at times are not commensurate with the useful lives.

Management's Response:

Initially for the past three consecutive years, the company had been followed with the specific depreciation rate and useful life in accordance with the Income Act of Bhutan and budgeting manual of Ministry of Finance. As such, no calculation were done to ascertain the useful life of assets as required by the above observation. However, the calculation and implement shall be implemented as per the guidance from the Auditors. Thus, the observation is accordingly settled.

Status of Observation: Will be reviewed during next year's audit.

Compliance to be made by Management:

The rates to be calculated on the basis of the useful lives of the assets and depreciate accordingly.

2. Biological Assets

2.1 Sale of Biological assets not properly accounted for

It is observed that at the time of sale of any biological assets, the total sale proceeds received from the sale is shown as scrap sale under indirect income, whereas, the net profit or loss from sale of asset should be credited/debited to Profit & Loss A/c and the sale proceeds should be adjusted with biological asset.

Management's Response:

As suggested by the Auditors, any sale of biological assets shall be treated as 'Sale of biological assets' instead of adjustment to Profit & Loss A/c.

Status of Observation: Will be reviewed during next year's audit.

Compliance to be made by Management:

Proper accounting to be done for sale of biological assets.



**2.2 No proper document for certification of the closing balance of biological asset**

No proper documents were made available to us for cross verifying the closing balance of biological assets as at 31<sup>st</sup> December, 2021.

**Management's Response:**

The respective farm unit management has to provide all the biological transactional report during the year with duly sign and seal. However, the Statutory Auditor shall review the detail documents from commencing year.

**Status of Observation:** Will be reviewed during next year's audit.

**Compliance to be made by Management:**

Proper records to be maintained for biological assets.

**3. Trade Payables**

In the following cases it is observed that the opening balances are lying unadjusted

S. No.	Party Name	Balance (Nu.)
1	Druk Bee Keeping	1,508.00 Dr
2	Tsirang Product Value	2,000.00 Dr
3	Wangdi Dzongkhag	800.00 Dr

**Management's Response:**

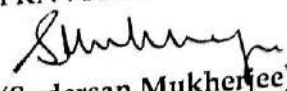
Actually those transactions were happened during the active lockdown in the country where no proper billing system could not be implemented as desired. Thus, excess amount was paid when actual invoices received by the company. However, those clients are active suppliers of BIDCI and it is assure that it can be deduct from the subsequent business transactions. Same will be reviewed in the subsequent financial year.

**Status of Observation:** Will be reviewed during next year's audit.

**Compliance to be made by Management:**

Proper adjustment should be made.

For Mookherjee Biswas & Pathak  
Chartered Accountants  
FRN : 301138E

  
(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
UDIN: 22059159AKEANM1752



Place: Kolkata  
Date: 30.05.2022

**BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LIMITED**  
**FOLLOW-UP REPORT OF EARLIER YEARS**

Summary of Follow-up Report for Statutory Audit for the year 2020 and prior years

Accounting Year	Total No. of recommendation provided/ implementation	No. of recommendation implemented	Balance recommendations to be implemented
2020	1	1	0
2019	5	4	1
2018	11	10	1

**Detailed Follow-up Report for the year ended 31<sup>st</sup> December, 2020**

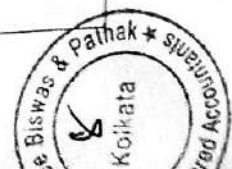
Para No.	Observations in brief	Management's Current Response	Status of Compliance
1	<p><b>Non-conducting of Physical Verification (3.2.13)</b></p> <p>The company has not done physical verification of fixed assets for the year 2020. During the year we have observed that there was a proposal for write off in fixed assets amounting to Nu.10,384,240/- (WDV Nu. 7,868,948), as the useful life of the assets have been exhausted. In this regard it is also to be mentioned that the company was formed by injection of equity of Nu. 455,645,974/- out of which Nu.422,312,974/- was in</p>	<p>The two major farm components that BLDCL is identified with are Operation &amp; Production Department (OPD) at Samrang, Samdrup Jongkhar and Commercial Layer Production. Division (CLPD), Relangthang, Sarpang. Both these farm components are located in the southern belt of the country. As such, it poses a huge logistical issue especially in these trying times of COVID-19, pandemic. As a result, a partial physical verification was carried out in FY2020 for these units (Commercial Layer Production Division, Relangthang, Saapang</p>	<p>(Implemented) Physical verification done in 2021.</p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance
	<p>the form of Property, Plant and Equipment by the Ministry of Agriculture and Forest (MoAF). Hence, it is recommended to the Company to verify its fixed assets by appointing an external agency in order to assess the true value, conditions and also the operating efficiency of such assets.</p>	<p>&amp; Value Addition, Serbithang) except Samrang. Moreover, an internal team is currently carrying out detailed physical verification and asset coding for the 2021 financial year and shall be submitted during the 2021 Statutory Audits.</p> <p><b>Follow-up action of BLDCL</b> BLDCL has officially formed committee solely to conduct physical verification on assets which has started from 1<sup>st</sup> September to 31<sup>st</sup>, December, 2021. The committee has conducted thorough verification based on assets physical existence (Condition, No. of assets, tracing with original catalogue and its station) and accordingly compiled report.</p>	

Detailed Follow-up Report for the year ended 31<sup>st</sup> December, 2019

Para No.	Observations in brief	Management's Current Response	Status of Compliance
1	<p><b>Lapses in Internal Control</b></p> <p>Due to absence of quantitative reconciliation following losses were not determined.</p> <ul style="list-style-type: none"> <li>➤ Losses arise during transit cannot be ascertained.</li> <li>➤ Any mishandling of inventories by the outlet staffs at the time of receipt cannot be detected.</li> <li>➤ Inclusion of damaged/obsolete inventories in closing inventories cannot be detected</li> </ul>	<p>The practice of reconciliation on a monthly basis as already implemented and is being strictly followed by the farm store management for products such as outsourced products, livestock value added products and the products received from our own farms. In this connection, all the losses that aroused due to transit, mishandling, damage or obsolete was periodically forwarded for official write-off to the management based on</p>	<p><b>(Implemented)</b></p> <p>Auditor's comment Implemented in the financial year 2020.</p> <p><b>Follow Up comment in 2019:</b> As discussed with the management it should start the procedure of monthly reconciliation as stated above with immediate effect.</p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance
2	<p>which may mislead the valuation of closing inventories.</p> <p>➤ Any mishandling of inventories by the outlet staff cannot be determined</p> <p><b>Non Insurance (AIMS 5.9.16)</b></p> <p>The main operating assets the company is livestock and they are certainly prone to contagious diseases; however the company has not taken any insurance to cover up the losses in the event of epidemic.</p>	<p>reconciliation report and physical evidence. The summary for the overall reconciliation report for fiscal year 2020 has been shared along with the closing inventory report of 2020 to the statutory audit.</p> <p>➤ In this regard, the management has approached and discussed with the only two existing insurance companies in Bhutan namely Royal Insurance Corporation of Bhutan Ltd. (RICBL) and Bhutan Insurance Limited (BIL). The two insurance companies do not have schemes to insure livestock animals as of now and such insurance schemes are also not in their priority list. However, BLDCL has learned that the Cabinet had directed the Ministry of Agriculture and Forests recently 9C-3/69/2020649 dated 6th August 2020) to pursue and discuss about crop and livestock insurance scheme thoroughly and comprehensively with the management of RICBL. If this happens, then it would be easier for BLDCL to insure the animals rather than pursuing unilaterally with the two companies.</p> <p>➤ Notwithstanding, BLDCL shall followup with the two insurance companies regularly</p>	<p>(Not Implemented) Auditor's comment Still persist in the financial year 2021</p> <p>Follow Up comment in 2020: Auditor's comment Still persist in the financial year 2020</p> <p>Follow Up comment in 2019: The management is advised to take up the matter with concerned authorities in order to better protection of its assets.</p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance
		and put it up in the Board to endorse as a policy directive to "insure BLDCL owned farm animals."	
3	<p><b>Non Maintenance of Scrap / Damage Register (AIMS 5.2.19)</b></p> <p>As informed by the management the outlet units did not maintain any register or records, reflecting the damaged product and also the scrap sale register in respect of Egg Cartoon and Egg Tray. In the absence of non-maintaining of both the register any revenue attributable on such transactions can't be traceable.</p>	<p>The management has started to maintain the damaged registers at all Outlets, Units and Farms for better control purpose as advised by Statutory Auditor. In this regard, a sample copy of register has been already shared to the present Statutory Auditor for their kind reference and review.</p> <p>However, egg cartoons and egg trays are a supplementary product which goes along with the main product during the sales transactions.</p>	<p><b>(Implemented)</b></p> <p><b>Auditor's comment</b> Scrap register has been implemented.</p> <p><b>Follow Up comment in 2019:</b> It is advised to the management to introduce the above mentioned registers in its outlets for better control purpose.</p>
4(i)	<p><b>Accounting Perspective (AIMS 4.3.22 &amp; 5.3.1)</b></p> <p>As per BAS 2, inventories of value-added products are to be valued at cost or Net realizable value whichever is lower. Cost includes cost of purchases, cost of conversion and other costs that are incurred in bringing the inventory to the present condition and location.</p>	<p>The Company has recognized the measurement of inventories shall be measured at the lower of cost and net realizable value in BAS and cost of inventories shall comprise all cost of purchase of conversion and other costs incurred in bringing the inventories to their present location and condition. The management would like to assure that agricultural products (locally outsourced pickles, fruit juice, cheese, butter, honey, etc.) and store and spare (includes animal feed, packaging materials like plastic, carton, tray, threads, stickers, etc.) are</p>	<p><b>(Implemented)</b></p> <p><b>Auditor's comment</b> Implemented in the financial year 2020</p> <p><b>Follow Up comment in 2019:</b> It is advisable to the management to do the valuation of the stock of inventories as per the requirements of BAS-2 i.e. in addition to the cost of purchases for value added products the costs relating to conversion and other costs that were incurred in</p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance
		<p>realized at their net realizable value (Cost of purchase cost). The cost of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) and transportation, handling and other cost directly attributable to the acquisition of finished goods, materials and services as per BAS.</p> <p>However, value added products are processed meat products produced and supplied by the B hutanese farmers. As such, the cost of production (cost of purchase, cost of conversion and other costs) for cost of inventories of a service provider are carried out at periodic interval considering the economic situation of market to materialize the cost.</p>	<p>bringing the inventory to the present condition and location should also to be considered.</p>
4(ii)	<p><b>Operation Perspective (AIMS 5.3.11 &amp; 3.1.16)</b></p> <p>We checked the profit margin set by the company for its different products and compare it with overall gross profit (excluding depreciation and indirect costs) earned by it during 2019, and have observed that the company earned a gross profit margin of 4.75% without considering indirect cost and depreciation (excerpt of gross profit given below) and a net loss margin of 172.86%</p>	<p>As such, the management could not define the costing formulation and changes due to frequent price changes at source leading to the failure in keeping proper records and track all the changes in the price module of raw materials and triggering to change in cost of production to analyze the selling price.</p> <p>The management has now developed its own 'cost of production model' to keep track for the</p>	<p><b>(Partially Implemented)</b></p> <p><b>Follow Up comment in 2021:</b> Partially implemented in the financial year 2021 as ERP has not yet been implemented.</p> <p><b>Auditor's comment</b> Partially implemented in the financial year 2020</p>

Para No.	Observations in brief	Management's Current Response	Status of Compliance
	after considering all costs as compared to the net margin set by the company ranging between 2%-39%.	processed products henceforth to evaluate the inventory cost of processed products. However, the management is also exploring to hire expert financial analyst to come up with a good, dynamic pricing model.	<p><b>Follow Up comment in 2019:</b> It is advisable to the management to revise its price structure in order to curtail its losses. We further suggest (i) while setting out the price of the different product a reasonable basis to be identified for allocation of head office expenses to each of the product be sold. (ii) to prepare product wise statement of profit and loss for each of its major product variants to assess any income &amp; losses attributable to such products.</p>

Detailed Follow-up Report for the year ended 31<sup>st</sup> December, 2018

Para No.	Observations in brief	Management's Current Response	Status of Compliance
1	<p><b>Internal Audit</b> The Internal Audit of the Company has not been carried out during the period October 2017 to December 2018.</p>	<p>The management sought approval from the Board to recruit an Internal Auditor and was announced in the media twice (13th May 2019 and 8th June 2019). Most of the applicants failed to fulfill the requirements and the management could not recruit as planned.</p>	<p>(Implemented)   <b>Auditor's comment in 2018:</b> Any material discrepancy if occurs during 1st October 2017 to 31st December 2018 will remain undetected.  <b>Follow Up comment in 2019:</b></p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance
2	<p><b>Physical Verification of Inventory and Fixed Assets</b> Physical verification of Fixed Assets, Inventory of livestock, finished goods and other consumables were not done at regular intervals.</p>	<p>BLDCL has decided to implement an agreed system to carry out physical verification of Fixed and Biological Assets for a minimum of once a year before financial closing to a maximum of twice a year. Intervals for verifications shall be before half yearly closing or before financial year closing.</p>	<p>No Internal Audit has been conducted for the period 1st January 2019 to 31st December, 2019.</p> <p><b>Follow up comment in 2020:</b> An audit by RAA has been conducted covering the period from 2017 to 2019.</p> <p><b>(Implemented)</b> <b>Auditor's comment in 2018:</b> Any material discrepancy if occurs during 1st October 2017 to 31st December 2018 will remain undetected. <b>Follow Up comment in 2019:</b> The company has conducted the physical verification of Fixed Assets and Livestock during the year 2019.</p>
3	<p><b>Non Accounting of Credit Sales</b> Cash and Credit sales made from the unit was not updated in the books at the time of sales and debtors Ledger maintained by the company was not up-to date.</p>	<p>BLDCL has an integrated accounting system where the branch units input records of sales, purchases and internal transfer of goods daily and regularly and the head office has administration authority to generate reports from the system for verification and reconciliation purposes. BLDCL also has an inventory system to capture transactions of sales, purchases and internal transfer of goods between two units to maintain transparency and accountability.</p>	<p><b>(Implemented)</b> <b>Auditor's comment:</b> The company maintains the credit and cash sales in the unit but is being updated in the books of accounts maintains in FIO only when the amount of sales is being deposit in the bank account. <b>Follow Up comment in 2019:</b> The same process of accounting has been followed except the updation frequency has been changed from yearly to half-yearly. But we strongly recommended that it</p>

Para No.	Observations in brief	Management's Current Response	Status of Compliance
4	<p><b>Unidentified Revenue</b> There was unidentified revenue amounting to Nu. 290,856/- for the year 2017.</p>	<p>The lapse in recording the transactions had occurred, during the period of handing-taking over of units from the Department of Livestock (DoL, MoAF) to BLDCL due to changes in employees. Upon due verification, the sources of unidentified revenue were traced and reconciled. These unidentified revenues were actually collections of credit sales from debtors who directly deposited the payments into BLDCL current account.</p>	<p>should be updated at reasonable regular intervals i.e on fortnightly basis and if it is not possible then atleast on monthly basis.</p> <p><b>(Implemented)</b> <b>Auditor's comment in 2018:</b> Unidentified revenue reflecting in the books of accounts showing that there were lapses in Internal Control Procedure to identify the correct sources of revenue. <b>Follow Up comment in 2019:</b> The Management has identified the source of revenue and recognized it as direct transfer of fund against credit sales by the customers in the bank account.</p>
5	<p><b>Non-preparation of budget</b> The Company had not prepared any Operational Budget, Functional Budget or Departmental Budget for the period 01/10/2017 to 31/12/2018.</p>	<p><b>Implemented</b></p>	<p><b>(Implemented)</b> <b>Auditor's comment in 2018:</b> The absence of Budgetary Control will adversely affect the performance of the company. <b>Follow Up comment in 2019:</b> Budget for the Financial Year 2019 was prepared.</p>
6	<p><b>Inter Unit Transfer of Stock of Finished Goods</b> No record was maintained for inter unit stock transfer.</p>	<p><b>Partially Implemented</b></p>	<p><b>(Partially Implemented)</b> <b>Auditor's comment in 2018:</b></p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance
7	<p><b>Use of Government Grants on other than specified purpose</b>                      Grant Received from MoAF for up gradation of transformer of LPVAC amounting to Nu. 3,300,000, was use for the same as well as for other purposes.</p>	<p>The Ministry of Agriculture and Forests has accorded an ex-post facto approval to utilize the balance grant of Nu. 1,073,226=00 to other important activities, which will benefit the company its operational efficiency.</p>	<p>No record for inter unit stock transfer was maintained and no quantitative reconciliation was done.</p> <p><b>Follow Up comment in 2019:</b>                      Record for transfer of goods from different units was made available but no quantitative reconciliation was done during the year.</p> <p><b>Follow Up comment in 2020:</b></p> <p><b>Follow Up comment in 2021:</b>                      No such records were made available in the course of our virtual audit. Will be reviewed next year.</p> <p><b>(Implemented)</b>  <b>Auditor's comment in 2018:</b>                      It was observed that the Government Grant amounting to Nu. 1,073,226/- out of Nu 3,300,000 had been diverted for other work rather than specific purpose.  <b>Follow Up comment in 2019:</b>                      The company has taken approval from MoAF (DoL) for the amount spent of Nu. 1.073 million for other than specified purpose vide Approval note no.</p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance
8	<p><b>Unrecovered Salary Advances</b> There were some unrecovered advances in case of two employees.</p>	<p>Advances were duly recovered.</p>	<p><b>(Implemented)</b> <b>Auditor's comment in 2018:</b> It was observed that there were unrecovered salary advances from employee during the year. <b>Follow Up comment in 2019:</b> The advances were duly recovered and no such cases were observed in the current year.</p>
9	<p><b>Non Provisioning of the Employee Benefits in accordance with BAS-19</b> The Company did not provide any provision in the accounts with respect to Employee Benefit.</p>	<p>BLDCL shall avail services from a certified actuary to work on to create provisions for employment benefits of earned leave encashment and for gratuity to bring into financial report as per BAS 19.</p>	<p><b>(Implemented)</b> <b>Auditor's comment in 2018:</b> The company didn't provide provision for Gratuity and Leave encashment as required by BAS-19. <b>Follow Up comment in 2019:</b> The company has done the actuarial valuation as required by BAS 19 and also made provision for the Employee Benefits in the financial statement dated 31/12/2019.</p>
10	<p><b>Integrated System of Accounting</b> The Company is engaged in development, processing and trading activity on livestock.</p>	<p>Currently, the company is reviewing user-friendly Enterprise Resource Planning (ERP) system to be installed at</p>	<p><b>(Not Implemented)</b> <b>Auditor's comment:</b></p>




Para No.	Observations in brief	Management's Current Response	Status of Compliance
11	<p>In-spite of following the integrated system of accounting, it has followed only the financial accounting.</p> <p><b>Valuation of Live Stock</b> The valuation of livestock is not done properly as per BAS 41.</p>	<p>the processing, development and trading units. The management has proposed this scheme to the Board for endorsement and approval and principally this particular scheme was approved but due to the lack of the practicality aspect the Board has directed the management for further review about the software and appropriate rationality. - During the fiscal year 2020, this ERP system could not be implemented unfortunately but all the required information and data were recorded manually and the same has been already shared with the current statutory audit.</p> <p>Valuation as per BAS 41 has been done as required.</p>	<p>The correct data regarding consumption of material, conversion cost of raw product into finished.</p> <p><b>Follow Up comment in 2019:</b> Though the system was implemented initially but stopped suddenly during the year.</p> <p><b>Follow Up comment in 2020:</b> Not followed in current year.</p> <p><b>Follow Up comment in 2021:</b> Not followed in current year.</p> <p>(Partially Implemented)</p> <p><b>Follow Up comment in 2021:</b> The observations relating to biological assets and its valuation are given in the 'Management Report'.</p> <p><b>Auditor's comment in 2020:</b> The company is in practice to book its livestock at cost and no loss / gain has been recognized as required by BAS-41.</p> <p><b>Follow Up comment in 2019:</b></p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance
			The company has valued its Biological Assets for the current year and for the previous year in accordance with BAS-41 and the same has been reflected in the Financial Statement for the financial year 2019 and restated financial statement for the financial year 2018.

For Mookherjee Biswas & Pathak  
Chartered Accountants  
FRN : 301138E

  
(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
UDIN: 22059159AKEANM1752



Place: Kolkata  
Date: 30.05.2022

# **BLDCL**

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**Namtog Lam, Khangkhulu, Thimphu: Bhutan**

**Email: [bldcl17@gmail.com](mailto:bldcl17@gmail.com)**