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**Bhutan Livestock Development  
Corporation Limited**

**ANNUAL REPORT 2023**

## 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.

## MANDATES

### Marketing

1. Establish and strengthen market outlet facilities for all livestock and agri-processed products;
2. Coordinate and harmonize product aggregation from the farmers and marketing of all 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 on livestock enterprises.

### Support services

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

## BOARD OF DIRECTOR

	<p><b>Dr. Tashi Yangzome Dorji</b> <b>Chairperson</b> Dr. Tashi Yangzome Dorji is the Director of the Department of Livestock under the Ministry of Agriculture and Forests.</p>
	<p><b>Mr. Sonam Tobgay</b> <b>Board Director</b> He is the Associate Director of Druk Holding and Investment (DHI)</p>
	<p><b>Mr. Dawa Tshering</b> <b>Board Director</b> He works as Chief Marketing Officer at Department of Agricultural Marketing &amp; Cooperatives, Ministry of Agriculture &amp; Livestock</p>
	<p><b>Mr. Tenzin Jamtsho</b> <b>Board Director</b> He works as Chief Finance Officer at Division for support services under Ministry of Finance</p>
	<p><b>Mr. Dophu Dukpa</b> <b>Chief Executive Officer</b> He works as CEO of Bhutan Livestock Development Corporation Limited</p>

**ii. Other Income**

Besides the regular business activities, BLDCL had other income sources. The income generated through other sources is mentioned in Table 2.

Table 2: Other income sources during 2023 and 2022

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
House Rent Deduction	868,623	858,977
Income from Hire Out	123,650	105,820
Income from Interest	-	329,718
Others	-	4,815,005
Sales of Feeds	-	1,706,625
Tender Fees	15,500	-
<b>Total</b>	<b>1,007,773</b>	<b>7,816,145</b>

**A. HUMAN RESOURCE SUMMARY**

**i. Human Resource Development**

Human resources development has been prioritized because they are regarded as a valuable and intangible asset to the organization. We have consistently worked to enhance the skills and knowledge to improve the performance of our human capital. The company was fortunate to receive training and workshops from various training institutions in the year 2023, which aided the capacity building of our employees. The following Seven employees attended different trainings and workshops to build their capacity:

SN	Training	Participant
1	Workshop on Logistics & Disaster Management	1. Bumpa Lhamo
2	Business 2 Business meet	1. Pema Khandu 2. Ugyen Dorji
3	Consultation Meeting to discuss the linkage of Farmers/Farmer Group/Cooperative/SOE with the GyalSuung Academy, Khatakha, 2023	1. Jigme Wanchuk 2. Kintu Zangmo
4	Training workshop on requirements for Group certification.	1. Bhagawath Dhakal
5	Awareness workshop on WTO SPS & TBT Agreement.	2. Tenday

## **ii. Implementation of Kaizen philosophy**

The company has been fortunate to be selected as the first State Owned Enterprise (SoE) to be selected for the implementation of Kaizen philosophy. Basically, kaizen literally mean ensuring continuous improvement in process, products and services at the work places. Kaizen project in BLDCL was initiated in collaboration with the Ministry of Finance (MoF) and technical support of Japan International Cooperation Agency (JICA). It initially started with hands-on -training on 25<sup>th</sup> August 2023 with 16 participants from the BLDCL.

### **B. Attrition and Lay-Off**

As of December 2023, BLDCL's total staff strength was 103 (Male:72, Female:31). Of the total, 22 employees were stationed at the Head Office, 27 employees at the Integrated Livestock Production Division, Samrang, 21 employees at the Poultry Production Division, Relangthang, Sarpang, 23 at the Livestock Products Value Addition Division, Serbithang, Six stationed at the Commercial Pig Production Farm, Yusipang, and Four stationed at the Commercial Rainbow Trout Farm, Haa.

BLDCL has experienced a significant number of staff resignations, primarily driven by opportunities in other organizations and pursuing higher studies. In the fiscal year 2023, a total of 47 employees voluntarily tendered their resignations, marking the highest attrition rate recorded till date.

Additionally, 23 staffs were compelled to resign due to the closure of business outlets and downsizing of the farms. As a compensation, the laid-off employees were given two months basic pay in addition to their actual retirement benefits with prior approval from the Board.

### **STATUTORY AUDIT REPORT**

The statutory audit for the year ended 31<sup>st</sup> December 2023 was carried out by MOOKHERJEE BISWAS & PATHAK, Chartered Accountants from Kolkata, West Bengal, India. The firm audited the accounts from 5<sup>th</sup> to 18<sup>th</sup> February 2024 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.

## **OTHER ACTIVITIES INITIATED DURING A YEAR**

### **A. Contract Farming recovery**

The “Contract Farming Mechanism” was initially instituted with the objective of promoting commercial livestock-based activities to the interested farmers, youth and Cooperatives. For this, the company had supported them through supplied of feeds and inputs, and in return it was supposed to be liquidated through the supply of meat raw materials. The company-initiated Contract Farming in 2020 with interested farmers of Dagana, Tsirang, Sarpang, Chukha, Paro, Wandue, Punakha, Haa, Lhuntse, Samtse, Thimphu and Zhemgang. The company provided support to these Contract Farmers worth Nu. 107 Million. By the end of December 2022, the Company during its last three years of Contract Farming had recovered Nu.71.45 million. At the beginning of the Financial Year 2023, the balance to be recovered from the farmers stood at Nu.35.55 million. The management was repeatedly advised by the Board, External Review team and Ministry of Finance to recover the balance amount at the earliest. The Management through tireless efforts recovered Nu.8,240,361 (in cash and in kind) within the financial year 2023. The Company still needs to recover Nu.27,310,133 from the Contract Farmers.

### **B. Disposal of freezers**

The company was one of the key players for the School and Hospital Feeding Program (SHFP). The company has been catering meat products to various schools to date. For this, the BLDCL received financial support for the procurement of freezers to be distributed to the schools to store meat products under the SHFP. Subsequently, cold storage facilities were procured for all the schools in the country. However, only 63 central schools and one hospital came forward to avail the services of the company.

Thus, 116 unutilized freezers of SHFP and the closure of the Company’s sales outlets had to be disposed. The excess freezers were sold with prior approval of the Board and the Company was able to generate Nu. 1,941,020.00.

### C. Auctioning of fixed assets

The company-initiated auctioning of obsolete vehicles and machineries during the year. A total of 7 items were registered for public auctioning and 5 items were sold to the potential bidders. The total amount collected from auction was Nu. 1,650,000. The below table shows sold items during auction;

SN	Item	Make/Model	Condition	Location	Auction Price
1.	Old Toyota Hilux BG-2-0290	Model No: 1998	Off-Road	HQ, Thimphu	235,000
2.	Freezer Hilux BG-3-A0136	Model No: 2001	Off-Road	Serbithang, Thimphu	290,000
3.	Old Toyota Hilux BG-1-0975	Model No: 2001	Running	Serbithang, Thimphu	370,000
10.	Power Tiller (Kubuto) BG-1-A2588	Model No: 2013	Off-Road	Samrang, S/Jongkhar	45,000
	Issuzu Single Cabin	Model No: 2017	Running	HQ, Thimphu	710,000
<b>TOTAL</b>					<b>1,650,000</b>

### CORPORATE SOCIAL RESPONSIBILITY

Despite dire financial situation of the company, BLDCL management made donations of chicken and pork wastes to the following agencies as part of Corporate Social Responsibility:

1. National Accelerated Dog Population Management (NADPM)- 973.18 kg of pork and 100.50 kg chicken;
2. Zeus NGO- 200 kg of chicken and 1800kg of pork waste;

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

## CHALLENGES AND WAY FORWARD

Since its inception in 2017, the Company has been facing multiple challenges due to lack of operational budget and operational inefficiency.

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 in 2017 for operation and management. Had the farm units and production facilities been completed and operational when these units were handed over to BLDCL, the equity injection would have sufficed. Unlike other enterprises, livestock farming is very complex. Numerous physical and biological factors affect production and on top of that, product face weight losses 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 had aggravated the company's financial position and even in this post pandemic era, the Company has not been able to regain from the losses suffered during the pandemic.

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

The Company saw its highest attrition rate in 2023 with 47 of its skilled labour force tendering their resignation for better opportunities. This has resulted into lack of human resources in critical positions. Besides attending workshops and consultation meetings, the Company had not been able to engage itself into the capacity building of its employees due to budgetary constraints.

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

The universal truth about livestock farming is that 60% to 70% of the total cost is related to feeds. The increase in feed prices renders domestic production uncompetitive against cheap imports. As such, the national objective of attaining livestock self-sufficiency gets defeated.

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

One of the major problems faced by Integrated Livestock Production Division (ILPD), Samrang is the shortage of water. An irrigation channel of 6.65 km has its source within coal deposit area where by in summers the water is densely coal laden making it unfit for drinking and fish production. The source was changed by taking it further up-stream by 2.8 km but got washed away by flash-flood in 2023. Without adequate revenue earnings and profit, the Company has not been able to restore the pipe lines that was washed away in 2023.

#### **Way Forward**

There is a huge opportunity for livestock rearing and livestock related business in the country. However, with the consistent financial constraints faced by the Company, the only way forward is through equity injection from the Government. It is only through the support of the Government, that the Company can utilize the existing assets to increase domestic production and operational efficiency that would help in a consistent supply chain for meat and meat products.

## 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 and other valued agencies for their relentless support, guidance and prayers for successful completion of year 2023.

Tashi Delek!



(Dr. Tashi Yangzome Dorji)  
CHAIRPERSON

## CORPORATE GOVERNANCE REPORT

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. Sonam Tobgay	Associate Director, Druk Holding Investment	17 <sup>th</sup> April 2023	First
3.	Mr. Dawa Tshering	Chief Marketing Officer, Market Information and research Division, Department of Agricultural Marketing & Cooperatives	18 <sup>th</sup> May 2023	First
4.	Mr. Tenzin Jamtsho	Chief Finance Officer, Division of support services, Ministry of Finance.	3 <sup>rd</sup> January 2023	First
5.	Mr. Dophu Dukpa	Chief Executive Officer, BLDCL.	14 <sup>th</sup> October 2023	First

## 2. Board Meetings

The five consecutive meetings were convened during the financial year 2023.

The details of the Board attendance are as follows:

Board Meeting No	Date	Members Present	Leave of Absence
29th	6th January 2023	Dr. Tashi Yangzome Dorji Mr. Bhim Prasad Neopany Mr. Jigme Wangchuk	Mr. Tshewang Tashi Mr. Sonam Dorji
30th	6th April 2023	Dr. Tashi Yangzome Dorji Mr. Tenzin Jamtsho Mr. Jigme Wangchuk	Mr. Bhim Prasad Neopany
31st	23rd June 2023	Dr. Tashi Yangzome Dorji Mr. Tenzin Jamtsho Mr. Sonam Tobgay Mr. Dawa Tshering Mr. Jigme Wangchuk	None
32nd	16th August 2023	Dr. Tashi Yangzome Dorji Mr. Tenzin Jamtsho Mr. Sonam Tobgay Mr. Dawa Tshering	None
33rd	8th November 2023	Dr. Tashi Yangzome Dorji Mr. Tenzin Jamtsho Mr. Sonam Tobgay Mr. Dawa Tshering Mr. Dophu Dukpa	None



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# BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LIMITED

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AUDITED FINANCIAL STATEMENTS AND REPORTS 2023



DECEMBER, 2023  
MOOKHERJEE BISWAS & PATHAK  
KOLKATA

**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**

**Qualified 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, 2023, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

**Basis for Qualified Opinion**

**1. Discrepancies observed in valuation of inventories:**

In most of the cases it is observed that the closing inventories are valued at the moving average prices (MAPs) reflected in the ERP system, which are supposed to be the moving average 'cost prices', but in practice, instead of cost price, selling prices have been entered in the ERP system. Therefore, the MAP at which the closing inventories are valued, are selling prices which are higher than the cost price. Therefore, the valuation of inventories is in violation to the requirement of BAS 2, which requires the valuation to be at 'Cost or NRV', whichever is lower.

**2. Differences in opening balances:**

In quite a few cases it is observed the opening balances of certain ledgers does not match with the closing balance as per audited financial statements for the year ended 31<sup>st</sup> December, 2022. Therefore, the financial statements and books of account differs to the extent of Nu. 0.643 million.

**3. Bank balances unreconciled:**

In most of the cases, the bank account balances are not reconciled resulting into an amount of Nu. 0.525 million debited as 'Miscellaneous - Unreconciled item' under other current assets.

We conducted our audit in accordance with the International Standards on Auditing (ISAs).

5 & 6, Fancy Lane, Kolkata – 700001

Phone : 033 2248 0080, 2248 1733, 4602 0635 Website : www.mbpkol.com E-mail : mbpkol@gmail.com



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. Footnote of Note No. 2 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.

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

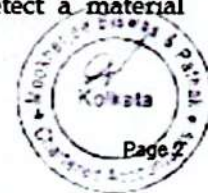
Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud 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 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, except for the matters described in the 'Basis for Qualified Opinion' section of our report, proper books of account as required by law have been kept by the Company insofar as it appears from our examination of those books;
- 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, except for the matters described in the 'Basis for Qualified Opinion' section of our report; 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

(A Chatterjee)

Partner

Membership No. 069124

UDIN: 24069124BKAHEB7654



Place: Kolkata

Date: 08-05-2024

**'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) *The books of accounts maintained and financial statements are not 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 unused tax losses will be realized.

**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, 2023.



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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. *Discrepancies noticed on physical verification of stocks as compared to the book records, are not properly accounted for.*
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 not carried out even 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, 2023.*
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 written off 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. *The valuation of inventories is in violation to the requirements of BAS 2, which states that it should be valued at cost or NRV, whichever is lower, but the Company, in most of the cases have valued the inventories at the selling price, which is higher.*
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. *However, after the implementation of the*



*ERP system, no manual records are maintained and hence, there is a lack of control on the accuracy of the records.*

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. *However, in the year under audit it was observed that due to severe financial crisis, the Company paid the liability of TDS on 31<sup>st</sup> January, 2024 with the support received from the Ministry of Finance. The*



requirement for making provision for corporate tax is not required for the current year as the company had incurred loss.

25. *The Company being in financial crisis has been unable to deposit the amounts payable for the statutory liabilities like, TDS, PF, Salary tax, etc. However, the Company paid the liability of TDS on 31<sup>st</sup> January, 2024 with the support received from the Ministry of Finance.*
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. *No supporting documents were made available for individual product-wise costing for our verification. Hence, we are unable to comment whether 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. *Debtors' balances lying unadjusted for more than a year has been given in our 'Management Report'.*
31. We observed that the management of liquid resources particularly cash/bank and short term deposits etc. are adequate and that excessive amount was not lying idle in non-interest bearing accounts, *except for the observations regarding cash/bank as given in our 'Management report'.* 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, *except for the issues related to the newly implemented ERP system as mentioned in our 'Management Report'.*
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, *except for the issues related to the newly implemented ERP system as mentioned in our 'Management Report'.*
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. *except for the issues related to the newly implemented ERP system as mentioned in our 'Management Report'.*



6. During the year, the Company shifted to a new ERPNext System from its previous TALLY system, w.e.f. 1<sup>st</sup> July, 2022. However, it is to be noted that no data migration report was available for verification.

**Other requirements:**

1. **Going concern problems**

Based on the Company's financial statements for the year ended on 31st December, 2023 audited by us, the Company has incurred loss in the current financial year as well as in the previous year. Further, Key Managerial persons are also leaving the Company. 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

  
(A Chatterjee)  
Partner



Membership No. 069124  
UDIN: 24069124BKAHEB7654

Place: Kolkata  
Date: 08-05-2024

**Bhutan Livestock Development Corporation Limited**  
**Statement of Financial Position as at December 31, 2023**  
 (All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

Particulars	Notes	As at December 31, 2023	As at December 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	400,959,781	423,758,331
Intangible assets	3	3,253,495	65,827
Capital Work in Progress	4	20,232,802	19,632,226
Biological Asset	5	18,120,216	32,923,864
Financial Assets :			
(i) Other financial assets	6	1,036,392	941,392
<b>Total non-current assets</b>		<b>443,602,686</b>	<b>477,321,640</b>
<b>Current assets</b>			
Inventories	7	15,016,895	28,827,194
Financial Assets :			
(i) Trade & other receivables	8	10,192,697	1,642,017
(ii) Other financial assets	9	51,338,511	55,842,692
(iii) Cash and cash equivalents	10	11,465,289	1,566,232
(iv) Other current assets	11	525,141	-
<b>Total current assets</b>		<b>88,738,533</b>	<b>87,878,135</b>
<b>Total Assets</b>		<b>532,341,219</b>	<b>565,199,775</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	12	473,900,711	473,900,711
Retained earnings	SOCE	(224,600,801)	(196,193,859)
<b>Total equity</b>		<b>249,299,910</b>	<b>277,706,852</b>
<b>Non-current liabilities</b>			
Deferred Government Grants	13	166,455,789	167,549,385
Long term Employee Benefits	14	9,490,730	7,650,257
<b>Total non-current liabilities</b>		<b>175,946,519</b>	<b>175,199,622</b>
<b>Current liabilities</b>			
Financial liabilities:			
(i) Trade & other payables	15	33,500,148	40,503,261
(ii) Short term Borrowings	16	71,046,390	67,172,428
Short term Employee Benefits		2,548,252	4,617,612
<b>Total current liabilities</b>		<b>107,094,790</b>	<b>112,293,301</b>
<b>Total Equity and Liabilities</b>		<b>532,341,219</b>	<b>565,199,775</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

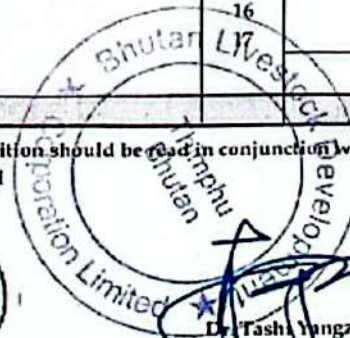
A Chatterjee

(Partner)

Membership No. 069124

Date: 08-05-2024

Place: Kolkata



Dr. Tashi Yangzome Dorji  
(Chairman)

Date: 21 April 24

Place: Thimphu

Dopha Dukpa  
(Chief Executive Officer)

Date: 21/04/24

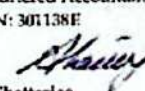
Place: Thimphu

**Bhutan Livestock Development Corporation Limited**  
**Statement of Comprehensive Income for the year ended December 31, 2023**  
 (All amounts are in Bhutanese Ngultrum (Nu.) unless stated otherwise)

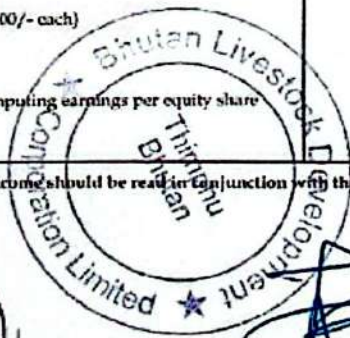
Particulars	Notes	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>Revenue</b>			
Revenue from Operations			
Sale of Product	18	113,822,746	181,164,929
Other Income			
Scrap sale/sale of Spent birds	19	2,474,137	457,529
Others	20	1,007,773	7,816,145
Government Grants & Budget	21	32,592,688	11,454,852
<b>Total Revenue</b>	<b>A</b>	<b>149,897,344</b>	<b>203,893,455</b>
<b>Expenditure</b>			
Fair Value (gain)/loss on Biological asset	22	1,478,222	4,042,602
Employee benefits expense	23	39,623,550	60,037,609
Administration Expenses	24	20,234,695	18,678,666
Finance Charges	25	5,825,430	2,324,254
Marketing Expenses	26	115,454	582,189
Office Expenses	27	1,447,119	3,771,413
Maintenance & Operation	28	2,853,566	1,592,444
Animal Development Cost	29	34,950,132	45,687,045
Value Additional Cost	30	27,074,578	113,656,151
Depreciation and Amortisation Expenses	2 & 3	25,413,862	26,054,053
<b>Total Expenditure</b>	<b>B</b>	<b>179,018,628</b>	<b>276,430,628</b>
<b>Profit/(Loss) before tax</b>	<b>C=(A-B)</b>	<b>(29,121,284)</b>	<b>(72,537,173)</b>
<b>Tax Expenses</b>			
Current Tax		-	-
Deferred Income Tax		-	-
<b>Profit/(Loss) for the Period</b>		<b>(29,121,284)</b>	<b>(72,537,173)</b>
<b>Other comprehensive income/(loss)</b>			
i. Items that will not be reclassified to Statement of Profit or Loss			
- Actuarial Gain/(Loss) on Post Employee Benefits	31	(69,385)	101,867
ii. Tax on items that will not be reclassified to Statement of Profit or Loss			
		-	-
<b>Total Other Comprehensive Income for the year, net of tax</b>		<b>(69,385)</b>	<b>101,867</b>
<b>Total comprehensive Income/ (Loss) for the year</b>		<b>(29,190,669)</b>	<b>(72,435,306)</b>
<b>Earnings per equity share( Face Value Nu. 100/- each)</b>			
Basic		(6.15)	(15.31)
Diluted		(6.15)	(15.51)
<b>Weighted average equity shares used in computing earnings per equity share</b>			
Basic		4,739,007	4,739,007
Diluted		4,739,007	4,739,007

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

  
**A Chatterjee**  
 (Partner)  
 Membership No. 069124

Date: 08-05-2024  
 Place: Kolkata

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

Date: 24 April 24  
 Place: Thimphu

  
**Dophu Dukpa**  
 (Chief Executive Officer)

24/4/24  
 Date:  
 Place: Thimphu

**Bhutan Livestock Development Corporation Limited**  
**Statement of Cash Flow for the year ended December 31, 2023**  
 (All amounts are in Bhutanese Ngultrum (Nu.) unless stated otherwise)

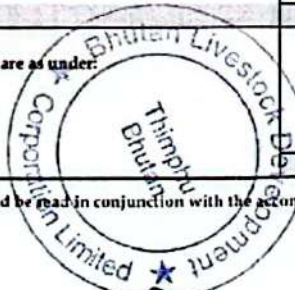
PARTICULARS	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>Cash Flow from Operating Activities</b>		
Profit & (Loss) before tax	(29,121,284)	(72,537,173)
Add: Depreciation	25,415,862	26,054,055
Add: Fair Value Gain/(loss) of Biological asset	1,478,222	4,042,602
Add: Adjustments of Biological asset	12,902,012	-
Add: Actuarial Gain/(Loss) on Post Employee Benefits	(69,385)	101,867
Add: Profit on sale of Property, plant and equipment	(720,987)	-
Add: Interest income	-	(329,718)
Add: Prior period adjustment	1,207,142	-
Add: Finance Cost	5,825,430	2,328,254
<b>Operating Profit before working Capital Changes</b>	<b>16,917,033</b>	<b>(40,340,111)</b>
<b>Changes in Working Capital</b>		
(Increase)/ Decrease in Inventories, loans & advance and trade and other receivables	8,943,657	(18,641,675)
Increase/ (Decrease) in Trade & other payables and other liabilities	(8,325,577)	19,590,239
	<b>618,081</b>	<b>948,564</b>
<b>Net Cash Flow from Operating Activities</b> A	<b>17,535,113</b>	<b>(39,391,547)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, plant and equipment and Intangible Assets	(6,023,993)	(74,614,702)
Sale of Property, plant and equipment and Intangible Assets	940,000	-
Increase in Capital Work in Progress	(603,576)	30,811,528
Interest Income	-	329,718
<b>Net Cash Flows from Investing Activities</b> B	<b>(5,684,569)</b>	<b>(43,473,456)</b>
<b>Cash Flows from Financing Activities</b>		
Payment of short term borrowings	3,873,962	67,172,428
Finance cost paid	(5,825,430)	(2,328,254)
<b>Net Cash Flows from Financing Activities</b> C	<b>(1,951,468)</b>	<b>64,844,173</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b> A+B+C	<b>9,899,056</b>	<b>(18,020,828)</b>
Add: Opening Cash & Cash Equivalents	1,566,232	19,587,061
<b>Closing Cash &amp; Cash Equivalents</b>	<b>11,465,289</b>	<b>1,566,232</b>
<b>Note to Cash flow statement:</b>		
<b>Components of Cash &amp; Cash Equivalents are as under:</b>		
Cash & cash equivalents		265,663
- Cash in Hand		
- Balance with Banks	11,465,289	1,300,569
	<b>11,465,289</b>	<b>1,566,232</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: 3011389

A Chatterjee  
 (Partner)  
 Membership No. 069124

Date: 08-05-2024  
 Place: Kolkata



D. Tashi Yangzome Dorji  
 (Chairman)

Date: 21 April 24  
 Place: Thimphu


Dinphu  
 Dinphu Dukpa  
 (Chief Executive Officer)  
 24/4/24  
 Date:  
 Place: Thimphu

**Bhutan Livestock Development Corporation Limited**  
**Statement of Changes in Equity as on December 31, 2023**

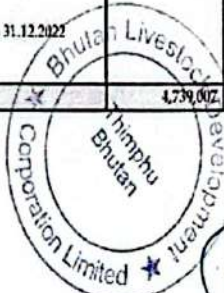
(All amounts are in Bhutanese Ngultrum ("Nu.") unless stated otherwise)


Particulars	Share Capital			Retained Earnings	Capital Reserve	Total
	No. of Shares (In Nos.)	Par Value Per Share	Stock Holders' Equity			
Opening Balance as on 1st January 2023	4,739,007	100	473,900,711	(197,322,619)	1,128,760	277,706,853
Add: Shares issued during the year	-	-	-	-	-	-
Add: Profit/ (Loss) for the period from 01.01.2023 to 31.12.2023	-	-	-	(29,121,284)	-	(29,121,284)
Add/Less: Other Comprehensive Income/(Loss)	-	-	-	(69,385)	-	(69,385)
Add: Prior period adjustment	-	-	-	1,207,142	-	1,207,142
Add/Less: Biological Assets acquired from Govt.*	-	-	-	-	(423,415)	(423,415)
Closing Balance as on 31st December 2023	4,739,007	100	473,900,711	(225,306,146)	705,345	249,299,911

Particulars	Share Capital			Retained Earnings	Capital Reserve	Total
	No. of Shares (In Nos.)	Par Value Per Share	Stock Holders' Equity			
Opening Balance as on 1st January 2022	4,739,007	100	473,900,711	(124,887,313)	1,227,253	350,240,652
Add: Shares issued during the year	-	-	-	-	-	-
Add: Profit/ (Loss) for the period from 01.01.2022 to 31.12.2022	-	-	-	(72,537,173)	(98,493)	(72,635,665)
Add: Other Comprehensive Income/Loss	-	-	-	101,867	-	101,867
Closing Balance as on 31st December 2022	4,739,007	100	473,900,711	(197,322,619)	1,128,760	277,706,853

As per our report of even date attached  
**For Mookherjee Biswas & Pathak**  
 (Chartered Accountants)  
 FRN: 301138E  
  
 A Chartered Accountants  
 (Partner)  
 Membership No. 069124

Date: 08-05-2024  
 Place: Kolkata



  
**D. Dashi Yangzome Dorji**  
 (Chairman)  
 Date: 24 April 24  
 Place: Thimphu

  
**Dophu Dukpa**  
 (Chief Executive Officer)  
 Date: 24/4/24  
 Place: Thimphu



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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**  
**Thimphu: Bhutan**  
*"Inspiring the growth of livestock entrepreneurs"*



**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):**

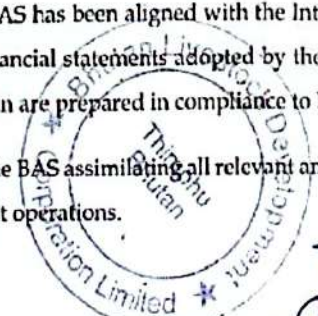
The Ministry of Finance (MoF), Royal Government of Bhutan embarked on the process of developing accounting standards to promote quality financial reporting system in the country, which is consistent with international practices. Pursuant to this, the Ministry of Economic Affairs (MoEA), Royal Government 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: (0975) 2-365520, 2-365524

Email: [blde117@gmail.com](mailto:blde117@gmail.com)

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



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## 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.

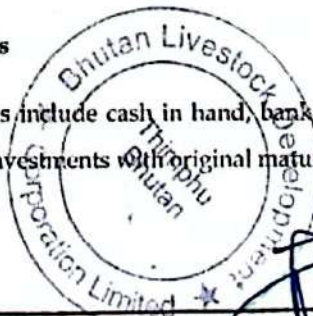
The preparation of financial statements, in conformity with BAS, requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amount 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.



*[Handwritten signatures]*

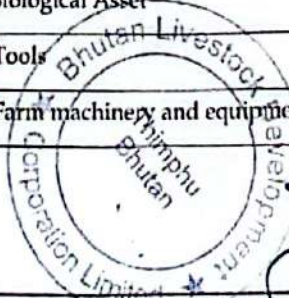


#### 1C.4 Property, plant and equipment

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 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



*[Handwritten signature]*



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

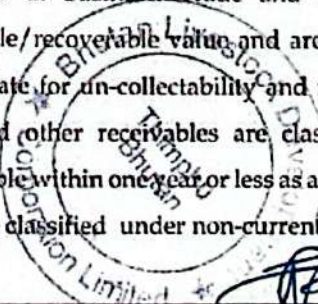
Intangible assets include computer software and licences with finite useful lives and are stated at cost of acquisition/implementation less accumulated amortisation. Amortisation is recognised on a straight line basis over the estimated useful life of 5 years as estimated by the Company. The useful life 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 un-collectability 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.



*[Handwritten signature]*



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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**  
**Thimphu: Bhutan**  
*"Inspiring the growth of livestock entrepreneurs"*



**1C.6.2 Loans and advances**

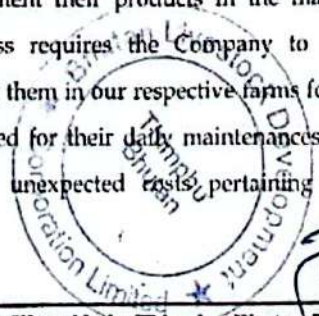
Loans and advances represent advances given to suppliers, contractors and others in the ordinary course of the business activities of the Company. Loan and advances are initially recognized at the value of cash advanced and are assessed at each Statement of Financial Position date for realisability and 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.

**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.



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Post Box No. 2078, Namtog Lam, Khangkhulu, Thimphu: Bhutan, Tel: (+975) 2-365520, 2-365521  
Email: bldcl17@gmail.com  
Website: <http://www.bhutanlivestock.bt>



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.

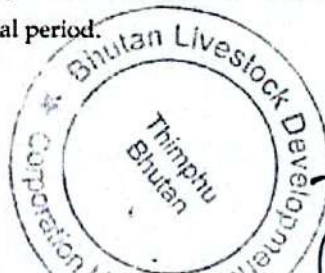
#### 1C.8 Inventories

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.

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.



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**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.

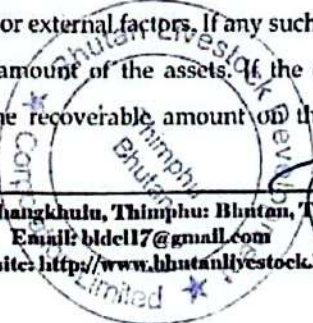
Liability towards Gratuity is considered as the defined benefit plan and is provided based on actuarial valuation as at the Statement of Financial Position date. The liability is discounted to present value applying the rate of the benchmark interest rate at the accounting date and the salary growth 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.

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



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**Bhutan Livestock Development Corporation Limited**  
**Corporate Head Office**  
**Thimphu: Bhutan**  
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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.

#### 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



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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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## Bhutan Livestock Development Corporation Limited

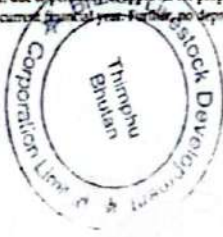
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## Note 2: Property, Plant &amp; Equipment

Particulars	Permanent Structures	Irrigation & Water Source	Tools & Temporary	Farm Equipments	Computer & Peripherals	Vehicles	Furniture & Fixtures	Cold Storage Facility	Grand Total
Gross Carrying value as at December 31, 2021	271,361,128	68,211,616	4,634,629	107,807,699	5,095,378	48,708,545	1,827,189	-	508,685,867
Addition	72,834,205	-	27,000	-	1,345,697	-	-	87,800	74,614,702
Disposal Adjustments*	4,202,834	-	(548,846)	(5,656,675)	(1,658,472)	(4,208,821)	(295,364)	7,625,234	(196,776)
Gross Carrying value as at December 31, 2022	348,838,168	68,211,616	4,085,783	102,147,024	5,598,643	44,499,624	1,631,145	8,818,234	582,993,898
Addition	1,015,153	-	-	206,180	282,480	-	440,238	30,000	2,123,993
Disposal Adjustments*	-	-	-	-	(88,337)	(279,854)	-	-	(367,771)
Gross Carrying value as at December 31, 2023	349,853,321	68,211,616	4,085,783	102,413,764	5,784,778	44,219,170	2,071,345	8,848,234	584,758,833
Accumulated Depreciation as at December 31, 2021	31,063,913	31,816,419	3,692,914	51,455,468	2,332,929	11,377,878	480,920	-	133,228,448
Depreciation for the period	7,973,098	4,881,479	257,809	9,897,964	514,514	2,068,090	115,813	1,146,459	26,015,325
Disposal Adjustments*	(2,743,762)	(448,862)	253,096	779,619	495,361	3,187,819	53,127	(1,575,793)	-
Accumulated Depreciation as at December 31, 2022	37,093,246	35,498,236	4,201,418	61,273,050	3,342,805	17,632,987	649,860	(409,135)	159,235,665
Depreciation for the period	9,088,440	4,185,717	144,166	7,752,504	617,331	1,839,628	106,652	989,085	24,763,530
Disposal Adjustments*	5,807,530	897,324	(506,102)	(1,557,375)	(1,081,007)	(6,454,478)	(108,253)	3,131,587	(148,774)
Accumulated Depreciation as at December 31, 2023	51,698,216	40,572,277	3,841,482	67,468,176	2,879,127	13,018,137	648,259	3,711,547	183,798,222
Net Carrying value as at December 31, 2022	311,744,922	32,713,380	(145,635)	40,874,534	2,247,838	26,866,637	981,285	8,427,369	423,758,331
Net Carrying value as at December 31, 2023	298,155,105	27,639,339	216,301	34,945,588	2,905,651	31,161,033	1,423,086	4,336,687	406,959,711

## Notes:

The Company had made 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, amounting to Nu. 13,584,240, in financial year 2019. However, due to pending approval for proposed write off, from Ministry of Finance (MoF), the ultimate 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 time the above assessment of the value was done.



*Thimphu*

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

**Note 3: Intangible assets**

PARTICULARS	Software Applications	Land user right certificate	Grand Total
Gross Carrying value as at December 31, 2021	195,150	1	195,151
New purchased of assets	-	-	-
Disposal/Adjustments	-	-	-
Gross Carrying value as at December 31, 2022	195,150	1	195,151
New purchased of assets	3,900,000	-	3,900,000
Disposal/Adjustments	-	-	-
Gross Carrying value as at December 31, 2023	4,095,150	1	4,095,151
<b>ACCUMULATED AMORTISATION</b>			
Accumulated Depreciation as at December 31, 2021	90,294	-	90,294
Depreciation for the period	39,030	-	39,030
Disposal	-	-	-
Accumulated Depreciation as at December 31, 2022	129,324	-	129,324
Depreciation for the period	712,332	-	712,332
Disposal	-	-	-
Accumulated Depreciation as at December 31, 2023	841,656	-	841,656
Net Carrying value as at December 31, 2022	65,826	1	65,827
Net Carrying value as at December 31, 2023	3,253,494	1	3,253,495



*T. Zulu*

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

**Note 4: Capital Work in Progress**

Particulars	As at 01.01.2023 Nu.	Additions/ Adjust. Nu.	Deletion/ Adjust. Nu.	As at 31.12.2023 Nu.
CWIP-Parent stock Shed,OPD	6,236,990	80,600		6,317,590
CWIP-ESP Quarter,OPD	4,156,820	1,045,795		5,202,615
CWIP-Cold Stores with PUF Panel at OPD	8,712,597			8,712,597
CWIP-Ice plant at CLPD	525,819	579,334.07	1,105,153	-
	-			-
<b>Total</b>	<b>19,632,226</b>	<b>1,705,729</b>	<b>1,105,153</b>	<b>20,232,802</b>



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

**Note 5: Biological Asset**

Particulars	Fair Value as on 31.12.2022	Capital Reserve	Gain/(Loss) for the year 2023	Adjustments	Closing Value as on 31st Dec 2023
Goat	547,184	-	145,190	(426,798)	265,577
Jersey Cow	8,954,013	-	(1,916,202)	(2,941,135)	4,096,676
Layer Birds	10,624,165	-	3,953,808	(6,974,681)	7,603,292
Table Fish	10,160,772	-	(5,217,913)	(2,151,272)	2,791,587
Piggery	2,545,532	(331,217)	1,556,895	(408,126)	3,363,084
Turkey	92,198	(92,198)	-	-	-
<b>Total</b>	<b>32,923,864</b>	<b>(423,415)</b>	<b>(1,478,222)</b>	<b>(12,902,012)</b>	<b>18,120,216</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 Bhutarse 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.

**Note (c):**

Adjustments includes opening difference adjustment of Nu. 281,100.92 for FY 2023



*T. Zolun*

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

**Note 6: Other financial assets - non-current**

Particulars	As at December 31, 2023	As at December 31, 2022
Security Deposits	1,036,392	941,392
<b>Total</b>	<b>1,036,392</b>	<b>941,392</b>

**Note 7: Inventories**

Particulars	As at December 31, 2023	As at December 31, 2022
Agriculture Products	14,616,251	14,069,782
Value added Products	(387,808)	11,962,513
Stores & Feed	758,452	2,744,894
<b>Total</b>	<b>15,016,895</b>	<b>28,827,194</b>

Refer note 1C.8 for method used for valuation of inventories.  
Opening difference amounting to Nu. 1,845,894 has been adjusted in inventories.

**Note 8: Trade & other receivables**

Particulars	As at December 31, 2023	As at December 31, 2022
Trade Receivables	9,679,868	1,642,017
TDS deducted by Customer	512,829	-
<b>Total</b>	<b>10,192,697</b>	<b>1,642,017</b>

Refer note 1C.6.1  
Opening difference amounting to Nu. (1,359,637) has been adjusted in trade receivables.



*T. Zim*

**Note 9: Other financial assets - current**

Particulars	As at December 31, 2023	As at December 31, 2022
Advance to contractors	10,672,795	10,100,406
Advance to Contract Farmers	27,310,133	35,550,494
Advance to Employees	809,719	388,082
Advance to Office	1,101,985	1,072,140
Advance to Suppliers	11,643,879	9,731,570
<b>Total</b>	<b>51,538,511</b>	<b>55,842,692</b>

Opening difference amounting to Nu. 628,292 has been adjusted in Other financial assets.

**Note 10: Cash & cash equivalents**

Particulars	As at December 31, 2023	As at December 31, 2022
Cash in hand (As certified by the Management)	-	265,663
Balance with banks	11,465,289	1,300,569
<b>Total</b>	<b>11,465,289</b>	<b>1,566,232</b>

Opening difference amounting to Nu. 732,679 has been adjusted in 'Balances with bank'.

**Note 11: Other Current Assets**

Particulars	As at December 31, 2023	As at December 31, 2022
Miscellaneous -Unreconciled Items	525,141	-
MoAF (DOL)	-	-
<b>Total</b>	<b>525,141</b>	<b>-</b>



*Thimphu*



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

11.4 Shares issued for consideration other than cash

Particulars	As at December 31, 2023		As at December 31, 2022	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	4,739,007	473,900,711	4,739,007	473,900,711
Add: Issued during the period				
At the end of the period	4,739,007	473,900,711	4,739,007	473,900,711

11.3 Reconciliation of number of shares outstanding

Name of the Shareholder	As at December 31, 2023		As at December 31, 2022	
	No. of Shares	% held	No. of Shares	% held
Ministry of Finance, Royal Government of Bhutan	4,739,007	100	4,739,007	100
Total	4,739,007	100	4,739,007	100

11.2 Details of shareholders

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.

11.1 Terms/rights attached to equity shares

Particulars	As at December 31, 2023		As at December 31, 2022	
	Authorized shares	1,000,000,000 equity shares of Nu. 100 each	1,000,000,000	1,000,000,000
Issued, subscribed and fully paid-up shares	4,739,007 equity shares of Nu. 100 each (Previous year 4,739,007 equity shares of Nu. 100 each)	473,900,711	473,900,711	473,900,711
Total		473,900,711	473,900,711	473,900,711

Note 11: Share Capital

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

**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, 2023	As at December 31, 2022
At the beginning of the year	167,549,365	179,004,217
Add: Received during the year	31,499,112	-
Less:		
-For Liabilities & Expenses	23,808,352	4,500,000
-For Depreciation	8,784,336	6,954,852
<b>Total</b>	<b>166,455,789</b>	<b>167,549,365</b>

**Note 14: Long term Employee Benefits**

Particulars	As at December 31, 2023	As at December 31, 2022
Provision for:		
- Carriage Charges	215,699	56,186
- Gratuity	5,287,119	3,648,723
- Leave encashment	3,732,671	3,841,762
- Transfer Grant	255,241	103,586
<b>Total</b>	<b>9,490,730</b>	<b>7,650,257</b>

**Note 15: Current financial liabilities - Trade & other payables**

Particulars	As at December 31, 2023	As at December 31, 2022
Audit fees payable	50,000	50,000
Employees' payables	2,391,445	1,529,611
Payable security Deposit	5,199,835	5,729,305
Statutory liabilities	(108,918)	2,756,150
Trade payables	25,967,786	30,438,195
<b>Total</b>	<b>33,500,148</b>	<b>40,503,261</b>

Opening difference amounting to Nu. (2,514,304) has been adjusted in 'Trade & other payables'.



*Tony*

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

**Note 16: Current financial liabilities - Short term borrowings**

Particulars	As at December 31, 2023	As at December 31, 2022
Working capital facilities from bank (Secured against certain Property, plant & equipment)	51,046,390	47,172,428
Borrowed from MoAF	20,000,000	20,000,000
<b>Total</b>	<b>71,046,390</b>	<b>67,172,428</b>

Note: BLDCL has borrowed Nu. 20.00 Million from Ministry of Agriculture and Livestock during the FY'2022 and repayment is schedule on quarterly basis to liquidate in three years starting from FY'2023. Interest Nil.

Note: BLDCL has taken overdraft facility of Nu. 50.00 Million from Bhutan National Bank (BNBL) after approval from Board and Ministry of Finance (MoF).

**Note 17: Short Term Employee Benefits**

Particulars	As at December 31, 2023	As at December 31, 2022
Provision for:		
- Carriage Charges	344,684	482,381
- Gratuity	171,176	791,244
- Leave encashment	436,053	598,613
- LTC	1,330,859	2,363,069
- Transfer Grant	265,480	382,305
<b>Total</b>	<b>2,548,252</b>	<b>4,617,612</b>



*T. P. P.*

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

**17. Revenue from operation**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Sales of products	113,822,746	184,164,929
<b>Total</b>	<b>113,822,746</b>	<b>184,164,929</b>

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

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Disposal of asset	2,474,137	457,529
<b>Total</b>	<b>2,474,137</b>	<b>457,529</b>

**19. Other Incomes**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
House Rent Deduction	868,623	858,977
Income from Hire Out	123,650	105,820
Income from Interest	-	329,718
Others	-	4,815,005
Sales of Feeds	-	1,716,625
Tender Fees	15,500	-
<b>Total</b>	<b>1,007,773</b>	<b>7,816,145</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

**20. Government Grants**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Government Grants		
- For Depreciation	8,784,336	6,954,852
- For Liabilities & Expenses	23,808,352	4,500,000
<b>Total</b>	<b>32,592,688</b>	<b>11,454,852</b>

**21. Fair Value (gain)/loss on Biological asset**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Biological Asset	1,478,222	4,042,602
<b>Total</b>	<b>1,478,222</b>	<b>4,042,602</b>



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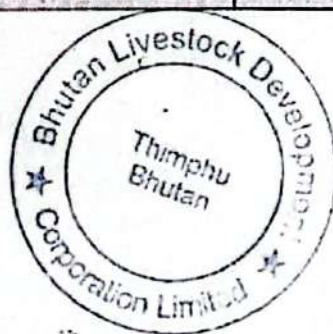
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**22. Employee Benefit Expenses**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Arrear Payment	79,384	20,221
Carriage Charges	176,606	184,658
Cash Handling Allowance	11,000	12,000
Communication Allowance	277,841	294,500
Contract Allowance 50%	414,802	506,256
Difficult Area Allowance	1,134,400	1,802,000
Gratuity	807,713	1,363,460
Honorarium - BLDCL	21,250	10,000
House Rent Allowance 20%	5,895,420	7,945,619
Leave Encashment	386,158	1,475,663
Local Conveyance Allowance	273,769	235,081
Production Endurance Allowance 20%	4,371,330	6,294,136
Provident Fund Contribution	1,806,678	4,327,094
Salary	23,534,753	35,275,961
Salary for security	245,806	167,150
Transfer grant	166,647	123,810
<b>Total</b>	<b>39,623,550</b>	<b>60,037,609</b>

**23. Administrative Expenses**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Electricity Bill	2,477,148	1,534,817
Extension Kits	-	3,015
Fees & Permit	20,885	861,192
Insurance Premium on Fixed Asset	821,792	292,381
Internet/Broadband Charges	498,555	206,449
Land Tax-URI	64,156	-
Mess Expenses during COVID Duty	-	372,354
Miscellaneous Expenses	9,379,558	5,557,106
Printing & Press	72	146,330
Renewal of License	47,645	1,744,797
Rental charges for Parking Vehicle - BLDCL	87,479	40,858
Rent for Space - BLDCL	2,317,920	1,273,385
Safety Kits	-	120,355
Sitting Fee for Board	104,900	212,087
Stationeries	33,181	88,522
Telephone Bill	10,019	421,742
Transportation/Hiring	1,424,579	2,270,337
Travel In Country	562,714	-
Vehicle Running Expenses(PoL)	2,369,364	3,519,744
Water & Sewerage Bill	14,728	13,396
<b>Total</b>	<b>20,234,691</b>	<b>18,678,866</b>



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

**24. Finance Charges**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest on Bank Over Draft	5,825,450	2,328,254
<b>Total</b>	<b>5,825,450</b>	<b>2,328,254</b>

**25. Marketing Expenses**

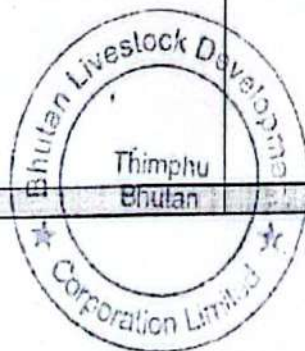
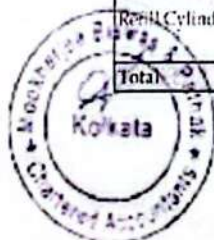
Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Announcement/Publicity	104,280	6,000
Commission for vendors	9,000	117,539
Promotional Expenses	2,174	160,650
Purchase of Livestock inputs	-	298,000
<b>Total</b>	<b>115,454</b>	<b>582,189</b>

**26. Office Expenses**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Auditor's Fee	50,000	50,000
Bank Charges	3,824	16,816
Chad/Remdrow Exp.	300,000	585,146
Consultancy Charges/Fee	90,000	35,000
Donation	-	333,710
Fines & Penalty	150,246	9,177
Refreshment Expenses	129,850	725,099
Rest Room Supplies	33,056	97,348
Training in country	-	1,919,117
Other Expenses	690,143	-
<b>Total</b>	<b>1,447,119</b>	<b>3,771,413</b>

**27. Maintenance & Operation**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
AMC for ERP	1,200,000	-
Maintenance of Cold Storage/Store	37,230	65,235
Maintenance of Electricity Line	23,445	117,687
Maintenance of Farm Structure	100,000	209,849
Maintenance of Fencing	412,218	-
Maintenance of Fishery Pond	13,590	180,400
Maintenance of Tools & Equipment	392,505	229,011
Maintenance of Vehicle	669,206	790,233
Refill Cylinder	5,372	-
<b>Total</b>	<b>2,853,566</b>	<b>1,592,444</b>



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

**28. Animal Development Cost**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Animal Development cost	54,950,132	45,687,045
<b>Total</b>	<b>54,950,132</b>	<b>45,687,045</b>

**29. Value Additional Cost**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Agro Products	2,030,467	55,486,089
Other Adjustments	39,142	15,581,627
Product Packaging	1,419,959	1,571,035
Raw Meat & Fish	23,585,010	41,017,400
<b>Total</b>	<b>27,074,578</b>	<b>113,656,151</b>

**30. Actuarial Gain/(Loss) on Post Employee Benefits**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Gratuity	(210,615)	104,593
Transfer grant	45,479	(30,989)
Carriage Charges	95,751	28,263
<b>Total</b>	<b>(69,385)</b>	<b>101,867</b>

**31. Earnings Per Share**

Particulars	For the year ended December 31, 2023	For the year ended December 31, 2022
Profit/(Loss) for the period (A)	(29,121,280)	(72,537,173)
Weighted Average No. of shares (B)	4,739,007	4,739,007
<b>Earnings Per Share (A/B)</b>	<b>(6.15)</b>	<b>(15.31)</b>



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**Bhutan Livestock Development Corporation Limited**

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

**33. OTHER NOTES TO ACCOUNTS**

**i) Salary Details of CEO (Former):-**

Sl. No.	Particulars	For the Period 01.01.2023 to 31.12.2023	For the period 01.01.2022 to 31.12.2022
(i)	Salary and Allowances	1,035,566	1,775,256
(ii)	Provident Fund	88,591	151,871
(iii)	Sitting Fees	20,000	22,500
	<b>Total</b>	<b>1,144,157</b>	<b>1,949,627</b>

**ii) Salary Detail of CEO (New)**

Sl. No.	Particulars	For the Period 01.01.2023 to 31.12.2023
(i)	Salary and Allowances	314,822
(ii)	Provident Fund	25,766
(iii)	Sitting Fees	5,000
	<b>Total</b>	<b>345,588</b>

**iii) Board of Directors' fees.**

The previous Board of Directors has completed their tenure and subsequently appointed new BoD during AGM, 2023. In total, the meeting was held consecutively 4 times, and an Annual General Meeting (AGM) and company has incurred Nu. 95,900 as sitting fees during the year.



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### 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.

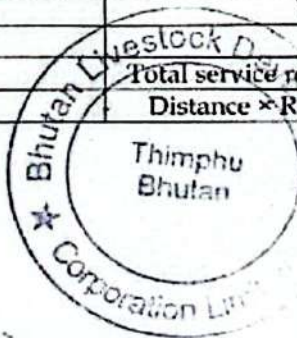
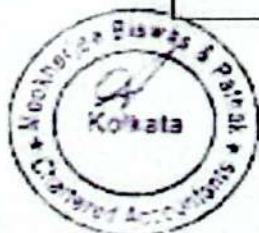
The expected cost of Performance Based Variable Incentive is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

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.

#### 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	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	Distance * Rate per km as per RSTA



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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

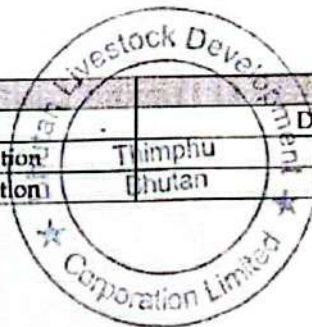
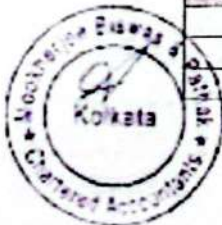
Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	58   60 years*
<b>Retirement age for contract employees depend on their contract term</b>	
Benefit payable on	Retirement/resignation/death while in service/ once every financial year
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	(Reference salary × leave balance) / 30
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*
<b>Retirement age for contract employees depend on their contract term</b>	
Benefit payable on	Retirement/resignation/death while in service/ once every financial year
Form of benefit	Lump sum
Vesting period	8 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary × 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%



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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

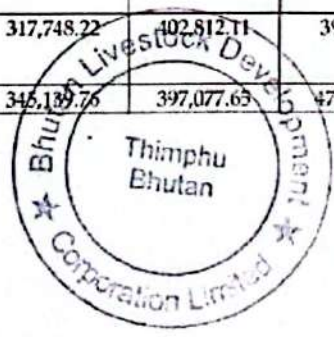
**Bifurcation between current and non-current liability**

Nu.	Carriage Charges		Earned Leave	
	Year ended 31 <sup>st</sup> December, 2023	Year ended 31 <sup>st</sup> December, 2022	Year ended 31 <sup>st</sup> December, 2023	Year ended 31 <sup>st</sup> December, 2022
<b>Current liability</b>	344,684.08	482,381.48	436,053.04	598,612.62
<b>Non-current liability</b>	215,699.23	56,185.59	3,732,670.76	3,841,761.91
<b>Net liability</b>	<b>560,383.31</b>	<b>538,567.07</b>	<b>4,168,723.8</b>	<b>4,440,374.53</b>

Nu.	Gratuity		Transfer Grant	
	Year ended 31 <sup>st</sup> December, 2022	Year ended 31 <sup>st</sup> December, 2021	Year ended 31 <sup>st</sup> December, 2022	Year ended 31 <sup>st</sup> December, 2021
<b>Current liability</b>	171,175.59	791,243.63	265,479.88	382,305.65
<b>Non-current liability</b>	5,287,118.97	3,648,723.24	255,240.63	103,585.79
<b>Net liability</b>	<b>5,458,294.56</b>	<b>4,439,966.87</b>	<b>520,720.51</b>	<b>485,891.44</b>

**Expected benefit payments in future years**

In	Carriage Charge (Nu.)	Earned Leave (Nu.)	Gratuity (Nu.)	Transfer Grant (Nu.)
December 31, 2024	370,535.38	468,757.02	184,013.76	285,390.87
December 31, 2025	317,748.22	402,812.71	39,100.99	251,825.72
December 31, 2026	345,139.76	397,077.65	479,172.29	305,252.73



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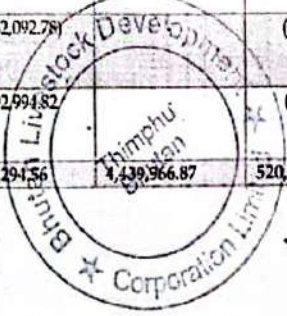
December 31, 2027	345,497.87	489,674.67	1,443,283.8	297,297.14
December 31, 2028	264,881.18	357,670.12	1,323,043.82	217,153.79
December 2029 to December 2033	1,249,453.83	1,978,631.63	13,585,887.77	1,138,746.45
December 2034 to December 2043	1,685,162.11	2,542,908.07	30,955,509.31	1,583,854.18

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

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

Particulars	Carriage Charge		Earned Leave	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
DBO at the beginning of period	538,567.07	436,584.75	4,440,374.53	4,083,767.54
Add: Current service cost	138,427.90	155,001.25	(271,650.73)	356,606.99
Add: Past service cost	-	-	-	-
Add: Interest cost	38,178.55	28,656.49	308,296.41	246,696.77
Less: Benefits paid by the plan	-	-	-	-
Less: Benefits paid by the employer	(59,039.36)	(54,412.7)	(659,511.34)	(1,119,055.84)
Actuarial (gain) or losses due to experience adjustment	(81,589.80)	(28,262.72)	452,386.11	872,359.07
Actuarial (gain) or losses due to change in financial assumptions	(10,076.97)	-	(91,111.24)	-
Actuarial (gain) or losses due to change in demographic assumptions	(4,084.08)	-	(10,059.94)	-
DBO at the end of period	560,383.31	538,567.07	4,168,723.8	4,440,374.53

Particulars	Gratuity		Transfer Grant	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
DBO at the beginning of period	4,439,966.87	3,199,144.82	485,891.44	390,014.29
Add: Current service cost	1,172,379.64	1,140,151.53	133,443.04	131,959.82
Add: Past service cost	(697,664.12)	-	-	-
Add: Interest cost	332,997.52	223,308.56	33,204.15	24,109.67
Less: Benefits paid by the plan	-	-	-	-
Less: Benefits paid by the employer	-	(18,045)	(86,339)	(91,181)
Actuarial (gain) or losses due to experience adjustment	179,712.6	(104,593.04)	(35,241.82)	30,988.66
Actuarial (gain) or losses due to change in financial assumptions	(162,092.78)	-	(9,440.4)	-
Actuarial (gain) or losses due to change in demographic assumptions	192,994.82	-	(796.89)	-
DBO at the end of period	5,458,294.56	4,439,966.87	520,720.51	485,891.44

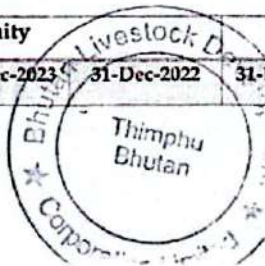


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ii) Expenses recognized in the Statement of Comprehensive Income: (in Nu.)

Particulars	Carriage Charge		Earned Leave	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022
Actuarial (gain) or loss due to experience adjustments	(81,589.80)	(28,262.72)	452,386.11	872,359.07
Actuarial (gain) or loss due to changes in financial assumptions	(10,076.97)	-	(91,111.24)	-
Actuarial (gain) or loss due to changes in demographic assumptions	(4,084.08)	-	(10,059.94)	-
Return on plan assets (greater) or less than discount rate	-	-	-	-
Immediate recognition of gains/losses - Other long term employee benefits	(81,589.80)	(28,262.72)	351,214.93	872,359.07
Expense recognized as other comprehensive income	-	-	-	-
Expenses recognized as OCI	(95,750.85)	(28,262.72)	-	-

Particulars	Gratuity		Transfer Grant	
	31-Dec-2023	31-Dec-2022	31-Dec-2023	31-Dec-2022



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Actuarial (gain) or loss due to experience adjustments	179,712.6	(104,593.04)	(35,241.82)	30,988.66
Actuarial (gain) or loss due to changes in financial assumptions	(162,092.78)	-	(9,440.4)	-
Actuarial (gain) or loss due to changes in demographic assumptions	192,994.82	-	(796.89)	-
Return on plan assets (greater) or less than discount rate	-	-	-	-
Expenses recognized as OCI	210,614.65	(104,593.04)	(45,479.12)	30,988.66

iii) Actuarial Assumptions:

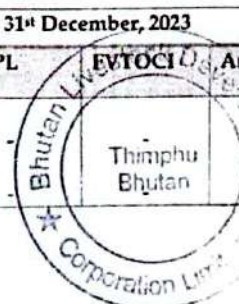
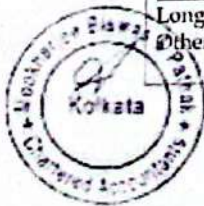
Principal assumptions used for actuarial valuation are:

Particulars	Carriage Charges, Earned Leave, Gratuity & Transfer Grant	
Method Used	Projected unit credit method	
Discount rate	7.50%	7.00%
Increase in cost of transportation	5.00%	5.00%
Mortality rate	100% of IALM (2012-14)	
Employee turnover rate	9.00%	9.00%

**Fair value measurement (BFRS 13)**

Financial instruments by category:

Particulars	As at 31 <sup>st</sup> December, 2023		
	FVTPL	FVTOCI	Amortized cost
<b>Financial assets</b>			
Long-term loans and advances			
Other receivables			



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Trade & other receivables	-	-	
Cash and cash equivalents	-	-	
Short-term loans and advances	-	-	
<b>Total financial assets</b>			
<b>Financial liabilities</b>			
Borrowings	-	-	
Other payables	-	-	
Trade & other payables	-	-	
<b>Total financial liabilities</b>			

**i. Fair value hierarchy**

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

- (a) Recognized and measured at fair value and
- (b) 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.

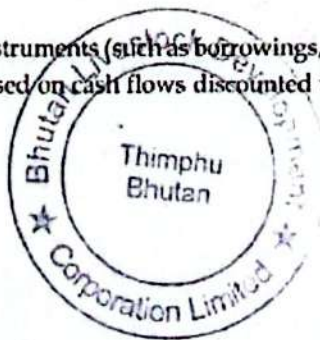
**Level 2:** If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**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.



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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.

**Financial instruments (BFRS 7)**

**I. 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 or 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:

- 1) Financial asset measured amortized cost;
- 2) Financial asset measured at fair value through other comprehensive income (FVTOCI); and
- 3) Financial asset measured at fair value through profit and loss (FVTPL).

**1) Financial asset measured at amortized cost**

A financial asset is measured at amortized cost if the following conditions are met:

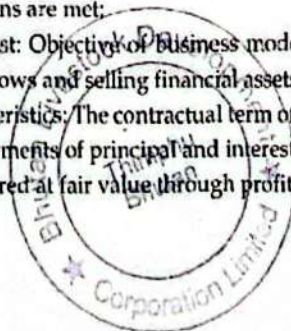
- Business model test: The asset is held within a business model whose objective is to collect contractual cash flows; and
- Cash flow characteristics test: Contractual terms of the asset gives rise to cash flows that are solely payments of principal and interest.

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

**3) Financial asset measured at fair value through profit and loss**



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

**c) Impairment of financial assets**

The company assesses impairment of financial asset based on incurred loss model as per BFRS-9 provides that impairment of financial asset will be done as per provision of BAS-39. The company checks (at the end of each reporting period) whether there is any objective evidence that financial asset is impaired and, in that case, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

**d) Derecognition of financial assets**

A financial asset is primarily derecognized (i.e. removed from the company's statement of financial position) when:

- a. The rights to receive cash flows from the asset have been expired/transferred
- b. The company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the company has transferred an asset - if it has substantially transferred all risks and rewards of ownership of the financial asset then, the financial asset is derecognized. If it is not transferred substantially, the financial is not derecognized.

**II. Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and in the case of borrowings and payables, net of directly attributable transaction costs.

**Measurement**

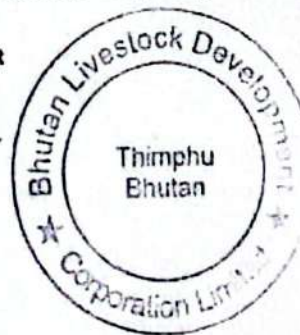
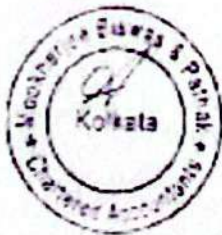
Measurement of financial liabilities depends on their classification as below:

**1. Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon recognition and as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of recharging in the near term.

**2. Financial liabilities at amortized cost**



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Financial liabilities at amortized cost such as trade, other payables, security deposits and retention money are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate.

3. Borrowings

Any difference between the proceeds and the repayment amount is recognized in profit or loss and subsequently measured at amortized cost using the effective interest method. Borrowings are categorized as current liabilities unless the company has the right to defer the settlement for at least 12 months after the reporting period.

4. Trade and other payables

Trade and other payables 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**

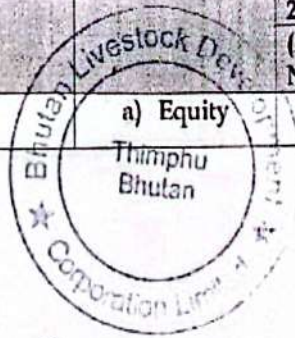
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such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

**Related party transactions (BAS-24)**

The company is a State-Owned Enterprise (SOE) under the Ministry of Finance (MoF). The Company considers 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 disclosures required by BAS 24.

A summary of the company's transaction 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 as on 31 <sup>st</sup> December, 2023	Transactions during the year
			(Amount in Nu.)	(Amount in Nu.)
		a) Equity	-	-
		Thimphu Bhutan		



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Ministry of Finance	Ultimate holding	b) Grants received	-	-
Ministry of Agriculture and Forest	Portfolio ministry	a) Equity	0	0
		b) Grants received	31,499,111.57	0
		c) Borrowed	0	0

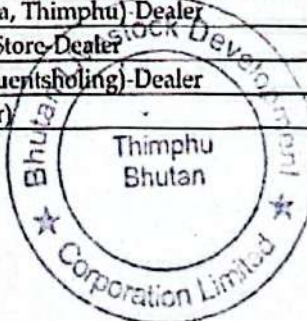
**Revenue from Contracts with customers (BFRS15)**

BLDCL shall apply this Standard to a contract only if the counterparty to the contract is a customer. A customer is a party that has a contracted with BLDCL to obtain goods or services that are an output of its ordinary activities in exchange for consideration. BLDCL 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 obligations but expects to recover the costs incurred then the BLDCL shall recognize revenue only to the extent of the costs incurred until where it can reasonably measure the outcome of the performance obligation.

BLDCL 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 in exchange for transferring promised goods or services and may include fixed amounts, variable amounts or both. For determining the transaction price, BLDCL 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.

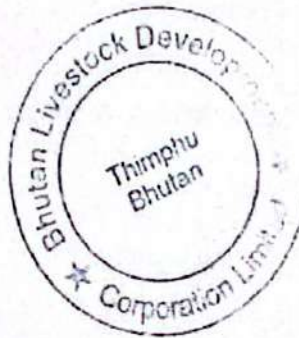
As such, BLDCL has following identified customer who are govern under such contract mode with the agreed assured fixed prices for the period. The customer takes control over the products after the delivery:

SI No.	Customer	Revenue Identified during Year
1	Dawa Dema (Babesa, Thimphu) Dealer	184,330.25
2	Kalden Covinence Store-Dealer	288,302.85
3	Kuntsang Mart (Phuentsholing)-Dealer	231,870.50
4	Leela Thapa (Dealer)	35,500.00



*T. P. P.*

SI No.	Customer	Revenue Identified during Year
5	Lungten Tenzom, Mongar (Dealer)	871,133.90
6	Pema Dema (Samrang, S/Jongkhar)-Dealer	65,700.00
7	Phurpa Lhamo-Dealer	499,117.10
8	Sanju Ghalley (Paro)-Dealer	193,681.20
9	Shankar-Dealer	2,711,646.70
10	Sibjam-Dealer	5,090.50
11	Tshering Peldon (Bumthang)-Dealer	163,110.60
12	Wangdi (Norzin Lam, Thimphu)-Dealer	753,886.10
	'Totals'	6,003,369.70



*Tenzin*

#### BAS41- Biological Asset:

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

- Sale, or
- Conversion into agricultural produce or
- Into additional biological assets

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

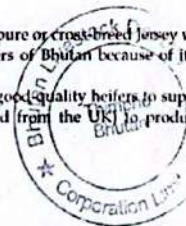
- Dairy Farm,
- Goat Farm,
- Poultry Farm,
- Fishery Farm (Warm and cold-water fish)
- Piggery Farm and
- Turkey Farm

Generally, the costs 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 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 gains or losses on agricultural produce represent the difference between the change in carrying value of the biological assets due to harvest and the fair value less costs 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.

#### a) Dairy Farm:

It is located in Samrang, Samdrup Jongkhar. The breed is either pure or cross-breed Jersey with a 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-quality, good-quality heifers to supply to the farmers of Bhutan. To do that, BLDCL uses pure imported Jersey sex-sorted semen (imported from the UK) to produce offspring with above 90% bloodline



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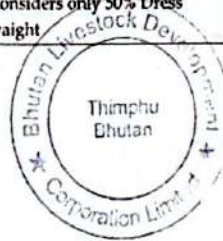
ultimately. This will trigger increased milk production in the country. However, the actual milk production commences generally after 3 years of age.

Fair Value of Biological assets is based on the following aspects:

1. Biological stages are the classification of animals attending certain growth levels 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, the market for such products is very rear

Assumption considered for the fair value of Dairy Cow:  
Fair value less cost to sales or FVLCTS

Categories of animals/Stages	Fair value	Cost to sales- Auction charges & Transportation	Selling Price	Period for Biological transformation
Biological Asset				
Calves	10,145	1855	12,000	6 - 12 months old
Yearling Male/female	22,145	1855	24,000	12 -18 months old
Breedable Heifers	44,145	1855	46,000	18-24 months old
Pregnant Heifers	58,145	1855	60,000	24 month onwards
Milch Cow	67,145	1855	69,000	35 months
Dry cow	63,145	1855	65,000	
Milch Cow Pregnant	65,101	2899	68,000	
Dry cow Pregnant	65,101	2899	68,000	
Culled Cows	23,145	1855	25,000	Considers only 50% Dress waight



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Reporting Period as on 31st December 2023

Goat Farm Data Periodic Movements of Biological Transformers (Dairy Cows)

Sl. No.	Animal's Stage	2022				2023				Biological Transfer				
		1.1.2022	Death & loss	New Bore	Acquisition	Death & loss	Salvage	Yearling	Handling/Heifer	Program Heifer	Milk cow	Wet Cow Program	Dry cow	Other Program
1	Calves new born	49	71	29			24	29						
2	Yearling Male/Female	29	13				14	29	9					
3	Reproductive Heifers	21	10				14	9	9					
4	Program Heifers	20					7		15					
5	Milk Cow	33	49				24		11					
6	Milk Cow Program	36					7							
7	Dry cow		7				7							
8	Dry cow Program						7							
9	Colled Cows						7							
	Total No. of Animals	211	153	29			129							

b) Goat Farm:

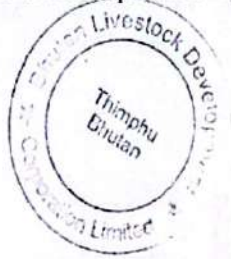
This is the only government goat farm in the country to serve as a nucleus farm for genetic up-gradation of indigenous goat population in the field of dairy and meat production. There are 4 exotic breeds of goat at Samrang Goat Farm as under:

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

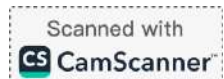
These breeds were imported from India. The main objective of a goat farm is to supply quality breeding bucks to goat-rearing communities for genetic up-gradation of the indigenous goat population for milk and meat production.

Fair Value of Biological assets is based on the following aspect:

1. Biological stages are the classification of animals attending certain growth levels 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, the market of such products is very rear



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Assumption considered for the fair value for Goat:

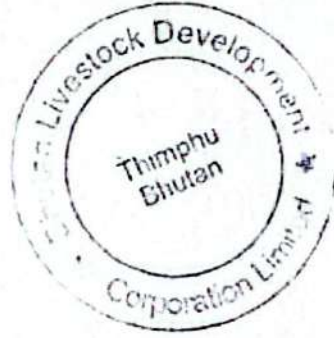
Categories of animals/Stages	Fair value	Cost to sales- Auction charges & transportation	Selling Price	Period for Biological transformation
Biological Asset				
KIDS	1,795	1,885	3,680	6 months
BUCKS	9,640	1,885	11,525	7-9 months
DOELING	13,053	1,885	14,938	10-11 months
DOES	14,765	1,885	16,650	12-13 months

Fair value less cost to sales or FVLCTS

Reporting Period as on 31st December 2023

(A) Farm Date-Periodic Movements of Biological Transformation (Goat)

Slms.	Animal's Stage	2023		2022		Biological Transfers				Dec '23	
		2023		2022		Biological Transfers					
		Jan'23	Dec'23	Jan'22	Dec'22	Acquisition	Death at loss	BUCKS	DOELING		DOES
1	KIDS	25	(5)	12	(14)						5
2	BUCKS	2	(2)		(2)						1
3	DOELING	9	(7)		(7)						8
4	DOES	25	(15)		(15)						6
5	Total No. of Animals	59	(12)	12	(38)						21



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c) Poultry Farm:

There are two Poultry Layer Farms under BLDCL. One is located at Relangthang, Sarpang (21,000 bird capacity) and one at Samrang (24,000 bird capacity). Poultry layer farming is for table egg production. BLDCL 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 day one (DoC) till they cease production as shown under:

Stages of bird growth and development	
Age in weeks	Term
Day 1	Day Old Chick
Day 1-6 weeks	Grower
7-17 weeks	Pullet
18-82 weeks	Layer
83 weeks onwards	Spent

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 thereby 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 is based on the following aspects:

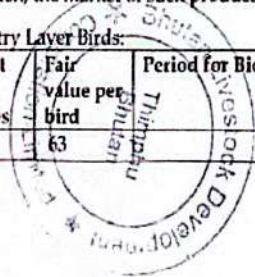
1. Biological stages are the classification of animals attending certain growth levels from one stage to another as per science.
2. Price history refers to transactional price to carry out the business transaction in the market (Note that there is no active market in the country for such business). As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

Assumption considered for the fair value for Poultry Layer Birds:

Stage	Categories of animals/Stages	Selling Price per bird	Cost to sales	Fair value per bird	Period for Biological transformation
1	DoC	63		63	



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Stage	Categories of animals/Stages	Selling Price per bird	Cost to sales	Fair value per bird	Period for Biological transformation
2	Pullet	186	11	197	6 to 18 weeks old
3	Layer	381	11	392	19 weeks and above with a potential to lay 254 eggs @ COP 6.4
4	Spent	104	11	115	79 weeks onwards

Fair value less cost to sales or FVLCSTS



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Reporting Period as on 31st December 2023 for Poultry Layer Birds for Madangchung Farm Data Periodic Movements of Biological Transformation

Slms	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & loss	Sales	2023		Age of report
							Dec	Jan	
D+C		2150		2,150	(250)		(1,016)	(1,730)	1,441 82 Weeks
Pullet					(210)		1,914	1,736	
Layer									
Spent									
							(280)		1,441

Reporting Period as on 31st December 2023 for Poultry Layer Birds for Madangchung Farm Data Periodic Movements of Biological Transformation

Slms	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & loss	Sales	2023		Age of report
							Dec	Jan	
D+C		2775		2,775	(1,007)		(1,708)	(1,324)	808 51 Weeks
Pullet					(400)		1,708	1,324	
Layer					(400)				
Spent									
							(1,806)		808

Reporting Period as on 31st December 2023 for Poultry Layer Birds for Madangchung Farm Data Periodic Movements of Biological Transformation

Slms	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & loss	Sales	2023		Age of report
							Dec	Jan	
D+C		1,678		1,678	(103)		(1,497)	(1,497)	784 41 Weeks
Pullet					(480)		1,497	1,497	
Layer					(265)				
Spent									
							(816)		784

Reporting Period as on 31st December 2023 for Poultry Layer Birds for Madangchung Farm Data Periodic Movements of Biological Transformation

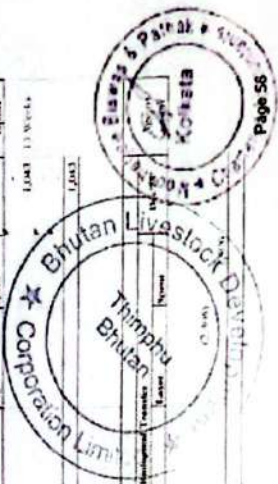
Slms	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & loss	Sales	2023		Age of report
							Dec	Jan	
D+C		1,738		1,738	(22)		(1,729)	(1,729)	1,028 14 Weeks
Pullet							1,729	1,729	
Layer									
Spent									
							(22)		1,028

Reporting Period as on 31st December 2023 for Poultry Layer Birds for Madangchung Farm Data Periodic Movements of Biological Transformation

Slms	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & loss	Sales	2023		Age of report
							Dec	Jan	
D+C		1,750		1,750	(7)		(1,743)	(1,743)	1,043 11 Weeks
Pullet							1,743	1,743	
Layer									
Spent									
							(7)		1,043

Reporting Period as on 31st December 2023 for Poultry Layer Birds for Madangchung Farm Data Periodic Movements of Biological Transformation

Slms	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & loss	Sales	2023		Age of report
							Dec	Jan	
D+C		4,354		4,354	(1,840)		(1,748)	(1,840)	1,008 14 Weeks
Pullet					(400)		1,748	1,748	
Layer					(400)				
Spent									
							(1,840)		1,008



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4 Farm Data-Periodic Movements of Biological Transformation

Sno.	Animal's Stage	Batch No.	2021										Age of report
			Opening Balance	Acquisition	Death & loss	Sales	Biological Transfer				Dec'23		
							DoC	Pullet	Layer	Spent			
	DoC												
	Pullet												
	Layer	18th	1,317		(261)							1,056	89 weeks
	Spent				(261)							1,056	

5 Farm Data-Periodic Movements of Biological Transformation

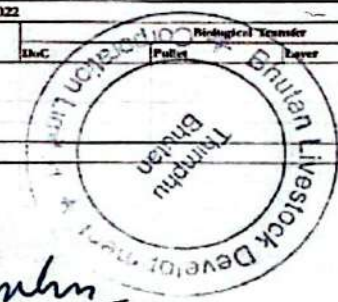
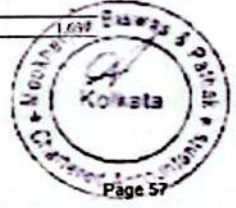
Sno.	Animal's Stage	Batch No.	2022										Age of report
			Opening Balance	Acquisition/OB	Death & loss	Sales	Biological Transfer				Dec'23		
							DoC	Pullet	Layer	Spent			
	DoC												
	Pullet												
	Layer	19th	1,911		(195)							1,716	87 weeks
	Spent				(195)							1,716	

6 Farm Data-Periodic Movements of Biological Transformation

Sno.	Animal's Stage	Batch No.	2022										Age of report
			Opening Balance	Acquisition/OB	Death & loss	Sales	Biological Transfer				Dec'23		
							DoC	Pullet	Layer	Spent			
	DoC												
	Pullet												
	Layer	20th	1,312		(715)							597	79 weeks
	Spent				(715)							597	

7 Farm Data-Periodic Movements of Biological Transformation

Sno.	Animal's Stage	Batch No.	2022										Age of report
			Opening Balance	Acquisition/OB	Death & loss	Sales	Biological Transfer				Dec'23		
							DoC	Pullet	Layer	Spent			
	DoC												
	Pullet												
	Layer	21th	2,389		(750)							1,639	69 weeks
	Spent				(750)							1,639	

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Reporting Period as on 31 December 2023 of Layer Birds of Poultry CPED Breeding Farm Data: Periodic Movements of Biological Transformation

Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Balance	2023			Age of Report	
							Transfer (Cr/Dr/Prms)	Deficit	Surplus		
1347	Pullet	234	(1,940)	3,827	(1,147)	(1,147)	(3,213)	(3,213)	3,175	3,175	02 Weeks
	Layer										
	Starter										
			(1,654)						2,475		2,475

Reporting Period as on 31 December 2023 of Layer Birds of Poultry CPED Breeding Farm Data: Periodic Movements of Biological Transformation

Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Balance	2023			Age of Report	
							Transfer (Cr/Dr/Prms)	Deficit	Surplus		
1348	Pullet	244	(1,272)	4,946	(1,187)	(1,187)	(3,210)	(3,210)	1,947	1,947	04 Weeks
	Layer										
	Starter										
			(6,457)								1,947

Reporting Period as on 31 December 2023 of Layer Birds of Poultry CPED Breeding Farm Data: Periodic Movements of Biological Transformation

Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Balance	2023			Age of Report	
							Transfer (Cr/Dr/Prms)	Deficit	Surplus		
1349	Pullet	254	(505)	3,468	(505)	(505)	(3,679)	(3,679)	3,099	3,099	14 Weeks
	Layer										
	Starter										
			(3,679)								3,099

Reporting Period as on 31 December 2023 of Layer Birds of Poultry CPED Breeding Farm Data: Periodic Movements of Biological Transformation

Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Balance	2023			Age of Report	
							Transfer (Cr/Dr/Prms)	Deficit	Surplus		
1350	Pullet	264	(54)	2,627	(54)	(54)	(2,760)	(2,760)	2,740	2,740	11 Weeks
	Layer										
	Starter										
			(54)								2,740

Reporting Period as on 31 December 2023 of Layer Birds of Poultry CPED Breeding Farm Data: Periodic Movements of Biological Transformation

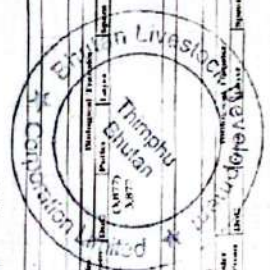
Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Balance	2023			Age of Report	
							Transfer (Cr/Dr/Prms)	Deficit	Surplus		
1351	Pullet	270	(146)	4,116	(146)	(146)	(4,067)	(4,067)	3,927	3,927	7 Weeks
	Layer										
	Starter										
			(1,997)								3,927

Reporting Period as on 31 December 2023 of Layer Birds of Poultry CPED Breeding Farm Data: Periodic Movements of Biological Transformation

Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Balance	2023			Age of Report	
							Transfer (Cr/Dr/Prms)	Deficit	Surplus		
1352	Pullet	280	0	0	0	0	0	0	0	0	0
	Layer										
	Starter										
			0								0

Reporting Period as on 31 December 2023 of Layer Birds of Poultry CPED Breeding Farm Data: Periodic Movements of Biological Transformation

Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Balance	2023			Age of Report	
							Transfer (Cr/Dr/Prms)	Deficit	Surplus		
1353	Pullet	290	0	0	0	0	0	0	0	0	0
	Layer										
	Starter										
			0								0



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**Table 1: Financial Performance of Livestock Training Institutions**

Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Salvage	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	Age at Request
1	Dr-C Pulley Layer Spent	20th	2,604		(1,261)	(1,343)						1,834
			2,604		(1,261)	(1,343)						1,834

**Table 2: Financial Performance of Livestock Training Institutions**

Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Salvage	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	Age at Request
2	Dr-C Pulley Layer Spent	21th	3,126		(514)	(2,612)						2,610
			3,126		(514)	(2,612)						2,610

**Table 3: Financial Performance of Livestock Training Institutions**

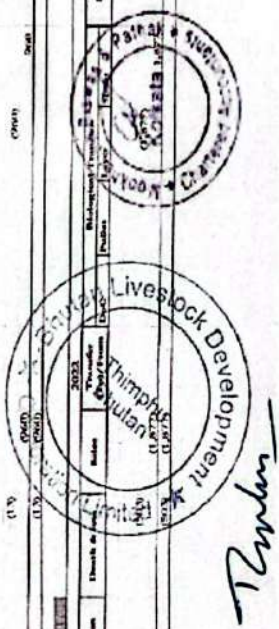
Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Salvage	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	Age at Request
3	Dr-C Pulley Layer Spent	21 A	2,799		(842)	(1,957)						2,307
			2,799		(842)	(1,957)						2,307

**Table 4: Financial Performance of Livestock Training Institutions**

Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Salvage	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	Age at Request
4	Dr-C Pulley Layer Spent	22 A, 23rd	973		(13)	(960)						960
			973		(13)	(960)						960

**Table 5: Financial Performance of Livestock Training Institutions**

Sl. No.	Animal's Stage	Batch No.	Opening Balance	Acquisition	Death & Loss	Salvage	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	2023 Traveller (ETM/PTM)	Age at Request
5	Dr-C Pulley Layer Spent	23 B, 22nd	2,380									2,380
			2,380									2,380



d) Fishery Farm:

i) Warm water Aquaculture

The warm water aquaculture farm is located at Samrang, Samdrup Jongkhar. The fish species rear in the farm are Common carp, Grass carp, Mrigal, Rohu and Katla. The fingerling takes around 6 to 9 months to grow to a table fish size (0.50 to 1.0kg)

Fair Value of Biological assets is based on the following aspects:

1. Biological stages are the classification of animals attending certain growth levels 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, the market of such products is very rear

Assumption considered for the fair value for Warm Water Table Fish:

Categories of animals/Stages	Fair value	Cost to sales- Auction charges & Transportation	Selling Price	Weightage
Fingerling	0.5		0.5	Per fingerling
Table Fish	169.25	12.06	182	Per fish 650gm

Fair value less cost to sales or FVLCTS





ii) Commercial Rainbow Trout Farm

The rainbow trout is a species of trout native to cold water. It is located in the Haa district adjacent to the National Research Centre for Riverine and Lake Fisheries, Resident freshwater rainbow trout adults average between 0.5 and 2.5 kg (1 and 5 lb) in riverine environments. It takes about 6 to 9 months to produce a table fish size of 0.50 to 1.0kg.

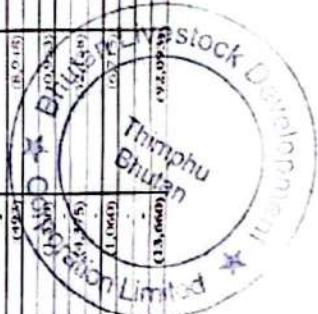
Fair Value of Biological assets is based on the following aspects:

1. Biological stages are the classification of animals attending certain growth levels 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, the market of such products is very rear

Categories of animals/Stages	Fair Value	Cost to sales- Auction charges & transportation	Selling Price	Remarks
Fingerling	25			25 Per fingerling
Table Fish	339.73	11.27		351 Per fish 650gm

Reporting Period as on 31st December 2023

Sl. No.	Animals' Stage	Period	Average weights (Gm)	Movements of Biological Transformation (Gold Water Table Fish (Trout))		Death & loss	Spec. Acquire Rainbow Trout	Biological Transfer Fingerling	Adult Fish	Dec'23	Stage of Reporting more than 1yr	Average weight (Gm)
				Jan'23	(Sale)							
1	Fingerling	Nov.1		82,205						25,007	more than 1yr	619
2	Adult Fish	Nov.2			(2,164)					23	more than 1yr	1,730
3	Fingerling	Nov.3 & 4										
4	Adult Fish	Nov.5		10,743		(1,240)						
5	Fingerling	Nov.6		9,850		(492)				3,197	more than 1yr	612
6	Adult Fish	Nov.7		14,775		(8,915)				110	more than 1yr	112
7	Fingerling	Nov.8		48,011						2,492	more than 1yr	612
8	Adult Fish	Nov.9		11,275		(1,863)				12,078	more than 1yr	1,09
9	Fingerling	Nov.10		183,901		(33,060)				1,720	more than 1yr	612
10	Adult Fish								23	48,308	more than 1yr	613
Total No. of Animals				0.00								



*Thimphu*

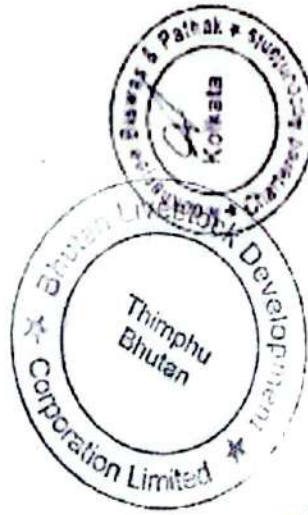
e) **Commercial Piglets production farm**

The commercial piglet Production farm was started in the year 2021 June with thirty-six numbers of pigs at Yusipang, Thimphu. The farm was started to produce and supply the piglets to the interested and pig-rearing farmers of the country. The farm usually supplies the piglets (weaners) to the farmers at the age range of 42-84 days. The sennle sow (after 6<sup>th</sup> parity) and non-performing boar are usually culled from the farm after conducting the physical verification by the committee. The finisher is the final stage of pig reared for pork production. The farm transferred the (finisher) stock to the Livestock value addition division at eight months of age for processing and value addition. The price of the piglet (weaners) at the farm is Nu. 7000 per piglet. However, with the reform strategy that the Ministry of Finance initiated during the financial year 2023, the farm is encouraged to produce fattener instead of piglets for enough pork supply for value addition at LPVAD.

Fair Value of Biological assets is based on the following aspects:

1. Biological stages are the classification of animals attending certain growth levels from one stage to another as per science. Price history refers to the 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, the market of such product is very rear.

Sl.no	Categories of animals/Stages	Fair value	Cost to sales- Auction charges &	Selling Price	Period for Biological transformation
1	Sucklers	-	-	-	35 days
2	Weaner	4,058	2,942	7,000	35-70 days
3	Growers	19,921	2,942	22,863	70-15 days
4	Young Boars	24,791	2,942	27,732	150-360 days
	Young Gilts	24,791	2,942	27,732	150-360 days
5	Finisher	19,058	2,942	22,000	until 9 months (Fancier)
	Sows	23,215	2,942	26,156	16 months & onward
	Boar	27,330	2,942	30,272	16 months & onward
6	Spent	11,165	2,942	14,107	



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Report prepared on 31st December 2023  
 2023

Particulars	2023		2022		2021		2020		2019	
	Rs.	Cr.	Rs.	Cr.	Rs.	Cr.	Rs.	Cr.	Rs.	Cr.
1. Movable Assets	100	00	100	00	100	00	100	00	100	00
2. Fixed Assets	00	00	00	00	00	00	00	00	00	00
3. Total Assets	100	00	100	00	100	00	100	00	100	00
4. Liabilities	100	00	100	00	100	00	100	00	100	00
5. Total Liabilities	100	00	100	00	100	00	100	00	100	00

Fair Value of Biological assets are based on the following aspect:

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

As per our report of even date submitted

For Mookherjee Biswas & Pathak  
 Chartered Accountants  
 FRN: 301138E



*(Signature)*  
 (A Chatterjee)  
 Partner  
 Membership No. 069124

Date: 08-05-2024  
 Place: Kolkata



*(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, 2023	For the year ended December 31, 2022	Remarks
1	Total Earnings per share (Nu per Share) (Loss for the year / No. of shares issued)	(6.15)	(15.31)	Reflecting Financial loss for the year per Equity Share
2	Net Profit Ratio ( % ) (Net Profit / Turnover * 100)	(25.58)	(39.39)	Reflecting loss with respect to Turnover
3	Return on Assets ( % ) (Net Profit / Total Assets *100)	(5.47)	(12.83)	Reflecting loss with respect to Total Assets
4	Return on Equity ( % ) (Net Profit / Owner's Equity *100)	(11.68)	(26.12)	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 shareholders)	Nil	Nil	Reflecting no Dividend was paid during the year
6	Dividend Payout Ratio ( % ) (Dividend per share / Earnings per share *100)	Nil	Nil	Reflecting no Dividend was paid during the year
7	Current Ratio ( Times) (Current assets / Current Liabilities)	0.83	0.78	Reflecting Current Assets with respect to Current Liabilities for the year

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

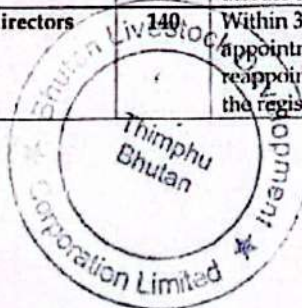


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**COMPLIANCE CALANDAR**

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 Board Cum AGM
b)	Unlisted Companies		On or before 30 <sup>th</sup> June	
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>	251	Every AGM	Every year at AGM from panel of auditors-RAA AG of Bhutan Not more than 3 years
	GCC & GC Reappointment Removal		Notify the Registrar within 15 days from passing the resolution	
	Resignation	260-262	Convene the AGM within 14 days to discuss resignation.	
8	Consent to act as directors	140	Within 30 days of appointment or reappointment with the registrar	



*Dy. Secy*



Sl. No.	Activity	Section		Remarks
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	



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**Mookherjee Biswas & Pathak**  
Chartered Accountants

**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 20.3.2024
6	107	Public offer of shares & Debentures- ROC Approval		No		
		<b>MANAGEMENT &amp; ADMINISTRATION</b>				
7	217	Registered Office of Company (Postal Address & Contact Number)	Yes			Namtog Lam, Khangkhulu, Thimphu, Post Box No-2078
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 28 <sup>th</sup> March 2023 for the financial year 2022
12	177	Annual General Meeting (Minutes)	Yes			AGM was held on 23 <sup>rd</sup> June 2023 and minutes have been documented.
13	180	Extraordinary General Meeting (Minutes)		No		

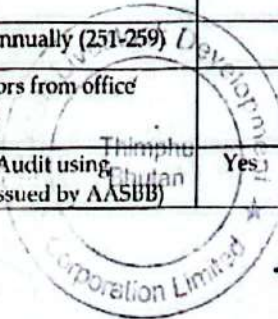
5 & 6, Fancy Lane, Kolkata - 700001

Phone : 033 2248 0080, 2248 1733, 4602 0635 Website : [www.mbpkol.com](http://www.mbpkol.com) E-mail : [mbpkol@gmail.com](mailto:mbpkol@gmail.com)



Mookherjee Biswas & Pathak

No.	Ss.	INCORPORATION OF A COMPANY & SECURITIES	YES	NO	NA	REMARKS
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	
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)		No		
25	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	Yes			



*T. Mookherjee*



No.	Ss.	INCORPORATION OF A COMPANY & SECURITIES	YES	NO	NA	REMARKS
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)		No		
29	139	Additional directors		No		
30	140	Consent to act as directors	Yes			
31	141	Certain persons not to be appointed as Directors	Yes			
32	142	Resignation by a director		Yes		2 board directors were resigned on personal reasons
33	143	Removal of directors	Yes			One director had to removed due to underlying case with ACC
34	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt)	Yes			Four Board Meetings one interview session for CEO was held in 2023
35	152	General powers of the board	Yes			
36	156	Restriction on powers of Board	Yes			
37	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)	Yes			Appoint new CEO on 14 <sup>th</sup> October 2023 due to completion of second term of formal CEO
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		



*T. Z. M.*



Mookherjee Biswas & Pathak

No.	Ss.	INCORPORATION OF A COMPANY & SECURITIES	YES	NO	NA	REMARKS
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	

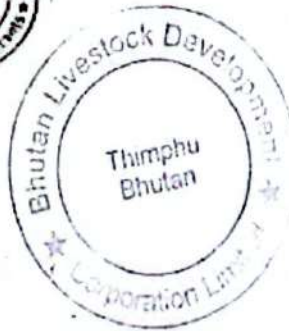
For Mookherjee Biswas & Pathak  
Chartered Accountants  
FRN : 301138E

*Mookherjee*



(A Chatterjee)  
Partner  
Membership No. 069124  
UDIN: 24069124BKAHEB7654

Place: Kolkata  
Date: 08-05-2024



*T. Pathak*

Mookherjee Biswas & Pathak  
Chartered Accountants

MANAGEMENT AUDIT REPORT

We have conducted the statutory audit of the Company for the year 2023 and following are certain major observations identified by us during the course of our audit.

1. UNRECONCILED ITEMS IN BOOKS OF ACCOUNT

It is to be noted that the books of account maintained by the Company in ERP Next System, implemented w.e.f. 1<sup>st</sup> July, 2022, does not reflect the correct figures.

Irregularities observed are as follows:

1.1 OPENING BALANCE DIFFERENCES (AIMS No. 3.3.7)

In the following cases, it was observed that the opening balances as at 1<sup>st</sup> January, 2023 does not match with the closing balances as per the signed audited financial statements (FS) for the year ended 31<sup>st</sup> December, 2022.

(Amount in ₹)

Account	Closing As per ERP FS 2022		Closing As per Signed FS 2022		Difference	
	Closing (Dr)	Closing (Cr)	Closing (Dr)	Closing (Cr)	Difference (Dr)	Difference (Cr)
<b>Balance Sheet items</b>						
Advance to Supplier - BLDCL	8,381,289.49	-	8,731,569.96	-	350,280.47	
Advance to Office (Impress Money) - BLDCL	1,004,128.18	-	1,072,139.86	-	68,011.68	
Current Account 200574603 (BOBL)- BLDCL - BLDCL	-	83,180.68	289,453.80	-	289,453.80	(83,180.68)
Current Account 202385399 (SHFP & ECP) (BOBL) - BLDCL	-	123,438.37	219,455.81	-	219,455.81	(123,438.37)

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Phone : 033 2248 0080, 2248 1733, 4602 0635 Website : www.mbpkol.com E-mail : mbpkol@gmail.com



Account	Closing As per ERP FS 2022		Closing As per Signed FS 2022		Difference	
	Closing (Dr)	Closing (Cr)	Closing (Dr)	Closing (Cr)	Difference (Dr)	Difference (Cr)
Current Account 208510074 (Haa Outlet)(BoBL) - BLDCL	-	16,200.00	950.00	-	950.00	(16,200.00)
Accounts Unit Warehouse - BLDCL	4,105.92	-	-	-	(4,105.92)	-
Babesa Stores Warehouse - BLDCL	1,606,105.37	-	3,606,103.37	-	2,000,000.00	-
CR DFEU Warehouse - BLDCL	150,000.00	-	-	-	(150,000.00)	-
Sundry Debtors Contract Farmers - BLDCL	35,340,494.15	-	35,550,494.15	-	210,000.00	-
Sundry Debtors Customers - BLDCL	3,001,653.46	-	1,642,016.67	-	(1,359,636.79)	-
Biological Asset-Dairy Cattle - BLDCL	8,813,106.67	-	8,954,012.67	-	140,906.00	-
Biological Asset-Dairy Goat - BLDCL	495,035.27	-	547,184.27	-	52,149.00	-
Biological Asset-Layer Birds - BLDCL	10,620,058.59	-	10,624,164.51	-	4,105.92	-
Biological Asset-Piggery - BLDCL	2,461,592.41	-	2,545,532.41	-	83,940.00	-
Stock Received But Not Billed - BLDCL	-	1,685,431.41	-	1,259,224.81	-	(426,206.60)
2% TDS - BLDCL	-	961,159.78	-	946,821.22	-	(14,338.56)
5% TDS - BLDCL	-	28,817.27	-	11,979.44	-	(16,837.83)
Sundry Creditors - BLDCL	-	260,998.10	-	29,071,497.16	-	29,071,497.16
<b>Profit and loss items</b>						
Income From Sales - BLDCL	-	79,027,238.32	-	77,877,601.53	-	1,149,636.79
Discount Receipt - BLDCL	-	147.00	-	-	-	(147.00)
Animal Development Cost - BLDCL	20,653,654.56	-	20,652,934.56	-	(720.00)	-
Product packaging materials - BLDCL	1,571,034.57	-	1,571,034.57	-	0.00	-



Account	Closing As per ERP FS 2022		Closing As per Signed FS 2022		Difference	
	Closing (Dr)	Closing (Cr)	Closing (Dr)	Closing (Cr)	Difference (Dr)	Difference (Cr)
Resale Product Cost - BLDCL	10,238,736.24	-	10,388,736.24	-	150,000.00	-
Value Additional Cost - BLDCL	13,459,905.46	-	13,459,905.45	-	0.01	-
Transportation / Hiring Expenses - BLDCL	955,789.88	-	399,677.26	-	(556,112.62)	-
Vehicle Running Expenses (PoL) - BLDCL	1,702,031.65	-	1,674,523.77	-	(27,507.88)	-
Written Off - BLDCL	2,704,858.55	-	2,427,863.55	-	(276,995.00)	-
Refreshment Expenses - BLDCL	85,274.00	-	81,479.00	-	(3,795.00)	-
Fair Value Loss from BA - BLDCL	7,017,508.85	-	7,017,508.85	-	-0.00	-
Maintenance of Farm Machinery/Tools/Equipment - BLDCL	62,820.00	-	61,760.00	-	(1,060.00)	-
Maintenance of Vehicle - BLDCL	352,501.00	-	331,801.00	-	(20,700.00)	-
Renovation & Maintenance of Electricity Line - BLDCL	6,360.00	-	350.00	-	(6,010.00)	-
Rounding Difference - Loss - BLDCL	0.01	-	-	-	(0.01)	-
expenditure on office toiletries items /cleaning - BLDCL	1,760.00	-	-	-	(1,760.00)	-

**Reply of the Management:**

The Management has identified the following entries that were altered after the finalization of 2022 accounts. This may not serve to net off the difference in the opening and closing balance. Moreover, the management persists to adjust the difference and move ahead to finalize the account.

Sino.	Entries no. & date	Amount	Remarks	Further comments by auditor
1	JEJE220700001-2 dated: 11/7/2022	Nu. 1,000,000.00	Dr. Advance to Suppliers (Party Gurung)	The original entry of the same amount already existed at the time of

S/no.	Entries no. & date	Amount	Remarks	Further comments by auditor
			Tshongkhang) Cr. SD Contract farmer (Party Sidha Man) as Gurung Tshongkhang belongs to him was initiated to adjust the amount.	finalization of accounts for 2022, therefore, the adjustment entry of the same amount, after cancellation of the original entry, will not impact the closing balance. Hence, this entry has not resulted in the opening balance difference.
2	JEBP231200024 dated: 7/11/2022 was deleted to change the bank account number from 200574603 to 202385399 and amended new entry on the same date against the JEBP231200025	Changed Amount from Nu. 10,232.00 to Nu. 10,232.10	To amend the bank account and amount.	This is a change within some ledgers in the Balance Sheet. Not nullifying the net opening difference.
3	JEBP220S00134 & JEBP220S00134-1 dated 19/8/2022 was deleted & submitted JEBP220S00134-2 dt: 19/8/2022	Nu. 16,101.40	Dr. Sundry Creditor (Party Dorozam) Credit 200574603	The original entry of the same amount already existed at the time of finalization of accounts for 2022, therefore, the adjustment entry of the same amount, after cancellation of the original entry, will not impact the closing balance. Hence, this entry has not resulted in the opening balance difference.
4	JEJV221200228-1 dated 6/8/2022 was deleted Submitted JEJV221200228-2 dated 6/8/22	Nu. 410,445 Nu.410,445	Dr. Animal Development Cost Cr. Sundry Creditor With & without party.	The original entry of the same amount already existed at the time of finalization of accounts for 2022, i.e., JEJV221200228-1, therefore, the adjustment entry of the same amount after cancellation of the original entry, will not impact the closing balance.



S/no.	Entries no. & date	Amount	Remarks	Further comments by auditor
				Hence, this entry has not resulted in the opening balance difference.
5	JEJV221000006-2 submitted dated 24/10/2022	Nu. 3,594,011.26	Dr. Sundry Creditor (party KF) Cr. 202385399	Same entry has been submitted and cancelled multiple times. However, since the entry and amount are same, therefore, no net impact on opening balance differences.
6	JEJV231200049 submitted dated 1/7/2022	Nu. 150,000	Dr. Sundry Debtor Cont Farmer (Party Sidha Man) Cr. Sundry Debtor Cont Farmer (Party Damber)	Though the entry has been passed after finalisation of accounts, but since it is only for transfer from one party ledger to another, hence, no net impact on opening balance differences.

**Further comments by Auditor:**

In addition to our further comments given above for individual entries, it is to be noted that since the complete reconciliation has not been provided for the total opening balance differences, therefore, the financial statement for the year 2023 has been prepared on the basis of the opening balances as per the audited financial statement of 2022. Hence, the closing balances of the above-mentioned ledgers as per ERP does not match with the financial statements to the extent of a net difference of Nu. 0.643 million.

However, the management should make efforts to properly identify and reconcile the differences in the next financial year.



Who is accountable?

Direct Accountability	Name: Mori Bdr Rai Designation: Store Incharge. CID: 10309000907 Email: <a href="mailto:mrchamlingrai123@gmail.com">mrchamlingrai123@gmail.com</a>
	Name: Pema Khandu. Designation: Sales and Marketing Manager CID: 11511002438 Email: <a href="mailto:pemakhanduthai@gmail.com">pemakhanduthai@gmail.com</a> .
	Name: Dal Bdr Misra. Designation: AGM(Sarbitthang/LPVAD) CID: 10305000631 Email: <a href="mailto:dalmishra@gmail.com">dalmishra@gmail.com</a> .
	Name: Ganga Ram Kharel Designation: poultry Manager CID: 11808001615 Email: <a href="mailto:kharelganga500@gmail.com">kharelganga500@gmail.com</a> .
	Name: Sangay Norbu. Designation: Fishery Manager (Haa) CID: 11106004022 Email: <a href="mailto:sangayncvfc@gmail.com">sangayncvfc@gmail.com</a> .
	Name: Dupthop Tshewang. Designation: AGM(Relangthang) CID: 11512005153 Email: <a href="mailto:dupthotsgewang@gmail.com">dupthotsgewang@gmail.com</a> .
	Name: kinzang Tshering.



Mookherjee Biswas &amp; Pathak

	Designation: Assistant Manager CID: 10906000240 Email: <a href="mailto:kinzangbldcl@gmail.com">kinzangbldcl@gmail.com</a>
	Name: Dal Bdr. Designation: Dairy Manager (Samarang) CID: 11216003587 Email: <a href="mailto:deebec17789339@gmail.com">deebec17789339@gmail.com</a>
Supervisory Accountability	Name: Dophu Dukpa Designation: Chief Executive Officer CID: 11411001705 Email: <a href="mailto:ceobldcl24@gmail.com">ceobldcl24@gmail.com</a> .

**1.2 BANK BALANCES UNRECONCILED (AIMS No. 3.3.7)**

During our audit it was observed that the bank book balances as well as the bank balance as per the Bank Reconciliation Statement (BRS) generated from the ERP system did not match with the bank balance confirmations received from the banks. Thereafter, the management passed adjustment entries for reconciling the bank balances and cash-in-hand balance of Nu. 3,701,683 as mentioned in point no. 1.3 below. However, even after the rectification entry passed, an amount of Nu. 525,141 has been debited as asset representing 'Miscellaneous - Unreconciled item', which is actually a balancing figure for reconciliation. Therefore, due to lack of any proper supporting document for such asset being debited, we are not able to verify it.

**Reply of the Management:**

*Mismatch of bank balance is especially due to the selection of different account numbers when the transactions related to receipt or payment are initiated. This is because in every transaction the initiator is responsible for reviewing the account selection since the company has 17 different bank accounts. Thus, it is the initiator's responsibility to select the correct bank account for his unit from where he or she is initiating the receipt. If the initiator fails to review the account selection, the system automatically pulls the default account either 200574603 or 202385399.*



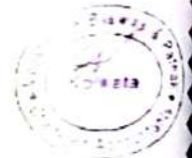
However, we have reconciled the bank accounts along with the cash balance adjustment and it is already submitted to the auditors for their review.

**Further comments by Auditor:**

1. No reconciliation has been provided for the opening balance differences of the bank accounts. (Refer point no. 1.1 above).
2. It is to be noted that the adjustment entry passed by the management for reconciling the bank balance and cash balance, reflects an amount of Nu. 525,141 as asset for 'Miscellaneous -Unreconciled item', which is actually a balancing figure for reconciliation. Therefore, due to lack of any proper supporting document for such asset being debited, we are not able to verify it.

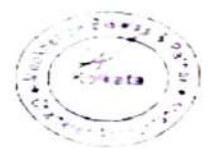
**Who is accountable?**

Direct Accountability	Name: Yeshi Dema Designation: sales Executive CID:11107002958 Email: <a href="mailto:yeshidema2017@gmail.com">yeshidema2017@gmail.com</a>
	Name: Phurpa Lhamo. Designation: sales Executive CID: 11604001917
	Name: Ash Bdr Gurung. Designation: sales Executive CID: 11109004355
	Name: Dawa choden. Designation: sales Executive CID: 10202000372 Email: <a href="mailto:chodendawa555@gmail.com">chodendawa555@gmail.com</a>
	Name: Dema Tshering Lepcha.



Mookherjee Biswas & Pathak

	Designation: sales Executive CID: 11205000528 Email: <a href="mailto:deringmalepacha@gmail.com">deringmalepacha@gmail.com</a>
	Name: Tshering Choden. Designation: sales Executive CID: 10605002570 Email: <a href="mailto:tsheringchoden793@gmail.com">tsheringchoden793@gmail.com</a>
	Name: Tandin Wangmo. Designation: sales Executive CID: 10713000560 Email: <a href="mailto:tandinw4766@gmail.com">tandinw4766@gmail.com</a>
	Name: Phul Maya. Designation: sales Executive CID:11311002613
	Name: Krishna Prasad Monger Designation: sales Executive CID:11209001491
	Name: Tandin Thinley Designation: sales Executive CID: 10911000142
	Name: Kinthu Zangmo Designation: Liaison Officer CID:11107000066 Email: <a href="mailto:utrutzam08@gmail.com">utrutzam08@gmail.com</a>



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Supervisory Accountability	Name: Pema Khanda, Designation: Sales and marketing Manager CID: 11511002438 Email: Pemakhandutha@gmail.com.
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13. NON-EXISTENCE OF PHYSICAL CASH BALANCE (AIMS No. 3.3.5 & 3.3.7)

It is to be noted that as informed, the cash in hand balance as at 31<sup>st</sup> December, 2023, shown in the books of account as Nu. 3,701,683, actually does not exist physically.

Reply of the Management:

Usually, any cash collected through sales is deposited twice a week by the outlets. However, the deposit access to update in the ERP system was channelled through an accountant stationed at Norzin Lam Outlet and any deposit initiated from any outlet had to be shared with the accountant after the deposit for information update in the ERP system. However, it was later realized that such information sharing was not carried out as desired. This was due to frequent changes in sales executives handling the sales and such information sharing after the deposit was not carried out adequately, which had resulted in deviation in the ERP system showing the debit balance of cash in hand.

Therefore, there was no cash in hand on the closing date for the year.

Further comments by Auditor:

1. Refer further comments of point no. 12 above.
2. No reconciliation and supporting documents were made available for the cash sales. Hence, we are unable to comment on the correctness of the adjustment entry passed for adjusting the cash-in-hand.

Who is accountable?

Direct Accountability	Name: Yesht Dema Designation: sales Executive CID: 11107002958 Email: yeshtdema2017@gmail.com
-----------------------	--

Name: Phurpa Lhamo. Designation: sales Executive CID: 11604001917	Name: Ash Bdr Gurung. Designation: sales Executive CID: 11109004355
Name: Dawa choden. Designation: sales Executive CID: 10202000372	Name: Dema Tshering Lepcha. Designation: sales Executive CID: 11205000528
Name: Tshering Choden. Designation: sales Executive CID: 10605002570	Name: Tandin Wangmo. Designation: sales Executive CID: 10713000560
Name: Phul Maya. Designation: sales Executive CID: 11311002613	



	Name: Krishna Prasad Menger Designation: sales Executive CID: 11209001491
	Name: Tandin Thinley Designation: sales Executive CID: 10911000142
	Name: Kintu Zangmo Designation: Liaison Officer CID: 11107000066 Email: utrukzang08@gmail.com
Supervisory Accountability	Name: Pema Khandu, Designation: Sales and marketing Manager CID: 11511002438 Email: Pemakhanduthai@gmail.com

**1.4 STOCK RECEIVED BUT NOT BILLED (AIMS No. 3.3.7)**

This is a closing account of stock in which we have identified some purchase invoices / receipts which have not been cleared and lying unadjusted for a long time. Proper reconciliation should be done to check whether invoices have been received and recorded properly to clear this account.

Following are the details:

**a) Purchase Invoice Due**

(Amount in Nu.)

Posting Date	Credit (BTN)	Voucher Type	Voucher No	Cost Centre
2023-01-13	2,69,560.00	Purchase Receipt	PR23010027	WR Dzongkhag Facilitation & Extension Unit - BLDCL
2023-01-14	1,42,125.00	Purchase Receipt	PR23010071-1	WR Dzongkhag Facilitation & Extension Unit - BLDCL



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Posting Date	Credit (BTN)	Voucher Type	Voucher No	Cost Centre
2023-06-06	12,000.00	Purchase Receipt	PR23060038	Sales Unit - BLDCL
2023-06-29	59,600.00	Purchase Receipt	PR23060137	Sales Unit - BLDCL
2023-09-22	1,175.00	Purchase Receipt	PR23090028	Procurement & Stores Unit - BLDCL
2023-03-20	675.00	Purchase Receipt	PR23030091	Main Outlet, Norzin Lam - BLDCL
2023-06-02	2,250.00	Purchase Receipt	PR23060008	Lungtenphu Outlet - BLDCL
2023-03-10	17,500.00	Purchase Receipt	PR23030049	Livestock Product Value Addition Division, Serbithang - BLDCL
2023-09-06	11,550.00	Purchase Receipt	PR23090029	Livestock Product Value Addition Division, Serbithang - BLDCL
2023-04-21	13,600.00	Purchase Receipt	PR23040101	Institutional Supplies Unit - BLDCL
2023-12-18	5,19,091.50	Purchase Receipt	PR23120016	Institutional Supplies Unit - BLDCL
2023-05-10	35,400.00	Purchase Receipt	PR23050058	Fishery Unit, Samrang - BLDCL
2023-06-20	59,580.00	Purchase Receipt	PR23060111	Commercial Layer Production Division, Relangthang - BLDCL
2023-09-27	160.00	Purchase Receipt	PR23100009	Commercial Layer Production Division, Relangthang - BLDCL
2023-10-31	120.00	Purchase Receipt	PR24010001	Commercial Layer Production Division, Relangthang - BLDCL
2023-01-19	3,649.00	Purchase Receipt	PR23010110	Babesa Stores - BLDCL
2023-01-30	23,100.00	Purchase Receipt	PR23010137	Babesa Stores - BLDCL
2023-01-05	800.00	Purchase Receipt	PR23010012	Babesa Lamwog Outlet - BLDCL
2023-02-06	1,125.00	Purchase Receipt	PR23020053	Babesa Lamwog Outlet - BLDCL
2023-03-23	48,000.00	Purchase Receipt	PR23030169	Commercial Layer Production Division, Relangthang - BLDCL

**Reply of the Management:**

Upon system review, the memo pertains to Livestock Product Value Addition Division is to be done by procurement as we are only supposed to initiate transactions till purchase order.

Initially, the procurement unit has procured plastic physically and paid for it in cash as an advance. As such, this item has to enter in the stocks and purchase invoice is not required to initiate as payment was already done in cash. However, as per the system the purchase invoice must be mandatory created. Thus, we will consult with TTPL on other alternatives to enter this item in the stock.

The amount was reimbursed to the procurement unit based on the note sheet approval no: BLDCL/PRO-08/2023/8183 dated September 22, 2023.



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The following are the transactions related to Commercial layer production Division.

Posting Date	Credit (BTN)	Voucher type	Voucher No	Cost Centre
2023-06-20	59,580.00	Purchase Receipt	PR23060111	Commercial layer production Division, Relangthang-BLDCL
2023-09-27	160.00	Purchase Receipt	PR23100009	Commercial layer production Division, Relangthang-BLDCL
2023-10-31	120	Purchase Receipt	PR24010001	Commercial layer production Division, Relangthang-BLDCL



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The mentioned vouchers are transactions related to procurement of animal feeds. The unit has actually initiated the transactions till purchase receipt which we are access to do it. The subsequent transactions are supposed to be completed by the procurement unit. The unit has been following those below steps as required till date;

1. First step unit do is create the material request and submit it, then which is forwarded to CEO for an approval.
2. Secondly after Approval the purchase order is created by Procurement & Stores Unit – BLDCL.
3. Thirdly after purchase order is been created then unit create the purchase receipt and forward the Material bill to Procurement & Stores Unit- BLDCL for Creating the Purchase Invoice.

Regarding transactions related to sale unit, the following are the justifications;

1. PR23020053 Transaction: It has been noted that for PR23020053, the Purchase Order (PO) and PR were actually initiated as per the requirement, but the Purchase Invoice (PI) was not. This was due to the system's newness and the initiator's lack of awareness regarding follow-up transactions. We will address this by enhancing training for initiators on the full process flow within the ERP system to ensure all necessary steps are completed in a timely manner.
2. Supplier Name Errors: For PR23010137, an error was made in the supplier's name, like we have entered "Local Dairy Product" instead of "Yingmu Ezay." Similarly, for PR23010012, "Thimphu Dairy" was used instead of "Choki Home Made Ezay." These errors occurred during the purchase entry, and due to the system restrictions, the initiator was unable to amend the transactions. Going forward, we will work closely with the finance section to rectify those errors and make sure that accurate supplier information is recorded in the system. We acknowledge the need to consult with the finance section to address these issues and submit corrections when the system is unfrozen. This step is crucial to rectify the errors and ensure accurate recording of transactions.

**Further comments by Auditor:**

1. In regards to cash purchases and consumable items, the entries are not required to be routed through the above ledger.
2. Proper reconciliation should be done at regular intervals to identify any mismatch or entries not booked.
3. The Company implemented new ERPNext system w.e.f. 1st July, 2022, without proper training and testing. This situation arose due to lack of sufficient and trained manpower.



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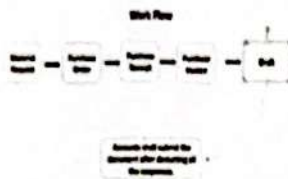
**b) Purchase Invoice in draft**

In the following cases, these entries are lying unadjusted since the entries for the corresponding 'Purchase Invoices' are kept as 'Draft' in the ERP system without actually posting them to the ledger. Therefore, proper reconciliation is required at regular intervals to avoid such lapses.

Posting Date	Credit (BTN)	Voucher Type	Voucher No	Cost Centre
2023-07-01	4,200.00	Purchase Receipt	PR23120020	Accounts Section - BLDCL
2023-03-08	1,400.00	Purchase Receipt	PR23030033	Procurement & Stores Unit - BLDCL
2023-05-16	1,115.00	Purchase Receipt	PR23050073	Procurement & Stores Unit - BLDCL
2023-08-30	3,445.00	Purchase Receipt	PR23100025	Procurement & Stores Unit - BLDCL
2023-12-15	57,500.00	Purchase Receipt	PR23120019	Commercial Rainbow Trout Farms, Haa - BLDCL

**Reply of the Management:**

Although the purchase invoice was duly initiated in the ERP system, it was remained still in draft stages as there is problem in submitting due to mismatch in the budget code. It seems technical issues and we will address those issues to the system developer soon. The flow chart which company has been following as below.



**Further comments by Auditor:**

Proper reconciliation should be done at regular intervals to identify any mismatch or entries not booked.

**Dual Invoices made**

In this case, the entry for purchase invoice has been made twice, hence, one remains unadjusted, which is required to be rectified.

Posting Date	Debit (BTN)	Voucher Type	Voucher No	Remarks	Cost Centre
2023-01-11	1,125.00	Purchase Invoice	PI23010041	For these invoices only one purchase receipt is made of Nu. 1,125	Babesa Lamtag Outlet - BLDCL

**Reply of the Management:**

Upon reviewing the transaction, it is true that dual invoices are created in the system. As such we have understood that the unadjusted transaction needs to cancel after due approval from the esteemed auditors.

**Additional responses from Management:**

It was observed that both the invoices PI23010041 & PI23010043 have been paid against the payment number PE202301194. Thus, we cannot delete the transaction. Moreover, both transactions were initiated by Sales executive Chimi Wangmo.

**Further comments by Auditor:**

Management needs to verify whether both the invoices relate to genuine purchases or not, thereafter, proper adjustment should be done.

**c) Purchase Invoice due since 2022**

In the following cases, no entry for purchase invoices have been made till date since 2022. This needs to be looked into and rectified accordingly.

Posting Date	Voucher No	Credit (BTN)	Voucher Type
2022-07-05	PR22070029	1,875.00	Purchase Receipt



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Posting Date	Voucher No	Credit (BTN)	Voucher Type
2022-07-05	PR22070031	800.00	Purchase Receipt
2022-07-19	PR22070135	12,020.00	Purchase Receipt
2022-07-27	PR22070218	14,760.00	Purchase Receipt
2022-08-26	PR22080206	1,560.00	Purchase Receipt
2022-09-15	PR22090111	1,07,670.00	Purchase Receipt
2022-10-15	PR22100105	2,625.00	Purchase Receipt

**Reply of the Management:**

It is true that the above-mentioned transactions are still due in the system. As such, we have understood the reasons for lying due is due to delinked in the transactions while amendment which have resulted in due stage of transactions. However, we will rectify upon due consent of esteemed auditors.

**Further comments by Auditor:**

Proper reconciliation and rectification should be done in next financial year.

**Who is accountable?**

Direct Accountability
Name: Karma Lhamo, CID: 11704000520 Designation: Procurement Officer Email: <a href="mailto:procurement@ldcl@gmail.com">procurement@ldcl@gmail.com</a>
Name: Dawa Choden, CID: 10202000372 Designation: Sales Executive Email: <a href="mailto:chodendawa555@gmail.com">chodendawa555@gmail.com</a>
Name: Tshering Choden.



	<p>CID: 10605002370 Designation: Sales Executive Email: <a href="mailto:tbhtringschoden793@gmail.com">tbhtringschoden793@gmail.com</a></p> <p>Name: Kinthu Zangmo, CID: 11107000066 Designation: Liaison Officer Email: <a href="mailto:utrukzam05@gmail.com">utrukzam05@gmail.com</a>.</p> <p>Name: Ganga Ram Kharel, CID: 11505001615 Designation: Email:</p> <p>Name: Tashi Norbu, CID: 11507000301 Designation: Adm Assistant Email:</p> <p>Name: Ugyen Dorji, CID: 11512005153 Designation: Store Manager Email: <a href="mailto:ugyenbidcl@gmail.com">ugyenbidcl@gmail.com</a>.</p> <p>Name: Chimi Wangmo CID: 11514001526 Designation: Sales Executive Email: <a href="mailto:chimiwangmo143@gmail.com">chimiwangmo143@gmail.com</a></p> <p>Name: Tashi Zangmo CID: 11503004346 Designation: Sales Executive</p>
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	<p>Email:</p> <p>Name: Bhagawath Dhakal CID: 11105001120 Designation: Enterprise Development Officer Email: <a href="mailto:bhagawathdhakal@gmail.com">bhagawathdhakal@gmail.com</a></p> <p>Name: Tenday CID: 11606003543 Designation: Enterprise Development Officer Email: <a href="mailto:tendreal95@gmail.com">tendreal95@gmail.com</a>.</p> <p>Name: Yeshi Wangchuk CID: 10716001425 Designation: Finance Officer Email: <a href="mailto:yeswang-3596@gmail.com">yeswang-3596@gmail.com</a>.</p> <p>Name: Tandin Thinley CID: 10911000142 Designation: Sales Executive Email:</p> <p>Name: Cheta Maya Dungyel CID: 11108000472 Designation: sales Executive Email: <a href="mailto:cdungyel@gmail.com">cdungyel@gmail.com</a>.</p> <p>Name: Lok Nath Timsina CID: 11206005175 Designation: Marketing Assistant</p>
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	<p>Email: loknathimsina@yahoo.com.</p> <p>Name: Mon Bdr Rai CID:10309000907 Designation: Marketing Assistant Email: mrchamlingrai1213@gmail.com</p> <p>Name: sonam Choden CID: 11602002010 Designation: Sales Executive Email:yesochoden922gmail.com</p> <p>Name: Yeshi Dema CID: 11107002958 Designation: Sales Executive Email: yeshidema2017@gamil.com.</p>
Supervisory Accountability	<p>Name: Dorji Khandu CID: 10711000869 Designation: Offg: Director Email: dorjikhandu201812169@gmail.com.</p> <p>Name: Pema Khandu, CID: 11511002438 Designation: Sales and Marketing Manager Email: <a href="mailto:Pemakhanduthai@gmail.com">Pemakhanduthai@gmail.com</a></p> <p>Name: Duptho Tshewang CID: 11808001615 Designation: AGM(Relangthang) Email: <a href="mailto:dupthotsgetwang@gmail.com">dupthotsgetwang@gmail.com</a>.</p>



**15 MISMATCH IN ACCUMULATED DEPRECIATION, GROSS BLOCK AND DEPRECIATION (AIMS No. 3.3.7)**

In case of opening and closing balances of accumulated depreciation, the following differences were observed:

**A. Balance as at 01-01-2023**

(Amount in Nu.)

Accumulated Depreciation as per TB Opening	Accumulated Depreciation As per Asset Register	Difference
159,276,456.58	146,419,648.24	(12,856,808.34)

**B. Balance as at 31-12-2023**

(Amount in Nu.)

Accumulated Depreciation as per TB Closing	Accumulated Depreciation As per Asset Register	Difference
183,919,544.69	161,127,360.13	(22,792,184.56)

**C. The following difference was observed for depreciation of assets:**

(Amount in Nu.)

Depreciation as per TB Closing	Depreciation As per Asset Register Closing	Difference
24,703,529.36	14,768,154.14	(9,935,375.22)



- D. Further, in certain cases where assets are transferred from one employee to another, there should not be any accounting impact for such transfer, but ERP is showing accounting entry for such transfers as well.

**Reply of the Management:**

Has consulted with the ERP developer to resolve the observation mentioned in A, B, C & D. However, to proceed with the finalization of accounts management request that the auditor could proceed with the trial balance figure.

**Further comments by Auditor:**

Management should reconcile or check the financial figures as shown in the 'Accounting' Modules with reports generated from 'Assets Management' module.

**Who is accountable?**

Direct Accountability	Name: Karma Lhamo CID: 11704000520 Designation: Procurement Officer Email: <a href="mailto:procurementbldcl@gmail.com">procurementbldcl@gmail.com</a>
	Name: Suraj Ghalley CID: 11301000181 Designation: Chief Finance Officer Email: <a href="mailto:sghalleybldcl@gmail.com">sghalleybldcl@gmail.com</a>
	Name Dorji Khandu CID: 0716001425 Designation: Finance Officer Email: <a href="mailto:yeswang.3369@gmail.com">yeswang.3369@gmail.com</a>



Supervisory Accountability	Name: Dophu Dukpa Designation: Chief Executive Officer CID: 11411001705 Email: <a href="mailto:ceobldcl24@gmail.com">ceobldcl24@gmail.com</a>
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**1.6 INVENTORY UNRECONCILED (AIMS No. 3.3.7)**

It is observed that the closing balances of inventories as per the Trial Balance and Stock Ledgers generated from the ERP System does not match. Following are the details.

(Amount in Nu.)

Closing Balance as on 31-12-2023	As per Trial Balance	As per Stock Ledger Report	Difference
CPPF Warehouse, Yusipang - BLDCL	360,243.45	350,243.45	10,000.00
CLPD Warehouse, Relangthang - BLDCL	439,071.53	956,485.57	(517,414.04)
Accounts Unit Warehouse - BLDCL	8,305.92	4,200.00	4,105.92
Administration Unit Warehouse - BLDCL	4,043.00	5,932.00	(1,889.00)
BO Wholesale Warehouse - BLDCL	601,733.75	319,417.26	282,316.49
Babesa Lamtag Outlet Warehouse - BLDCL	(52,538.06)	34,493.73	(87,031.79)
Babesa Lamwog Outlet Warehouse - BLDCL	(10,237.01)	15,542.11	(25,779.12)
Babesa Stores Warehouse - BLDCL	(1,003,473.57)	(268,839.59)	(734,633.98)
CR DFEU Warehouse - BLDCL	150,000.00	155,600.00	(5,600.00)
CRIF Warehouse, Haa - BLDCL	2,288,095.00	1,572,145.00	715,950.00
Changkhorlo Outlet Warehouse - BLDCL	23,394.58	6,848.45	16,546.13
Dairy Farm Unit Warehouse, Samrang - BLDCL	632,538.82	651,501.10	(18,962.28)
ER Finance & HR ADM Unit Warehouse - BLDCL	38,817.00	35,692.00	3,125.00
Finish Goods Warehouse, Serbithang - BLDCL	894,988.33	1,068,632.29	(173,643.96)
Fishery Unit Warehouse, Samrang - BLDCL	(24,299.14)	43,227.00	(67,526.14)
HR Section - BLDCL	20,000.00	-	20,000.00



Closing Balance as on 31-12-2023	As per Trial Balance	As per Stock Ledger Report	Difference
Haa Outlet - BLDCL	(178,240.16)	197,148.32	(375,388.48)
Internal Audit Unit Warehouse - BLDCL	1,742.38	1,710.38	32.00
Jungshana Outlet Warehouse - BLDCL	(60,154.17)	14,865.49	(75,019.66)
LPVAD Serbithang Outlet - BLDCL	(220,684.33)	25,968.23	(246,652.56)
LPVAD Warehouse, Serbithang - BLDCL	4,165,991.26	4,132,963.24	33,028.02
Lungtenphu Outlet Warehouse - BLDCL	(210,598.54)	20,352.46	(230,951.00)
Main Outlet Stores - BLDCL	(25,722.18)	Not Found	-
Mongar Outlet Warehouse - BLDCL	77,375.63	40,742.29	36,633.34
Norzin Lam Main Outlet Warehouse - BLDCL	184,491.79	376,269.37	(191,777.58)
Poultry Farm Unit Warehouse, Samrang - BLDCL	446,983.15	667,485.32	(220,502.17)
Procurement & Stores Unit Warehouse - BLDCL	77,800.63	84,500.63	(6,700.00)
Raw Material Chilling Warehouse - BLDCL	390,632.48	547,549.89	(156,917.41)
Raw Material Warehouse - BLDCL	1,910,919.56	3,137,129.46	(1,226,209.90)
Stock Assets - BLDCL	510,815.00	Not Found	-
WIP Warehouse, Serbithang - BLDCL	(18,038.38)	1,036.28	(19,074.66)
Wholesale Warehouse, Serbithang - BLDCL	(431,151.42)	7,258.22	(438,409.64)

**Reply of the Management:**

The management stressed during the collaborative meeting held on 6<sup>th</sup> March 2024 that the stock ledger report would not reconcile with the TB inventory balance, and instead requested the auditors to reconcile with the stock balance report under the same module.

Following are units responses on the observation:

CRTF Warehouse, Haa- BLDCL	2,288,095.00	1,572,145.00	715,950
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The unit will cross check the data of Trial Balance and Stock Ledger Report and will do reconciliation with ERP committee if the ERP committee found mistake in ERP entries.



Haa Outlet-BLDCL	(178,240.16)	197,148.32	375,388.48
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During the closing of Haa Outlet, the Main BO has done reconciliation and once again the unit will try to reconcile again with ERP committee.

✓ **Audit report Clause No.1.6 Inventory Unreconciled.**

Closing Balance as on 31-12-2023	As per trial Balance	As per Stock Ledger Report	Difference
CLPD Warehouse, Relangthang - BLDCL	439,071.53	956,485.57	517,414.04

**Justifications: -**

In this Stock Ledger report, generated through ERP there is some Material Balance Value for materials which is supposed to be free items and even does not have in unit is also included likewise mentioned below:

- Material that is supposed to be free: -

Item Code	Material Name	Balance value in ERP system
100165	Infectious Disease vaccine (IBD)	21,021.76
100163	Fowl Pox	2.11
100165	Newcastle disease Vaccine (R2B)	65.52
100168	Newcastle disease Vaccine (B1)	6.16
<b>Total Value</b>		<b>94,811.76</b>

Material that does not have in unit: -



Item Code	Material Name	Balance value in ERP system
300223	Figlet	7000

The Material Figlet is been mistakenly Stock Entered in CLPD unit warehouse, Relangthang- BLDCL by CPPF Warehouse, Yustipang - BLDCL So, apart from above mentioned total material Balance value, the remaining value as per the stock ledger report is correct. And as of trial Balance value the unit does not have the access or role to handle it. Therefore, the unit does not have any idea about difference value shown between trial balance and balance value generated as per the stock ledger report.

**Further comments by Auditor:**

Management should reconcile or check the financial figures as shown in the 'Accounting' Modules with reports generated from 'Stock' module.

**Who is accountable?**

Direct Accountability	Name: Birendra Dhakal, CID: 11206002700 Designation: Piggery Manger Email: <a href="mailto:briendadhakal983@gmail.com">briendadhakal983@gmail.com</a>
	Name: Pema Khandu, CID: 11511002438 Designation: Sales and Marketing Manager Email: <a href="mailto:pemakhanduthai@gmail.com">pemakhanduthai@gmail.com</a>
	Name: Ganga Ram Kharel, CID: 11808001615 Designation: Fishery and Poultry manager



	Email: <a href="mailto:kharelganga800@gmail.com">kharelganga800@gmail.com</a>
	Name: Dal Bdr Misra, CID: 10305000631 Designation: AGM(Serbithang/LPVAD) Email: <a href="mailto:Dlamisrmbldcl@gmail.com">Dlamisrmbldcl@gmail.com</a>
	Name: Kinzang Tshering, CID: 10906000240 Designation: Asst. Manager Email: <a href="mailto:kinzangbldcl@gmail.com">kinzangbldcl@gmail.com</a>
	Name: Bumpa Lhamo, CID: 10705000997 Designation: Formal HRO Email: <a href="mailto:bumaxlhamo509@gmail.com">bumaxlhamo509@gmail.com</a>
	Name: Jamyang Dukpa, CID: 11106004255 Designation: Formal Internal Audit Email: <a href="mailto:jamyangdukpa17948254@gmail.com">jamyangdukpa17948254@gmail.com</a>
	Name: Karma Lhamo, CID: 11704000520 Designation: Procurement Officer Email: <a href="mailto:procurementbldcl@gmail.com">procurementbldcl@gmail.com</a>
Supervisory Accountability	Name: Dophu Dukpa Designation: Chief Executive Officer CID: 11411001705 Email: <a href="mailto:ceobldcl24@gmail.com">ceobldcl24@gmail.com</a>



**1.7 MISMATCH IN SALES (AIMS No. 3.3.7)**

- > As per the Sales Analytics report generated from the ERP Next, the yearly sales amounts to Nu. 116 million, out of which Nu. 114 million belongs to actual sales and Nu. 2.76 million belongs to income from asset disposal. Whereas, Sales as per the trial balance generated from ERP Next, is Nu. 113 million.
- > Also the income made through disposal of assets, we have observed that assets have not been recorded in the asset register as per ERP Next.

(Amount in Nu.)

Sales as per TB	Sales as per analytics report	Income from asset disposed
113 million	114 million	2.76 million

**Reply of the Management:**

The reason why the analytics sales is higher than the TB sales report is due to the following reasons:

1. Analytics Sales report includes sales of assets that were initiated during like vehicle.
2. Whereas the sales in the Trial balance include the sales return which the analytic sales report does not capture.

**Further comments by Auditor:**

Income from asset disposed has already been given separately, but still the sales value for products sold as per the Sales Analytics report does not match with the Trial balance. Further, the sales amount shown in 'Daily Sales Report' is Nu. 113.64 million, which also does not match with 'Sales Analytics report'.

**Who is accountable?**

<b>Direct Accountability</b>	Name: Pema Lhaden CID: 10703000857 Designation: Cashier Email: pemalhaden573@gmail.com
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	Name: Yeshi Wangchuk CID: 10716001425 Email: yeswang.8369@gmail.com
	Name: Suraj Ghalley CID: 11301000181 Designation: Chief Finance Officer Email: sghalley@gmail.com
<b>Supervisory Accountability</b>	Name: Dophu Dukpa Designation: Chief Executive Officer CID: 11411001705 Email: ceob1dc124@gmail.com

**1.8 LEGACY CLEARING ACCOUNT NOT PROPERLY RECONCILED (AIMS No. 3.3.7)**

The 'Legacy Clearing Account' ledger shows a balance of Nu. 636,118 Cr. under the supplier 'Karma one stop shop', whereas, as per the signed financial statement for year ended 31<sup>st</sup> December, 2022, had a balance of Nu. 1,645,934.50, hence, resulting into a difference of Nu. 1,009,816.50.

**Reply of the Management:**

The opening balance was initially recognized as credit balance of Nu. 1,645,934.50 against "Karma one-stop shop". However, after the finalization of Accounts in 2022 it was realized that the amount of Nu. 1,009,816.50 was already paid in February 2022 during lockdown. As such, the payment update was not initiated timely and it got missed. After realizing the flaws, it was net-off against the opening balance for adjustment. JEJV220703522-1 dated 30/6/2022 was canceled against Nu. 1,645,934.50 and amended with JEJV220703522-2 with the amount of Nu. 636,118 on dt: 30/6/2022. We shall amend the previous amount and initiate the adjustment.

**Further comments by Auditor:**

It is to be noted that the above-mentioned adjustment entry was posted after the finalization of the books of account for the year ended 31<sup>st</sup> December, 2022, hence, resulting in the mismatch of opening balances as on 1<sup>st</sup> January, 2023. However, this difference is now adjusted in the current year 2023 by adjusting the opening retained earnings.



Refer Annexure - 1 for the above journal entry no. JEJV220703522-2 which was submitted in the ERP system in the current year 2023.

**Who is accountable?**

Direct Accountability	Name: Yesu Wangchuk CID: 10716001425 Designation: Finance Officer Email: yeswang.S369@gmail.com.
Supervisory Accountability	Name: Suraj Ghalley CID: 11301000181 Designation: Chief Finance Officer Email: sghalleybdcl@gmail.com

**2. INVENTORIES**

**2.1 INVENTORIES NOT VALUED AS PER BAS 2 AND PRODUCT-WISE COSTING NOT PROVIDED (AIMS NO. 2.1.22)**

Individual product wise costing was not provided to us for verification, due to which we have not been able to verify the MAP (Moving Average Price) provided by ERP Next. In many cases it was observed that the MAP for certain products are much higher than the selling price or at times both are same, resulting in no profit no loss. On discussion with the management it was understood that they have the practice of entering the selling price instead of the cost price for transferring stock from one warehouse to another. Hence, resulting into a higher MAP, which is actually a moving average of selling prices instead of cost prices. Due to such wrong entries of rates, the closing stock of inventories is generally overstated and in violation to the requirement of BAS 2 for valuation of inventory which specifies that it is to be valued at 'Cost or NRV' whichever is lower. Generally the MAP shown are more than the current selling price, except for certain exceptional cases, where the MAP is lower than the selling price. The management should go through the MAPs showing in the ERP Next and verify whether they are reflected correctly or not as it directly affects the net profit or loss of the Company.



Following are an illustrative list for wrong valuation of stock of certain items of one unit

(Amount in Nu.)

SLNo.	Material Code	Material Name	Warehouse	UOM	Bal. QTY	Bal. Amount	MAP	Selling Price	Remarks
1	300114	Pork Frankfurter Sausages(450g)	Haa Outlet - BLDCL	Packets	7.00	2,030.00	290.00	250.00	Stock valued at MAP which is higher
2	300134	Pork Mince (500g)	BO Wholesale Warehouse - BLDCL	Packets	12.00	3,480.00	290.00	255.00	Stock valued at MAP which is higher
3	300339	khamti Rice 5kg	Babesa Lamtag Outlet Warehouse - BLDCL	Bags	40.00	20,000.00	500.00	550.00	Stock valued at MAP which is higher. Huge difference in Stock MAP B/W two outlets
4	300339	khamti Rice 5kg	Norzin Lam Main Outlet Warehouse - BLDCL	Bags	364.00	69,041.33	189.67	550.00	
5	300425	Pork Boiled Skin 1kg	Finish Goods Warehouse, Serbithang - BLDCL	Packets	50.00	26,573.61	531.47	110.00	Stock valued at MAP which is higher
6	300425	Pork Boiled Skin 1kg	Sales & Dealership Warehouse-NorzinLam - BLDCL	Packets	9.00	4,536.66	504.07	110.00	Stock valued at MAP which is higher



For e.g., Stock entry in the outlet (Haa) for product (ungutted trout- 300156) stock in rate is Nu. 490.01 (SEMT23020158), whereas it has been sold from the outlet at the rate of Nu. 490.00 (SI23021300102).

**Reply of the Management:**

Stock Title	Status	Reference	Justification
trout transfer	Draft	SEMT23110059	The double transfer was done for the same Qty (506.8kg) and one transaction need to cancel upon due consent.
Kangchoing manufacturing	Draft	SE23110042	This entry was wrongly created twice. However, stock production was complete for this as linked with SE23110047 and SEMF23110028. So, therefore, it has to cancel.
plastics 16/11/23	Draft	SEMT23110080	Mistake in the selection of the warehouse
bacon ingredients	Draft	SEMT23120053	Due to a qty mistake same items have been transferred and production too done MFG-WO-2023-01225.
Production	Draft	SE23040495	
Mixed Herb Sausage	Draft	SE23070022	

The management sincerely would like to acknowledge the errors in double the entries. So, the same transfer has been done and completed as linked with the reference for verification.

For e.g. Stock entry in the outlet (Haa) for product (ungutted trout- 300156) stock in rate is Nu. 490.01 (SEMT23020158), whereas it has been sold from the outlet at the rate of Nu. 490.00 (SI23021300102).

Regarding the MAP, we need to consult with the TTPL as the LPVAD unit was not aware of how it affects the cost of products while during the time of manufacturing. They have developed the standard item requirement in BOM for each product, not the Quantity despite given the requirement items and quantities during the time of development. Moreover, we were told that we have to take care of the quantity while transferring from one warehouse to another and no need to worry about the cost or price. Additionally, the selling prices were all set by the pricing committee.

The BLDCL management has review the concerns raised by the auditor on the MAP, we acknowledge the importance of adhering to BAS 2 requirements for inventory valuation, which specifies that inventories should be valued at 'Cost or Net Realizable Value (NRV),' whichever is lower. We also recognize the impact that accurate Moving Average Prices (MAPs) have on our financial statements, directly affecting our reported net profit or loss.



Upon further discussions with the management, it has come to our attention that there have been instances of erroneous entries in our ERP Next system during the initially software development time. Specifically, there is a practice of entering selling prices instead of cost prices when transferring stock from LPVAD warehouse to BLDCL sales outlet warehouse. This has resulted in inflated MAPs, which are essentially a moving average of selling prices rather than cost prices.

We acknowledge that this has led to discrepancies where certain MAPs are higher than the selling prices or are at parity, resulting instances of no profit no loss scenarios. This situation is not in line with BAS 2 requirements for inventory valuation and may lead to an overstatement of our closing stock values.

In light of this, we are taking the following corrective measure:

The unit will review and verify of the MAPs currently reflected in the ERP Next system. We will work closely with the TTPL, LPVAD and pricing committee to ensure that the correct cost prices are entered, aligning with BAS 2 requirements for inventory valuation. The importance of providing individual product-wise costing for verification purposes.

Moving forward, we will implement a system to ensure that product-wise costing is readily available and provided for verification during next audits. We will seek support from the TTPL to reinforce proper data entry procedures. Emphasizing the importance of accurate cost price entries will help us avoid future discrepancies and we are committed to rectifying these issues promptly to ensure accurate inventory valuation and financial reporting.

**Further Comments of the Auditors**

The Management should take proper steps to rectify the MAPs in the ERP system at the earliest on a priority basis as it is not giving a true and fair reflection of the affairs of the Company.

**Who is accountable?**

Direct Accountability	Name: Dawa Choden, CID: 10202000372 Designation: Sales Executive Email:chodendawa555@gmail.com
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	<p>Name: Tshering Choden, CID: 10605002570 Designation: Sales Executive Email: <a href="mailto:tsheringchoden793@gmail.com">tsheringchoden793@gmail.com</a></p> <p>Name: Chimi Wangmo CID: 11514001526 Designation: Sales Executive Email: <a href="mailto:chimiwangmo143@gmail.com">chimiwangmo143@gmail.com</a></p> <p>Name: Tandin Thirley CID: 10911000142 Designation: Sales Executive Email:</p> <p>Name: Tandin Wangmo. CID: 10713000560 Designation: Sales Executive Email: <a href="mailto:tandinw4766@gmail.com">tandinw4766@gmail.com</a></p> <p>Name: Dema Tshering Lepcha, CID: 11205000528 Designation: Sales Executive Email: <a href="mailto:deringmalepacha@gmail.com">deringmalepacha@gmail.com</a>.</p> <p>Name: kinzang Tshering CID: 10906000240 Designation: Asst Manager Email: <a href="mailto:kinzangbldcl@gmail.com">kinzangbldcl@gmail.com</a></p> <p>Name: Krishna Prasad Monger CID: 11209001491</p>
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	<p>Designation: Sales Executive Email:</p> <p>Name: Tshering Palden CID: 10802000048 Designation: Sales executive Email:</p> <p>Name: Lok Nath Timsina CID: 11206005175 Designation: Marketing Assistant Email: <a href="mailto:loknathtimsina@yahoo.com">loknathtimsina@yahoo.com</a>.</p> <p>Name: Mon Bdr Rai CID: 10309000907 Designation: Marketing Assistant Email: <a href="mailto:mrchamlingrail213@gmail.com">mrchamlingrail213@gmail.com</a></p> <p>Name: Pema Jamtsho CID: 11106002913 Designation: Marketing Assistant Email: <a href="mailto:jpema992@gmail.com">jpema992@gmail.com</a>.</p> <p>Name: Ugyen Dorji CID: 10101003315 Designation: Sales and Dealership manager Email: <a href="mailto:ugyenbldcl@gmail.com">ugyenbldcl@gmail.com</a></p>
Supervisory Accountability	<p>Name: Dophu Dukpa Designation: Chief Executive Officer CID: 11411001705 Email: <a href="mailto:ceobldcl24@gmail.com">ceobldcl24@gmail.com</a>.</p>

2.2 **INVENTORY LEDGERS SHOWING NEGATIVE BALANCES (AIMS No. 3.3.7)**

The following inventory products have negative balance:

Stock Showing Negative Balance					
Material Code	Material Name	Warehouse	Stock UOM	Balance Qty	Balance Value
300151	Egg	Babesa Lamtag Outlet Warehouse - BLDCL	Tray	0.57	(5,180.27)
300096	Normal Cheese	Babesa Stores Warehouse - BLDCL	KG	5.00	(2,69,454.59)
300151	Egg	Jungshina Outlet Warehouse - BLDCL	Tray	0.00	(2,294.51)
300251	Grass Carp	Samrang Outlet Warehouse - BLDCL	KG	0.00	(5,684.00)

**Reply of the Management:**

It is true that the inventory value in the system wrongly indicate as negative value. For that, the management have tried to locate the flaws in the system but couldn't ascertain the source of problem as expected. The review team has suggested that the possible factor could be due to impact of MAP which was thoroughly discussed during the management meeting. As such, the problem seems technical in nature and the management decided to address it to the system developer and act accordingly. Moreover, as discussed on 6<sup>th</sup> March 2024 management shall adopt the cost price concept in the in the manufacturing module to evade such lapses in future.

**Further Comments of the Auditors**

The Management should take proper steps to rectify the MAPs in the ERP system at the earliest on a priority basis as it is not giving a true and fair reflection of the affairs of the Company.

**Who is accountable?**



<b>Direct Accountability</b>	<b>Name:</b> Cheki Dema <b>CID:</b> 11107000630 <b>Designation:</b> Sales Executive <b>Email:</b> chekidema19@gmail.com
	<b>Name:</b> Phurpa Iham. <b>CID:</b> 11604001917 <b>Designation:</b> Sales Executive <b>Email:</b>
	<b>Name:</b> Ash Bdr Gurung <b>CID:</b> 11109004355 <b>Designation:</b> Sales Executive <b>Email:</b>
	<b>Name:</b> Chimi Wangmo <b>CID:</b> 11514001526 <b>Designation:</b> Sales Executive <b>Email:</b> chimiwangmo143@gmail.com
<b>Supervisory Accountability</b>	<b>Name:</b> Pema Khandu. <b>CID:</b> 11511002438 <b>Designation:</b> Sales and Marketing Manager <b>Email:</b> pemakhanduthai@gmail.com
	<b>Name:</b> Ugyen Dorji <b>CID:</b> 10101003315 <b>Designation:</b> Sales and Dealership manager <b>Email:</b> ugyenbidcl@gmail.com

3. **LIABILITIES NOT RECOGNIZED IN BOOKS OF ACCOUNT (AIMS No. 3.3.33)**

The following liabilities have not been recognized in the books of account.

(Amount in Nu.)

Sl. No.	Supplier Name	Last Date as per Ledger	Balance as per Ledger [Dr./Cr.]	Balance As per 33rd Minutes (7-11-23) [Dr./Cr.]	Difference [Dr./Cr.]
1	Arju Giri Samtse	16/05/2023	12,910.00	(76,750.00)	89,660.00
2	Dilli Ram Wakley Hiring	11/02/2023	(161,797.00)	(746,422.40)	584,625.40
3	Farm machinery Corporation Limited	18/12/2023	(130,531.84)	(216,937.44)	86,405.60
4	Gautam Poultry Equipments & General Shop	14/06/2023	(935,116.18)	(2,004,414.18)	1,069,298.00
5	GEN-SUM PASTA	31/10/2023	-	(42,245.00)	42,245.00
6	Kamtangf Chips	28/08/2023	80,800.00	(19,200.00)	100,000.00
7	Khemdro Dairy	19/12/2023	0.05	(156,460.00)	156,460.05
8	Koufuku International Ltd	18/12/2023	(159,723.00)	(217,428.36)	57,705.36
9	M/s David Enterprise	14/12/2023	(3,500.00)	(353,594.43)	350,094.43
10	M/s J.D Transport	27/01/2023	(181,318.35)	(2,758,168.51)	2,576,850.16
11	Mom Made Eazy	24/07/2023	77,800.00	(77,880.00)	155,680.00
12	Namgay Pickle	28/03/2023	(55,579.00)	(79,000.00)	23,421.00
13	Native	14/07/2023	(55,900.20)	(70,796.60)	14,896.40
14	Pema Tshering	29/06/2023	(195,953.56)	(87,460.00)	(108,493.56)
15	Phub Dorji - Haa Valley Cooperatives	27/03/2023	18,130.00	(30,340.00)	48,470.00
16	Retention money of Contractor	21/12/2023	(5,129,390.32)	(6,319,471.30)	1,190,080.98
17	RKS Enterprise	03/10/2023	-	(431,783.50)	431,783.50
18	Tashi Dorji	09/10/2023	(26,310.00)	(206,310.00)	180,000.00
19	Thimpu Techpark Limited	31/12/2023	2,700,000.00	(2,435,000.00)	5,135,000.00



**Reply of the Management:**

As stated by the management these balances were taken through "Trial Balance for Party" from the accounts module in September 2023. Thus, the current balance will not match the balance as most of these parties were paid from the financial support received from MoF during November & December 2023. Moreover, the Board presentation happened later to align the compliance.

**Further comments by Auditor:**

Balances as per the 'Trial Balance for Party' as on 30<sup>th</sup> September, 2023, also does not match with the balances given in the minutes. Refer table below:

Supplier	As per 'Trial Balance for Party' as on 30-09-2023		Balance As per 33rd Minutes (7-11-23) [Dr./Cr.]
	Closing (Dr)	Closing (Cr)	
Arju Giri.Samtse	12,910.00	-	(76,750.00)
Dilli Ram Wakley Hiring	-	161,797.30	(746,422.40)
Farm Machinery Corporation Limited	-	126,937.44	(216,937.44)
Gautam Poultry Equipments & General Shop	-	935,116.18	(2,004,414.18)
GEN-SUM PASTA	-	42,245.00	(42,245.00)
Kamtang Chips	80,800.00	-	(19,200.00)
Khemdro Dairy	-	163,486.25	(156,460.00)
Koufuku International Limit	-	159,723.36	(217,428.36)
Koufuku International Limited	-	122,705.00	(156,460.00)
M/s David Enterprise	-	3,500.00	(353,594.43)
M/S J.D Transport	-	181,318.35	(2,758,168.51)
Mom Made Eazy	77,800.00	-	(77,880.00)
MOM MADE EZay	-	77,880.00	(77,880.00)
Namgay Pickle	-	55,579.00	(79,000.00)
Native	-	55,900.20	(70,796.60)
Pema Tshering	-	195,953.56	(87,460.00)



Supplier	As per 'Trial Balance for Party' as on 30-09-2023		Balance As per 33rd Minutes (7-11-23) [Dr./[Cr.]]
Phub Dorji-Haa Valley Cooperatives	18,130.00	-	(30,340.00)
RKS Enterprise	-	423,147.53	(431,753.50)
Tashi Dorji	-	186,310.00	(206,310.00)
Thumphu Techpark Limited	2,925,000.00	-	(2,435,000.00)

Further, it is to be noted that as per the 33<sup>rd</sup> Board meeting minutes, support of funds have been requested from Ministry of Finance (MoF) for certain statutory and legal obligations which are supposed to be kept separately and not used for any other purposes, whereas, the Company has used all these funds for other operational expenses. Details are as given below:

- Retention Money of contractor - Nu. 6.32 million
- Provident Fund (Employee contribution) - Nu. 2.82 million
- Statutory obligations - Nu. 1.48 million

**Further responses from Management:**

The management acknowledges the lapses, however, due to frequent financial constraints that the company faced constantly had no other option but to manage the company through such funds to sustain hoping that the company's financial position would improve.

**Who is accountable?**

Direct Accountability	Name: Tenday, CID: 11606003543 Designation: Enterprise Development Officer Email: <a href="mailto:tendreal195@gmail.com">tendreal195@gmail.com</a>  Bhagawath Dhakal,
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	CID: 11108000454 Designation: Enterprise Development Officer Email: <a href="mailto:bhagawathdhakal@gmail.com">bhagawathdhakal@gmail.com</a>  Pema Khandu CID: 11511002438 Designation: Email: <a href="mailto:pemakhanduthai@gmail.com">pemakhanduthai@gmail.com</a>  Kinzang Namgay, CID: 10101001840 Designation: Email: <a href="mailto:kinzangnam2008@gmail.com">kinzangnam2008@gmail.com</a>
Supervisory Accountability	Name: Jigme Wangchuk Designation: Former Chief Executive Officer CID: 11105000350 Email: <a href="mailto:ceobldcl@gmail.com">ceobldcl@gmail.com</a>

**4. BALANCE DUE WITH CONTRACT FARMERS (AIMS No. 2.1.16)**

It is to be noted that BLDCL has discontinued the business operation with the 'Contract Farmers', but there still lies a significant amount due to be recovered amounting to Nu. 31,843,232.85. The Management requires to assess the recoverability of the amount shown as receivables. Following is the detailed list.

Customer	Closing Balance as at 31 <sup>st</sup> December, 2023 (Nu.)
Farmith Lepcha(CF0036)	159,295.00
Dhan Singh Tamang(CF0066)	457,524.00



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Customer	Closing Balance as at 31 <sup>st</sup> December, 2023 (Nu.)
Prakash Chettri(CF0044)	193,117.40
Reeta Ghallay(CF0046)	504,706.00
Ranjit Tamang(CF0078)	421,374.40
Di Kumar Rai(CF0016)	370,185.50
Ugyen Lhamo (CF0051)	1,452,170.45
Ram Kumar Jimba(CF0055)	2,260,666.00
Lhawang Dorji Tamang (CF0041)	389,704.00
Passang Dorji Moktan(CF0057)	2,195,301.60
Jigme Tshering (CF0024)	134,340.00
Laxmi Chettri(CF0040)	157,495.00
Durga Singh(CF0034)	87,575.00
Ashok Rai(CF0009)	182,800.00
Menji Dolma Tamang(CF0054)	576,784.10
Sanchu Maya Rai(CF0048)	157,595.00
Shiva Kumar Chettri(CF0049)	239,963.20
Pema Choden(CF0027)	1,198,850.00
Hari Gurung(CF0064)	70,643.50
Di Bdr Darjee(CF0070)	228,586.00
Ran Bir Raika(CF0011)	658,562.00
Parbi Man Darjee(CF0063)	396,798.40
Bhim Raj Rai (CF0033)	177,000.00
Rup Kumar Ghallay (CF0047)	252,110.00
Chirita Mani Karki(CF0002)	229,751.60
Radhika Darjee(CF0059)	918,239.90
Sonam Tobgay(CF0025)	762,540.00
Ganga Prasad Durgmali(CF0067)	403,147.50
Bhadur Rai(CF0056)	3,112,493.00



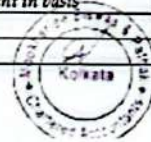
Customer	Closing Balance as at 31 <sup>st</sup> December, 2023 (Nu.)
Pema Duba (CF0025)	217,684.00
Hem Kumar Ghallay (CF0037)	316,632.00
Prakash Biswa(CF0062)	212,129.00
Wangchuk(CF0029)	840,910.00
Pratab Gurung (CF0045)	291,236.00
Sonam Tshering (CF0031)	761,970.00
Lhab Dorji(CF0079)	172,600.00
Mon Bdr Ghallay (CF0007)	163,080.00
Dhan Maya Chettri (CF0001)	278,149.50
Lila Bdr Bhujel(CF0053)	879,796.00
Mani Bdr (CF0043)	38,000.00
Rosling Rai(CF0018)	327,002.00
Tej Bdr Raika(CF0003)	321,425.00
Bikash Mongar(CF0005)	209,750.00
Tshering Wangchuk (CF0021)	902,887.60
Yeshi Choden(CF0052)	234,448.80
Sida Man Gurung(CF0068)	2,120,550.50
Damber Singh Tiwari(CF0069)	710,600.00
Lhakpa Tenzin Sherpa(CF0039)	295,983.00
Sonam Dorji(CF0026)	1,037,630.00
Papu Waiba(CF0060)	908,233.50
Ganga Prasad Gurung(CF0061)	947,085.60
Mandoj Limbu (CF0042)	505,798.20
Indra Maya Ghallay (CF0080)	770,000.00
<b>Total</b>	<b>31,843,232.85</b>



**Reply of the Management:**

The management acknowledges that there is still recoveries from the contract farmers. The management has strategically deployed two employees who are engaged in developing and strategizing the recovery mechanism.

Customer	Closing Balance as at 31 <sup>st</sup> December, 2023 (Nu.)	Recovered Amount	Balance as of March 2024	Remarks
Farmith Lepcha(CF0036)	159,298.00	159,084.00	214	Agreed to pay within March 2024
Dhan Singh Tamang(CF0066)	457,524.00	457524	0.00	Fully Recovered
Prakash Chettri(CF0044)	193,117.40	129,217.40	63900	Agreed to pay within March 2024
Reeta Ghallay(CF0046)	504,706.00	6000	498,706.00	Started to pay in instalment in basis
Ranjit Tamang(CF0078)	421,374.40	452133	-30,758.60	Payable to Ranjit Tamang by BLDCL
Dil Kumar Rai(CF0016)	370,185.80	370185.8	0.00	Recovered
Ugyen Lhamo (CF0051)	1,482,170.45	965,855.05	516315.40	
Ram Kumar Jimba(CF0058)	2,260,666.00	973,812.50	1286853.5	
Lhawang Dorji Tamang (CF0041)	389,704.00	259,037.00	130667	Started to pay in instalment basis
Passang Dorji Mektan(CF0057)	2,195,301.60	939,251.20	1256050.4	
Jigme Tshering (CF0024)	134,340.00	74,320.00	60020	
Laxmi Chetri(CF0040)	157,495.00	139,356.00	18139	Started to pay in instalment in basis
Durga Singh(CF0034)	87,575.00	87,575.00	0.00	Recovered
Ashok Rai(CF0009)	182,800.00	0.00	182800	Agreed to pay at the end of June 2024
Menji Dolma Tamang(CF0054)	576,784.10	320,960.00	255824.1	Started to pay in instalment in basis
Sanchu Maya Rai(CF0048)	157,595.00	157,595.00	0	Recovered
Shiva Kumar Chettri(CF0049)	239,963.20	182,200.00	57763.2	will pay within March 2024
Pema Choden(CF0027)	599,440.00	0.00	599440	not able to trace
Hari Gurung(CF0064)	70,643.50	63,025.00	7618.5	p Started to pay in instalment in basis
Dil Bdr Darjee(CF0070)	228,586.00	205,482.00	23104	Court Case
Ran Bir Raika(CF0011)	658,562.00	658,562.00	0	Recovered



Customer	Closing Balance as at 31 <sup>st</sup> December, 2023 (Nu.)	Recovered Amount	Balance as of March 2024	Remarks
Parti Man Darjee(CF0063)	396,798.40	158,488.50	238309.9	paying
Bhim Raj Rai (CF0033)	177,000.00	178,723.60	-1723.6	Payable to Bhim Raj Rai by BLDCL
Rup Kumar Ghallay (CF0047)	252,110.00	0.00	252,110.00	not able to trace
Chanta Mani Karki(CF0002)	229,751.60	229751.6	0.00	Recovered
Radrika Darjee(CF0059)	918,239.90	547,666.10	370,573.80	Started to pay in instalment in basis
Sonam Tobgay(CF0028)	762,540.00	170,940.00	591,600.00	asking for time extension and willing to pay
Ganga Prasad Dngmah(CF0067)	403,147.50	150,240.20	252,907.30	asking for time extension and willing to pay
Bhadur Rai(CF0056)	3,112,493.00	1,749,722.50	1,362,770.50	
Pema Duba (CF0025)	217,694.00	150,000.00	67,694.00	Started to pay in instalment in basis
Hem Kumar Ghallay (CF0037)	316,632.00	92,352.00	224,280.00	
Prakash Biswa(CF0062)	212,129.00	139,545.50	72,583.50	not able to trace
Wangchuk(CF0029)	840,910.00	189,450.00	651460	not able to trace
Pratab Gurung (CF0045)	291,236.00	60,000.00	231236	Started to pay in instalment in basis
Sonam Tshering (CF0031)	761,970.00	0.00	761970	asking for time extension and willing to pay
Lhab Dorji(CF0079)	172,600.00	0.00	172,600.00	not able to trace
Mon Bdr Ghallay (CF0007)	163,080.00	163,080.00	0	Recovered
Dhan Maya Chettri (CF0001)	278,149.50	0.00	278,149.50	asking for time extension and willing to pay
Lila Bdr Bhujel(CF0053)	879,796.00	699,628.50	180167.5	Started to pay in instalment in basis
Mani Bdr (CF0043)	38,000.00	38,000.00	0	Recovered
Rosling Rai(CF0018)	327,002.00	327,002.00	0	Recovered
Tej Bdr Raika(CF0003)	321,425.00	0.00	321,425.00	asking for time extension and willing to pay
Bikash Mongar(CF0005)	209,750.00	0.00	209,750.00	asking for time extension and willing to pay
Tshering Wangchuk (CF0021)	902,887.60	118,850.00	784037.6	asking for time extension and willing to pay
Yeshi Choden(CF0052)	234,448.80	0.00	234,448.80	asking for time extension and willing to pay



Customer	Closing Balance as at 31 <sup>st</sup> December, 2023 (Nu.)	Recovered Amount	Balance as of March 2024	Remarks
Sida Man Gurung(CF0068)	2,120,850.80	920,850.80	1200000	Started to pay in instalment in basis
Damber Singh Triwari(CF0069)	710,600.00	573,222.00	137378	
Dhakpa Tenzin Sherpa(CF0039)	295,983.00	295,983.00	0	Recovered
Senam Dorji(CF0026)	1,037,630.00	100,000.00	937630	not able to trace
Papu Wabai(CF0060)	908,233.50	211,035.70	697197.8	asking for time extension and willing to pay
Ganga Prasad Gurung(CF0061)	947,085.60	464,873.90	482211.7	asking for time extension and willing to pay
Mandoy Limbu (CF0042)	505,798.20	505,798.20	0	Recovered
Indra Maya Ghalliey (CF0080)	770,000.00	368,594.60	401405.4	Started to pay in instalment in basis
<b>Total</b>	<b>31,843,232.85</b>	<b>14001015.3</b>	<b>15,506,757.80</b>	

The management would like to share rationale and issues pertaining to the huge recoverable amount.

The Bhutan Livestock Development Corporation Limited has been mandated to boost domestic livestock production. In line with this mandate, BLDCL has ventured into working closely with the farmers with the objective to enhance domestic production by mass instead of mass production. For this, BLDCL has adopted the cost-recovery mechanism wherein BLDCL supports production costs (Inputs and feed costs) and recouped through the supply of products. However, with impending Covid-19 pandemic, the collaboration with farmers is often interrupted by the frequent lockdowns and movement restrictions. All factored into the incidences of bad debt.

1. The pandemic immensely affected the output of a large number of the contract farmers. With frequent lock down farmers could not get feed on time resulting into heavy mortality of poultry and broiler birds. On the other hand, farmers could not market their produce on time resulting into deterioration of meat and eggs. Thus, most of our contract farmers fell into bad debt.
2. Farmers could not operate doable production cycles fearing of not getting feeds on time due to frequent and sudden lockdowns. Some of farmers even fed their birds with locally formulated feed from available raw materials that resulted in inferior quality of products. Thus, it has inhibited timely repayment.
3. Some farmers were not being able to operate farm successfully due to outbreak of diseases caused due to poor farm management practices.
4. BLDCL could not follow desired staggered production owing to interruption in production cycles caused by frequent lockdowns and movement restrictions.
5. In some cases, BLDCL could not take the produce of the farmers due to limited storage capacity and therefore had to request the farmers to redirect their produce to other markets.
6. BLDCL could not monitor our farmers closely to improvise the farming due to movement restrictions.
7. BLDCL is currently engaged in negotiations with the contract farmers to reach a mutually agreeable settlement through setting up a payment plan, or exploring alternative repayment arrangements.



**Further comments by Auditor:**

In case of remote chances of recovery, management should decide to either to write off such balances as bad debts or create provisions for them in the next financial year.

**Who is accountable?**

Direct Accountability	
	Name: Yeshi Wangchuk, CID: 10716001425 Designation: Finance Officer Email: <a href="mailto:yeswang.5369@gmail.com">yeswang.5369@gmail.com</a>
	Name: Pema Lhaden, CID: 10703000857 Designation: Cashier Email: <a href="mailto:pemalhaden573@gmail.com">pemalhaden573@gmail.com</a>
	Name: Karma Choden CID: 11514004124 Designation: Account Assistant Email: <a href="mailto:kchoden53@gmail.com">kchoden53@gmail.com</a>



Supervisory Accountability	Name: Suraj Ghalley CID: 11301000181 Designation: Chief Finance Officer Email: sghalleybidcl@gmail.com
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### 5. STATUTORY DUES UNPAID (AIMS No. 3.3.26)

#### 5.1 The following liabilities of statutory dues have not been paid:

Sl.No.	Account Name	Liability not paid
1	Staff Welfare Fund	335,447.00
2	TDS 2%	928,149.44
3	TDS 5%	24,228.77

- 5.2 Salary Tax showing debit balance of Nu. 184,765  
 5.3 Health Contribution showing Debit Balance of Nu. 83,174  
 5.4 TDS Report not updated in the ERP System under Accounting Module.  
 5.5 Provident Fund Payable A/c showing Debit balance of Nu. 557,886. Further, PF Employer's contribution from PF report shows a balance of Nu. 3,516,569, whereas, the Provident Fund Contribution ledger shows a balance of Nu. 1,806,678.  
 5.6 GIS Payable A/c showing balance Debit balance of Nu. 93,554

#### Reply of the Management:

1. The staff welfare fund is managed internally by the company and the company also accepts that the amount deducted from the monthly salaries of staff needs to be remitted to such fund account but due to the company's financial distress, remittance of such funds could not be executed. However, the management assures that such funds shall be remitted when the financial situation of the company improves.



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The Company could not remittance TDS as per the Tax schedule in FY 2023 due to the poor financial situation of the company. The Company could only remit in 2024 of Nu. 672,935.30 against payment no. JEBP240100107 and Nu. 253,034.19 against payment no. JEBP240100108 on 31<sup>st</sup> January with financial support from the Ministry of Finance. Moreover, the management also wrote to RRCO to examine the penalty for late remittance.

2. Salary Tax- Please refer the observation no. 4.4 states that some of the salary payments in the ERP system are still in the draft stage especially salary payments for March and August 2023. This was due to, after the former HR officer left the company in the middle of the year, we faced some issues in the HR module which led to the amendment of some salary payment transactions which resulted in such irregularities in the salary-related transactions. We have identified the transactions and once these payments are regularized then the net effect against the amount shall decrease. Similarly, such transactions will have the same effect on observation no. 3.3 Health Contribution.
3. The TDS report can be generated from the Accounts Module, through this module the company has prepared and distributed the TDS certificate to its suppliers for the FY 2023.
4. Provident Fund Contribution (Expenses Dr. 1,806,677.71),

Sl.no	Particular	
1	Provident Fund Contribution (Expenses) 15%	Dr. 3,191,576.00
	Provident Fund Contribution Received from NPPF for resigned employee	Cr. 2,110,145.62
	PF Contribution Disturbed to resigned employee	Dr. 725,247.33
	Net Affect	Dr. 1,806,677.71

Note: The Company has recovered Nu. 1,384,898.29 from the resigned employee against the PF contribution.

Provident Fund Payable (Provisional Liability Dr. 557,885.59).

Sl.no	Particular	
1	Provident Fund Payable (Liability) 11%	Dr. 2,821,608.00
	Provident Fund Payable Remitted to NPPF	Cr. 2,588,033.00
	Provident Fund Payable paid to resigned employee	Dr. 3,692,317.34
	Provident Fund Payable Received from NPPF for resigned employee	Cr. 4,172,304.50
	Net Affect	Cr. 246,412.16



Note: Need to rectify transaction no. JEER231000002 against Nu. 431,685.47 is the receipt amount instead it was punched as payment thus resulting net debit balance.

GIS with debit balance:

Sl.no	Particular	
1	GISL Payable (Liability) Received from NPPF during the year	Cr. 664,144.42
	GISL Payable paid to resigned employee	Dr. 600,792.96
	Net Affect	Cr. 63,351.46

Note: Need to rectify transaction no. JEER231000001 against Nu. 99,552.65 is the receipt amount instead it was punched as payment thus resulting net debit balance.

**Further comments by Auditor:**

- It is to be noted that legal obligations which are deducted from the monthly salaries of employees should have been deposited to the authority within due date, without using it for any other purposes, but, the Company has used all these funds for other operational expenses and thereafter has requested the Ministry of Finance (MoF) for financial support for its bail out.
- In case of salary tax, proper reconciliation is not done for identifying such irregularities.
- In case of Provident Fund, the following irregularities are observed:

Provident Fund Contribution (Expenses Dr. 1,806,677.71).

Sl.no	Particular		Further comment by auditor
1	Provident Fund Contribution (Expenses) 15%	Dr. 3,191,576.00	As per the PF Report generated from the Human Resource Module in ERP, the balance is Nu. 3,516,569.
	Provident Fund Contribution Received from NPPF for resigned employee	Cr. 2,110,145.62	The amount received from NPPF for resigned employee should be parked in a separate liability ledger



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	PF Contribution Disbursed to resigned employee	Dr. 725,247.33	(Ex-employee wise) for the full and final payments to be made to the ex-employees. Further, the disbursements made out of the amount received, should also be routed through the above-mentioned employee-wise liability ledgers, instead of PF contribution ledger. Therefore, due to these wrong entries, the total expense related to PF contribution is understated to the extent of Nu. 1.35 million.
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Provident Fund Payable - Employees' contribution (Provisional Liability Dr. 557,885.59).

Sl.no	Particular		Further comment by auditor
1	Provident Fund Payable (Liability) 11%	Cr. 2,588,033.00	As per PF report from the Human Resource module of ERP is Nu. 2,578,752
	Provident Fund Payable Remitted to NPPF	Dr. 2,821,608.00	Payment made in excess of required liability balance, resulting into debit balance of liability.
	Provident Fund Payable paid to resigned employee	Dr. 3,692,317.34	The amount received from NPPF for resigned employee should be parked in a separate liability ledger (Ex-employee wise) for the full and final payments to be made to the ex-employees. Further, the disbursements made out of the amount received, should also be routed through the above-mentioned employee-wise liability ledgers, instead of PF contribution ledger.
	Provident Fund Payable Received from NPPF for resigned employee	Cr. 4,172,304.50	Therefore, due to these wrong entries, the total balance related to PF Payable is overstated to the extent of Nu. 4.8 million.



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4. GIS Payable - Similar to PF Payable, the amount received from NPPF for resigned employee should be parked in a separate liability ledger (Ex-employee wise) for the full and final payments to be made to the ex-employees.

**Additional responses from Management:**

The management has identified a new ledger to account the "PF refunded from NPPF" and disburse accordingly going forward. As stated in the earlier response, we have canceled the following entries JEER231000002 & JEER231000001, and amended the following entries JEER231000002-1 & JEER231000001-1 to rectify the transactions for Provident Fund Payable & GISL Payable received from NPPF & RICL for the resigned employee.

**Further comments by Auditor:**

PF refunded from NPPF should be properly accounted for.

**Who is accountable?**

Direct Accountability	Name: Yeshi Wangchuk, CID: 10716001425 Designation: Finance Officer Email: <a href="mailto:yeswang.S369@gmail.com">yeswang.S369@gmail.com</a>
	Name: Pema Lhaden, CID: 10703000857 Designation: Cashier Email: <a href="mailto:pemalhaden573@gmail.com">pemalhaden573@gmail.com</a>
	Name: Karma Choden, CID: 11514004124 Designation: Account Assistant Email: <a href="mailto:kchoden53@gmail.com">kchoden53@gmail.com</a>



Supervisory Accountability	Name: Suraj Ghalley CID: 11301000181 Designation: Chief Finance Officer Email: <a href="mailto:sghalleybldcl@gmail.com">sghalleybldcl@gmail.com</a>
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6. **'WALK IN CUSTOMER' LEDGER (AIMS No. 3.3.7)**

This ledger shows a debit balance of Nu. 56,781, whereas, since it relates to the walk in customers, who just walks in, purchase and pay, therefore, this ledger should not have any balance. It should be treated as cash sales and not credit sales. Incorrect entries made should be rectified.

**Reply of the Management:**

Initially, the mobile marketing was one of the strategies which BLDCL has adopted since long time. Since the implementation of ERP, this strategy has been continued until actual business reformation from August, 2023. However, the specific gateway or module in the system were never created in the system. The system being new and mobile marketers has unknowingly created supplier name as 'Walk in customers' which they are supposed to create against their specific name. In this way, they have been continuing until the esteemed auditors actually found out in current years. In line with above, the management will consult with TTPL (system developer) on possibilities of rectifying those transactions.

**Further Comments of the Auditors**

According to our understanding and as per discussion with the management, 'Walk in Customers' are cash sales customers, i.e., retail customers making point of sales (POS) purchases. Hence, in such cases there should not be any debtors. It should be recognised as direct cash sales only.

**Who is accountable?**

Direct Accountability	Name: Dawa Choden, CID: 10202000372 Designation: Sales Executive Email: <a href="mailto:chodendawa555@gmail.com">chodendawa555@gmail.com</a>
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	<p>Name: Tshering Choden. CID: 10605002570 Designation: Sales Executive Email: <a href="mailto:tsheringchoden793@gmail.com">tsheringchoden793@gmail.com</a></p> <p>Name: Chinu Wangmo CID: 11514001526 Designation: Sales Executive Email: <a href="mailto:chinuwangmo143@gmail.com">chinuwangmo143@gmail.com</a></p> <p>Name: Tandin Thirley CID: 10911000142 Designation: Sales Executive Email:</p> <p>Name: Cheta Maya Donyel CID: 11108000472 Designation: sales Executive Email: <a href="mailto:cdonyel@gmail.com">cdonyel@gmail.com</a>.</p> <p>Name: sonam Choden CID: 11602002010 Designation: Sales Executive Email: <a href="mailto:yesochoden922@gmail.com">yesochoden922@gmail.com</a></p> <p>Name: Yeshi Dema CID: 11107002958 Designation: Sales Executive Email: <a href="mailto:yeshidema2017@gmail.com">yeshidema2017@gmail.com</a>.</p> <p>Name: Tandin Wangmo.</p>
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	<p>CID: 10713000560 Designation: Sales Executive Email: <a href="mailto:tandinw4766@gmail.com">tandinw4766@gmail.com</a></p> <p>Name: phurpa lham. CID: 11604001917 Designation: Sales Executive Email:</p> <p>Name: Ash Bdr Gurung CID: 11109004355 Designation: Sales Executive Email:</p> <p>Name: cheki Dema CID: 11107000630 Designation: Sales Executive Email: <a href="mailto:chekidema19@gmail.com">chekidema19@gmail.com</a></p> <p>Name: Dema Tshering Lepcha, CID: 11205000528 Designation: Sales Executive Email: <a href="mailto:deringmalepacha@gmail.com">deringmalepacha@gmail.com</a>.</p> <p>Name: kinzang Tshering CID: 10906000240 Designation: Asst Manager Email: <a href="mailto:kinzangbldcl@gmail.com">kinzangbldcl@gmail.com</a></p> <p>Name: Krishna Prasad Monger CID: 11209001491 Designation: Sales Executive</p>
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	<b>Email:</b>
<b>Supervisory Accountability</b>	Name: Pema Khandu CID: 11511002438 Designation: Sales and Marketing manager Email: pemakhanduthai@gamil.com
	Name: Dal Bhadur Misra CID: 10305000631 Designation: AGM(Sarbitbang/LPVAD) Email: dalmishra@gmail.com
	Name: Dal Bahadur CID: 11216003587 Designation: Manager Email: deebee17789339

**7. IRREGULARITIES IN INCOME FROM ASSET DISPOSAL (AIMS No. 3.2.9)**

Income from asset disposal amounting to Nu. 1,751,150, consist of sale proceeds for disposal of 80 Freezers (As per Daily Sales Report) out of 430 Freezers purchased from government grant (SHFP). According to the Fixed Assets register for the year 2020 provided, it is observed that 430 Freezers were purchased and recognised in the books of account as on 15-06-2020. Further, on 31-12-2020 they were shown as 'SHFP issued to schools', but was not given. Therefore, the entire sale proceeds have been considered as income. The remaining assets, though physically available but are still not recognised in the books of accounts.

**Reply of the Management:**



In FY'2020, BLDCL received Nu. 20M from the Government to procure the freezers for distribution to Schools and Hospital. This arrangement was initiated through the 'Schools and Hospital Feeding Programme'. The distribution of such freezers was initiated to store livestock products for longer periods and also to minimize any spoilage. BLDCL was only the supplier of such livestock products to the schools and hospitals. BLDCL initiated to procure freezers worth of Nu. 10.775Million but it was not accounted in the fixed asset register nor accounted in the books of accounts instead the amount was adjusted against the "gain from government grants" during the year. However, some of the freezers could not be distributed because some of the schools and hospitals denied stating that they already have such facilities. Therefore, these freezers were ideal assets lying with BLDCL and when the business reformation of BLDCL started by the Ministry of Finance, they advised the company to dispose of these assets to improve the cash flow of the company when it was in a dire situation.

**Further Comments of the Auditors**

The remaining assets should be properly identified and recognised in the books of account.

**Who is accountable?**

<b>Direct Accountability</b>	Name: Pema Jamtsho Designation: Account Assistant CID:11106002913 Email: jpema992@gmail.com
<b>Supervisory Accountability</b>	Name: Dorji Khandu CID: 10711000869 Designation: Offg; Director Email: dorjikhandu201812169@gmail.com.



8. **IRREGULARITIES IN SHORT TERM BORROWINGS (AIMS No. 3.3.17 and 3.3.33)**

Irregularities observed are as follows:

- 7.1. Loan amounting to Nu. 20 million given as an interest free loan from the Ministry of Agriculture and livestock was supposed to be repaid by quarterly instalment of Nu. 1,250,000 each starting from first quarter of 2023. However, it is identified that no repayments have been made by the Company for the year 2023.
- 7.2. Further, as per the terms of sanction, penal interest shall be levied at the rate of 24% on the default instalments and must be deposited along with the next instalment. No such penal interest liability has been booked for the year.
- 7.3. The OD loan facility availed by the Company in August 2022 reflects a balance of Nu. 5.1 million against the sanction limit of Nu. 5 million as at 31<sup>st</sup> December, 2023, since interest payments are not made regularly.

**Reply of the Management:**

BLDCL is currently in the process of writing off the amount borrowed from the Ministry of Agriculture and Livestock since the financial position of the company is not sound. Moreover, the company's earlier proposal to include the amount for support from the Ministry of Finance was halted by the MoF stating that BLDCL can propose for write-off to the MoF separately. The overdraft facility availed from Bhutan National Bank Limited has exceeded the threshold amount due to irregular interest payments from the company's side. Moreover, the company is also charged with the insurance premium amount paid by the bank against the collateral assets which is another reason to exceed the overdraft ceiling.

**Further Comments of the Auditors**

Till the time the loan has been approved for write-off, the liability for penal interest should be recognised.

**Who is accountable?**

Direct Accountability	Name: Suraj Ghalley CID: 11301000181 Designation: Chief Finance Officer
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	Email: <a href="mailto:sghalleybldcl@gmail.com">sghalleybldcl@gmail.com</a> Yeshi Wangchuk CID: 10716001425 Designation: Finance Officer Email: <a href="mailto:yeshi.wangchuk@gmail.com">yeshi.wangchuk@gmail.com</a>
Supervisory Accountability	Name: Dophu Dukpa Designation: Chief Executive Officer CID: 11411001705 Email: <a href="mailto:ceobldcl24@gmail.com">ceobldcl24@gmail.com</a>

9. **SUPPLIERS' LEDGER**

9.1 **SUPPLIERS' LEDGERS SHOWING DEBIT BALANCES (AIMS No. 3.3.7)**

The following ledgers of suppliers with balances above Nu. 0.1 Million are showing debit balances. Need to be reconciled and adjusted accordingly.

Supplier	Closing Balance (dr.) (Nu.)
M/s. Yezhun Nor Teral Construction	1,695,460.72
Bhutan PEB Engineering	5,843,362.27
M/s U.C Jatsho Construction	473,638.42
Thimphu Techpark Limited	2,925,000.00
Othbar Mountain Horticulture Promotion Project	625,775.00
Bhutan Oil Distributor	156,641.42
Pung Dzong Gakid Detshen	304,261.00
DHENDUP DAIRY	320,651.00
M/s. Seewang Construction	543,099.93
Abit Private Limited	115,880.80



Supplier	Closing Balance (dr.) (Nu.)
M/s. Kindhen Construction	207,462.23
Sarpang Layers Co-Operative	804,700.00
NCRLF, Haa	792,900.00
Gurung Tshongkhang (BMG Feed Agent)	419,045.00
Paro Bhutan Herbal Tea	136,126.00
M/s. Sangyel Construction	2,248,800.59
BMG Feed Plant	422,815.00
Kinley Chimi Construction	394,962.21
Pem General Shop	285,572.00
Kezang Machoe Tshongkhang	527,019.50
M/s Sonam Nima Wangdi Construction	187,174.23
<b>Total</b>	<b>19,463,347.32</b>

**Reply of the Management:**

The management have found out that the entries against above suppliers were wrongly entered in the system. Most of the entries were posted without following due procedures as required. For example, most of the entries were posted either without purchase invoices or payment entry without linking with purchase invoices. Thus, we will initiate entry rectification upon due consent of an esteemed auditor.

**Further Comments of the Auditors**

The management should properly reconcile the entries and rectify accordingly in the next financial year.

**Who is accountable?**

<b>Direct Accountability</b>	Name: Yeshi Wangchuk CID: 10716001425 Designation: Finance Officer Email: yeswang.8369@gmail.com  Name: Pema Lhaden
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	CID: 10703000857 Designation: Cashier Email: pemalhaden573@gmail.com
<b>Supervisory Accountability</b>	Name: Suraj Ghalley Designation: Chief Finance Officer CID: 11301000181 Email: sghalleybidcl@gmail.com

**9.2 SUPPLIERS' LEDGERS WITH UNADJUSTED BALANCES FROM OPENING (AIMS No. 3.3.7)**

These suppliers' balances should be checked properly to ascertain the status and adjust accordingly.

Supplier	Opening Balance	Closing Balance
M/s Lhomoen	0.04	0.04
Druk Kamtang	2,705.00	2,705.00
Bhutan PEB Engineering	(5,843,362.27)	(5,843,362.27)
M/s. Natural Resources Development Corporation Ltd.	42,600.00	42,600.00
Payable to Thinley Bida 201710024	1,249.00	1,249.00
M/s U.C Jatsho Construction	(473,638.42)	(473,638.42)
J.D Enterprise	21,805.00	21,805.00
Druk Scientific Supplier	44,425.36	44,425.36
Thimphu Techpark Limited	(2,925,000.00)	(2,925,000.00)
NANO	79,127.00	79,127.00
Payable- Nima Sherpa 201707108	24,425.48	24,425.48
Othbar Mountain Horticulture Promotion Project	(625,775.00)	(625,775.00)
Passang Wangmo, Haa	(9,430.00)	(9,430.00)
Rinchenphel Feed Agent	(85,680.00)	(85,680.00)



Supplier	Opening Balance	Closing Balance
Mookherji Biswas & Pathak	50,000.00	50,000.00
Meena Products	5,140.00	5,140.00
Payable- Yesu Singay 202006204	17,246.98	17,246.98
Payable- Tashu Tshering 201809148	7,856.29	7,856.29
Payable- Sewanti Rana 201707122	1,420.00	1,420.00
Payable- Tshewang Peldon 201707106	49.29	49.29
Selra IT Solution Center	13,818.00	13,818.00
Arjun SUBBA Samtse (Supplier)	133,800.00	133,800.00
Sangay Enterprise	9,907.80	9,907.80
Zundra Industries	(6,600.00)	(6,600.00)
Karma Machinery Service	6,850.00	6,850.00
Payable-Phul Maya Rai 201809151	1,029.00	1,029.00
Payable- Santa Kumari Rai- 201809161	34,345.87	34,345.87
Payable - Dorji Norbu 201804129	2,010.51	2,010.51
Nima Tshongkhang	(27,783.00)	(27,783.00)
National Housing Development Corp. Ltd.,	34,852.50	34,852.50
Shangrila Enterprise Pvt. - Contractor	1,518,375.00	1,518,375.00
Koufuku International Limit	159,723.36	159,723.36
Norbugang Karma Feed Agent	15,778.00	15,778.00
Geserling Enterprise	(0.88)	(0.88)
NPRDC	20,000.00	20,000.00
M/s. Khual Construction	442,586.28	442,586.28
Zimbi Automobile Workshop	(3.00)	(3.00)
M/s Jigme Choden(Mongar)	675.00	675.00
Payable- Sangay Tenzin 201804131	1,078.16	1,078.16
KN General Shop	4,900.00	4,900.00
Sherza Ventures Limited	70,637.40	70,637.40
Thinley Namgay Punakha Ezay Supplier	32,000.00	32,000.00

Supplier	Opening Balance	Closing Balance
Dejung Norbu Enterprise	143,873.99	143,873.99
Payable-Karma Zangmo 201707098	190.00	190.00
Newar Enterprise	0.70	0.70
Karma One Stop Shop	636,118.00	636,118.00
KTK Restaurant	0.80	0.80
Payable-Tshering Wangchuk 201809138	21,099.04	21,099.04
P.R Enterprise	69,163.50	69,163.50
Dorji Lhamo Agro Supplier	5,850.00	5,850.00
M/s. Seewang Construction	(543,099.93)	(543,099.93)
Druk RILT Commercial	21,560.00	21,560.00
M/s David Enterprise	3,500.00	3,500.00
Abit Private Limited	(118,880.80)	(118,880.80)
M/s. Kindhen Construction	(207,462.23)	(207,462.23)
Payable to Deki Yangden 201707047	4,450.00	4,450.00
Haa Valley Cooperative	2,570.00	2,570.00
Payable- Tsuendup 201710026	(16,559.31)	(16,559.31)
Payable - Bir Dhan Rai 201710021	4,815.94	4,815.94
MOM MADE EZay	77,880.00	77,880.00
Tshaluna Dairy Group	(26,260.00)	(26,260.00)
Ganesh Arts & Prints	11,270.90	11,270.90
SUBASH POULTRY FARM	24,400.00	24,400.00
Baker's Basket	19,864.60	19,864.60
Bhutan Power Corporation	(13,200.97)	(13,200.97)
P T Enterprise	9,114.00	9,114.00
Satara Hatchery	31,850.00	31,850.00
Payable Sonam Zangmo 201502113	10,300.00	10,300.00
Sarpang Layers Co-Operative	(804,700.00)	(804,700.00)
Chercho Tshering	146.11	146.11

Supplier	Opening Balance	Closing Balance
NCRIF, Haa	(792,900.00)	(792,900.00)
K5 Rai CID 10303000915	62.80	62.80
M/s. Duber Construction	415,815.62	415,815.62
Tea Cee Auto Works	490.00	490.00
P. I. PRINTING & PUBLISHING HOUSE	71,363.70	71,363.70
Shangrila Enterprise Pvt Ltd	0.80	0.80
Twang Products	39,102.00	39,102.00
Tenzin Phuntsho Enterprise	24,005.10	24,005.10
Payable-Passang Dema 201707048	3,226.39	3,226.39
Tshering Letho Feed Agent	22,127.40	22,127.40
B. D. COMMERCIAL	11,544.40	11,544.40
Anand Prints	784.00	784.00
Product From Tsirang Valley	(2,000.00)	(2,000.00)
Payable- Ngawang Choden 201804132	2,829.16	2,829.16
Payable- Tendrel Tshomo 201710018	4,709.00	4,709.00
Druwa Chu	17,650.10	17,650.10
Tsh Khorlo Tyres	1,400.00	1,400.00
Tsheten	370.00	370.00
Payable Dawa Lhendup 20170785	9,200.00	9,200.00
Gurung Tshongkhang (BAG Feed Agent)	(419,045.00)	(419,045.00)
Payable-Dhan Maya Samel 201710012	13,575.50	13,575.50
2020 Restaurant	12,196.10	12,196.10
Nyam-Tshe Brothers Dairy	(14,288.00)	(14,288.00)
Leki Budha, Punakha	5,550.00	5,550.00
TCI Freight	(21,175.00)	(21,175.00)
Menjong Sorgi	81,144.00	81,144.00
Ganga Prasad Gurung(CF0061)	369,323.90	369,323.90
Paro Bhutan Herbal Tea	(136,126.00)	(136,126.00)



Supplier	Opening Balance	Closing Balance
Ganga Prasad Dzungmali(CF0067)	140,240.20	140,240.20
BAG Feed Plant	(422,815.00)	(422,815.00)
Tshering Wangchuk (CF0021)	118,850.00	118,850.00
Thunley Namgay	(32,000.00)	(32,000.00)
Shiva Kumar Chettri(CF0049)	182,200.00	182,200.00
Chanta Mani Karki(CF0002)	125,378.00	125,378.00
Kinley Chumi Construction	(394,962.21)	(394,962.21)
Thunphu Thorndie	(73,100.00)	(73,100.00)
Hem Kumar Ghalley (CF0037)	92,352.00	92,352.00
Lhawang Dorji Tamang (CF0041)	193,704.00	193,704.00
NHE, BO Parking	(24,000.00)	(24,000.00)
Yoedhen Enterprise	(53,100.00)	(53,100.00)
Mrs. Thunley Zam Babesa Old Store	28,100.00	28,100.00
Jochu Drukpa, Babesa New Store	45,000.00	45,000.00
Pem General Shop	(285,572.00)	(285,572.00)
Sanchu Maya Rai(CF0048)	92,820.00	92,820.00
Ganesh Arts and Prints	45,380.00	45,380.00
Lasomi Chettri(CF0040)	119,356.00	119,356.00
Lita Bdr Bhujje(CF0053)	266,836.50	266,836.50
Lhakpa Tenzin Sherpa(CF0039)	175,749.00	175,749.00
Ran Bir Riakha(CF0011)	658,562.00	658,562.00
Wangchuk(CF0029)	189,450.00	189,450.00
Rosling Rai(CF0018)	327,002.00	327,002.00
Mon Bdr Ghalley (CF0007)	163,080.00	163,080.00
Dol Kumar Rai(CF0016)	160,155.50	160,155.50
Bhadur Rai(CF0056)	1,047,068.50	1,047,068.50
CIDCL	(86,000.00)	(86,000.00)
Ranjit Tamang(CF0078)	452,133.00	452,133.00



Supplier	Opening Balance	Closing Balance
National Research Centre For Riverine And Lake Fisheries	1,347,725.00	1,347,725.00
Karma Tenzin Automobile Workshop	16,300.00	16,300.00
Druk Waste Paper Recycling Unit	67,500.00	67,500.00
Mani Bdr (CF0043)	35,000.00	35,000.00
Nyamtsho Mother Dairy	(1,584.00)	(1,584.00)
Papu Waiba(CF0060)	170,730.70	170,730.70
Wangchen	509,000.00	509,000.00
Maxval Enterprises	(35.00)	(35.00)
T-Wang	9,160.20	9,160.20
Kezang Machoe Tshongkhag	(527,019.50)	(527,019.50)
Prakash Chettri(CF0044)	79,422.00	79,422.00
Sangay Jamtsho Tashi Yangtse MPU	48,400.00	48,400.00
Bhim Raj Rai (CF0033)	178,723.60	178,723.60
Parti Man Darjee(CF0063)	138,793.50	138,793.50
Silvertone Gravva Flex Pvt Ltd	158,885.00	158,885.00
Samba Auto Workshop	17,802.00	17,802.00
Tshaphe Chhu Phakha	7,750.00	7,750.00
Bhutan Polythene Company Limited	7,499.94	7,499.94
Sonam Dorji(CF0026)	100,000.00	100,000.00
Selwang Enterprise	8,000.00	8,000.00
Druk Infinity Consulting	35,000.00	35,000.00

**Reply of the Management:**

It is true that opening balance against above mentioned suppliers are still payable in our books of account. The pertinent reasons for remain it as trade payable was due to acute liquidity issue faced by the company. As such, the company has been exploring ways and means to clear those balances as expected. Whereas, for contract farmers as explained in the observation no. 3 the management is in the process of collecting the amount in cash or kind.



Moreover, the party wise ledger export form the ERP system does not capture the entire transactions, the report only gives those transaction capture through the payable aspects and advances.

**Further Comments of the Auditors**

The management should properly reconcile the entries and rectify accordingly in the next financial year.

**Who is accountable?**

Direct Accountability	
	Name: Bhagawath Dhakal CID:11105001120 Designation: Enterprise Development Officer Email: bhagawathdhakal@gamil.com
	Name: Tenday CID:11606003543 Designation: Enterprise Development Officer Email:tendreal95@gmail.com.
	Name: Ugyen Dorji. Designation: Sales and Dealership Manager. CID: 10101003315 Email: ugyenbldcl@gmail.com
	Name: Karma Lhamo, CID: 11704000520 Designation: Procurement Officer Email: procurementbldcl@gmail.com
	Name: Yeshi Wangchuk CID: 10716001425 Designation: Finance Officer



	Email: <a href="mailto:yeswang.5369@gmail.com">yeswang.5369@gmail.com</a>
Supervisory Accountability	Name: Suraj Ghalley CID: 11301000151 Designation: Chief Finance Officer Email: <a href="mailto:sghalley@bldcl@gmail.com">sghalley@bldcl@gmail.com</a>

10. **IRREGULARITIES IN BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE (AIMS No. 3.3.7)**

- 10.1 As per Livestock module, in case of Calves, there are 21 deaths, out of which 2 deaths have not been booked in the financials but Journal entries are kept in draft stage. (Ref: JEJV230800029, JEJV230900029)

**Reply of the Management:**

Shall regularize the transaction when the account is unfrozen.

**Further comments**

Management should properly reconcile and rectify in next financial year.

- 10.2 The income or loss from sale of the biological assets are shown under Fair value gain/ loss from BA A/c instead of profit or loss on sale of Biological assets.

**Reply of the Management:**

Accounts tagging was not initiated as per the required standard. Moreso, the developer has stated that they cannot initiate any correction for the entries that are already carried out.

**Further comments**

Proper accounting should be done in next financial year.



- 10.3 The fair value amount to be reduced from calves revaluation is Nu.10,145 but due to error in entry it has been passed through Culled cows, which has significantly reduced by Nu.26,434. (Ref: AC230127005, AC230131001, AC230213001)

**Reply of the Management:**

Similar to the above observation the developer is helpless to initiate any correction for the entries which are already initiated.

**Further comments**

Proper accounting should be done in next financial year.

- 10.4 All the sale entries of different animal stages of dairy cattle are booked under culled cows, so the fair value are not reflected correctly.

**Reply of the Management:**

Similar to the above observation the developer is helpless to initiate any correction for the entries which are already initiated.

**Further comments**

Proper accounting should be done in next financial year.

- 10.5 As per BA Heifers ledger (General ledger) the death number of breedable heifers are 15, whereas, as per livestock mortality report (Livestock Module) it is 20 and as per working provided, the death number is 10. Further, the fair value as per working is Nu. 44145, whereas, the written off has been done at Nu. 44434 (Ref: JEJV231200063, JEJV231200062, JEJV231100035, JEJV230900028, JEJV230900022).

**Reply of the Management:**

Similar to the above observation the developer is helpless to initiate any correction for the entries which are already initiated.

**Further comments**

Proper accounting should be done in next financial year.



- 10.6 In case of Rainbow Trout (code: 400006), the transfer from biological asset to stock is made at the fair value rate of fingerling (i.e., Nu. 25 per fingerling) instead of the rate for adult fish (i.e., Nu. 339.73). Therefore, the cost of goods sold is incorrect. (Ref. SE23100460 dated 16-10-2023, SE23110168 dated 10-11-2023).

**Reply of the Management:**

Similar to the above observation the developer is helpless to initiate any correction for the entries which are already initiated.

During the transaction process, animal development stages are recorded based on body growth, aiming for a harvestable weight of 250g. However, occasionally the unit harvests fish below this target weight (e.g., 168g - 200g), resulting in improper transaction in the ERP system and inaccurate rates. To mitigate this issue, the unit will prioritize maintaining fish size categories (Fingerling - Grower - Table fish harvestable) to prevent complications and will actively seek solutions for resolution and reconciliation.

**Further comments**

Proper accounting should be done in next financial year.

- 10.7 No written off entries passed for certain dead 'Rainbow Trout'. (Ref. MT230602001, MT230602003, MT230612001, MT230821013).

**Reply of the Management:**

Similar to the above observation the developer is helpless to initiate any correction for the entries which are already initiated.

The unit is submitting mortality approval letter for your information.

**Further comments**

Proper accounting should be done in next financial year.

- 10.8 Written off entries made for Rainbow Trout were made at the rate of fingerlings instead of adult fish. Therefore, the written off value is reflecting a lesser amount. (Ref. SEMW23080253 dated 21-08-23, SEMW23080262 dated 21-08-23, SEMW23080265 dated 21-08-23, SEMW23080267 dated 21-08-23.)



**Reply of the Management:**

Similar to the above observation the developer is helpless to initiate any correction for the entries which are already initiated.

The unit find solution on establishing a price MAP that aligns with the various stages of growth and development during mortality. In ERP the Fair Value cost is 25. Moving forward, I will seek help fair cost MAP for different stages. At this point, we have determined a fair value for each unit in terms of the cost of fingerlings during mortality entries.

Unit has checked and reviewed the BA reports generated by the Enterprise Resource Planning (ERP) system, as outlined in Table. The transfer of BAs from Pond 1 to Pond 5 is depicted as follows. This might also done wrong transaction during transferring, the data will recheck and will done reconcile.

Material Code	Warehouse	Stock UOM	Opening Qty	Balance Qty
400006	ERT Warehouse, Haa - BIKI	Nos	2500	0
400006	Haa Fishery Pond 1 - BIKI	Nos	0	410
400006	Haa Fishery Pond 2 - BIKI	Nos	1381	202
400006	Haa Fishery Pond 4 - BIKI	Nos	11	0
400006	Haa Fishery Pond A - BIKI	Nos	10000	4197
400006	Haa Fishery Pond B - BIKI	Nos	10000	12020
400006	Haa Fishery Pond BP - BIKI	Nos	0	0
400006	Haa Fishery Pond C - BIKI	Nos	13552	0
Total			138202	48207

**Further comments**

Proper accounting should be done in next financial year.

- 10.9 Biological assets transferred from Haa Fishery Pond 1 to Haa Fishery Pond 5 not taken into calculation of biological asset working. (Ref. SEMT23060031 dated 02-06-2023).

**Reply from Management:**

The actual mortality of heifers is 21 and the management sincerely would like to acknowledge the errors in the entries in the BA working sheet. However, for verification we will submit the monthly animal inventory report from which all the records can be verified.

Refer Annexure - 2 attached.



**10.10 Agricultural produce not properly recorded (AIMS No. 3.3.5)**

Agricultural produce derived from the biological assets are not properly recorded. Therefore, no supporting documents were made available for the agricultural produces obtained during the year. Further, in certain cases, entries are made by crediting 'Cost of Goods Sold' ledger instead of fair value gain.

Refer the following vouchers in ERP:

- i. Voucher no. SE230100S0 dt. 01-01-23 - EGGS
- ii. Voucher no. SE230100S1 dt. 01-01-23 - EGGS
- iii. Voucher no. SE230100S2 dt. 01-01-23 - EGGS
- iv. Voucher no. SE23010001 dt. 01-01-23 - MILK, DAIRY FARM

**Reply from Management:**

The management maintains the monthly animal inventory register and accordingly the inventory report of biological assets has been prepared and will be submitted accordingly for verification.

Refer Annexure - 2 attached



Those issue arose due to improper tagging of accounts in the system. The developer has initiated the correction by tagging the correct accounts for the agriculture produced from the live animals. However, they could not ratify the transactions which are already entered in the system.

**Further comments**

Proper accounting should be done in next financial year.



<b>Direct Accountability</b>	<p>Name: Ganga Ram Kharel CID: 11508001615 Designation: Poultry and Fishery Manager Email: <a href="mailto:kharelganga800@yahoo.com">kharelganga800@yahoo.com</a></p> <p>Name: Dhal Bahadur CID: 11216003587 Designation: Dairy Manager Email: <a href="mailto:deebel17789339@gamil.com">deebel17789339@gamil.com</a></p> <p>Name: Sangay Norbu. CID: 11106004022 Designation: Fishery Manager Email: <a href="mailto:sangayncwfc@gmail.com">sangayncwfc@gmail.com</a></p>
<b>Supervisory Accountability</b>	<p>Name: Dophu Dukpa Designation: Chief Executive Officer CID: 11411001705 Email: <a href="mailto:ceobldcl24@gmail.com">ceobldcl24@gmail.com</a></p>

**11. ISSUES RELATING TO THE NEW ERP NEXT SYSTEM IMPLEMENTED BY THE COMPANY (AIMS NO. 3.3.5 AND 3.3.7)**

The contract for developing, installation, handholding and training of the ERP Next system was awarded to Thimphu Tech Park Private Limited (TTPL). According to the contract dated 22<sup>nd</sup> November, 2021, following were the major milestones:

- i. The contract start date is 1st January, 2022
- ii. Development and implementation of phase 1 - 7 months



- iii. Handholding period for phase 1 - 5 months
- iv. Development and implementation of 2nd phase - 3 months
- v. Handholding of 2nd phase - 2 months

Therefore, as per the contract, the complete system should had been made live w.e.f. January, 2023.

Issues:

- a. The system has been made live w.e.f. 1st July, 2022, which is not as per the terms of the contract and also without proper handholding and training.
- b. No data migration report was made available to us for verification. As informed, no such data migration report was provided by TTPL to the Company.  
It is to be noted that while matching the opening balances of ERP, many irregularities were observed.
- c. It is observed that many entries are passed in the ERP prior to 1st July, 2022.
- d. No Parallel Run  
It is a generally accepted practice to perform a parallel run with the new and old system at the same time for a certain period of time, to understand the accuracy of the new system, before making it live. However, as informed, no parallel run was done with the TALLY and the new ERP Next system. Therefore, at the initial stages many entries had been made on trial and error basis, without proper training.
- e. Fixed Assets Register generated from the ERP does not relate to the date range selected.
- f. Any ledger, trial balance or any report generated from the system does not always show the current report. Hence, reflecting incorrect figures not showing rectifications made, if any.
- g. The system does not show opening balances in the next year.
- h. In Stock Module, Bill of Material (BOM) is not properly customised as per the recipes given by BLDCL, therefore, it is being entered manually every single time of value addition. Further, there is no uniformity in the BOMs entered manually among the different units.



- i. It is observed that in Stock entry anyone can put rates manually as the access controls are not properly restricted. Therefore, the closing stock valuation from ERP is not satisfactory.
- j. Opening balance of accumulated surplus/ deficit does not automatically get transferred to the Retained Earnings.
- k. Ledgers does not show opening balances for the balance sheet items for any specific period.

**Reply of the Management:**

Firstly, BLDCL acknowledge its failure that the management could not comply with all the observation issued last year and same has been repeated this year. It does not mean that BLDCL is not serious about the issues but the management lacks the technical knowhow about the system and to act accordingly on the issues. We have around 12 modules in the system and all are in use for different purpose configured as per the requirement of business activity of the company and all these modules are integrated with accounts for reporting.

BLDCL has been availing the services of TTPL continuously although the company has not paid the AMC cost for last one year. Moreso, the company could clear the initial payment for the development and implementation of ERP only after one year through the financial support from MoF.

The Management of BLDCL is continuously trying to improving the ERP system to make it more user friendly in close consultation with the developer and rectify the errors in the modules where ever possible. However, we still have more to improve in the system as per the observations and also to educate the users.

Likewise, for observation 'g' & 'k' has been rectified over the period and 'j' is under the process for improvement. Moreover, the management has also observed that since BLDCL lacks technical person to handle the technical quarries of the system, non-technical personals have much difficulty to understand the flaws. On this BLDCL tried to hire one ICT officer but the turn out for the post was very low and the management is in the process to recruit one who can handle the ERP system and could also configure the system.

**Further comments by Auditor:**

Proper configuration and training is required for more productive use of the ERP system in the future.



**Mookherjee Biswas & Pathak**

**Who is accountable?**

Direct Accountability	Name: Karma Lhamo, CID: 11704000520 Designation: Procurement Officer Email: <a href="mailto:procurementbldcl@gmail.com">procurementbldcl@gmail.com</a>
	Name: Dorji Khandu CID: 10711000869 Designation: Offg; Director
	Name: Suraj Ghalley CID: 11301000181 Designation: Chief Finance Officer Email: <a href="mailto:sghalleybldcl@gmail.com">sghalleybldcl@gmail.com</a> .

**12. SUNDRY DEBTORS (AIMS No. 3.3.7)**

12.1 The following debtors' ledgers are showing credit balances as on 31-12-2023:

Customer	Closing Balance (Cr.) (Nu.)
Purna Maya Subba ID11313000S01	(18,048.00)
Basant Rai ID1131100261	(90,970.00)
Gaselo PS	(19,746.00)
OSEL HOTEL	(11,000.00)
Thimnyul LSS	(14,100.00)
Drugyel HSS	(81,762.90)
Dangchu PS	(14,165.12)
Khomshar PS	(23,245.60)



Customer	Closing Balance (Cr.) (Nu.)
Dessup Club House	(174,003.50)
Chercho, Karma Feed Director	(32,928.00)
Taw Tshering	(22,680.00)
Nim Dem General Shop	(15,000.00)
Sonam General Shop	(17,500.00)
Anan General Shop	(15,090.00)
Lama Bakery	(37,500.00)
Sonam Gallay Freezer	(46,000.00)
<b>Total</b>	<b>(633,739.12)</b>

**Reply of the Management:**

**SUNDRY DEBTORS**

SL. No	Name of Customer	Sales Invoice	Payment Invoice	Amount (Nu)	Reference No
1	Taw Tshering	SI2212120003	PE202201139	22,680	178372
			PE202201119	22,680	178372
2	Nim Dem General Shop	SI23050400008	PE202300789	2500	1187240
			PE202300207	2500	1187240
			PE202300246	15000	131047
3	Sonam General Shop		PE202300238	17500	Cash
4	Anan General shop		PE202300253	15090	Cash
5	Lama Bakery		PE202300247	37500	154441
			PE202302420	45500	32502277423
6	Sonam Gallay Freezer	SI23091900033	PE202302600	46000	1848429
			PE2023042	500	32502277423



Particular to the memo no.10, the creator has created the sales invoice but created double payment entry like, Taw Tshering; "SI2212120003", PE202201139, PE202201119, holding same reference number and amount.

1	Taw Tshering	SI2212120003	PE202201139	22,680	178372
			PE202201119	22,680	178372

Similarly, the supplier "Nim Dem General Shop" we have created double payment entry against one sales invoice and same reference number. Moreover, some transactions were entered without any sales invoice like, "PE202300207"

2	Nim Dem General Shop	SI23050400008	PE202300789	2500	1187240
			PE202300207	2500	1187240
			PE202300246	15000	131047

Moreover, transactions related to Sonam General Shop, Anan General shop, and Lama Bakery, there is no sales invoice but payment entry was entered in the system.

3	Sonam General Shop	PE202300238	17500	Cash
4	Anan General shop	PE202300253	15090	Cash
5	Lama Bakery	PE202300247	37500	154441

Regarding Sonam Gallay Freezer, we have created double payment entry and had not linked with sales invoice, and the owner had made excess payment of Nu.500/-, against following details; where I have marked red one as double entry and for sky blue it is an excess payment by Nu.500/- and in total it was generated at Nu.46000(45500+500).

6	Sonam Gallay Freezer	SI23091900033	PE202302420	45500	32502277423
			PE202302600	46000	1848429
			PE2023042	500	32502277423



Gaselo PS	(19,746.00)
Thumyu LSS	(14,100.00)
Drugyel HSS	(81,762.90)
Dangchu PS	(14,165.12)
Khomshar PS	(23,245.60)

The above transactions are related to schools' supplies. Since the focal left from the office, it is difficult to ascertain the true history of those transaction. However, the management have tried to review those transactions and found that there is no proper linkage in the transactions which we will rectify upon due consent.

Chencho, Karma Feed Director	(32,928.00)
------------------------------	-------------

Justification: The amount has been credited but did not punch the sales invoice, only payment entry has done, "PE202300580", against reference number '133611'.

Dessup Club House	(174,003.50)
-------------------	--------------

Justification: for this customer we have created double sales invoice, that is, "SI23072400003" which was supposed to be linked with the payment entry, "PE202301889" but it does not happen as required."

Purna Maya Subba ID11313000801	(18,048.00)
Basant Rai ID1131100261	(90,970.00)

Justification:

When the data was migrated to ERP system, it was observed that the previous focal of contact Farmer has failed to provide proper documents with proper reconciliation to finance unit. As such, the current carrying credit balance against these two contract farmers is stated wrongly. Thus, the unit shall process for write-off upon seeking approval from the management to rectify the transaction.



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**Further comments by Auditor:**

Proper reconciliation should be done and adjustment made accordingly.

**Who is accountable?**

Direct Accountability	Name: Lok Nath CID: 11206005175 Designation: Marketing Assistant Email: loknathimsina@yahoo.com.
	Name: Mon Bdr Rai CID: 10309000907 Designation: Marketing Assistant Email: mrchamlingrai123@gmail.com.
	Name: Pema Jamtsho CID: 11106002913 Designation: Marketing Assistant Email: jpema992@gmail.com
	Name: Kinthu Zangmo CID: 11107000066 Designation: Liaison Officer Email: utrukzam0S@gamil.com.
	Name: Karma Choden CID: 11514004124 Designation: Account Assistant Email: chodenk352@gamil.com.



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Supervisory Accountability	Name: Pema Khandu Designation: Sales and Marketing Manger CID: 11511002438 Email: pemakhanduthai@gmail.com.
----------------------------	--

**12.2 NO RECOVERY MADE FROM DEBTORS (AIMS No. 3.3.7))**

In the following cases, it is observed that the balances are lying unadjusted since opening. The management needs to go through the ledgers to identify whether they are reflecting the correct balances or not and whether it is recoverable or not.

Customer	Opening Balance	Closing Balance
Salary Advance-Dawa Lhendup 201707055	2,000.00	2,000.00
Purna Bdr. Rai 11306000611	106,561.00	106,561.00
Dhan Singh Tamang(CF0066)	457,524.00	457,524.00
Prakash Chettri(CF0044)	193,117.40	193,117.40
K.B Pradhan CID: 1060S004539	464,100.00	464,100.00
Ranjit Tamang(CF0078)	421,374.40	421,374.40
Lhakpa Dorji Waiba CID 1030S003777	186,208.00	186,208.00
Gopi Maya Rai ID1131300134	130.00	130.00
Passang Dorji Moktan(CF0057)	2,195,301.60	2,195,301.60
Moru Bdr Rai-CID	38,000.00	38,000.00
Salary Advance-Chencho Wangmo 202101226	10,000.00	10,000.00
Sunil Rai 11204005122	79,025.00	79,025.00
Durga Singh(CF0034)	87,575.00	87,575.00
Tenzin Gyeltshen- CID 10802001433	433,770.00	433,770.00
Pema Chodent(CF0027)	1,198,880.00	1,198,880.00
Dil Bdr Darjee(CF0070)	228,586.00	228,586.00
Ran Bir Riaka(CF0011)	658,562.00	658,562.00

Customer	Opening Balance	Closing Balance
Chinta Maru Karki-CID10205003555	(200.00)	(200.00)
Leki Bidha, Punakha	8,000.00	8,000.00
Radhika Darjee(CF0059)	918,239.90	918,239.90
Ram Bdr. Darjee CID10303000351	8,895.00	8,895.00
Purna Maya Subba ID11313000801	(18,048.00)	(18,048.00)
Hasta Bdr. Jimba CID 10308002388	40,263.00	40,263.00
Sonam Tobgay(CF0028)	762,540.00	762,540.00
Salary Advance-Sonam Wangdi 201809145	(810.00)	(810.00)
Bhadur Rai(CF0056)	3,112,493.00	3,112,493.00
Pema Duba (CF0025)	217,684.00	217,684.00
Prakash Biswa(CF0062)	212,129.00	212,129.00
Wangchuk(CF0029)	840,910.00	840,910.00
Sonam Tshering (CF0031)	761,970.00	761,970.00
LEKO	8,724.80	8,724.80
Dorji Gyeltshen CID 11203002101	20.00	20.00
Mon Bdr Ghallay (CF0007)	163,080.00	163,080.00
Dawa Dema SHFP Supplier	56,316.00	56,316.00
Dhan Maya Chettri (CF0001)	278,149.50	278,149.50
Lila Bdr Bhujel(CF0053)	879,796.00	879,796.00
Mani Bdr (CF0043)	38,000.00	38,000.00
Tej Bdr Raika(CF0003)	321,425.00	321,425.00
Bikash Mongar(CF0005)	209,750.00	209,750.00
Tshering Wangchuk (CF0021)	902,887.60	902,887.60
Yeshi Chodent(CF0052)	234,448.80	234,448.80
Bir Bdr. Rai CID 10306001435	79,200.00	79,200.00
Rinchen Dorji ID 12006001613 (Poultry)	1,206,114.00	1,206,114.00
Basant Rai ID1131100261	(90,970.00)	(90,970.00)
Lhakpa Tenzin Sherpa(CF0039)	295,983.00	295,983.00

Customer	Opening Balance	Closing Balance
Sonam Dorji(CF0026)	1,037,630.00	1,037,630.00
Papu Waiba(CF0060)	908,233.50	908,233.50
Work Advance - Kinley Wangchuk 201801009	1,973.12	1,973.12
Deepa Dolma Tamang	205,198.80	205,198.80
Ganga Prasad Gurung(CF0061)	947,085.60	947,085.60
Rinchen Dorji CID 12006001613 (Piggery)	266,560.00	266,560.00
Mandoj Limbu (CF0042)	505,798.20	505,798.20
Padam Lal Rai ID11307000748	189,100.00	189,100.00
Mehar Man Mongar-CID 30205000003 Broiler	30,483.00	30,483.00
Thakur Prasad Homagain CID 11305002588	367,500.00	367,500.00
K.B. Subba ID 11313000798	100,002.00	100,002.00
Zangtherpo PS	(510.00)	(510.00)
Sibjam	(4,275.00)	(4,275.00)
Bayta PS	( 0.24)	( 0.24)
Lobesa Outlet	22,573.10	22,573.10
Bhai Bakery	3,780.00	3,780.00
Lharey Shop	(5,670.00)	(5,670.00)
Jigme Tshewang	9,800.00	9,800.00
Mon Maya Shop	14,000.00	14,000.00
Indra Maya Ghalley (CF0080)	770,000.00	770,000.00
Taw Tshering	(22,680.00)	(22,680.00)

**Reply of the Management:**

The management would like to acknowledge on the above lapses. Most of them are receivable from the contract farmers for which we have already provided adequate response against the observation no. 3. The other category of sundry debtor are employees who initially took advance and later resigned from the company. As such, this can be recovered from their post service benefits which is still due.

**Further comments by Auditor:**

Proper reconciliation should be done and adjustment made accordingly.

**Who is accountable?**

Direct Accountability	
	<p>Name: Tenday, CID: 11606003543 Designation: Enterprise Development Officer Email: <a href="mailto:tendreal195@gmail.com">tendreal195@gmail.com</a></p> <p>Bhagawath Dhakal, CID: 11108000454 Designation: Enterprise Development Officer Email: <a href="mailto:bhagawathdhakal@gmail.com">bhagawathdhakal@gmail.com</a></p> <p>Name: Kintu Zangmo CID: 11107000066 Designation: Liaison Officer Email: <a href="mailto:utrizan08@gmail.com">utrizan08@gmail.com</a></p> <p>Name: Ugyen Dorji CID: 10101003315 Designation: sales and Dealership Email: <a href="mailto:ugyenbdcl@gmail.com">ugyenbdcl@gmail.com</a></p> <p>Name: Pema Khandu CID: 11511002438 Designation: sales and Marketing Manager Email: <a href="mailto:pemakhanduthai@gmail.com">pemakhanduthai@gmail.com</a></p>





	Name: Kinzang Namgay CID: 10101001540 Designation: IT Officer Email:
Supervisory Accountability	Name: Dophu Dukpa Designation: Chief Executive Officer CID: 11411001705 Email: ceobldcl24@gmail.com.

13. **DRAFT ENTRIES LYING UNADJUSTED (AIMS No. 3.3.34)**


In many cases it was observed that certain entries were kept in draft and not submitted in the ERPNext system. Hence, those entries were not posted in the books of account, resulting in incorrect representation of the financial statements. For details refer the files attached herewith.

Refer Annexure - 3 for 'Draft journal entries' 

Refer Annexure - 4 for 'Draft payment entries' 

Refer Annexure - 5 for 'Draft purchase invoices' 



Refer Annexure - 6 for 'Draft sales invoices' 

Refer Annexure - 7 for 'Draft stock entries' 

**Reply of the Management:**

The management agrees to initiate to regularize the draft stage transaction when the accounts is unfrozen but upon through review of the transaction which may affect the former year accounts.

**Further Comments of auditor:**

The management should properly check and pass the required entries in next financial year.

For Mookherjee Biswas & Pathak  
Chartered Accountants  
FRN : 301138E

  
(A Chatterjee)  
Partner  
Membership No. 069124  
UDIN: 24069124BKAHEB7634



Place: Kolkata  
Date: 08-05-2024

**Mookherjee Biswas & Pathak**  
Chartered Accountants

Accountability Statement

Name of the Agency: Bhutan Livestock Development Corporation Limited

Period Audited: For the year ended 31<sup>st</sup> December, 2023

Memo No.	Observation in brief	Amount Involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
1.1	It was observed that the opening balances as at 1 <sup>st</sup> January, 2023 does not match with the closing balances as per the signed audited financial statements (FS) for the year ended 31 <sup>st</sup> December, 2022	Net difference of Nu. 6.43 million	Name: Mori Bdr Rai Designation: Store Incharge.	CID: 10309000907 Email: murchamlingrai123@gmail.com	Name: Dophu Dukpa Designation: Chief Executive Officer	CID: 11411001705 Email: ceobldcl24@gmail.com.
			Name: Pema Khandu. Designation: Sales and Marketing Manager	CID: 11511002438 Email: pemakhanduthai@gmail.com.		
			Name: Dal Bdr Misra. Designation: AGM(Sarbitang/LP VAD)	CID: 10305000631 Email: dalmishra@gmail.com.		
			Name: Ganga Ram Kharel. Designation: poultry Manager	CID: 11808001615 Email: kharelganga500@gmail.com.		

5 & 6, Fancy Lane, Kolkata – 700001

Phone : 033 2248 0080, 2248 1733, 4602 0635 Website : www.mbpkol.com E-mail : mbpkol@gmail.com



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Memo No.	Observation in brief	Amount Involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Name: Sangay Norbu. Designation: Fishery Manager (Haa)	CID: 11106004022 Email: sangayncwfc@gmail.com.		
			Name: Dupthop Tshewang. Designation: AGM(Relangthang)	CID: 11512005153 Email: dupthotsgewang@gmail.com.		
			Name: kinzang Tshering. Designation: Assistant Manager	CID: 10906000240 Email: kinzangbldcl@gmail.com.		
			Name: Dal Bdr. Designation: Dairy Manager (Samarang)	CID: 11216003587 Email: deebec17789339@gmail.com.		
1.2	BANK BALANCES UNRECONCILED		Name: Yeshi Dema Designation: sales Executive	CID: 11107002958 Email: yeshidema2017@gmail.com	Name: Pema Khandu, Designation: Sales and marketing Manager	CID: 11511002438 Email: Pemakhanduthai@gmail.com.
			Name: Phurpa Lhamo. Designation: sales Executive	CID: 11604001917		



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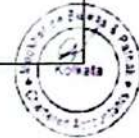
Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Name: Ash Bdr Gurung. Designation: sales Executive	CID: 11109004355		
			Name: Dawa choden. Designation: sales Executive	CID: 10202000372 Email: <a href="mailto:chodendawa353@gmail.com">chodendawa353@gmail.com</a>		
			Name: Dema Tshering Lepcha. Designation: sales Executive	CID: 11205000528 Email: <a href="mailto:deringmalepacha@gmail.com">deringmalepacha@gmail.com</a>		
			Name: Tshering Choden. Designation: sales Executive	CID: 10605002570 Email: <a href="mailto:tsheringchoden793@gmail.com">tsheringchoden793@gmail.com</a>		
			Name: Tandin Wangmo. Designation: sales Executive	CID: 10713000560 Email: <a href="mailto:tandinw4766@gmail.com">tandinw4766@gmail.com</a>		
			Name: Phul Maya. Designation: sales Executive	CID: 11311002613		
			Name: Krishna	CID: 11209001491		



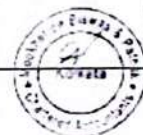
Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Prasad Monger Designation: sales Executive			
			Name: Tandin Thinley Designation: sales Executive	CID: 10911000142		
			Name: Kinthu Zangmo Designation: Liaison Officer	CID: 11107000066 Email: <a href="mailto:utrikzam08@gmail.com">utrikzam08@gmail.com</a>		
1.3	NON-EXISTENCE OF PHYSICAL CASH BALANCE	3,701,683	Name: Yeshi Dema Designation: sales Executive	CID: 11107002958 Email: <a href="mailto:yeshidema2017@gmail.com">yeshidema2017@gmail.com</a>	Name: Pema Khandu, Designation: Sales and marketing Manager	CID: 11511002438 Email: <a href="mailto:Pemakhanduthai@gmail.com">Pemakhanduthai@gmail.com</a>
			Name: Phurpa Lhamo. Designation: sales Executive	CID: 11604001917		
			Name: Ash Bdr Gurung. Designation: sales Executive	CID: 11109004355		
			Name: Dawa choden.	CID: 10202000372		



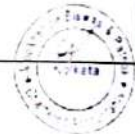
Memo No.	Observation in brief	Amount Involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Designation: sales Executive	Email: <a href="mailto:chodendawa555@gmail.com">chodendawa555@gmail.com</a>		
			Name: Dema Tshering Lepcha. Designation: sales Executive	CID: 11205000528 Email: <a href="mailto:deringmalepacha@gmail.com">deringmalepacha@gmail.com</a>		
			Name: Tshering Choden. Designation: sales Executive	CID: 10605002570 Email: <a href="mailto:tsheringchoden793@gmail.com">tsheringchoden793@gmail.com</a>		
			Name: Tandin Wangmo. Designation: sales Executive	CID: 10713000560 Email: <a href="mailto:tandinw4766@gmail.com">tandinw4766@gmail.com</a>		
			Name: Phul Maya. Designation: sales Executive	CID:11311002613		
			Name: Krishna Prasad Monger Designation: sales Executive	CID:11209001491		
			Name: Tandin Thinley	CID: 10911000142		



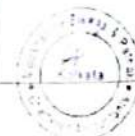
Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Designation: sales Executive			
			Name: Kinthu Zangmo Designation: Liaison Officer	CID:11107000066 Email: <a href="mailto:utruikzam08@gmail.com">utruikzam08@gmail.com</a>		
1.4	STOCK RECEIVED BUT NOT BILLED	Unascertainable	Name: Karma Lhamo. Designation: Procurement Officer	CID: 11704000520 Email: <a href="mailto:procurementbldcl@gmail.com">procurementbldcl@gmail.com</a>	Name: Dorji Khandu Designation: Offg Director	CID: 10711000869 Email: <a href="mailto:dorjikhandu201812169@gmail.com">dorjikhandu201812169@gmail.com</a> .
			Name: Dawa Choden. Designation: Sales Executive	CID: 10202000372 Email: <a href="mailto:chodendawa555@gmail.com">chodendawa555@gmail.com</a>	Name: Pema Khandu, Designation: Sales and Marketing Manager	CID: 11511002438 E-mail: <a href="mailto:Pemakhanduthai@gmail.com">Pemakhanduthai@gmail.com</a>
			Name: Tshering Choden. Designation: Sales Executive	CID: 10605002570 Email: <a href="mailto:tsheringchoden793@gmail.com">tsheringchoden793@gmail.com</a>	Name: Duptho Tshewang Designation: AGM(Relangthang)	CID: 11808001615 Email: <a href="mailto:dupthotsgewang@gmail.com">dupthotsgewang@gmail.com</a>
			Name: Kinthu Zangmo. Designation: Liaison Officer	CID: 11107000066 Email: <a href="mailto:utruikzam08@gmail.com">utruikzam08@gmail.com</a>		
			Name: Ganga Ram	CID: 11808001615		



Memo No.	Observation In brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Kharel, Designation:	Email:		
			Name: Tashi Norbu, Designation: Adm Assistant	CID: 11807000301 Email:		
			Name: Ugyen Dorji, Designation: Store Manager	CID: 11512005133 Email: ugyenbldcl@gmail.com		
			Name: Chimi Wangmo Designation: Sales Executive	CID: 11514001526 Email: chimiwangmo143@gmail.com		
			Name: Tashi Zangmo Designation: Sales Executive	CID: 11503004346 Email:		
			Name: Bhagawath Dhakal Designation: Enterprise Development Officer	CID: 11105001120 Email: bhagawathdhakal@gmail.com		
			Name: Tenday Designation: Enterprise Development Officer	CID: 11606003543 Email: tendreal95@gmail.com		



Memo No.	Observation In brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Name: Yeshi Wangchuk Designation: Finance Officer	CID:10716001425 Email: yeswang.3896@gmail.com		
			Name: Tandin Thinley Designation: Sales Executive	CID:10911000142 Email:		
			Name: Cheta Maya Dungyel Designation: sales Executive	CID: 11108000472 Email: cdungyel@gamil.com		
			Name: Lok Nath Timsina Designation: Marketing Assistant	CID: 11206005175 Email: loknathtimsina@yahoo.com		
			Name: Mon Bdr Rai Designation: Marketing Assistant	CID:10309000907 Email: mrchamlingrai1213@gmail.com		
			Name: sonam Choden Designation: Sales Executive	CID: 11602002010 Email: yesochoden922@gmail.com		



Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Name: Yeshi Dema Designation: Sales Executive	CID: 11107002958 Email: yeshidema2017@gamil.com.		
1.5	MISMATCH IN ACCUMULATED DEPRECIATION, GROSS BLOCK AND DEPRECIATION		Name: Karma Lhamo Designation: Procurement Officer	CID: 11704000520 Email: procurementbidcl@gmail.com	Name: Dophu Dukpa Designation: Chief Executive Officer	CID: 11411001705 E-mail: ceobidcl24@gmail.com.
			Name: Suraj Ghalley Designation: Chief Finance Officer	CID: 11301000181 Email: sghalleybidcl@gmail.com.		
			Name Dorji Khandu Designation: Finance Officer	CID: 0716001425 Email: yeswang.3369@gmail.com		
1.6	INVENTORY UNRECONCILED		Name: Birendra Dhakal Designation: Piggery Manger	CID: 11206002700 Email: briendadhakal983@gmail.com.	Name: Dophu Dukpa Designation: Chief Executive Officer	CID: 11411001705 Email: ceobidcl24@gmail.com.
			Name: Pema Khandu, Designation: Sales and Marketing Manager	CID: 11511002438 Email: pemakhanduthai@gmail.com		
			Name: Ganga Ram Kharel, Designation: Fishery	CID: 11808001615 Email: kharelgangaS00@gmail.com		



Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			and Poultry manager	il.com		
			Name: Dal Bdr Misra, Designation: AGM(Serbithang/LP VAD)	CID: 10305000631 Email: Dlamisrmbidcl@gmail.com		
			Name: Kinzang Tshering, Designation: Asst. Manager	CID: 10906000240 Email: kinzangbidcl@gmail.com.		
			Name: Bumpa Lhamo, Designation: Formal HRO	CID: 10705000997 Email: bumaxlhamo509@gmail.com		
			Name: Jamyang Dukpa, Designation: Formal Internal Audit.	CID: 11106004255 Email: jamyangdukpa17948254@gmail.com.		
			Name: Karma Lhamo. Designation: Procurement Officer	CID: 11704000520 Email: procurementbidcl@gmail.com.		



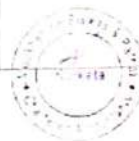
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Memo No.	Observation in brief	Amount Involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
1.7	MISMATCH IN SALES		Name: Pema Lhaden Designation: Cashier	CID: 10703000857 Email: pemalhaden573@gmail.com	Name: Dophu Dukpa Designation: Chief Executive Officer	CID: 11411001705 Email: ceobldcl24@gmail.com
			Name: Yeshi Wangchuk Designation: Finance Officer	CID: 10716001425 Email: yeswang3369@gmail.com		
			Name: Suraj Ghalley Designation: Chief Finance Officer	CID: 11301000181 Email: sghalleybldcl@gmail.com		
1.8	LEGACY CLEARING ACCOUNT NOT PROPERLY RECONCILED (AIMS No. 3.3.7)		Name: Yeshi Wangchuk Designation: Finance Officer	CID: 10716001425 Email: yeswang3369@gmail.com	Name: Suraj Ghalley Designation: Chief Finance Officer	CID: 11301000151 Email: sghalleybldcl@gmail.com
2.1	INVENTORIES NOT VALUED AS PER BAS 2 AND PRODUCT-WISE COSTING NOT PROVIDED (AIMS NO. 2.1.22)		Name: Dawa Choden, Designation: Sales Executive	CID: 10202000372 Email: chodendawa555@gmail.com	Name: Dophu Dukpa Designation: Chief Executive Officer	CID: 11411001705 Email: ceobldcl24@gmail.com



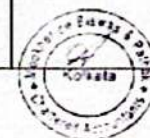
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Memo No.	Observation in brief	Amount Involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Name: Tshering Choden, Designation: Sales Executive	CID: 10605002570 Email: tsheringchoden793@gmail.com		
			Name: Chimi Wangmo Designation: Sales Executive	CID: 11514001526 Email: chimiwangmo143@gmail.com		
			Name: Tandin Thinley Designation: Sales Executive	CID: 10911000142 Email:		
			Name: Tandin Wangmo, Designation: Sales Executive	CID: 10713000560 Email: tandinw4766@gmail.com		
			Name: Dema Tshering Lepcha, Designation: Sales Executive	CID: 11205000528 Email: deringmalepacha@gmail.com		
			Name: kinzang Tshering Designation: Asst Manager	CID: 10906000240 Email: kinzangbldcl@gmail.com		

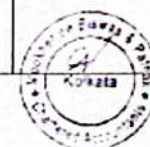


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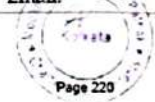
Memo No.	Observation in brief	Amount Involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Name: Krishna Prasad Monger Designation: Sales Executive	CID: 11209001491 Email:		
			Name: Tshering Palden Designation: Sales executive	CID: 10802000048 Email:		
			Name: Lok Nath Timsina Designation: Marketing Assistant	CID: 11206005175 Email: loknathtimsina@yahoo.com.		
			Name: Mon Bdr Rai Designation: Marketing Assistant	CID: 10309000907 Email: <a href="mailto:mrchamlingrai1213@gmail.com">mrchamlingrai1213@gmail.com</a>		
			Name: Pema Jamtsho Designation: Marketing Assistant	CID: 11106002913 Email: <a href="mailto:jpema992@gmail.com">jpema992@gmail.com</a>		
			Name: Ugyen Dorji Designation: Sales and Dealership manager	CID: 10101003315 Email: <a href="mailto:ugyenbldcl@gmail.com">ugyenbldcl@gmail.com</a>		



Memo No.	Observation in brief	Amount Involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
2.2	INVENTORY LEDGERS SHOWING NEGATIVE BALANCES		Name: Cheki Dema Designation: Sales Executive	CID: 11107000630 Email: <a href="mailto:chekidema19@gmail.com">chekidema19@gmail.com</a>	Name: Pema Khandu. Designation: Sales and Marketing Manager	CID: 11511002438 Email: <a href="mailto:pemakhanduthai@gmail.com">pemakhanduthai@gmail.com</a>
			Name: Phurpa lham. Designation: Sales Executive	CID: 11604001917 Email:	Name: Ugyen Dorji Designation: Sales and Dealership manager	CID: 10101003315 Email: <a href="mailto:ugyenbldcl@gmail.com">ugyenbldcl@gmail.com</a>
			Name: Ash Bdr Gurung Designation: Sales Executive	CID: 11109004355 Email:		
			Name: Chimi Wangmo Designation: Sales Executive	CID: 11514001526 Email: <a href="mailto:chimiwangmo143@gmail.com">chimiwangmo143@gmail.com</a>		
3	LIABILITIES NOT RECOGNIZED IN BOOKS OF ACCOUNT		Name: Tenday, Designation: Enterprise Development Officer	CID: 11606003543 Email: <a href="mailto:tendreal195@gmail.com">tendreal195@gmail.com</a>	Name: Jigme Wangchuk Designation: Former Chief Executive Officer	CID: 11105000380 E-mail: <a href="mailto:ceobldcl@gmail.com">ceobldcl@gmail.com</a>
			Name: Bhagawath Dhakal, Designation: Enterprise Developm	CID: 11108000454 Email: <a href="mailto:bhagawathdhakal@gmail.com">bhagawathdhakal@gmail.com</a>		



Memo No.	Observation in brief	Amount Involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Name: Pema Khandu Designation: Finance Officer	CID: 11511002438 Email: <a href="mailto:pemakhanduthai@gmail.com">pemakhanduthai@gmail.com</a>		
			Name: Kinzang Namgay. Designation:	CID: 10101001840 Email: <a href="mailto:kinzangnam2008@gmail.com">kinzangnam2008@gmail.com</a>		
4	BALANCE DUE WITH CONTRACT FARMERS		Name: Yeshi Wangchuk Designation: Finance Officer	CID: 10716001425 E-mail: <a href="mailto:yeswang.8369@gmail.com">yeswang.8369@gmail.com</a>	Name: Suraj Ghalley Designation: Chief Finance Officer	CID: 11301000181 Email: <a href="mailto:sghalleybldcl@gmail.com">sghalleybldcl@gmail.com</a>
			Name: Pema Lhaden, Designation: Cashier	CID: 10703000857 E-mail: <a href="mailto:pemalhaden573@gmail.com">pemalhaden573@gmail.com</a>		
			Name: Karma Choden Designation: Account Assistant	CID: 11514004124 E-mail: <a href="mailto:kchoden53@gmail.com">kchoden53@gmail.com</a>		
5	STATUTORY DUES UNPAID		Name: Yeshi Wangchuk Designation: Finance Officer	CID: 10716001425 E-mail: <a href="mailto:yeswang.8369@gmail.com">yeswang.8369@gmail.com</a>	Name: Suraj Ghalley Designation: Chief Finance Officer	CID: 11301000181 Email: <a href="mailto:sghalleybldcl@gmail.com">sghalleybldcl@gmail.com</a>
			Name: Pema Lhaden.	CID: 10703000857 E-mail:	For observation no. 4 & 5	CID: 11107000066 Email:



Memo No.	Observation in brief	Amount Involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Designation: Cashier	<a href="mailto:pemalhaden573@gmail.com">pemalhaden573@gmail.com</a>	Name: Kintu Zangmo Designation: Logistic Officer	<a href="mailto:utrukzam05@gmail.com">utrukzam05@gmail.com</a>
			Name: Karma Choden Designation: Account Assistant	CID: 11514004124 E-mail: <a href="mailto:kchoden53@gmail.com">kchoden53@gmail.com</a>		
6	'WALK CUSTOMER' LEDGER IN		Name: Dawa Choden, Designation: Sales Executive	CID: 10202000372 Email: <a href="mailto:chodendawa555@gmail.com">chodendawa555@gmail.com</a>	Name: Pema Khandu Designation: Sales and Marketing manager	CID: 11511002438 Email: <a href="mailto:pemakhanduthai@gmail.com">pemakhanduthai@gmail.com</a>
			Name: Tshering Choden, Designation: Sales Executive	CID: 10605002570 Email: <a href="mailto:tsheringchoden793@gmail.com">tsheringchoden793@gmail.com</a>	Name: Dal Bhadur Misra Designation: AGM(Sarbiithang/LPVAD)	CID: 10305000631 Email: <a href="mailto:dalmishra@gmail.com">dalmishra@gmail.com</a>
			Name: Chimi Wangmo Designation: Sales Executive	CID: 11514001526 Email: <a href="mailto:chimiwangmo143@gmail.com">chimiwangmo143@gmail.com</a>	Name: Dal Bahadur Designation: Manager	CID: 11216003587 Email: <a href="mailto:deeb17759339">deeb17759339</a>
			Name: Tandin Thinley Designation: Sales Executive	CID: 10911000142 Email:		
			Name: Cheta Maya	CID: 11108000472		

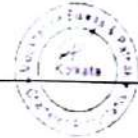
Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Dungyel Designation: sales Executive	Email: <a href="mailto:cdungyel@gmail.com">cdungyel@gmail.com</a>		
			Name: sonam Choden Designation: Sales Executive	CID: 11602002010 Email: yesochoden922@gmail.com		
			Name: Yeshi Dema Designation: Sales Executive	CID: 11107002958 Email: yeshidema2017@gamil.com.		
			Name: Tandin Wangmo. Designation: Sales Executive	CID: 10713000560 Email: tandinw4766@gmail.com		
			Name: phurpa lham. Designation: Sales Executive	CID: 11604001917 Email:		
			Name: Ash Bdr Gurung Designation: Sales Executive	CID: 11109004355 Email:		
			Name: cheki Dema Designation: Sales	CID: 11107000630 Email: chekidema19@gmail.com		



Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Executive	gamil.com		
			Name: Dema Tshering Lepcha, Designation: Sales Executive	CID: 11205000528 Email: <a href="mailto:deringmalepacha@gmail.com">deringmalepacha@gmail.com</a>		
			Name: kinzang Tshering Designation: Asst Manager	CID: 10906000240 Email: kinzangbldcl@gmail.com		
			Name: Krishna Prasad Monger Designation: Sales Executive	CID: 11209001491 Email:		
7	IRREGULARITIES IN INCOME FROM ASSET DISPOSAL		Name: Pema Jamtsho Designation: Account Assistant	CID: 11106002913 Email: <a href="mailto:jpema992@gmail.com">jpema992@gmail.com</a>	Name: Dorji Khandu Designation: Offg: Director	CID: 10711000869 Email: <a href="mailto:dorjikhandu201812169@gmail.com">dorjikhandu201812169@gmail.com</a>
8	IRREGULARITIES IN SHORT TERM BORROWINGS		Name: Suraj Ghalley Designation: Chief Finance Officer	CID: 11301000181 Email: <a href="mailto:sghalleybldcl@gmail.com">sghalleybldcl@gmail.com</a>	Name: Dophu Dukpa Designation: Chief Executive Officer	CID: 11411001705 Email: <a href="mailto:ceobldcl24@gmail.com">ceobldcl24@gmail.com</a>
			Yeshi Wangchuk Designation: Finance Officer	CID: 10716001425 Email: <a href="mailto:yeswang.S369@gmail.com">yeswang.S369@gmail.com</a>		



Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
9.1	SUPPLIERS' LEDGERS SHOWING DEBIT BALANCES		Name: Yeshi Wangchuk Designation: Finance Officer	CID: 10716001425 Email: yeswang.3369@gmail.com	Name: Suraj Ghalley Designation: Chief Finance Officer	CID: 11301000151 Email: sghalleybldcl@gmail.com
			Name: Pema Lhaden Designation: Cashier	CID: 10703000837 Email: pemalhaden573@gmail.com		
9.2	SUPPLIERS' LEDGERS WITH UNADJUSTED BALANCES FROM OPENING		Name: Bhagawath Dhakal Designation: Enterprise Development Officer	CID: 11105001120 Email: bhagawathdhakal@gmail.com	Name: Suraj Ghalley Designation: Chief Finance Officer	CID: 11301000151 Email: sghalleybldcl@gmail.com
			Name: Tenday Designation: Enterprise Development Officer	CID: 11606003543 Email: tendreal95@gmail.com		
			Name: Ugyen Dorji. Designation: Sales and Dealership Manager.	CID: 10101003315 Email: ugyenbldcl@gmail.com		
			Name: Karma Lhamo, Designation: Procurement Officer	CID: 11704000520 Email: procurementbldcl@gmail.com		



Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Name: Yeshi Wangchuk Designation: Finance Officer	CID: 10716001425 Email: yeswang.3369@gmail.com		
10	IRREGULARITIES IN BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE		Name: Ganga Ram Kharel Designation: Poultry and Fishery Manager	CID: 11808001615 Email: kharelganga00@yahoo.com	Name: Dophu Dukpa Designation: Chief Executive Officer	CID: 11411001705 Email: ceobldcl24@gmail.com
			Name: Dhal Bahadur Designation: Dairy Manager	CID: 11216003587 Email: deebee17789339@gmail.com		
			Name: Sangay Norbu. Designation: Fishery Manager	CID: 11106004022 Email: sangayncwfc@gmail.com		
11	ISSUES RELATING TO THE NEW ERP NEXT SYSTEM IMPLEMENTED BY THE COMPANY (AIMS NO. 3.3.5 AND 3.3.7)		Name: Karma Lhamo, Designation: Procurement Officer	CID: 11704000520 Email: procurementbldcl@gmail.com		
			Name: Dorji Khandu Designation: Offg; Director	CID: 10711000869		

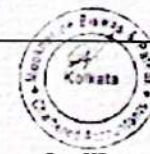


Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
			Name: Suraj Ghalley Designation: Chief Finance Officer	CID: 11301000181 Email: sghalleybldcl@gmail.com.		
12.1	Debtors' ledgers are showing credit balances as on 31-12-2023		Name: Lok Nath Designation: Marketing Assistant	CID: 11206005175 Email: loknathimsina@yahoo.com.	Name: Pema Khandu Designation: Sales and Marketing Manger	CID: 11511002438 Email: pemakhanduthai@gmail.com.
		Name: Mon Bdr Rai Designation: Marketing Assistant	CID: 10309000907 Email: murchamlingrai123@gmail.com.			
		Name: Pema Jamtsho Designation: Marketing Assiantant	CID: 11106002913 Email: jpema992@gmail.com			
		Name: Kinthu Zangmo Designation: Liaison Officer	CID: 11107000066 Email: utnikzam05@gamil.com.			
		Name: Karma Choden Designation: Account Assistant	CID: 11514004124 Email: chodenk352@gamil.com.			



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Memo No.	Observation in brief	Amount involved (Nu.)	Direct Accountability		Supervisory Accountability	
			Name & Designation	CID. No. & Email	Name & Designation	CID. No. & Email
12.2	NO RECOVERY MADE FROM DEBTORS		Name: Tenday, Designation: Enterprise Development Officer	CID: 11606003543 Email: tendreal195@gmail.com	Name: Dophu Dukpa Designation: Chief Executive Officer	CID: 11411001705 Email: ceobldcl24@gmail.com.
		Bhagawath Dhakal, Designation: Enterprise Development Officer	CID: 11108000454 Email: bhagawathdhakal@gmail.com			
		Name: Kintu Zangmo Designation: Liaison Officer	CID: 11107000066 Email: utnizan08@gmail.com			
		Name: Ugyen Dorji Designation: sales and Dearlership	CID: 10101003315 Email: ugyenbldcl@gmail.com			
		Name: Pema Khandu Designation: sales and Marketing Manager	CID: 11511002438 Email: pemakhanduthai@gmail.com			
		Name: Kinzang Namgay Designation: IT Officer	CID: 10101001840 Email:			



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**Mookherjee Biswas & Pathak**  
Chartered Accountants

**BHUTAN LIVESTOCK DEVELOPMENT CORPORATION LIMITED**

**MANAGEMENT APPRAISAL REPORT**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

The Company implemented new ERPNext system w.e.f. 1<sup>st</sup> July, 2022, without proper training and testing. Therefore, the management faced a lot of difficulties this time for finalising the books of account in the year 2022. It is to be noted here that though the management tried their best, but still a lot of unresolved issues remained pending even in the year 2023.

This situation arose due to lack of sufficient and appropriate manpower in the finance section of the Company's management and also due to lack of proper training and understanding of the new ERP system.

For Mookherjee Biswas & Pathak  
Chartered Accountants  
FRN : 301138E


(A Chatterjee)  
Partner  
Membership No. 069124  
UDIN: 24069124EKAHEB7634

Place: Kolkata  
Date: 08-05-2024

5 & 6, Fancy Lane, Kolkata – 700001  
Phone : 033 2248 0080, 2248 1733, 4602 0635 Website : www.mbpkol.com E-mail : mbpkol@gmail.com

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

Summary of Follow-up Report for Statutory Audit for the year 2022 and prior years

Accounting Year	Total No. of recommendation provided/ pending for implementation	No. of recommendation implemented	Balance recommendations to be implemented
2022	10	2 + 5 (partially)	3
2021	3	2 (partially)	1
2019	5	3+1(partially)	1
2018	11	7+3(partially)	1



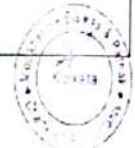
Branches at: • Bihar • Guwahati • Bhubaneswar

Detailed Follow-up Report for the year ended 31<sup>st</sup> December, 2022

Para No.	Observations in brief	Management's Current Response	Status of Compliance
1	<p><b>Unreconciled Item In Books Of Account (AIMS No. 3.3.5)</b></p> <p>It is to be noted that the books of account maintained by the Company in ERP Next System, implemented w.e.f. 1<sup>st</sup> July, 2022, does not reflect the correct figures.</p> <p>Irregularities observed are as follows:</p> <p><b>Legacy Clearing Account not properly reconciled - Nu. 21,875,898 Cr.</b></p> <p>The 'Legacy Clearing Account' ledger shows a balance of Nu. 40,919,704 Dr., after incorporating opening balances in ERP, out of which some amount has been wrongly adjusted with inventories, and the remaining balance is unreconciled. Therefore, a net difference of Nu. 21,875,898 Cr. has been adjusted shown under the following heads in the financial statements:</p> <ul style="list-style-type: none"> <li>&gt; Animal Development Cost - BLDCL</li> <li>&gt; Resale Product Cost - BLDCL</li> <li>&gt; Product packaging materials - BLDCL</li> <li>&gt; Value Additional Cost - BLDCL</li> </ul>	<p>Unreconciled Items in books of Accounts-Legacy clearing account:</p> <p>As per the directives of software developer the 'legacy clearing account' is used only for the opening balance which should be entered on 30th June or on 1st July 2022. However, there are subsequent entries after the mention date amounting to Nu. 38,948,858.89 (Credit). Actually these entries should be the opening balance equalizing with the deviation Debit balance mentioned in the observation.</p> <p>More so, under Tally system these inventories were directly identified as expenses and the inventory were identified crediting the expenses during the reporting period only. Thus, those inventories later identified in the ERP system were already booked under expenses under tally affecting the P/L account which has corresponding effects to Retain Earning. Thus the retained earnings should be decreasing instead of booking under other liabilities.</p>	<p>Not Implemented.</p> <p>Since there is no migration report and no proper reconciliation of the opening balances migrated, therefore, these differences have still not been identified.</p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance																																																																
2	<p><b>Amount written off due to shortage in quantity received on purchase (AIMS No. 3.3.21)</b></p> <p>While checking the purchase entries, it was observed that in certain cases, the actual quantity received, being different from the quantity ordered, the difference amount is debited to the 'Written Off' account. However, it is to be noted here that prior to the implementation of ERP Next system, the Company had a practice of deducting the amount for the change in the actual quantity received, while paying to the suppliers, but after implementation of ERP, the difference amount being reflected as 'written off', the entire amounts have been paid to the supplier.</p> <p style="text-align: center;"><b>Local Chicken (Item code: 200,000)</b></p> <p style="text-align: right;">(Amount in Nu.)</p> <table border="1"> <thead> <tr> <th>S. No.</th> <th>Supplier name</th> <th>Date</th> <th>Qty. ordered as per PO</th> <th>Actual Qty. received</th> <th>Rate as per PO</th> <th>Amount paid</th> <th>Excess paid</th> </tr> <tr> <th>A</th> <th>B</th> <th>C</th> <th>D</th> <th>E</th> <th>F</th> <th>G=D (x) F</th> <th>H=G-[E (x) F]</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Pradip Pradhan</td> <td>01-07-2022</td> <td>620.50 kgs</td> <td>606.10 kgs</td> <td>223</td> <td>139612.50</td> <td>3240</td> </tr> <tr> <td>2</td> <td>Yeshu Phuntzho</td> <td>04-07-2022</td> <td>909 kgs</td> <td>854.88 kgs</td> <td>223</td> <td>204523</td> <td>12177</td> </tr> <tr> <td>3</td> <td>Karma</td> <td>06-09-2022</td> <td>1031.35 kgs</td> <td>1003.9 kgs</td> <td>220</td> <td>226597</td> <td>4939</td> </tr> <tr> <td>4</td> <td>Mustafa Talley</td> <td>07-09-2022</td> <td>373.3 kgs</td> <td>568.9 kgs</td> <td>243</td> <td>140438.50</td> <td>1078</td> </tr> <tr> <td>5</td> <td>Pranai Pradhan</td> <td>13-09-2022</td> <td>1683.36 kgs</td> <td>1680.3 kgs</td> <td>243</td> <td>412423.20</td> <td>749.70</td> </tr> <tr> <td>6</td> <td>Ash Kumar Rai</td> <td>12-10-2022</td> <td>1068.20 kgs</td> <td>1031.60 kgs</td> <td>243</td> <td>261709</td> <td>5967</td> </tr> </tbody> </table>	S. No.	Supplier name	Date	Qty. ordered as per PO	Actual Qty. received	Rate as per PO	Amount paid	Excess paid	A	B	C	D	E	F	G=D (x) F	H=G-[E (x) F]	1	Pradip Pradhan	01-07-2022	620.50 kgs	606.10 kgs	223	139612.50	3240	2	Yeshu Phuntzho	04-07-2022	909 kgs	854.88 kgs	223	204523	12177	3	Karma	06-09-2022	1031.35 kgs	1003.9 kgs	220	226597	4939	4	Mustafa Talley	07-09-2022	373.3 kgs	568.9 kgs	243	140438.50	1078	5	Pranai Pradhan	13-09-2022	1683.36 kgs	1680.3 kgs	243	412423.20	749.70	6	Ash Kumar Rai	12-10-2022	1068.20 kgs	1031.60 kgs	243	261709	5967	<p>As the ERP system was new, the initiator was not aware of the auto back end calculation by the system. Hence, the error in weight for the payments occurred due to auto backend calculation. The transaction was initiated from the "Buying" module as they are treated as normal suppliers and not as contract farmers. For purchase order, the initiators were advised to enter Farm Gate weight and for purchase Receipt, the initiator entered the same farm gate weight while confirmer (at warehouse) confirmed with the received ex-factory weight. As per the manual transaction that the company followed earlier, the payment was done as per the ex-factory weight. As such, same transactions were supposed to be proceeded. However, the weight loss between farm gate and ex-factory by the system was included for the payment so the farm gate weight was considered for the payment due to system's auto calculation from the "Buying" module. Thus, the payment was in excess as per the transaction. Although it is recommended to recollect the excess repayment, it is unlikely to get the paid amount as they are non-contract farmers and also there is no provision in the system (ERP) to do the adjustments in case if they pay back some amount. As per the management's advice, the raw-materials were procured from non-contract farmers due to scarcity of raw-materials.</p> <p>As per the office order, the weight loss standard is between 5% to 8%, which shall be borne by the company and as per the experience, it was noticed that the weight loss stays between 5% to 8% at the maximum. Hence, the consignments received by BLDCL consider the weight of the farm gate price for the payment especially concerning with non-contract farmers. As stated above, sourcing from the non-contract farmers were done due to scarcity of raw materials and the loss in weight borne by the company is taken care in the selling price</p>	Partially implemented.
S. No.	Supplier name	Date	Qty. ordered as per PO	Actual Qty. received	Rate as per PO	Amount paid	Excess paid																																																												
A	B	C	D	E	F	G=D (x) F	H=G-[E (x) F]																																																												
1	Pradip Pradhan	01-07-2022	620.50 kgs	606.10 kgs	223	139612.50	3240																																																												
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3	Karma	06-09-2022	1031.35 kgs	1003.9 kgs	220	226597	4939																																																												
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Para No.	Observations in brief	Management's Current Response	Status of Compliance																																																																
	<p>Further, it is to be noted that another supply was taken from Pradip Pradhan on 04-11-2022, which was paid on 21-11-22 via cheque no. 7604S9 (Voucher no. PE202200991) amounting to Nu. 223293. No deduction was made from the above payment for the excess amount paid earlier as shown in serial no. 1 in the above table.</p> <p>Further, it is to be noted that another supply was taken from Karma on 07-11-2022, which was paid on 21-11-22 via cheque no. 7604S9 (Voucher no. PE202200992) amounting to Nu. 211719.20. No deduction was made from the above payment for the excess amount paid earlier as shown in serial no. 3 in the above table.</p> <p>Further, it is to be noted that another supply was taken from Mustafa Talley on 28-11-2022, which was paid on 09-01-23 via cheque no. 739750 (Voucher no. PE202300087) amounting to Nu. 388775. No deduction was made from the above payment for the excess amount paid earlier as shown in serial no. 4 in the above table.</p>	<p>and also to encourage the farmers to continue supplying the products to BLDCL.</p> <table border="1"> <thead> <tr> <th>S. N</th> <th>Supplier name</th> <th>Date</th> <th>Qty. ordered as per PO</th> <th>Actual Qty. received</th> <th>Rate as per PO</th> <th>Amount paid</th> <th>Weight loss (%)</th> </tr> <tr> <th>A</th> <th>B</th> <th>C</th> <th>D</th> <th>E</th> <th>F</th> <th>G=D (x) F</th> <th>H</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Pradip Pradhan</td> <td>01-07-2022</td> <td>620.50 kgs</td> <td>606.10 kgs</td> <td>223</td> <td>139612.50</td> <td>2.32%</td> </tr> <tr> <td>2</td> <td>Yeshu Phuntzho</td> <td>04-07-2022</td> <td>909 kgs</td> <td>854.88 kgs</td> <td>223</td> <td>204523</td> <td>5.93%</td> </tr> <tr> <td>3</td> <td>Karma</td> <td>06-09-2022</td> <td>1031.35 kgs</td> <td>1006.9 kgs</td> <td>220</td> <td>226597</td> <td>2.17%</td> </tr> <tr> <td>4</td> <td>Mustafa Talley</td> <td>07-09-2022</td> <td>373.3 kgs</td> <td>568.9 kgs</td> <td>243</td> <td>140438.50</td> <td>0.76%</td> </tr> <tr> <td>5</td> <td>Pranai Pradhan</td> <td>13-09-2022</td> <td>1683.36 kgs</td> <td>1680.3 kgs</td> <td>243</td> <td>412423.20</td> <td>0.18%</td> </tr> <tr> <td>6</td> <td>Ash Kumar Rai</td> <td>12-10-2022</td> <td>1068.20 kgs</td> <td>1031.60 kgs</td> <td>243</td> <td>261709</td> <td>3.42%</td> </tr> </tbody> </table>	S. N	Supplier name	Date	Qty. ordered as per PO	Actual Qty. received	Rate as per PO	Amount paid	Weight loss (%)	A	B	C	D	E	F	G=D (x) F	H	1	Pradip Pradhan	01-07-2022	620.50 kgs	606.10 kgs	223	139612.50	2.32%	2	Yeshu Phuntzho	04-07-2022	909 kgs	854.88 kgs	223	204523	5.93%	3	Karma	06-09-2022	1031.35 kgs	1006.9 kgs	220	226597	2.17%	4	Mustafa Talley	07-09-2022	373.3 kgs	568.9 kgs	243	140438.50	0.76%	5	Pranai Pradhan	13-09-2022	1683.36 kgs	1680.3 kgs	243	412423.20	0.18%	6	Ash Kumar Rai	12-10-2022	1068.20 kgs	1031.60 kgs	243	261709	3.42%	
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3	<p><b>Incorrect amount written off in ERP for damaged/spoil stock (AIMS No. 2.1.20)</b></p> <p>It was observed that in case of damaged/spoil stock, the amount written off in ERP in quite a lot of cases, differed than the actual amount to be written off as per the office orders provided to us. There has been a net excess value written off amounting to Nu. 1,637,241. Following is the unit-wise details for the office orders provided to us:</p> <p style="text-align: center;">(Amount in Nu.)</p> <table border="1"> <thead> <tr> <th>Units</th> <th>Written off value as per ERP</th> <th>Written off value as</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Units	Written off value as per ERP	Written off value as	Difference					<p>Majority of the employees in BLDCL were confronted with various issues in connection to ERP and inadvertent mistakes were committed. Therefore, the difference in write-off amount in the ERP versus the approved note-sheet had resulted due to automatic backend calculation within the system. Technically, the ERP should pull purchase price but ERP had dragged the selling price automatically. As such, this contributes to variance in write-off amount. However, we have made changes in the system in consultation with the system developer as desired.</p>	<p>Partially implemented.</p> <p>Auditor's comments: New ERP Next system implemented w.e.f. 1<sup>st</sup> July, 2022. Inventory details have been</p>																																																								
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Para No.	Observations in brief				Management's Current Response	Status of Compliance
			per Office memo			maintained in the ERP system. However, issues relating to it has been mentioned in our 'Management Report'.
	Babesa Lamwoog	25,557.49	16,084.02	9,473.47		
	Babesa Lamtag	31,872.66	32,818.13	(945.46)		
	Babesa Store	2,218,743.59	612,799.16	1,605,944.43		
	Changkhorlo	35,558.87	35,434.56	424.30		
	Jungshina	21,694.03	24,260.99	(2,566.96)		
	Lungtenphu	41,590.19	33,560.85	8,029.34		
	Norzin Lam	115,730.62	98,848.81	16,881.81		
	<b>Total</b>			<b>1,637,240.93</b>		
4	<b>Inventories valued at selling price (AIMS No. 2.1.22)</b> While going through the stock ledgers from the ERP system, in many cases it is observed that the closing balance of inventories are being valued at the selling price rate instead of the weighted average rate. This issue has arisen due to the wrong access control given to some persons where the rate of valuation can be changed. Therefore, the total value of inventories are overstated as on 31-12-2022 to that extent and is in violation to the requirement of BAS 2, which requires the valuation to be at 'Cost or NRV', whichever is lower.				The financial closing was done based on the selling price which was actually supposed to be done in the cost price of the products. This is because the ERP system was new in the company and most of the system users were not very much aware about it. Thus, from 2023 onwards the financial closing and the inventory will be reconciled as per the purchase price of the products.  In view of above, we had several bilateral discussions with the ERP developer and rectified based on our findings and such similar issues will be minimized henceforth.  Likewise, there is a huge difference in write-off for Babesa Store because Store-In charge has computed Unit of measurement as pieces instead of trays. As such, the system recognizes it only as a tray resulting in a huge difference in amount. However, we will rectify and minimize such errors.	Not Implemented.  <b>Auditor's comments:</b> New ERP Next system implemented w.e.f. 1 <sup>st</sup> July, 2022. Inventory details have been maintained in the ERP system. However, issues relating to it has been mentioned in



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Mookherjee Biswas & Pathak

Para No.	Observations in brief	Management's Current Response	Status of Compliance																									
	Following are an illustrative list for wrong valuation of stock of certain items of one unit (Amount in Nu.) <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Item</th> <th>Stock as on 31-12-22 (ERP)</th> <th>Cost price per item</th> <th>Selling price per item</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>Pork Frankfurter (450 gms)</td> <td>1</td> <td>291.52</td> <td>305</td> <td>13.48</td> </tr> <tr> <td>Pork mince (500 gms)</td> <td>3</td> <td>252.94</td> <td>290</td> <td>37.06</td> </tr> <tr> <td>Chicken Breast (1kg)</td> <td>3</td> <td>216.51</td> <td>440</td> <td>223.49</td> </tr> <tr> <td>Yaiksha Kam</td> <td>3</td> <td>1683.96</td> <td>1900</td> <td>216.04</td> </tr> </tbody> </table>	Item	Stock as on 31-12-22 (ERP)	Cost price per item	Selling price per item	Difference	Pork Frankfurter (450 gms)	1	291.52	305	13.48	Pork mince (500 gms)	3	252.94	290	37.06	Chicken Breast (1kg)	3	216.51	440	223.49	Yaiksha Kam	3	1683.96	1900	216.04		our 'Management Report'.
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5	<b>Difference in unit of measurement (UOM) in ERP &amp; physical stock (AIMS No. 3.3.7)</b>  The closing stock of inventories does not match with the physical verification reports and no adjustments are made for the differences. Further, in case of certain items of inventories, since the unit of measurement in ERP and physically are different, hence, there is mismatch at every point of time. For example: In case of Babesa Stores, stock of eggs as per physical verification as on 31-12-2022, is 535 Carton, which consists of 7 trays per carton, whereas, as per ERP, the closing stock, is 35 trays only. Following two illustrative transactions have been mentioned for highlighting the issue with the conversion of unit of measurement for trays and pieces.	We have found and realized that there was an error in the system when it comes to unit conversion from carton to tray. For instance, when we compute 70 cartons in the ERP system for recording, the system should convert it into 490 trays but this conversion is not happening in the system. As such, it causes variance in ERP system and physical stock. Therefore, we will discuss and resolve such issues in consultation with ERP developers and minimize as desired.	Partially implemented  Previous year's adjustments not made.																									



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Para No.	Observations in brief						Management's Current Response	Status of Compliance
	Item	Memo number	Quantity written off as office memo	Quantity written off as per ERP	Difference in quantity	Excess value written off (Nu.)		
	Egg	BLDCL/MBO/GEN-06/2022/3399	5654 Pcs	16240 Pcs	12586 Pcs.	121,441		
	Egg	BLDCL/MBO/GEN-06/2022/3386	21820 Pcs	109740 Pcs	67920 Pcs.	678,014		
6	<b>BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE</b> No physical verification report for biological assets as on 31-12-2022 is available for cross verifying the closing balances.						The details of physical report on biological assets were compiled from field and submitted for verification to the statutory Audit team on 25 <sup>th</sup> March, 2023.	Implemented
7	<b>Agricultural produce not properly recorded (AIMS No. 3.3.5)</b> Agricultural produce derived from the biological assets are not properly recorded. Therefore, no supporting documents were made available for the agricultural produces obtained during the year. Further, in certain cases, entries are made by crediting 'Cost of Goods Sold' ledger instead of fair value gain. Refer the following vouchers in ERP: i. Voucher no. SEMR22100040 dt. 01-10-22 - CLPD EGGS ii. Voucher no. SEMR22090010 dt. 30-08-22 - CLPD EGGS iii. Voucher no. SE22110279 dt. 21-11-22 - MILK, DAIRY FARM						All Managers and Unit In-Charges were reminded vide letter No. BLDCL/GEN-23/2023/7796 dated 15 <sup>th</sup> February 2023 to strictly maintain manual recording in parallel to the system entries as a follow-up action to the observations of the recent Statutory Audit of the Company. A copy of the letter is attached herewith for kind information. In reality the recording for production for Dairy and poultry are carried out on a daily basis and for Fishery, Goat and Piggery are recorded on as and when production occurs. The product transfer to another warehouse from the production unit was in the Cost of Goods Sold account head. Going forward the account head for transfer of account head shall be changed to fair value gain as recommended by the Audit team and to avoid discrepancies in future.	Not Implemented Refer our 'Management Report'



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Para No.	Observations in brief	Management's Current Response	Status of Compliance
8	<b>Biological assets received from Government (AIMS No. 3.3.5)</b> 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. Therefore, in previous year, we had recommended that 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, we had also recommended that 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. However, in the current year, it is observed that no such control has been kept on the biological assets received from the Government and the change in the different stages. Therefore, the Capital Reserve has not been adjusted accordingly.	The details of biological assets received from the Government were compiled from the field and submitted for verification to the statutory Audit team for kind reference.	Implemented
9	<b>Issues relating to the new ERP Next System implemented by the Company (AIMS No. 3.3.5 and 3.3.7)</b> The contract for developing, installation, handholding and training of the ERP Next system was awarded to Thumphu Tech Park Private Limited (TTPL). According to the contract dated 22 <sup>nd</sup> November, 2021, following were the major milestones: i. The contract start date is 1st January, 2022 ii. Development and implementation of phase 1 - 7 months iii. Handholding period for phase 1 - 5 months	The Bhutan Livestock Development Corporation Limited (BLDCL) has placed a high priority on improving existing business process by implementing a new Enterprise Resource Planning (ERP) fully integrated, flexible, and easy to support and use to increase productivity by eliminating redundancies and streamlining business process to take advantage of best practices through automation, workflows and integration. More so, the complexity of livestock business entails a systematic digital recording system to avoid the lapses.  In line with this, we have explored and planned to adopt an ERPNext system based on its user-friendly nature and work was awarded to Thumphu Tech Park based on the responsiveness of the tender and credibility of the	Partially Implemented



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Para No.	Observations in brief	Management's Current Response	Status of Compliance
	<p>iv. Development and implementation of 2nd phase - 3 months</p> <p>v. Handholding of 2nd phase - 2 months</p> <p>Therefore, as per the contract, the complete system should had been made live w.e.f. January, 2023.</p> <p><u>Issues:</u></p> <p>a. The system has been made live w.e.f. 1st July, 2022, which is not as per the terms of the contract and also without proper handholding and training.</p> <p>b. No data migration report was made available to us for verification. As informed, no such data migration report was provided by TTPL to the Company. It is to be noted that while matching the opening balances of ERP, many irregularities were observed.</p> <p>c. It is observed that many entries are passed in the ERP prior to 1st July, 2022.</p> <p>d. No Parallel Run It is a generally accepted practice to perform a parallel run with the new and old system at the same time for a certain period of time, to understand the accuracy of the new system, before making it live. However, as informed, no parallel run was done with the TALLY and the new ERP Next system. Therefore, at the initial stages many entries</p>	<p>company. Moreover, it is a DHI owned company. Thus, we have signed a contract agreement on 22nd November 2021 for development and implementation. The project duration agreed was for one year for development and implementation and free hand holding period for 5 months. The project was negotiated at the Nu. 3,900,000.00 (Three Million Nine Hundred Thousand only) and annual Maintenance cost of Nu. 1.2 million per annum for 5 years. However, management is still in the process of negotiating with TTPL on AMC costs where possible as it is a recurring cost for the company.</p> <p>Our migration into the new system started early to bring about the convenience in the sales and marketing units as we did not have any alternate recording system other than that conventional/manual record keeping which was cumbersome. The adaptation to the new system by the end users was a hassle because of short user training and the system being new to all the users. We were always optimistic that the system would complement us in better ways in real time. By now, we have overcome many glitches that are corrected and experienced a lot although not perfect. With the recommendation from the Auditors, we are sure that our system shall be rectified and put up to the next level.</p> <p>Based on our user experience, the management has instituted an ERP committee to resolve the issues as far as possible within our level and escalate the issues which are beyond our reach to the ERP team (TTPL). We conduct frequent meetings within our level to streamline the system errors which are manageable. We had several bilateral meetings with TTPL and discussed ways to mitigate the issues and also requested them to train us in some critical areas. Therefore, we are very optimistic that we will gradually smoothen the system by 2023 as we could solve many issues through experience and execution.</p>	



Para No.	Observations in brief	Management's Current Response	Status of Compliance
	<p>had been made on trial and error basis, without proper training.</p> <p>e. Fixed Assets Register generated from the ERP does not relate to the date range selected.</p> <p>f. Any ledger, trial balance or any report generated from the system does not always show the current report. Hence, reflecting incorrect figures not showing rectifications made, if any.</p> <p>g. The system does not show opening balances in the next year.</p> <p>h. In Stock Module, Bill of Material (BOM) is not auto generated it is been put manually every single time of value addition.</p> <p>i. It is observed that in Stock entry anyone can put rates manually as the access controls are not properly restricted. Therefore, the closing stock valuation from ERP is not satisfactory.</p>		
10	<p><b>TRADE RECEIVABLES (AIMS No. 3.3.7)</b></p> <p>The following discrepancies were observed while going through the 'Sundry Debtors-Customers' as on 31-12-2022:</p>	<p>We either cancel or omit payment entry when price or quantity are found mistaken assuming that cancelled ones would be superseded by the new payment entry. However, we have realized that both the entry is counted and reflected in the system despite the cancellation after audit observation. For Kroma LSS, sales entry (5122100300020) and payment entry</p>	Partially Implemented



Para No.	Observations in brief			Management's Current Response	Status of Compliance
	Debtor's name	Balance as at 31-12-2022	Remarks	<p>(PE202200356) were canceled because the rate of chicken dragged by the system was wrong. Thus, the only option was to cancel and create a new sales entry against the old sales entry (S122100300022) and the same new payment entry is updated in (PE 202200357). The same applies to Lhuntsse school; the new sales entry (S12022090100140) and payment entry was made (PE202300337) after 2% Tax deduction.</p> <p>Similarly, in some occasions, customers return products when either found damaged or defective and take back equivalent worth of other items based on customer preference. As such, we cancel the old payment entry to create a new entry to replace the product for the same customer. As such, it results in double payment entry in the system.</p> <p>Therefore, we will rectify hereafter in consultation with the ERP developers and resolve as desired.</p>	'Walk in customer' still exist.
	Japnese Restaurant, Thimphu	(7700)	Credit note booked twice amounting to Nu. 7700 (Ref. Voucher No. S1220S160000S dt. 16-08-2022)		
	Walk in customer	(888,191.61)	This ledger shows a credit balance of Nu. 888,191.61, whereas, since it relates to the walk in customers, who just walk in, purchase and pay, therefore, this ledger should not have any balance.		

Detailed Follow-up Report for the year ended 31<sup>st</sup> December, 2021

Para No.	Observations in brief	Management's Current Response	Status of Compliance
1	<p><u>Biological assets received from Government not properly recorded in the books of account (AIMS No. 3.2.13)</u></p> <p>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.</p> <p>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.</p> <p>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.)</p>	<p>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.</p>	<p>Implemented.</p> <p>It is now being adjusted in Capital Reserve on regular basis.</p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance																											
	<table border="1"> <thead> <tr> <th colspan="3">Breeding Piggery</th> </tr> <tr> <th>Animal's stage</th> <th>No. of acquisition</th> <th>Value (Nu.)</th> </tr> </thead> <tbody> <tr> <td>Weaner</td> <td>4</td> <td>16,868</td> </tr> <tr> <td>Growers</td> <td>11</td> <td>220,880</td> </tr> <tr> <td>Young Boars</td> <td>5</td> <td>166,650</td> </tr> <tr> <td>Young Gilts</td> <td>16</td> <td>533,375</td> </tr> <tr> <td>Sows</td> <td>8</td> <td>253,449</td> </tr> <tr> <td>Boar</td> <td>1</td> <td>36,002</td> </tr> <tr> <td>Total</td> <td>45</td> <td>1,227,253</td> </tr> </tbody> </table>	Breeding Piggery			Animal's stage	No. of acquisition	Value (Nu.)	Weaner	4	16,868	Growers	11	220,880	Young Boars	5	166,650	Young Gilts	16	533,375	Sows	8	253,449	Boar	1	36,002	Total	45	1,227,253		
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2	<p><b>The fair value rates considered for valuation of biological assets are not revised (AIMS No. 2.1.22)</b></p> <p>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.</p>	<p>The clause no. 15 of Property, Plant and Equipment of BAS-16 defines that an item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost. Thus, Biological Asset (live animals) is also covered under the scope of Plant Property and Equipment. As BLDCL is a livestock-based enterprise and has ventured into</p>	<p>Partially Implemented.</p> <p>Auditor's comments: Rates have been revised a bit but not properly due to lack of market data.</p>																											



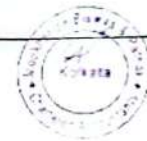
Para No.	Observations in brief	Management's Current Response	Status of Compliance
		<p>diverse domestic animals for production, reproduction and processing for profit.</p> <p>The carrying value of these live animals are valued at Fair Value at the end of reporting period following BFRS 13 considering that these biological assets could be exchanged between knowledgeable, willing parties in an arm's length transaction. However, fulfilling the basic criteria of the definition could not be materialized due to the absence of an active market in the country. As such, BLDCL has relied on the selling price of live animals to base their fair value at each reporting period, abiding the scope 'fair value is less cost to sell'. Moreover, during the valuation of fair value for 2021, BLDCL has omitted the temporary market scenario in the pandemic which could have inflated the valuation. The valuation was carried out on the best knowledge and information gathered during the reporting period with the expectation that no impairment of asset occurred. More so, this</p>	



Para No.	Observations in brief	Management's Current Response	Status of Compliance
		valuation plays a very important role for the company as the entire business operation of the company is based on this concept. Going forward, the company has agreed to reassess the fair value at each reporting period as recommended by the Statutory Auditors and the company shall also disclose the basis for the valuation to consider adopting the changes accordingly.	
3	<p><b><u>Inventory details not maintained in Tally (AIMS no. 3.3.5)</u></b></p> <p>No inventory details are maintained in Tally, therefore, we are unable to comment on the maintenance of proper control on records for inventories.</p> <p>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.</p> <p>Valuation of inventories could not be verified, as no supporting documents were made available for it.</p>	<p>The observation against inventory management has been long overdue for implementation and correction, and the observation is supplementing that of observation no.10. Integrated System of Accounting of 2018. The management has tried to adopt various methods to digitize the current manual system of recording but due to limited access from the available software in the market could not serve the requirement of the company. This is because the company has livestock farms,</p>	<p>Partially implemented.</p> <p>Auditor's comments: New ERP Next system implemented w.e.f. 1<sup>st</sup> July, 2022. Inventory details have been maintained in the ERP system. However, issues relating to it has been mentioned in our 'Management Report'.</p>



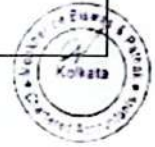
Para No.	Observations in brief	Management's Current Response	Status of Compliance
		<p>offices and outlets at different locations in the country, and these farms and outlets need to have access to such software through the Internet facility to capture the real time data transaction. In the financial year 2021 the company tried to install a Tally ERP software system but due to limitations in coverage and accessibility the system failed to serve the purpose. Thus, during the current virtual audit, the company had to tediously compile the inventory transaction data into excel working for auditor's review. This also had high probability of data error during the compilation.</p> <p>In this regard, the company has strategized to install a dynamic Enterprise Resource Planning (ERPNext) system to curb such issues, and finally on 30th November 2021, BLDCL has managed to award the development and installation of such integrated software to Thimphu Tech Park Limited (TTPL). More so, the first phase including inventory</p>	



Para No.	Observations in brief	Management's Current Response	Status of Compliance
		management has been successfully developed and it is in use from 1 <sup>st</sup> July, 2022.	

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

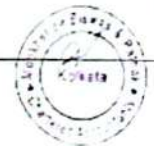
Para No.	Observations in brief	Management's Current Response	Status of Compliance
1	<p><b>Lapses in Internal Control</b></p> <p>Due to absence of quantitative reconciliation following losses were not determined.</p> <ul style="list-style-type: none"> <li>&gt; Losses arise during transit cannot be ascertained.</li> <li>&gt; Any mishandling of inventories by the outlet staffs at the time of receipt cannot be detected.</li> <li>&gt; Inclusion of damaged/obsolete inventories in closing inventories cannot be detected which may mislead the valuation of closing inventories.</li> <li>&gt; Any mishandling of inventories by the outlet staff cannot be determined</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 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.</li> <li>&gt; 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 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.</li> </ul>	<p>(Implemented)</p> <p>Auditor's comment Implemented in the financial year 2020.</p>
2	<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</p>	<ul style="list-style-type: none"> <li>&gt; In this regard, the management has approached and discussed with the only two</li> </ul>	<p>(Not Implemented)</p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance
	<p>contagious diseases; however the company has not taken any insurance to cover up the losses in the event of epidemic.</p>	<p>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> <ul style="list-style-type: none"> <li>&gt; Notwithstanding, BLDCL shall followup with the two insurance companies regularly and put it up in the Board to endorse as a policy directive to "insure BLDCL owned farm animals."</li> </ul>	<p>Auditor's comment still persist in the financial year 2022</p>
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</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</p>	<p>(Implemented)</p> <p>Auditor's comment Scrap register has been implemented.</p>



Para No.	Observations in brief	Management's Current Response	Status of Compliance
	the absence of non-maintaining of both the register any revenue attributable on such transactions can't be traceable.	Auditor. In this regard, a sample copy of register has been already shared to the present Statutory Auditor for their kind reference and review. However, egg cartoons and egg trays are a supplementary product which goes along with the main product during the sales transactions.	
4(i)	Accounting Perspective (AIMS 4.3.22 & 5.3.1) 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.	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 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. However, value added products are processed meat products produced and supplied by the B	(Implemented)  Auditor's comment Implemented in the financial year 2020



Para No.	Observations in brief	Management's Current Response	Status of Compliance
		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.	
4(ii)	Operation Perspective (AIMS 5.3.11 & 3.1.16)  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% after considering all costs as compared to the net margin set by the company ranging between 2%-39%.	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. The management has now developed its own 'cost of production model' to keep track for the 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.	(Partially Implemented)  Auditor's comment: Partially implemented. The ERP system though implemented, is not fully utilised properly.

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	<b>Internal Audit</b> The Internal Audit of the Company has not been carried out during the period October 2017 to December 2018.	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.	(Implemented)  Auditor's comment: Internal audit is now being done.
2	<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.	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.	(Implemented)  Auditor's comment: Physical verification are done at regular intervals.
3	<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.	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.	(Partially Implemented)  Auditor's comment: The company used to maintain the credit and cash sales in the unit prior to July 2022, however, after implementation of ERP, no proper records are being maintained at the units.
4	<b>Unidentified Revenue</b> There was unidentified revenue amounting to Nu. 290,856/- for the year 2017.	The lapse in recording the transactions had occurred, during the period of handing-taking over of units from the Department of	(Implemented)  Auditor's comment:



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Para No.	Observations in brief	Management's Current Response	Status of Compliance
		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.	In FY 2019, the Management had identified the source of revenue and recognized it as direct transfer of fund against credit sales by the customers in the bank account.
5	<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.	Implemented	(Implemented)  Auditor's comment: Budget has been prepared.
6	<b>Inter Unit Transfer of Stock of Finished Goods</b> No record was maintained for inter unit stock transfer.	Partially Implemented	(Not Implemented)  Auditor's Comments: No such records were made available in the course of our virtual audit. Will be reviewed next year.
7	<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.	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.	(Implemented)  Auditor's comment: No such cases were observed in the current year.
8	<b>Unrecovered Salary Advances</b> There were some unrecovered advances in case of two employees.	Advances were duly recovered.	(Implemented)  Auditor's comment:



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Para No.	Observations in brief	Management's Current Response	Status of Compliance
			No such cases were observed in the current year.
9	<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.	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.	<b>(Implemented)</b>  <b>Auditor's comment:</b> The company has done the actuarial valuation as required by BAS 19 and also made provision for the Employee Benefits.
10	<b>Integrated System of Accounting</b> The Company is engaged in development, processing and trading activity on livestock. In spite of following the integrated system of accounting, it has followed only the financial accounting.	Currently, the company is reviewing user-friendly Enterprising Resource Planning (ERP) system to be installed at 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.	<b>(Partially Implemented)</b>  <b>Auditor's comment:</b> The Company has implemented the ERP Next System w.e.f. 1 <sup>st</sup> July, 2022. However, all the modules of the ERP is not fully utilized currently.
11	<b>Valuation of Live Stock</b> The valuation of livestock is not done properly as per BAS 41.	Valuation as per BAS 41 has been done as required.	<b>(Partially Implemented)</b>  <b>Auditor's comment:</b>

# **BLDCL**

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

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