

NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED



ANNUAL REPORT 2021
10th ISSUE

Table of Contents

Company Profile:	2
Financial Highlights as on 31.12.2021	2
Director's Report to the Shareholder	3
CEO's Message.....	7
Board of Directors.....	9
Organization Chart.....	10
Management Staff of NHDCL.....	11
Auditors Report	
1. Independent Auditor's Report.....	12
2. Minimum Audit Examination and Report.....	15
3. Financial Statements:	
3.1 Statement of Financial Position.....	21
3.2 Statement of Comprehensive Income.....	22
3.3 Statement of Changes in Equity and Retained Earnings.....	23
3.4 Statement of Cash Flow.....	24
3.5 Notes Forming Part of the Statement of Financial Position.....	25
3.6 Notes Forming Part of the Statement of Comprehensive Income.....	29
4. Notes on Financial Statements.....	31
5. Significant Accounting Policies	58
6. Ratio Analysis.....	65

Company Profile:

<i>Highlights</i>	
i	Incorporated under the Companies Act of Kingdom of Bhutan, 2000 on September 7, 2010
ii	Delinked from MoWHS and became Corporation on 1, June 2011
iii	Vision: Shelter for All
iv	Mission: To be the premier institution in providing safe and affordable homes to the Bhutanese
v	Corporate Values <ul style="list-style-type: none"> - Leadership in Housing - Accountability - Team Work - Professionalism - Service Orientation - Innovation
vi	Corporate Strategy <ul style="list-style-type: none"> - Strategic Theme I : Increasing housing stocks - Strategic Theme II: Promoting home ownership - Strategic Theme III: Sustaining access to affordable homes - Strategic Theme IV: Renovation and maintenance of existing housing stocks - Strategic Theme V: leading research and innovation in housing in the Country

Financial Highlights as on 31.12.2021

<i>Sl.no</i>	<i>Description</i>	<i>Figure</i>	<i>Remarks</i>
i	Total Equity, Other Reserves & Retained Earnings	Nu.4.01 Billion	
ii	Net Asset Block	Nu.4.60 Billion	
iii	Total Comprehensive Income	Nu.939.23 Million	
iv	Long Term Debt	Nu.250 Million	MoF Interest Free Loan
v	Corporate Loan	Nu.732.16 Million	
vi	No. of Employees	174(Including contract employees)	

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of the National Housing Development Corporation Limited (NHDCL), I am pleased to present the 10th Annual Report of NHDCL. The report highlights the Corporate Governance and the performance of the company for the financial year 2021.

Corporate Governance

NHDCL, as a State-Owned Enterprise is governed by the Companies Act of the Kingdom of Bhutan, 2016 and hence operates under the Corporate Governance Guideline for State Enterprises, 2019 issued by the Ministry of Finance. The Board of Directors is the apex body of the company constituted by Directors appointed by the Ministry of Finance. The Board provides timely direction to the company in terms of policies, strategies as well as management in ensuring the long-term growth and sustainability of the Company. Over the last one year, the Board convened five pre-scheduled meetings including the Annual General Meeting, to ensure compliance to the regulatory requirements and provide strategic and timely direction to the Company. In addition, the three Board sub-committees; the Technical Advisory Committee, the Board Human Resource Committee and the Board Audit Committee (BAC) conducted their meetings in order to ensure and enhance the operational efficiency of the Company.

Audit Report

The company was audited by M/s. Span & Associates Chartered Accountants based in Kolkata, India as the Statutory Auditors appointed by Royal Audit Authority. Due to the ongoing challenge posed by the Covid-19 pandemic, the statutory audit was conducted virtually. However, all efforts were made by the Company to ensure that the quality of audit was not compromised by making available information as per their requirements. The statutory auditors have built up their audit on the existing system of the internal audit of the company. Going forward, a risk based internal audit process will be implemented to ensure effective and efficient auditing process in line with the recommendation of the statutory auditor.

Corrective actions have been taken on the critical observations made by auditors in the past years. For the current financial year, no major audit observations were made and as such the Board is pleased to present a clean audit report without any qualification on it. The Board notes and commits to take corrective actions proactively on the few observations in the management report so that potential risks can be averted.

Corporate Social Responsibility (CSR)

In keeping with its mandates, the Company believes in being a self-regulated entity guided by the principle that businesses have the responsibility towards the society. As a company with a social mandate to provide affordable housing to the Bhutanese people, CSR is inherent in its business model. Accordingly, the company has taken conscious steps to go beyond the business model to deliver its CSR. Given the difficult circumstances posed by the pandemic, the company has put in efforts to support the COVID-19 response and played a significant role to ease the difficulty faced by the country by giving rental waivers to the commercial units. A building as a rent-free housing accommodation was provided to the front-line workers in



Phuentsholing. The Company also deferred the 10% rental increase for 506 units at Phuentsholing for 9 months amounting to more than Nu. 2 million. Three vehicles with drivers were deployed to the COVID-19 during the lockdowns. The company also contributed a small sum of Nu.0.40 million towards COVID-19 Response Fund.

In addition to the above COVID-19 response, the company was also engaged in providing pro bono services in designing a zero-waste station at Changjiji as well as designing a conceptual plan for the Bhutan Indigenous Games and Sports Association (BIGSA).

Operational Performance & Achievements

Despite the challenges posed by the COVID-19 pandemic, the Company pursued aggressive strategies to achieve its set targets. Some of the operational performance and achievements are highlighted below.

Maintenance of properties continued to be a priority both on a proactive basis as well as per the requisition from tenants for urgent works to maintain the quality of the assets and to enhance the quality of housing for the tenants. Apart from the regular maintenance work, the Home Maintenance Unit, despite the pandemic, was able to complete 7 major deposit works in an effort to diversify the revenue stream for sustainability of the company.

Major renovation of an old building was carried out to remodel it to serve as the Secretariat of The Pema Center, an undertaking of the office of Her Majesty the Gyaltsuen.

Under the Green and Resilient Affordable Housing Sector Project funded by ADB, the Design and Planning Services undertook activities for Thimphu, Phuntsholing, SamdrupJongkhar, Nganglam, and Tashi Yangtse. In addition, 12 major consultancy works for various agencies were also undertaken on a fee basis to earn additional revenue for the company.

On the construction front, the construction of (B+G+4 storied) affordable residential housing and the Regional Office building in Phuentsholing from 2020 were continued. The construction works and project management works for Kuensel Corporation Limited, the National Land Commission, Regional Revenue & Custom Office at Bindu, Samtse were also undertaken. The construction of Thangkha Conservation building, Dem Lhakhang, Drasha at Kabji Chorten Ningpo, Drasha for ToencheyGonpa, G + 2 storied, traditional building near India House and commercial building at Changjiji have been started and is expected to be completed by the end of 2023.

The manufacturing Unit at Bjemina apart from the daily production of the concrete bricks, paver blocks and wood products, also engaged in fabrication, supplying and erection of wooden component for Drasha at Toenchey Gonpa. The unit also carried out the exhibition gallery for Gyalsung Infra including installation of sample MS Rabsey, window sample, timber Rabsey including double Bho and Phana samples for Gyalsung Project. Fabrication of doors and windows of some of the private parties were also taken up.



Financial Performance

Financial Position

The net block of the asset of the company stands at Nu. 4,601.51 million as of 31st December, 2021 as against Nu. 3,682.76 million in 2020. The increase is due the revaluation of Investment Property (IP) and Owners Occupied Property (OOP), implemented in compliance to the Bhutanese Accounting System (BAS). During the revaluation the IP increased by Nu.937.09 million and the OOP increased by Nu.35.96 million. The total value of assets of the company stands at Nu.4,604.08 million as compared to Nu.3,685.31 in 2020. The net worth of the company stands at Nu.4,013.05 million as compared to Nu.3,030.32 million in the previous year.

Results of Operations

The operating income for the year 2021 is Nu.187.01 million, which is a decrease of Nu.12.70 million or 6.36% as compared to Nu.199.71 million in the year 2020. The decrease is mainly from the other income as the booking of income from the deposit works is done after netting off expenses while for the past year, the income was on the gross basis, to comply with the requirements of BAS. The income from the consultancy and interest income from fixed deposit also reduced due to pandemic. The revenue from the Bjemina manufacturing unit increased from Nu.8.05 to Nu.13.15 million in the year 2021.

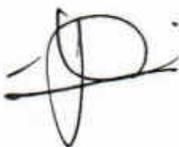
The total operating expenditure of the company decreased by 8.12% or by Nu.11.81 million in 2021 (excluding depreciation and finance cost). The decrease is mainly from the expenses from the deposit work as the expenses are booked on net basis from 2021. Although the total operating expenses decreased, expenses on account of operations, maintenance, consumables, administration and general expenses increased due to increase in the cost of supplies in the market.

The operating loss before finance cost and tax for the year ended 31st December, 2021 amounted to Nu.9.94 million as compared to the loss of Nu. 13.73 million reported in the previous year. The fair valuation gain on the Investment Property added a notional profit of Nu.898.23 million. With Nu.7.20 million as re-measurement gain on gratuity and revaluation gain on owners occupied property of Nu.35.95 million recognized in other comprehensive Income, the total comprehensive income for the year accounts to Nu.939.23 million. There is no current tax provisioned and a deferred tax of Nu.8.56 million is accounted for in the financial statements.

As part of the monetary measures in response to the pandemic, NHDCL received an interest waiver benefit of Nu.28.01 million on the loan taken for the Special Housing Project (SHP) from the National Pension and Provident Fund (NPPF). This has helped the company in reducing the finance expense, which otherwise would have increased the total loss suffered by the company.

Challenges and Future Outlook

Considering the core mandate of NHDCL to provide safe and affordable housing to all, the biggest challenge is meeting the affordable housing demand and increasing the housing stock.



Due to the increasing cost and the mandate to provide affordable housing, NHDCL is acutely aware that provision of affordable housing requires the creation of ecosystem that requires support from the Government as well as many stakeholders. The Company is also highly cognizant of its role to move beyond provision of rental housing units and play a leading role in promoting affordable home ownership.

The mandate to deliver affordable housing comes with a big responsibility that requires big financial outlays. NHDCL has been very fortunate to have received the support of the government and the key stakeholders in making the finances available. However, going forward, the company is cognizant of the limited resources and the tightening fiscal space, especially for the Ministry of Finance, to always come to the rescue of the company. Therefore, the Board and the Management is committed to driving financial discipline and a sustainable business model so that affordable housing and homes can become a reality for most Bhutanese.

ACKNOWLEDGEMENT

On behalf of the Board and the Management, I take this opportunity to express my appreciation and gratitude to the Ministry of Finance for the continued support, feedbacks and encouragement.

The Board and the Management would also like to thank the Government, the Ministry of Works and Human Settlement, National Land Commission, the local government administrations including Dzongkhags, Thromdes and all the stakeholders including our customers for the continued support and guidance provided to the company.

The Board would like to thank the Management and the employees of the NHDCL for their hard work and commitment in meeting the goals and objectives of the company set for the year 2021.

On behalf of the Board of Directors. Let me offer our Tashi Delek!



(Chencho Dorji)
Chairman
Board of Directors

Chairman
Management Board
National Housing Development Corporation Ltd

Chief Executive Officer's Message

On behalf of the management, I have the pleasure of bring out the 10th Annual Report for the year 2021 of the National Housing Development Corporation Ltd. (NHDCL). NHDCL pursued aggressive strategies to achieve its target. Some of the significant achievements during the financial year 2021 were as follows:

1. The total value of assets of the company stands at Nu.4,604.08 million as compared to Nu.3,685.31 in 2020. The net worth of the company stands at Nu.4,013.05 million as compared to Nu.3,030.32 million in the previous year.
2. The operating income for the year 2021 is Nu.187.01 million, which is a decrease by 6.36% as compared to the year 2020. The total operating expenditure of the company decreased by 8.12% in 2021 (excluding depreciation and finance cost). Although the total operating expenses decreased, expenses on account of operations and maintenance, consumables and administration and general expenses increased due to increase in the cost of supplies in the market.
3. As part of CSR, a sum of Nu.0.40 million is contributed towards COVID-19 Respond Fund. The company also waived of rental due amounting to Nu. 966,981.60 for Department of Immigration on the request of the Ministry of Finance. Rent free housing accommodation with one building was provided to the front-line workers in Phuentsholing. NHDCL also deferred the 10% rent increase for 506 units at Phuentsholing for 9 months amounting to Nu 2,167,038.00.
4. The statutory auditor has not made any major audit observations in the auditor's report on the financial statements for the year 2021. All corrective actions have been taken on critical observations made by auditors in the past years. The management will continue to keep the same status going forward.
5. Despite the pandemic situations like lockdowns and movement restriction, NHDCL has been able to finalize the conceptual designs, carry out geotechnical investigations and finalize the loan agreement for the Green and Resilient Affordable Housing Project (GRAHP) under the ADB funding. In addition to the design and planning Services for in-house construction work, 5 major consultancy works for various agencies was taken up on a fee basis. Home Maintenance Unit was also able to complete 7 major deposit works in an effort to diversify revenue stream for sustainability of the company. The income from these works have contributed to the revenue for the Company.
6. On the construction front, NHDCL carried forward the on-going in-house construction activities and started the construction of G + 2 storied traditional building near India House and commercial building at Changjiji which is expected to be completed by end 2023.

Going forward, NHDCL will focus on financial discipline and operating efficiency to make the Company self-sustainable. NHDCL will also continue to work on the GRAHP which will enable us to increase the housing stock by 1018 housing units across the Country.

I would like to thank the Board for their continuous guidance and valuable input in steering the Company in the right direction. I would also like to thank the sincere and hardworking employees of NHDCL. I acknowledge and thank our Focal Persons in the Dzongkhags for their support in ensuring an efficient service delivery. Finally, I would like to extend our gratitude to our tenants who continue to take care of our housing units across the Country and all the relevant stakeholders.

Tashi Delek!



Sonam Choden
Officiating Chief Executive Officer.

Board of Directors



Chairman
Dasho Chencho Dorji, Secretary,
Ministry of Works & Human Settlement



Mr. Pema Rinzin Rinchen,
Zimpon Wogm, HM's Secretariat



Mr. Geley Norbu,
Director, National Land Commission



Mr. Karma Namgyel
Executive Secretary, Thimphu Thromde



Mrs. Leki Wangmo,
HM's Secretariat

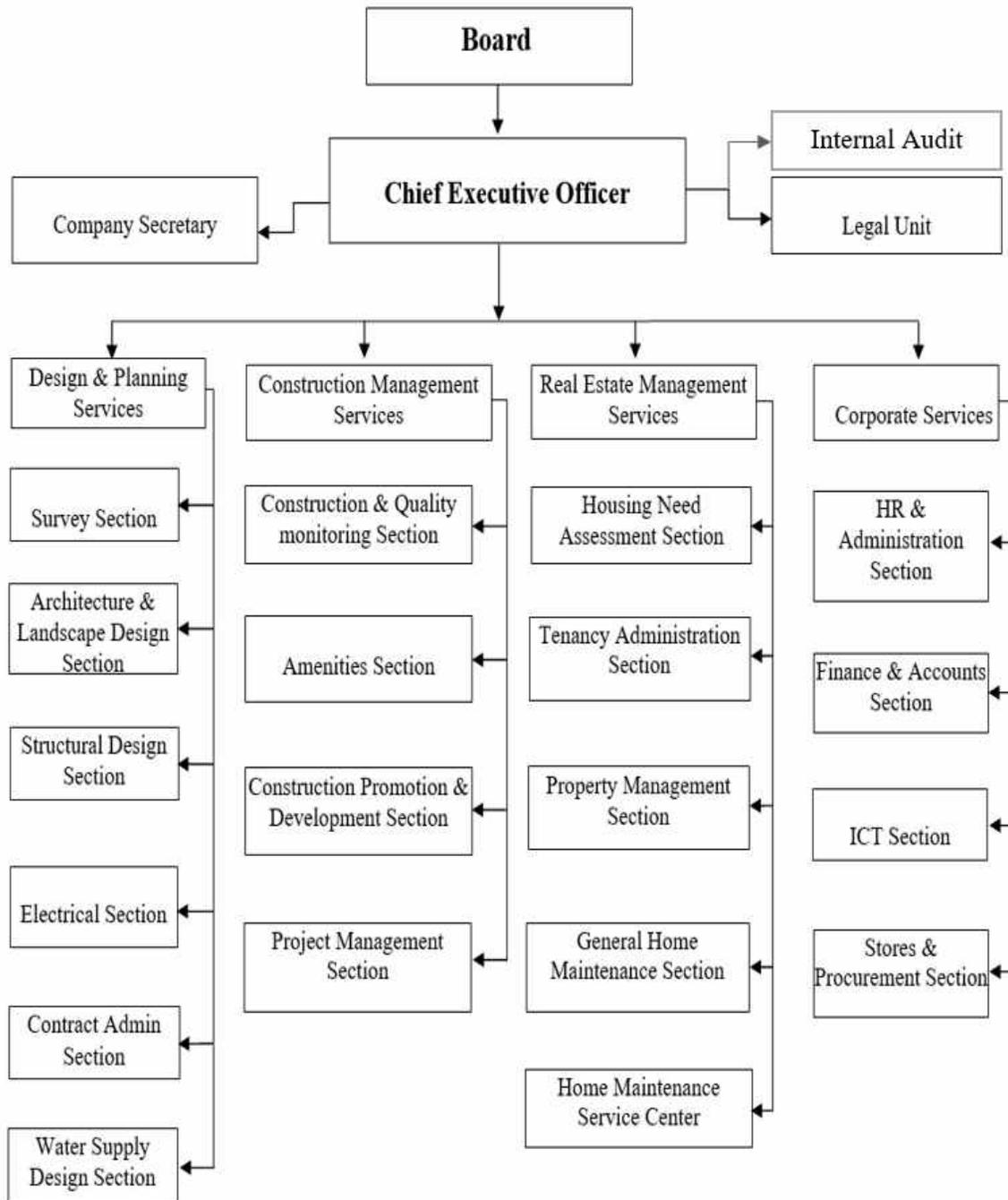


Mrs. Tshewang Dema
Chief, Department of National Budgets



Member Secretary
Mrs. Sonam Choden,
Offtg. Chief Executive Officer,
National Housing Development Corporation Ltd

Organization Chart



Management Staff of NHDCL

Mrs. Sonam Choden

Officiating CEO

Head Office

General Manager	Design & Planning Services	Mrs. Sonam Choden
General Manager	Corporate Services	Mrs. Kuenzang Choden
General Manager	Real Estate Management Services	Mr. Sonam Letho
General Manager	Construction Management Services	Mr. Tshering Tashi
Company Secretary		Mr. Pradeep Katwal

Regional Office

Phuentsholing	Liaison Officer	Mr. Sangay Khandu
Samdrupjongkhar	Liaison Officer	Mr. Buddham Rai

Statutory Auditors

SPAN & Associates

Chartered Accountants

FRN: 302192E

Kolkata-700 026



since 1979

span & associates
Chartered Accountants
(Formerly S. Ganguli & Associates)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder
National Housing Development Corporation Limited
Thimphu, Bhutan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED ("the company"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

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

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing (IAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Due to the outbreak of COVID-19 and subsequent restrictions imposed on the physical movement by the Government, the audit has been conducted remotely by obtaining information/document through electronic mode.

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.

Head Office : 14/28 Golf Club Road | Ground Floor | Kolkata - 700 033 | India

Phone : 033-2423-5104/5099/5087 | Tele Fax : 91-33-2423-5086

E-mail : spanca1979@gmail.com/info@spanca.in | Website : www.spanca.in



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in the 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 exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all



relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, 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.

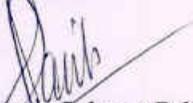
Report on Other Legal and Regulatory Requirements

As required under Section 266 of the Companies Act of Bhutan, 2016, we enclose a statement on "Minimum Audit Examination and Report" on the matters specified therein to the extent applicable in Annexure - A to this Report.

As required by Section 265 of the Act, 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 purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of the books.
- c) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity & Retained Earnings and the Statement of Cash Flows dealt with in this report are in agreement with the books of account.
- d) In our opinion, and on the basis of our examination of records and the information and explanation provided to us, the company has complied with other legal and regulatory requirements.

For SPAN & Associates
Chartered Accountants
FRN: 302192E



Partner: Sukanta Palit
Membership No. 057072
UDIN: 22057072AGVSRJ2914
Dated: 11.04.2022
Place : Kolkata, India



ANNEXURE "A" to the INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

(Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" Section of our Report of even date)

Minimum Audit Examination and Reporting Requirement

(In Terms of Section 266 of The Companies Act of Bhutan 2016)

- a) The Ministry of Finance, Royal Government of Bhutan has issued the Corporate Governance Guidelines, 2019 ("the Guidelines") which became effective from 1st January 2020 as revised by MoF. As observed the Company has maintained the time schedule for filing the financial and non-financial reports to MoF in accordance with the Schedule II for Monitoring and Reporting Framework of the Guidelines except the budget.
- b) In our opinion the Board of Directors and management of the Company has pursued a prudent and sound financial management practice in managing the affairs of the Company as it revealed from our audit.
- c) The financial statements of the Company are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB), as applicable to the Company.
- d) The Company has maintained proper books of accounts and the financial statements for the year ended 31st December 2021 are in agreement with the underlying accounting records.
- e) The Company has maintained the registers as specified under Section 228 of the Companies Act of Bhutan 2016.
- f) The Company has fulfilled its obligation social and otherwise as entrusted to it.
- g) The Company has computed the amount of tax correctly and the same has been reflected in the financial statements.

Report for the Service Sector Companies:

- 1.1. The fixed assets register maintained by the Company, in our opinion, is not adequate to give the required information. The register maintained needs to be improved to provide all the information of the fixed assets as per requirement that includes the quantitative details, values, locations, identifications etc.

The assets of the company have been verified at the time of revaluation on 31st December, 2021 though the effect of such verification has been incorporated in the accounts of 2021.

- 1.2. The Fixed assets namely buildings classified as Investment Properties and Owners Occupied Properties has been revalued during the period by the independent registered



valuer appointed by the Company and the effect of such revaluation has been considered in the Financial Statements for the year.

- 1.3. The Company has conducted the verification of the materials and stores and spares during the year at all the locations. The physical verification of the materials, stores and spares has been conducted during the year and the verification report has been produced for our audit but short/excess has not been adjusted in the accounts.
- 1.4. The Company has system of verification of its materials, stores and spares and other items periodically with laid down procedures commensurate with its size and nature. At present there is a practice for verification of its materials, stores and spares at all the locations.
- 1.5. The excess/shortages of the materials have not been dealt with and the provisions for the damaged stocks have not been considered in the accounts and records on the basis of the verification report for the year 2021.
- 1.6. The Company records the transactions of receipts, issues of the material and stores with allocations thereof to the respective jobs.
- 1.7. Quantitative reconciliation of major items of stock has been carried out during the year for the materials.
- 1.8. The Company has identified and determined obsolete, damaged, slow moving and surplus stock but not made adequate provision thereof.
- 1.9. There was no disposal of the obsolete or surplus inventories during the year.
- 1.10. The writing off amounts due to material loss/discrepancies in physical/book balances of inventories including finished goods, raw materials, stores & spares has not been done and hence the question of approval of board/appropriate authority does not arise.
- 1.11. The company has followed the Weighted Average Method for pricing the issue and valuation of its stock in accordance with the applicable Accounting Standards issued by the Accounting and Auditing Standard Board of Bhutan (AASBB).
- 1.12. In our opinion, the terms and conditions including the rate of interest for the loans, both secured and unsecured, availed by the Company are prima facie not prejudicial to its interest.
- 1.13. The Company has not granted any loan to the other parties which are ultra-vires to the Articles of Incorporation and other relevant Acts and regulations.
- 1.14. The advances granted by the Company to the officers/staffs are in accordance with the provisions of its service rules and no excessive/frequent advance generally has been granted and accumulation of large advances against particular individual has been avoided.
- 1.15. In our opinion, formed on the basis of our audit, records and explanations given by the Company, it has established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, for carrying out the business in an orderly and efficient manner, to safeguard its assets as well as to ensure adherence to the rules/regulations and system and procedures.



- 1.16. In our opinion, the systems of authorization at appropriate level for and internal control on issue of stores and allocation of materials and labour to jobs are reasonable and commensurate to the size of the Company and its nature of business.
- 1.17. The Company in general has followed the system of competitive biddings, commensurate to its size and the nature of its business for purchase of goods and services including stores, plant and machinery, equipment and other assets other than for awarding the contracts for construction of buildings.
- 1.18. (a) The Company has maintained separate register for disclosure of interest of directors in contract and/or arrangement. Hence, our comment is based on the register maintained as well as minutes of the meetings of the Board of Directors held during the year where the declarations of all the directors present at those meetings of their conflicts of interests on the agenda transacted there have been recorded. On the basis of our examination of the record referred herein, we report that the Company has not purchased or sold goods or services during the year in pursuance of contracts or arrangement with the directors or any other party/parties related to directors or with company or firms in which the directors are directly or indirectly interested.
- 1.18. (b) On the basis of the register maintained and the documents referred in paragraph 18(a), we report that the Company has not entered into any transaction wherein the directors of the Company are directly or indirectly interested which are prejudicial to it.
- 1.19. In our opinion, the expenses charged to the Company accounts represent legitimate business expenses and we have not found any personal expense charged to the Company.
- 1.20. The Company has determined the unserviceable or damaged stores but not provided any provision for loss in the account.
- 1.21. There is a 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.
- 1.22. The company is maintaining reasonable records for production of finished goods and adequate physical safeguards exist to prevent unauthorized or irregular movement of goods from the company.
- 1.23. Since the Company production does not result to any by product, the clause is not applicable.
- 1.24. On the basis of our audit we report that the Company has been regular in depositing its liabilities for rates and taxes, duties, provident funds and other statutory dues.
- In our opinion, the provision for corporate tax is adequate and necessary adjustments have been made to compute amount of tax as per the prevailing tax laws, rules and regulations of Bhutan.
- 1.25. There was no outstanding amount towards undisputed statutory liabilities as on 31st December 2021.



- 1.26. The nature of the operations and business of the Company does not call for the system of allocation of man-hours utilized to the jobs. However, the expenditure incurred for construction jobs are allocated to the cost of construction of the respective projects.
- 1.27. There is a reasonable system of price fixation taking into accounts the costs as per market conditions. The Company follows the prevailing rates for the rent as were determined by the Ministry of Finance before incorporation of the Company with revision. There is the practice of revision of rent by 10% after every two years.
- 1.28. The Company follows the credit policy as per the provisions of the Tenancy Act of Bhutan 2015. The Company has not carried out any credit rating exercise of its customers.
- 1.29. The Company does not engage any Sales or Commission Agent for renting or leasing out its properties.
- 1.30. The Company has a system of follow up with its debtors and other parties for recovery of outstanding amount. However, the Company should strengthen the system of follow up and maintain an age-wise analysis of outstanding amounts for management information and follow up actions.
- 1.31. In our opinion, the management of liquid resources in the form of cash and bank balance and short-term deposits etc. was adequate.
- 1.32. The activities carried out by the Company are lawful and intra-vires to the Article of Incorporation of the Company as observed on the basis of our audit and information provided and explanations given by the management.
- 1.33. According to the information provided and explanation given to us and on the basis of our examination, the Company follows the system of taking approval from the Board of Directors for all capital investment. Also, the investments in new projects are made only after ascertaining the technical and economic feasibility of the investment concerned.
- 1.34. The Company has established a budgetary control system and prepares annual budgets and compares the actuals with the budgets on annual basis. In our opinion, the system of budgetary control should be further strengthened by introducing interim analysis of performance and revision of budget if required for better control.
- 1.35. The standard costing system is established by the company in case of the production of construction materials. However, variance analysis is yet to be carried out since the production part does not form a significant part of the business of the company.
- 1.36. The Company has paid sitting fee to the Directors for attending the meetings of the Board of Directors and no other payment has been made to the Directors. The remuneration and other payments made to the CEO have been disclosed in the Notes to the Accounts. As the audit has been conducted by remote access we could not verify the register maintained for recording disclosure of interest of directors and Board.
- 1.37. According to the information provided and explanations given by the Company, the directives of the Board of Directors have been complied with during the year.



- 1.38. According to the information and explanations given to us there was no incidence of transmission by the official(s) to their relatives, friends or associates or close persons of any price sensitive information other than those publicly available.
 - 1.39. The Company maintains the records for the inter-units transactions and services and also for the arrangements for services with other agencies engaged in similar activities.
 - 1.40. In our opinion the Company has proper agreements and the terms and conditions of leases are reasonable. The Company has neither acquired on lease nor leased out to the other any machinery/equipment.
1. Due to the nature of activities and business of the Company, in our opinion, it does not require maintaining system of costing to ascertain the cost of service it renders to make pricing decisions.
 2. The clause has already been dealt with in our report in paragraph 1.39 above.
 3. The clause has already been dealt with in our report in paragraph 1.40 above.

Computerised Accounting Environment:

1. The Company has been working in computerised accounting environment using “ERP Next” software for accounting and payroll processing.
2. The Company has introduced safeguard measures and there is backup facility at Bhutan telecom data center.
3. Back up facilities and disaster recovery measures has been implemented properly.
4. In our opinion the operational control is adequate to ensure the correctness and validity of input data and output information.
5. In our opinion to prevent unauthorized access over the computer installation and files, access control system is required to be followed strictly.
6. There was no migration audit carried out during change over to new system. In our opinion there should be a migration audit to ensure completeness and integrity of data.

Other Requirements:

1. Going Concern Problem:

The net worth of NHDCL was Nu. 4,000.20 million as on 31st December 2021 (Previous year Nu.3,030.32 million). There is no potential threat of erosion of its net worth as on date. Also, there is no external factor that may affect the assumption of going concern for the Company in foreseeable future. On the basis of the facts and considering the factors, we have no reason to believe that the Company is not a going concern as on the date of Financial Statements.



2. Ratio Analysis

We have carried out the ratio analysis of the Company as we considered necessary to determine its financial health and profitability. The relevant analysis of ratios has been given in the Section of Ratio Analysis of the Annual Report, 2021. Based on our analysis we conclude that in general the operations of the Company have been managed efficiently to ensure its profitability and stability.

3. Compliance with the Companies Act of Bhutan 2016

The Company has complied with the relevant provisions of the Companies Act of Bhutan 2016 (Act) for conducting meetings, filling requirements, maintenance of records, issue of shares, and raising of loan.

(The details of compliance has been given in the Compliance Calendar Check List)

4. Adherence to Laws, Rules & Regulations:

The Company has been incorporated by the Companies Act of Bhutan 2000 and governed by said Act followed by the provisions of the Companies Act of Bhutan 2016 (the Act). We are of the opinion that Company has complied with the various provisions of the Companies Act 2016 and directives issued under the provisions of the Act from time to time. The Company has also followed the provisions of the Tenancy Act of Bhutan 2015 and Allotment Rules and Regulations -2014 (Residential Quarters) and Allotment Rules and Regulations -2014 (Commercial Units) for leasing its property. On the basis of our audit we further report that the Company has complied with the provisions of other statutes as applicable to the Company for operations and doing its business.

For SPAN & Associates
Chartered Accountants
FRN: 302192E
ICAA Empanelment No: RAA- KK -26



Partner : S. Palit
Membership No. 057072
UDIN: 22057072AGVSRJ2914
Dated: 11-04-2022



NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED
THIMPHU, BHUTAN
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2021

	NOTES	AS AT 31ST DECEMBER 2021	AS AT 31ST DECEMBER 2020
		Nu.	Nu.
ASSETS:			
NON-CURRENT ASSETS			
Property, Plant & Equipment	1A	2,435,125,130.74	2,410,243,209.05
Investment Property	1B	2,166,388,265.86	1,272,520,118.47
Intangible Asset	1C	2,572,957.93	2,550,826.48
Capital Work in Progress	1D	38,563,283.74	26,902,856.03
Trade & Other Receivables	3A	2,441,680.16	2,851,033.14
Other Non-Current Assets	4A	225,477,322.67	241,632,873.83
TOTAL NON-CURRENT ASSETS	A	4,870,568,641.10	3,956,700,917.00
CURRENT ASSETS			
Cash & Cash Equivalent	2	12,206,821.35	28,932,312.48
Trade & Other Receivables	3B	49,174,744.34	38,157,899.27
Other Current Assets	4B	185,255,024.01	142,145,482.95
Inventories (Including Finished Goods)	5	10,050,650.38	10,627,060.14
Financial Assets	6	21,835,280.21	38,198,651.26
TOTAL CURRENT ASSETS	B	278,522,520.29	258,061,406.10
Deferred Tax Asset	7		8,221,624.57
Total Tax Assets	C	-	8,221,624.57
TOTAL ASSETS	A+B+C	5,149,091,161.39	4,222,983,946.62
EQUITY AND LIABILITIES:			
Equity attributable to owners			
Share Capital	8	2,733,060,887.96	2,733,060,887.96
Retained Earnings	9	1,015,074,585.25	111,796,424.75
Revaluation Reserves	10	35,957,789.88	-
Other Reserves	11	228,964,053.67	185,466,187.23
TOTAL EQUITY	D	4,013,057,316.76	3,030,323,499.94
NON-CURRENT LIABILITIES			
Long Term Debt	12	732,163,116.04	796,826,466.54
Financial Liabilities	13	250,961,432.16	251,192,534.14
Payables	14A	17,625,488.01	16,923,632.26
Provisions	15A	38,386,088.87	43,619,083.04
TOTAL NON-CURRENT LIABILITIES	E	1,039,136,125.08	1,108,561,715.98
CURRENT LIABILITIES			
Payables	14B	87,072,645.33	78,924,056.28
Provisions	15B	7,319,556.00	5,174,675.00
TOTAL CURRENT LIABILITIES	F	94,392,201.33	84,098,731.28
Provision for CIT	16	-	-
Deferred Tax Liabilities	17	2,505,515.39	-
Total Tax Liabilities	G	2,505,515.39	-
TOTAL EQUITY AND LIABILITIES	D+E+F+G	5,149,091,161.39	4,222,983,946.62

Significant Accounting Policies & other Notes 26 & 27
Signed in terms of our attached report of even date

For SPAN & Associates
Chartered Accountants
FRN: 302192E
RAA Empalement No.KK-26

Parag Kant Palit
Membership No.057072
UDIN 22057072AGVSRJ2914
Dated: 11.04.2022
Place : Kolkata, India




Chairman


Chief Executive Officer

NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED
THIMPHU, BHUTAN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2021

PARTICULARS	NOTES	FOR THE YEAR ENDED 31ST DECEMBER 2021	FOR THE YEAR ENDED 31ST DECEMBER 2020
INCOME:		NU.	NU.
REVENUE	18	143,337,199.86	133,182,787.12
OTHER INCOME	19	43,614,573.62	63,495,066.44
CHANGE IN STOCK		58,926.94	3,032,402.77
TOTAL OPERATING INCOME		187,010,700.42	199,710,256.33
EXPENDITURE:			
EMPLOYEE COST	20	76,780,921.03	74,833,937.12
OPERATION & MAINTENANCE	21	44,250,879.62	61,806,175.84
ADMINISTRATIVE EXPENSES	22	7,193,752.22	5,608,195.82
CONSUMABLES	23	5,443,864.79	3,231,735.51
TOTAL OPERATING EXPENSES		133,669,417.66	145,480,044.29
DEPRECIATION	1	63,287,835.95	67,964,741.51
OPERATING PROFIT/(LOSS)		(9,946,553.19)	(13,734,529.47)
GAIN ON FV OF INVESTMENT PROPERTY		937,095,342.94	-
FINANCE COST	24	20,349,585.29	22,803,190.41
PROFIT/(LOSS) BEFORE TAX		906,799,204.46	(36,537,719.88)
TAX EXPENSES:			
CURRENT TAX EXPENSE	25	-	-
DEFERRED TAX	25	8,565,311.16	(9,782,584.86)
TOTAL TAX EXPENSE		8,565,311.16	(9,782,584.86)
PROFIT/(LOSS) AFTER TAX		898,233,893.30	(26,755,135.02)
OTHER COMPREHENSIVE INCOME/(LOSS)			
REVALUATION GAIN		35,957,789.88	-
REMEASUREMENT GAINS/(LOSSES) OF GRATUITY RECOGNISED IN		7,206,096.00	345,602.00
TOTAL OTHER COMPREHENSIVE INCOME		43,163,885.88	
INCOME TAX RELATING TO COMPONENT FOR OCI		(2,161,828.80)	(103,680.60)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		939,235,950.38	(26,305,852.42)

Basic Earning Per Share 328.66 (9.79)

Significant Accounting Policies & other Notes 26 & 27
 Signed in terms of our attached report of even date

For SPAN & Associates
 Chartered Accountants
 FRN: 302192E
 RAA Empanelment No.KK-26


 Partner: Sukanta Palit
 Membership No.057072
 UDIN 22057072AGVSRJ2914
 Dated: 11.04.2022
 Place: Kolkata, India





Chairman



Chief Executive Officer

NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED
THIMPHU, BHUTAN
STATEMENT OF CHANGES IN EQUITY AND RETAINED EARNINGS DURING THE YEAR 2021

	SHARE CAPITAL	REVALUATION RESERVE	RETAINED EARNINGS	OTHER RESERVES	TOTAL
	Nu.	Nu.	Nu.	Nu.	Nu.
Balance as on 1st January 2020	2,727,961,000.00		138,309,638.37	143,154,111.73	3,009,424,750.10
Total Comprehensive Income for the year 2020					-
Profit/(Loss) for the year 2020			(26,755,135.02)		(26,755,135.02)
RRCO Seed money transferred to Share capital	5,099,887.96				5,099,887.96
Other Comprehensive Income			241,921.40		241,921.40
Capital Grant for SHP			-	42,312,075.50	42,312,075.50
Balance as on 31st December 2020	2,733,060,887.96		111,796,424.75	185,466,187.23	3,030,323,499.94
Total Comprehensive Income for the year 2021					
Profit/(Loss) for the year (Net of Tax)			898,233,893.30		898,233,893.30
Other Comprehensive Income			5,044,267.20		5,044,267.20
Revaluation Gain on Owners Occupied Property		35,957,789.88		-	35,957,789.88
Capital Grant for SHP			-	43,497,866.44	43,497,866.44
Balance as on 31st December 2021	2,733,060,887.96	35,957,789.88	1,015,074,585.25	228,964,053.67	4,013,057,316.76

Significant Accounting Policies & other Notes 26 & 27

Signed in terms of our attached report of even date

For SPAN & Associates

Chartered Accountants

FRN: 302192E

RAA Empowerment No.KK-26

Partner Suktanta Palit

Membership No.057072

UDIN 22057072AGVSRJ2914

Dated: 11.04.2022

Place : Kolkata, India



Chairman

Chief Executive Officer

NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED THIMPHU, BHUTAN STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER 2021		
	YEAR 2021	YEAR 2020
	Nu.	
Cash Flows from Operating Activities		
Profit/(Loss) for the year	939,235,950.38	(26,305,852.42)
Adjustments for Non-Cash Income & Expenses		
Depreciation Expense	63,287,835.95	67,355,061.51
Financial Liabilities	16,132,269.07	14,645,391.73
Revaluation Surplus	(973,053,132.82)	
	45,602,922.58	55,694,600.82
Changes in Working Capital:		
(Increase)/Decrease in Other current Assets	(43,109,541.06)	(73,710,901.36)
(Increase)/Decrease in Other Non-Current Assets	16,155,551.16	70,920,074.59
(Increase)/Decrease in Trade & Other Receivables	(10,607,492.09)	(1,056,973.43)
(Increase)/Decrease in Inventories	576,409.76	10,434,095.48
Increase/(Decrease) in Current Liabilities-Payables	8,148,589.05	21,888,136.55
Increase/(Decrease) in Non-Current Liabilities-Payables	701,855.75	375,592.16
Increase/(Decrease) in Provisions	(3,088,113.17)	9,310,035.96
Current Tax Expense	-	(4,238,571.70)
Deferred Tax Expenses	10,727,139.96	(9,886,265.46)
NET CASH FLOWS FROM OPERATING ACTIVITIES	25,107,321.94	79,729,823.61
Cash Flows from Investing Activities		
Capital Work in Progress	(11,660,427.71)	10,722,087.97
Purchase of Fixed Assets	(1,261,551,477.04)	(49,462,031.31)
Sale of Fixed Assets	1,253,144,573.31	784,680.00
Purchase of Intangible Assets	(600,000.00)	(2,580,317.00)
CASH FLOWS FROM INVESTING ACTIVITIES	(20,667,331.44)	(40,535,580.34)
Cash Flows from Financing Activities		
Increase/(Decrease) in Long Term Debt	(64,663,350.50)	(61,788,050.04)
Increase/(Decrease) in Other Reserves	43,497,866.44	42,312,075.50
Increase/(Decrease) in Share Capital	-	5,099,887.96
CASH FLOWS FROM FINANCING ACTIVITIES	(21,165,484.06)	(14,376,086.58)
Cash & Cash Equivalent		
Increase/(Decrease) in Cash & Cash Equivalent for the year	(16,725,491.13)	24,818,156.69
Opening Cash & Cash Equivalent	28,932,312.48	4,114,155.79
Closing Cash & Cash Equivalent	12,206,821.35	28,932,312.48
Significant Accounting Policies & other Notes 26 & 27		
Signed in terms of our attached report of even date		
<p>For SPAN & Associates Chartered Accountants FRN: 302192E RAA Empanelment No.KK-26</p> <p>Partner: Sukanta Palli Membership No.057072 UDIN 22057072AGVSRJ2914 Dated: 11.04.2022 Place : Kolkata, India</p>		
<p style="text-align: center;">Chairman</p> <p style="text-align: center;">Chief Executive Officer</p>		

NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED
THIMPHU, BHUTAN
NOTES FORMING PART OF THE STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2021

NOTE NO-1A: PROPERTY, PLANT & EQUIPMENT

Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	Gross Block as on 01.01.2020	Additions during the year	Sold/Adjusted during the year	Balance as on 31.12.2021	Accumulated Depreciation as on 01.01.2021	Dep For the Year	Adjustment during the Year	Accumulated Depreciation as on 31.12.2021	Net Block as on 31.12.2021	Net Block as on 31.12.2020
Land	2,191,751,916.00	-	-	2,191,751,916.00	-	-	-	-	2,191,751,916.00	2,191,751,916.00
Building										
Owner Occupied Property	43,933,583.45	62,905,073.56	38,129,917.38	68,708,739.63	16,311,347.65	2,336,996.82	13,069,224.73	5,579,119.74	63,129,619.89	27,622,235.79
Roads & Culverts/ Parking/ Retaining Wall	106,307,832.52	-	-	106,307,832.52	4,991,617.63	3,187,051.96	-	8,178,669.59	98,129,162.93	101,316,214.90
Storm water drain /Chorten	34,362,232.39	-	-	34,362,232.39	1,452,236.05	1,030,161.39	-	2,482,397.44	31,879,834.95	32,909,996.32
Recreation Park	4,929,587.61	-	-	4,929,587.61	1,203,708.73	147,786.40	-	1,351,495.13	3,578,092.48	3,725,878.89
Furniture & Fixtures	3,412,193.58	317,506.10	-	3,729,699.68	2,042,408.51	433,068.02	-	2,475,476.53	1,254,223.15	1,369,785.06
Office Equipments	9,533,745.73	2,588,280.00	53,480.00	12,068,545.73	5,540,914.14	1,263,774.30	33,335.70	6,771,352.74	5,297,192.99	3,992,831.67
Vehicles	39,858,574.55	-	-	39,858,574.55	20,708,556.99	5,669,993.99	-	26,378,550.98	13,480,023.57	19,150,017.55
Tools & Equipments	4,535,508.53	1,005,200.00	-	5,540,708.53	3,657,501.12	373,140.54	-	4,030,641.66	1,510,066.87	878,007.38
Power System	12,563,606.91	-	-	12,563,606.91	1,523,134.48	627,750.25	-	2,150,884.73	10,412,722.18	11,040,472.41
Plant & Machineries	20,765,353.86	1,002,642.42	-	21,767,996.28	5,579,248.02	3,136,920.68	-	8,716,168.70	13,051,827.58	15,186,105.84
Watch Tower	1,401,491.38	-	-	1,401,491.38	101,744.13	42,015.91	-	143,760.04	1,257,731.34	1,299,747.24
Compound Wall & Fencing	-	392,746.24	-	392,746.24	-	32.26	-	32.26	392,713.98	-
Total	2,473,355,626.51	68,211,451.15	38,183,397.38	2,503,383,677.45	63,112,417.45	18,246,692.52	13,102,560.43	68,258,549.54	2,435,125,130.74	2,410,243,209.05
Previous Year	2,459,568,416.50	14,506,890.01	719,680.00	2,473,355,626.51	40,322,665.18	23,110,798.79	321,046.52	63,112,417.46	2,410,243,209.05	2,419,245,751.32

NOTE NO-1B: INVESTMENT PROPERTY

Investment Property	1,481,879,404.41	2,166,393,158.05	1,481,879,404.41	2,166,393,158.05	209,359,285.92	44,461,274.88	253,815,668.05	4,892.75	2,166,388,265.90	1,272,520,118.47
Total	1,481,879,404.41	2,166,393,158.71	1,481,879,404.41	2,166,393,158.65	209,359,285.92	44,461,274.88	253,815,668.05	4,892.75	2,166,388,265.90	1,272,520,118.47
Previous Year	1,446,989,263.11	34,955,141.30	65,000.00	1,481,879,404.41	165,342,288.92	44,317,942.25	300,945.23	209,359,285.94	1,272,520,118.47	1,281,646,974.19

NOTE NO-1C: INTANGIBLE ASSETS

Software	4,192,615.02	600,000.00	-	4,792,615.02	1,641,788.54	577,868.55	-	2,219,657.09	2,572,957.93	2,590,826.48
Total	4,192,615.02	600,000.00	-	4,792,615.02	1,641,788.54	577,868.55	-	2,219,657.09	2,572,957.93	2,590,826.48
Previous Year	1,612,298.02	2,580,317.00	-	4,192,615.02	1,093,476.28	548,312.25	-	1,641,788.54	2,590,826.48	518,821.74

NOTE NO. 1D CAPITAL WORK IN PROGRESS

Sl. No	CAPITAL WORK IN PROGRESS	As on 31st December 2021	As on 31st December 2019
1	Regional Office-Pling	20,607,312.47	16,761,368.59
2	Construction ,near Rabten workshop, Pling	10,956,661.47	10,088,987.41
3	District housing project-Sumdrup Jongkhue	-	52,500.00
4	ADB Affordable Housing project	2,943,228.60	-
5	Construction of Traditional Building,Tplu	3,538,211.67	-
6	Construction of commercial Building at Chongji	517,869.53	-
		38,563,283.74	26,902,856.03

Depreciation Rate:

Buildings, Roads & Culverts,	
Recreational Park	3%
Buildings-Temporary/Semi Permanent Building	20%
Furniture & Fixtures	15%
Office Equipment	15%
Vehicles	15%
Tools & Equipments	15%
Software Applications	15%
Power System	5%



NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED			
THIMPHU, BHUTAN			
NOTES FORMING PART OF THE STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021			
		As at 31st December 2021	As at 31st December 2020
		Nu.	Nu.
NOTE NO: 2			
CASH AND CASH EQUIVALENT			
BNBL CD A/C 0000062864013		98,517.81	3,095,880.81
BOBL A/C 100909089		486,286.40	742,361.40
BOBL A/C 100912424		10,160,808.18	5,642,772.95
BOBL A/C 100930599		390,954.02	14,384,100.18
BoBL A/C 201614515		1,070,254.94	4,995,970.14
Cash in Hand		-	71,227.00
	Current	12,206,821.35	28,932,312.48
NOTE NO: 3			
TRADE & OTHER RECEIVABLES			
TRADE RECEIVABLES			
Debtor Others		114,000.00	-
Recoverable from sale of Pilot Housing		2,441,680.16	2,851,033.14
Interest Receivable(pilot Housing)		3,636.15	12,660.24
Lease Rent Receivable(Pilot Housing)		1,033.00	2,597.00
HMU Deposit Work		-	315,193.88
Debtor Rental		4,615,740.45	6,197,787.25
Other Receivables		44,440,334.74	31,629,660.90
	3	51,616,424.50	41,008,932.41
	Non-Current-3A	2,441,680.16	2,851,033.14
	Current-3B	49,174,744.34	38,157,899.27
NOTE NO: 4			
OTHER ASSETS			
DEPOSITS			
Construction Security Deposit		333,423.00	227,144.00
Gratuity Fund Management (RICBL)		40,477,322.67	35,721,785.56
Gratuity Fund-Bhutan Insurance Ltd		-	35,695.58
Interest Accrued But Not Due		13,488,317.71	5,648,248.69
TDS Withheld by clients		636,761.35	324,407.15
	A	54,935,824.73	41,957,280.98
	Non-Current	40,477,322.67	41,632,873.83
	Current	5,930,385.89	324,407.15
ADVANCES			
Advance to Contractor		10,394,120.10	1,647,627.50
Advance to Staff-Travel		91,733.00	89,108.00
Advance to Suppliers		17,622,067.67	22,828,669.05
Advances for Maintainance		1,795,813.21	30,000.00
Fuel Advance		20,000.00	-
Imprest Advance		93,732.00	96,400.00
Mobilisation Advance		15,354,092.09	4,856,731.05
Secured Advance		150,000.00	300,000.00
Staff Working Advance		202,760.00	440.00
Advance to Staff-Others		72,203.88	172,100.20
	B	45,796,521.95	30,021,075.80
	Non-Current	-	-
	Current	45,796,521.95	30,021,075.80
FIXED DEPOSITS			
BNBL FD A/c 7000062864015 - NHDCL		25,000,000.00	-
BNBL- A/C No-70000628364003 - NHDCL		25,000,000.00	25,000,000.00
BOBL- A/C No-202403455 - NHDCL		25,000,000.00	25,000,000.00
RICBL-FA/2016/1236 - NHDCL		-	110,000,000.00
RICBL-FA/2016/1724 - NHDCL		-	1,800,000.00
RICBL-FA/2017/3437 - NHDCL		75,000,000.00	75,000,000.00
RICBL-FA/2018/3915 - NHDCL		75,000,000.00	75,000,000.00
T-Bank Ltd. FD A/c 004695 - NHDCL		50,000,000.00	-
T-Bank Ltd. FD A/c No. 777TC047898004 - NHDCL		35,000,000.00	-
	C	310,000,000.00	311,800,000.00
	Non-Current	185,000,000.00	200,000,000.00
	Current	125,000,000.00	111,800,000.00
TOTAL OTHER CURRENT ASSETS	A+B+C	410,732,346.68	383,778,356.78
	Non-Current	4A	241,632,873.83
	Current	4B	142,145,482.95
Inventories		10,050,650.38	10,627,060.14
Total Inventories		10,050,650.38	10,627,060.14



NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED THIMPHU, BHUTAN			
NOTES FORMING PART OF THE STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021			
		As at 31st December 2021	As at 31st December 2020
		Nu.	Nu.
NOTE NO.6			
Financial Assets			
Fair Value Adjustment Reserve Security Deposit Refundable - Changji - NHDCL		117,185.00	125,030.00
Fair Value Adjustment Reserve Security Deposit Refundable - NHDCL		4,818,328.21	5,416,496.26
Fair Value Loan - NHDCL		16,899,767.00	32,657,125.00
Total Financial Assets		21,835,280.21	38,198,651.26
NOTE NO.7			
Deferred Tax Asset		4,726,243.51	8,221,624.57
Total Tax Assets		4,726,243.51	8,221,624.57
NOTE NO: 8			
SHARE CAPITAL			
Authorised Capital:			
10,000,000 Equity (or Ordinary) Shares of 1,000 Ngultrum each		10,000,000,000.00	10,000,000,000.00
Subscribed & Paid up Capital of RGoB			
Equity (or Ordinary) Shares (Previous year 2,733,060) of 1,000 Ngultrum each		2,733,060,887.96	2,733,060,887.96
		2,733,060,887.96	2,733,060,887.96
NOTE NO: 9			
RETAINED EARNINGS			
Net Accumulated Profit from past years		111,796,424.75	138,309,638.37
Profit/(Loss) for the year(Net of Tax)		898,233,893.30	(26,755,135.02)
Other Comprehensive Income		5,044,267.20	241,921.40
Previous Year Tax		-	-
		1,015,074,585.25	111,796,424.75
NOTE NO:10			
REVALAUATION RESERVES			
Revaluation Gain on OOP		35,957,789.88	-
NOTE NO: 11			
OTHER RESERVES			
Capital Grant for SHP from MoF			
At the beginning		185,466,187.23	138,054,223.77
Addition during the year		50,938,416.72	53,324,361.24
Less:Transferred to Statement of Comprehensive Income		7,440,550.28	5,912,397.78
		228,964,053.67	185,466,187.23
NOTE NO: 12			
LONG TERM DEBT			
Corporate Term Loan		732,163,116.04	796,826,466.54
		732,163,116.04	796,826,466.54
NOTE NO.13			
Financial Liabilities			
Secured Loan Interest Free		250,000,000.00	250,000,000.00
fair Valuatun Adjustment for sale of recoveries		961,432.16	1,192,534.14
		250,961,432.16	251,192,534.14
NOTE NO: 14			
PAYABLES			
Trade & Other Payables	14.1	10,936,101.68	11,836,722.11
Liabilities for Expenses	14.2	76,136,543.65	67,087,334.17
Other Liabilities	14.3	17,625,488.01	16,923,632.26
		104,698,133.34	95,847,688.54
	Non-Current	14A	17,625,488.01
	Current	14B	87,072,645.33
			16,923,632.26
			78,924,056.28
NOTE NO: 14.1			
Trade & Other Payables			
Retention Money Payable		3,947,665.16	5,561,186.54
Sundry Creditors		6,572,317.69	5,838,718.80
Advance to Others		80,639.83	38,566.87
Other Payable		335,479.00	398,249.90
		10,936,101.68	11,836,722.11
	Non-Current	14.1A	-
	Current	14.1B	10,936,101.68
			11,836,722.11



NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED				
THIMPHU, BHUTAN				
NOTES FORMING PART OF THE STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021				
		As at 31st December 2021		As at 31st December 2020
NOTE NO:		Nu.		Nu.
NOTE NO: 14.2				
LIABILITIES FOR EXPENSES				
	Tax Deducted at Source	428,684.29		-
	Actuarial Fee Payable	35,000.00		35,000.00
	Advance From Customer	21,651,000.00		40,517,149.49
	Audit Fees Payable	66,550.00		86,550.00
	Audit Recoveries(Payable)	687,506.35		687,506.35
	Deposit Work (Liabilities)	52,975,699.01		25,623,581.33
	Pre-rent	121,523.00		137,547.00
	Health Contribution	48,626.00		-
	Salary Tax	121,955.00		-
		76,136,543.65		67,087,334.17
	Non-Current	14.2A	-	-
	Current	14.2B	76,136,543.65	67,087,334.17
NOTE NO: 14.3				
OTHER LIABILITIES				
	Security Deposits (Performance)	8,200.00		3,200.00
	Security Deposits (House Rent)	17,413,807.01		16,716,951.26
	Security Deposits (Pilot Housing)	203,481.00		203,481.00
		17,625,488.01		16,923,632.26
	Non-Current	14.3A	17,625,488.01	16,923,632.26
	Current	14.3B	-	-
NOTE NO: 15				
PROVISION				
	Provision for Employee Gratuity Fund	37,057,708.19		39,028,742.86
	Provision for Carrying Charges	946,265.00		848,765.00
	Provision for Leave Encashment	4,687,627.68		5,838,852.18
	Provision for Transfer Grant	1,507,022.00		1,538,699.00
	Provision for Travel Allowance	1,507,022.00		1,538,699.00
		45,705,644.87		48,793,758.04
	Non-Current	15A	38,386,088.87	43,619,083.04
	Current	15B	7,319,556.00	5,174,675.00
NOTE NO.16				
	Provision for CIT	-		-
Total Current Tax				-
NOTE NO.17				
	Deferred Tax Liability	7,231,758.90		-



NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED THIMPHU, BHUTAN		
NOTES FORMING PART OF THE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2021		
	For the year ended 31st December 2021	For the year ended 31st December 2020
	Nu.	Nu.
NOTE NO: 18		
REVENUE:		
RENTAL INCOME		
Lease Rent-Pilot housing	63,096.00	537,047.25
Rental Income from Special Housing Units	33,710,328.00	32,864,190.00
Rental Income-Commercial	11,548,604.11	8,794,545.40
Rental Income-Residential	84,860,677.00	81,829,435.00
Revenue from Manufacturing Unit	13,154,494.75	8,053,844.47
	143,337,199.86	132,079,062.12
NOTE NO: 19		
OTHER INCOME		
Adjustment of Depreciation on Capital Grant	7,440,550.28	5,912,397.78
Audit Recoveries	-	147,324.17
Gain on Sale of Assets	-	430,000.00
Gain on FV of Investment Property	937,095,342.94	-
Govt. Grant for concessional borrowings at fair value	(15,757,358.00)	(14,692,176.00)
Income from Consultancy Services	3,557,268.16	6,345,615.77
Income from Supervision on Depository Work	7,009,262.61	28,989,120.95
Income from Fines & Penalties	150,851.00	1,690,707.36
Income From Hiring Charges	1,198,444.99	785,180.98
Income from other quarters	1,444,099.00	1,103,725.00
Income from SHP	5,054,670.84	4,696,395.76
Interest Income(Pilot Housing)	291,931.84	329,213.87
Interest on Fixed Deposits	24,227,010.31	28,060,475.16
Miscellaneous Income	3,997,842.59	800,810.64
RGoB Housing Maintenance(Revenue Grant)	5,000,000.00	-
Revaluation Gain	35,957,789.88	-
	1,016,667,706.44	64,598,791.44
NOTE NO.20		
PERSONNEL EMOLUMENTS		
Salary & Wages	44,222,918.40	40,570,526.00
PBVI	6,402,089.10	5,669,402.00
Contribution to Provident Fund	6,652,172.80	5,808,241.00
Contribution to Gratuity Fund	3,083,839.00	3,404,653.00
House Rent Allowance	9,256,281.00	7,891,870.00
Group Personal Accident Insurance	150,444.00	149,940.00
Leave Travel Concession	2,344,678.71	1,384,952.00
Leave Encashment	1,976,048.00	3,190,674.00
Retirement Benefit	958,794.80	4,385,039.00
Conveyance Allowance	199,100.00	135,800.00
Communication Allowance	253,798.00	195,400.00
Employee Training Expenses	50,000.00	176,086.00
Working Uniform/Liveries	251,874.00	976,442.00
Other Employee Costs	978,883.22	894,912.00
	A	76,780,921.03
		74,833,937.00
NOTE NO.21		
Operation & Maintenance		
R & M of Property	32,079,385.79	28,977,399.33
R & M Plant & Machinery /Equipments	30,150.00	153,314.49
R & M Software Application(AMC)	1,221,704.00	1,053,560.00
R & M Vehicle	946,936.00	788,929.00
Expenses for Depository Works	-	24,724,509.14
Registration/Insurance/Tax of Buildings	4,113,040.47	944,278.00
Registration/Insurance/Tax of Land	3,136,128.80	2,028,699.94
Registration/Insurance/Tax of Pool Vehicles	66,097.00	-
Vehicle running Expenses	2,486,639.36	2,052,725.81
Water & Sewerage	170,798.20	135,399.00
Cost of production for Brick	-	51,256.42
Cost of Production for wood	-	896,104.71
	B	44,250,879.62
		61,806,175.84



NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED		
THIMPHU, BHUTAN		
NOTES FORMING PART OF THE STATEMENT OF COMPREHENSIVE INCOME		
FOR THE YEAR ENDED 31ST DECEMBER 2021		
	For the year ended 31st December 2021	For the year ended 31st December 2020
<u>NOTE NO.22</u>	Nu.	Nu.
Administration & General Expenses		
Advertisement & Publicity	66,104.00	95,520.00
Auditors' & Actuarial Fees	401,550.00	462,220.50
Bad Debts Written Off	1,217,091.48	-
Bank Charges	11,385.30	10,850.80
Board Sitting Fee	152,500.00	130,000.00
Books & Periodicals	31,875.00	24,915.00
Consultancy services Expenses	55,120.00	217,403.00
Corporate Social Responsibility Expenses	400,000.00	215,009.05
Discount Allowed	37,656.10	-
Electricity Charges	1,050,073.82	1,221,909.02
Hiring Charges	6,000.00	13,491.00
Honorarium Expenses	234,000.00	132,000.00
Hospitality & Entertainment	217,770.00	200,116.62
Lease Rent Payment	204,020.00	276,712.00
License Fees	7,750.00	262,310.00
Loading/Unloading Expenses	-	315,954.96
Meeting Expenses	49,117.00	36,080.00
Miscellaneous Expenses	268,288.51	40,752.99
Office Maintenance	176,747.24	50,300.00
Postage & Courier	10,465.00	6,135.00
Printing	40,625.00	32,365.00
Rates & Taxes	73,892.00	-
Telephone, Fax & Internet Charges	1,012,766.77	567,523.10
Travel-In country	981,050.00	1,096,627.78
Wages	287,905.00	-
Discretionary Grant Expenses	200,000.00	200,000.00
	7,193,752.22	5,608,195.82
NOTE NO: 23		
CONSUMABLES		
Consumption of Office Equipment	75,105.65	-
Consumption of Equipment Spares	35,010.00	120.00
Consumption of Printing & Stationeries	758,512.59	618,914.80
Consumption of Vehicle Spares	339,510.00	126,412.00
Consumption of Civil Materials	4,235,726.55	2,486,288.71
	5,443,864.79	3,231,735.51
NOTE NO: 24		
FINANCE COST		
Finance Charge on Financial Instruments	374,911.07	(46,784.27)
Interest on Loan	19,974,674.22	22,849,974.68
	20,349,585.29	22,803,190.41
NOTE NO: 25		
TAX EXPENSE		
Current Period Tax Expense	-	-
Deferred Period Tax Expense	10,727,139.96	(9,678,904.26)
	10,727,139.96	(9,678,904.25)



NOTE 26

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR 2021

1. Contingent Liability and Capital commitment of the company

- 1.1. Guarantees issued by banks in favour of others and covered by counter guarantee by the company Nu. 26,472,140 (last year Nu. 5,464,090).
- 1.2. Capital commitment Nu. 41,747,073 (last year Nu. 55,759,958.91) net of costs recognised in the financial statements and advances made of Nu. 10,284,690 (last year Nu. 6,469,608.90).
- 1.3. The contingent liability where the probability of future payments is assessed is disclosed;

a. Changjiji Electrical pole case:

The Office of Attorney General had filed a case before the Royal Court of Justice, Dzongkhag Court Thimphu on behalf of late Ms. On account of being struck by an electric pole at the Changjiji Housing colony and injuring her in April 2021.

On 24th Dec.2021, the Royal Court of Justice vide letter no.2021/1142/3124 had ordered NHDCL to pay Nu.500,000 to the victim. With the approval from the Board, Nu.250,000 was paid to the family of the victim through OAG in December 2021.

2. The building under PPE has been classified as owner-occupied property and the property used for rental purpose has been classified as investment property under Note No. 1 B as per BAS 16 and BAS 40.
3. If the Owner-Occupied Property is increased as a result of a revaluation, the increase shall be recognized in the Other Comprehensive Income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in Profit or Loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in Profit or Loss.

A gain or loss arising from the change in the fair value of investment, profit shall be recognized in profit or loss for the period in which it arises.

The revaluation has been made this year and adjustment for the same have been made in the financial statement as on 31.12.2021.

4. Related Party Disclosure

In accordance with BAS 24, following are the list of related parties.



a. Details of Directors and Related Parties:

Name	Address	Appointment Date	Position	Remarks
Dasho Pema Chewang	Secretary, NLCS	14/05/2015	Chairperson	Present
Mr.Lodey Tsheten	Director, DNB, MOF	18/05/2017	Director	Present
Mr.Dungtu Drukpa	CEO, NPPF	18/05/2017	Director	Present
Mr. Pema.R.Rinchen	Project Director, HOPE	24/08/2015	Director	Present
Mr. Tashi Tobgye	Director, DCRC, MOHCA	18/05/2017	Director	Present
Mr.Karma Sonam	Director, DHS, MoWHS	26/06/2018	Director	Present
Mr. Thinley Dorji	CEO, NHDCL	21/12/2015	Chief Executive Officer	Present

b. Transactions with related parties during the year:

i. DSA & Sitting Fee:

Name	2021		2020	
	DSA (Nu.)	Sitting Fee (Nu.)	DSA (Nu.)	Sitting Fee
Mr. Pema Chewang	-	20,000.00	-	15,000.00
Mr. Lodey Tsheten	-	2,500.00	-	25,000.00
Mr. Dungtu Drukpa	-	20,000.00	-	7,500.00
Mr. Pema. R. Rinchen	-	22,500.00	-	12,500.00
Mr. Tashi Tobgye	-	22,500.00	-	17,500.00
Mr.Karma Sonam	-	22,500.00	-	7,500.00

ii. Loan with NPPF

Particulars	Amount (Nu.)	Remarks
Term Loan	732,163,116.04	Sovereign Guarantee (MoF)

iii. Chief Executive Officer's Remuneration:

Particulars	2021	2020
Basic Pay	1,001,250.00	978,750.00
Communication Allowance	60,000.00	60,000.00
Contract Allowance	500,628.00	489,378.00
Provident Fund	110,136.00	107,664.00
Leave encashment	84,375.00	82,500.00



Bonus	120,034.50	120,038.00
Sitting Fee	27,500.00	25,000.00
Discretionary Grant	200,000.00	200,000.00
Total	2,103,923.50	2,063,330.00

c. Employee Benefit disclosure as per BAS 1

4.c.1 Defined Contribution Plans

Contributions for Defined Contribution Plans amounting to Nu.6,402,089.10 (LY Nu. 5,808,241) has been recognized in the Statement of Profit or Loss.

4.c.1.1 Provident Fund

Provident Fund is a defined contribution scheme whereby the Company contributes an amount determined as a fixed percentage of basic salary to the government authorities every month.

4.c.2 Defined Benefit Plans

4.c.2.1 Gratuity

The Company operates a gratuity scheme wherein every employee is entitled to the benefit equivalent to one month's basic salary last drawn for each completed year of service (one completed year is considered if served for over six months in the year) subject to minimum service of five years. The same is payable on retirement, demise or termination of service, whichever is earlier. Annual contributions based on actuarial valuation carried out at the year-end are made to an insurance company.

The disclosures as required under BAS 19 is provided below:

4.c.2.1.1 Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2021	31-Dec-2020
Discount rate	7.00%	7.00%
Salary growth rate	9.00%	11.00%

Demographic assumptions

Parameter	31-Dec-2021	31-Dec-2020
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Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	8.00%	8.00%

4 c.2.1.2 Financial exhibits

A. LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Present value of define benefit obligation	37,057,709	39,028,743
Fair value of plan assets	40,477,323	35,757,481
Funded status - surplus/(deficit)	3,419,614	(3,271,262)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	3,419,614	(3,271,262)

B. COMPOSITION OF DEFINED BENEFIT COST

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Expense recognised in profit or loss	3,083,839	3,404,653
Expense recognised in other comprehensive income	(6,539,361)	(133,391)
Defined benefit cost	(3,455,522)	3,271,262

C. EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Current service cost	3,081,325	3,382,561
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	2,628,700	2,406,609
Less: Interest on plan asset	2,626,186	2,384,517



Expenses recognised in profit or loss	3,083,839	3,404,653
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D. AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

<i>Nil.</i>	31-Dec-2021	31-Dec-2020
Actuarial (gain) or loss due to experience adjustments	(261,925)	(824,954)
Actuarial (gain) or loss due to changes in financial assumptions	(5,983,051)	-
Actuarial (gain) or loss due to changes in demographic assumptions	39,808	-
Return on plan assets (greater) or less than discount rate	334,192	(691,563)
Expenses recognised as OCI	(5,870,977)	(1,516,517)

E. RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

<i>Nil.</i>	31-Dec-2021	31-Dec-2020
DBO at the beginning of period	39,028,743	34,695,721
Add: Current service cost	3,081,325	3,382,561
Add: Past service cost	-	-
Add: Interest cost	2,628,700	2,406,609
Less: Benefits paid by the plan	(1,475,890)	(631,194)
Less: Benefits paid by the employer	-	-
Actuarial (gain) or losses due to experience adjustment	(261,925)	(824,954)
Actuarial (gain) or losses due to change in financial assumptions	(5,983,051)	-
Actuarial (gain) or losses due to change in demographic assumptions	39,808	-
DBO at the end of period	37,057,709	39,028,743



F. COMPOSITION OF PLAN ASSET

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	40,477,323	35,757,481
Equities	-	-
Total	40,477,323	35,757,481

G. RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Fair value at the beginning of period	35,757,481	19,074,716
Contribution paid into the plan	3,235,354	15,621,005
Expected return on plan assets	2,626,186	2,384,517
Benefits paid from the plan	(1,475,890)	(631,194)
Return on plan assets greater or (less) than discount rate	334,192	(691,563)
Fair value at the end of period	40,477,323	35,757,481

H. BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Current liability	5,559,649	5,854,878
Non-current liability	(8,979,262)	(2,583,615)
Net Liability	(3,419,614)	3,271,262

I. EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

<i>Un.</i>	<i>Nu.</i>
December 31, 2022	5,948,824
December 31, 2023	4,774,824



December 31, 2024	5,723,976
December 31, 2025	4,374,169
December 31, 2026	11,164,654
December 2027 to December 2031	32,199,112
December 2032 to December 2041	71,023,497

J. ESTIMATED TERM OF LIABILITY (IN YEARS): 13.69

4.c.2.1.3 Sensitivity analyses

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	35,831,540	(1,226,169)	-3.31%
	Base rate	37,057,709	-	0.00%
	- 0.5%	38,365,789	1,308,080	3.53%
Salary growth rate	+ 0.5%	38,433,525	1,375,815	3.71%
	Base rate	37,057,709	-	0.00%
	- 0.5%	35,754,930	(1,302,779)	-3.52%
Mortality rate	+ 10%	37,020,531	(37,178)	-0.10%
	Base rate	37,057,709	-	0.00%
	- 10%	37,095,094	37,385	0.10%
Employer turnover rate	+ 0.5%	36,591,092	(466,618)	-1.26%
	Base rate	37,057,709	-	0.00%
	- 0.5%	37,553,396	495,686	1.34%



4.c.2.2. Leave Encashment

4.c.2.2.1 Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2021	31-Dec-2020
Discount rate	7.00%	7.00%
Salary growth rate	9.00%	11.00%

Demographic assumptions

Parameter	31-Dec-2021	31-Dec-2020
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	8.00%	8.00%

4.c.2.2.2 Financial exhibits

A. LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2021	31-Dec-2020
Present value of define benefit obligation	4,687,627	5,838,852
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(4,687,627)	(5,838,852)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(4,687,627)	(5,838,852)

B. COMPOSITION OF DEFINED BENEFIT COST

Nu.	31-Dec-21	31-Dec-20
Service Cost	(1,151,225)	1,050,851
Net interest on net defined liability (asset)	185,369	185,372
Immediate recognition of gains/losses - Other long term employee benefits	3,005,353	1,954,451



Expense recognised in other comprehensive income	-	-
Define Benefit Cost	2,039,498	3,190,674

C. EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

<i>NIL.</i>	31-Dec-21	31-Dec-20
Current service cost	(1,151,225)	1,050,851
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	185,369	185,372
Interest on plan asset	-	-
Immediate recognition of gains/losses - Other long-term employee benefits	3,005,353	1,954,451
Expenses recognised in profit or loss	2,039,498	3,190,674

D. AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

<i>NIL.</i>	31-Dec-21	31-Dec-20
Actuarial (gain) or loss due to experience adjustments	3,868,986	1,954,451
Actuarial (gain) or loss due to changes in financial assumptions	(866,381)	-
Actuarial (gain) or loss due to changes in demographic assumptions	2,748	-
Return on plan assets (greater) or less than discount rate	-	-
Immediate recognition of gains/losses - Other long term employee benefits	3,005,353	1,954,451
Expense recognised as other comprehensive income	-	-

E. RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

<i>NIL.</i>	31-Dec-2021	31-Dec-2020
DBO at the beginning of period	5,838,852	4,788,001
Add: Current service cost	(1,151,225)	1,050,851
Add: Past service cost	-	-
Add: Interest cost	185,369	185,372



Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(3,190,722)	(2,139,823)
Actuarial (gain) or losses due to experience adjustment	3,868,986	1,954,451
Actuarial (gain) or losses due to change in financial assumptions	(866,381)	-
Actuarial (gain) or losses due to change in demographic assumptions	2,748	-
DBO at the end of period	4,687,627	5,838,852

F. COMPOSITION OF PLAN ASSET

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
Total	-	-

G. RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-
Fair value at the end of period	-	-

H. BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Current liability	488,118	562,635



Non-current liability	4,199,509	5,276,217
Net Liability	4,687,627	5,838,852

I. EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

<i>In.</i>	<i>Nu.</i>
December 31, 2022	522,287
December 31, 2023	371,527
December 31, 2024	448,949
December 31, 2025	331,379
December 31, 2026	649,284
December 2027 to December 2031	1,910,759
December 2032 to December 2041	3,114,545

J. ESTIMATED TERM OF LIABILITY (IN YEARS): 9.81

4.c.2.2.3 Sensitivity analyses

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	4,511,777	(175,850)	-3.75%
	Base rate	4,687,627	-	0.00%
	- 0.5%	4,876,575	188,948	4.03%
Salary growth rate	+ 0.5%	4,884,467	196,839	4.20%
	Base rate	4,687,627	-	0.00%
	- 0.5%	4,502,562	(185,065)	-3.95%
Mortality rate	+ 10%	4,687,627	0.49%	0.00%
	Base rate	4,687,627	-	0.00%
	- 10%	4,687,627	0.49%	0.00%



Employer turnover rate	+ 0.5%	4,662,408	(25,220)	-0.54%
	Base rate	4,687,627	-	0.00%
	- 0.5%	4,714,761	27,134	0.58%

4.c.2.3 Carriage charge

4.c.2.3.1 Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2021	31-Dec-2020
Discount rate	7.00%	7.00%
Increase in cost of transportation	5.00%	5.00%

Demographic assumptions

Parameter	31-Dec-2021	31-Dec-2020
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	8.00%	8.00%

4.c.2.3.2 Financial exhibits

A. LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31-Dec-2021	31-Dec-2020
Present value of define benefit obligation	946,265	848,765
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(946,265)	(848,765)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(946,265)	(848,765)

B. COMPOSITION OF DEFINED BENEFIT COST



<i>Nit.</i>	31-Dec-2021	31-Dec-2020
Expense recognised in profit or loss	218,617	177,535
Expense recognised in other comprehensive income	(117,169)	(18,119)
Defined benefit cost	101,448	159,416

C. EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

<i>Nit.</i>	31-Dec-2021	31-Dec-2020
Current service cost	159,480	129,281
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	59,137	48,254
Less: Interest on plan asset	-	-
Expenses recognised in profit or loss	218,617	177,535

D. AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

<i>Nit.</i>	31-Dec-2021	31-Dec-2020
Actuarial (gain) or loss due to experience adjustments	(117,041)	(18,119)
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	(128)	-
Return on plan assets (greater) or less than discount rate	-	-
Expenses recognised as OCI	(117,169)	(18,119)

E. RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

<i>Nit.</i>	31-Dec-2021	31-Dec-2020
DBO at the beginning of period	848,765	714,232



Add: Current service cost	159,480	129,281
Add: Past service cost	-	-
Add: Interest cost	59,137	48,254
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(3,948)	(24,883)
Actuarial (gain) or losses due to experience adjustment	(117,041)	(18,119)
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	(128)	-
DBO at the end of period	946,265	848,765

F. COMPOSITION OF PLAN ASSET

<i>Nil.</i>	31-Dec-2021	31-Dec-2020
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
Total	-	-

G. RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

<i>Nil.</i>	31-Dec-2021	31-Dec-2020
Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-
Fair value at the end of period	-	-



H. BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Current liability	358,619	374,795
Non-current liability	587,646	473,970
Net Liability	946,265	848,765

I. EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

<i>It.</i>	<i>Nu.</i>
December 31, 2022	383,722
December 31, 2023	335,815
December 31, 2024	417,357
December 31, 2025	238,667
December 31, 2026	359,891
December 2027 to December 2031	1,117,014
December 2032 to December 2041	1,576,819

J. ESTIMATED TERM OF LIABILITY (IN YEARS): 7.83

4.C.2.3.3 Sensitivity analyses

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	922,412	(23,853)	-2.52%
	Base rate	946,265	-	0.00%
	- 0.5%	971,480	25,215	2.66%
Increase in cost of transportation	+ 0.5%	974,590	28,325	2.99%
	Base rate	946,265	-	0.00%
	- 0.5%	919,231	(27,034)	-2.86%



Mortality rate	+ 10%	946,240	(25)	-0.00%
	Base rate	946,265	-	0.00%
	- 10%	946,292	26.71	0.00%
Employer turnover rate	+ 0.5%	948,711	2,446	0.26%
	Base rate	946,265	-	0.00%
	- 0.5%	943,723	(2,542)	-0.27%

4.c.2.4 Travel Allowance

4.c.2.4.1 Actuarial assumptions

Financial assumptions

Parameter	31-Dec-2021	31-Dec-2020
Discount rate	7.00%	7.00%
Salary growth rate	9.00%	11.00%

Demographic assumptions

Parameter	31-Dec-2021	31-Dec-2020
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	8.00%	8.00%

4.c.2.4.2 Financial exhibits

A. LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Present value of define benefit obligation	1,507,022	1,538,699
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(1,507,022)	(1,538,699)
Effect of asset ceiling	-	-



Net defined benefit asset/(liability)	(1,507,022)	(1,538,699)
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B. COMPOSITION OF DEFINED BENEFIT COST

<i>Nil.</i>	31-Dec-2021	31-Dec-2020
Expense recognised in profit or loss	323,326	312,164
Expense recognised in other comprehensive income	(276,163)	(85,668)
Defined benefit cost	47,163	226,496

C. EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

<i>Nil.</i>	31-Dec-2021	31-Dec-2020
Current service cost	218,376	219,200
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	104,950	92,964
Less: Interest on plan asset	-	-
Expenses recognised in profit or loss	323,326	312,164

D. AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

<i>Nil.</i>	31-Dec-2021	31-Dec-2020
Actuarial (gain) or loss due to experience adjustments	(58,899)	(85,668)
Actuarial (gain) or loss due to changes in financial assumptions	(218,047)	-
Actuarial (gain) or loss due to changes in demographic assumptions	784	-
Return on plan assets (greater) or less than discount rate	-	-
Expenses recognised as OCI	(276,163)	(85,668)

E. RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION



<i>Nu.</i>	31-Dec-2021	31-Dec-2020
DBO at the beginning of period	1,538,699	1,343,923
Add: Current service cost	218,376	219,200
Add: Past service cost	-	-
Add: Interest cost	104,950	92,964
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(78,840)	(31,720)
Actuarial (gain) or losses due to experience adjustment	(58,899)	(85,668)
Actuarial (gain) or losses due to change in financial assumptions	(218,047)	-
Actuarial (gain) or losses due to change in demographic assumptions	784	-
DBO at the end of period	1,507,022	1,538,699

F. COMPOSITION OF PLAN ASSET

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
Total	-	-

G. RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-



Fair value at the end of period	-	-
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H. BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Current liability	456,585	487,325
Non-current liability	1,050,437	1,051,374
Net Liability	1,507,022	1,538,699

I. EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

<i>In.</i>	<i>Nu.</i>
December 31, 2022	488,546
December 31, 2023	414,096
December 31, 2024	502,460
December 31, 2025	312,417
December 31, 2026	498,094
December 2027 to December 2031	1,727,114
December 2032 to December 2041	3,067,532

J. ESTIMATED TERM OF LIABILITY (IN YEARS): 9.77

4.c.2.4.3 Sensitivity Analyses

Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	1,462,692	(44,330)	-2.94%
	Base rate	1,507,022	-	0.00%
	- 0.5%	1,554,207	47,185	3.13%



Salary growth rate	+ 0.5%	1,557,251	50,229	3.33%
	Base rate	1,507,022	-	0.00%
	- 0.5%	1,459,331	(47,691)	-3.16%
Mortality rate	+ 10%	1,507,022	0.0042	0.00%
	Base rate	1,507,022	-	0.00%
	- 10%	1,507,022	0.0042	0.00%
Employer turnover rate	+ 0.5%	1,500,184	(6,838)	-0.45%
	Base rate	1,507,022	-	0.00%
	- 0.5%	1,514,296	7,274	0.48%

4.c.2.5 Transfer Grant

4.c.2.5.1 Actuarial Assumptions

Financial Assumptions

Parameter	31-Dec-2021	31-Dec-2020
Discount rate	7.00%	7.00%
Salary growth rate	9.00%	11.00%

Demographic Assumptions

Parameter	31-Dec-2021	31-Dec-2020
Mortality rate	100% of IALM (2012-14)	100% of IALM (2006-08)
Employee turnover rate	8.00%	8.00%

4.c.2.5.2 Financial exhibits

A. LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

	31-Dec-2021	31-Dec-2020
	<i>Nil.</i>	



Present value of define benefit obligation	1,507,022	1,538,699
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(1,507,022)	(1,538,699)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(1,507,022)	(1,538,699)

B. COMPOSITION OF DEFINED BENEFIT COST

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Expense recognised in profit or loss	320,566	312,591
Expense recognised in other comprehensive income	(273,404)	(108,424)
Defined benefit cost	47,163	204,167

C. EXPENSE RECOGNISED IN STATEMENT OF PROFIT OR LOSS

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Current service cost	218,376	218,833
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	102,190	93,758
Less: Interest on plan asset	-	-
Expenses recognised in profit or loss	320,566	312,591

D. AMOUNT RECOGNISED AS OTHER COMPREHENSIVE INCOME

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Actuarial (gain) or loss due to experience adjustments	(56,140)	(108,424)
Actuarial (gain) or loss due to changes in financial assumptions	(218,047)	-
Actuarial (gain) or loss due to changes in demographic assumptions	784	-



Return on plan assets (greater) or less than discount rate	-	-
Expenses recognised as OCI	(273,404)	(108,424)

E. RECONCILIATION OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
DBO at the beginning of period	1,538,699	1,344,262
Add: Current service cost	218,376	218,833
Add: Past service cost	-	-
Add: Interest cost	102,190	93,758
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(78,840)	(9,730)
Actuarial (gain) or losses due to experience adjustment	(56,140)	(108,424)
Actuarial (gain) or losses due to change in financial assumptions	(218,047)	-
Actuarial (gain) or losses due to change in demographic assumptions	784	-
DBO at the end of period	1,507,022	1,538,699

F. COMPOSITION OF PLAN ASSET

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
Total	-	-

G. RECONCILIATION OF CHANGES IN FAIR VALUE OF PLAN ASSETS

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
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Fair value at the beginning of period	-	-
Contribution paid into the plan	-	-
Expected return on plan assets	-	-
Benefits paid from the plan	-	-
Return on plan assets greater or (less) than discount rate	-	-
Fair value at the end of period	-	-

H. BIFURCATION BETWEEN CURRENT & NON-CURRENT LIABILITY

<i>Nu.</i>	31-Dec-2021	31-Dec-2020
Current liability	456,585	478,658
Non-current liability	1,050,437	1,060,041
Net Liability	1,507,022	1,538,699

I. EXPECTED BENEFIT PAYMENTS IN FUTURE YEARS

<i>Iti.</i>	<i>Nu.</i>
December 31, 2022	488,546
December 31, 2023	414,096
December 31, 2024	502,460
December 31, 2025	312,417
December 31, 2026	498,094
December 2027 to December 2031	1,727,114
December 2032 to December 2041	3,067,532

J. ESTIMATED TERM OF LIABILITY (IN YEARS): 9.77

4.c.2.5.3 Sensitivity Analyses



Assumption/Parameter	Scenario	Defined Benefit Obligation (DBO)	Net effect of DBO	Percent change
Discount rate	+ 0.5%	1,462,692	(44,330)	-2.94%
	Base rate	1,507,022	-	0.00%
	- 0.5%	1,554,207	47,185	3.13%
Salary growth rate	+ 0.5%	1,557,251	50,229	3.33%
	Base rate	1,507,022	-	0.00%
	- 0.5%	1,459,331	(47,691)	-3.16%
Mortality rate	+ 10%	1,507,022	0.0042	0.00%
	Base rate	1,507,022	-	0.00%
	- 10%	1,507,022	0.0042	0.00%
Employer turnover rate	+ 0.5%	1,500,184	(6,838)	-0.45%
	Base rate	1,507,022	-	0.00%
	- 0.5%	1,514,296	7,274	0.48%

5. Other Reserves:

- 5.1. According to letter No.MoF/PED/NHDCL/33/2014/2041 dated 06.01.2016, the Ministry of Finance approved the conversion of Government grants as received in the years 2012 and 2013 amounting to Nu. 79,869,490.96 into Equity from RGoB. An approval at 3rd AGM dated 03.04.2016 was obtained to increase the Equity Capital by conversion of Grant to the extent of Nu. 79,869,000.00 million.

The details of Grants Received in 2012 and 2013 and Conversion into Equity is given below:

Nature of Grant	Received Period	Amount (Nu.)	Amount (Nu.)
RGoB (Capital Grant)	2012 or earlier	15,000,000.00	15,000,000.00
RGoB (Maintenance Support Grant)	2012 or earlier	10,000,000.00	
	June 2013	15,000,000.00	



	November 2013	15,000,000.00	40,000,000.00
RRCO (Seed Money)	2012 or earlier	18,134,401.58	
	April 2013	1,043,819.00	
	July 2013	1,202,859.00	
	August 2013	4,209,137.38	
	September 2013	40,164.00	
	October 2013	347,177.00	
	November 2013	4,991,330.00	29,968,887.96
Total			84,968,887.96
Converted to Equity	2015		79,869,000.00
Balance Grant			<u>5,099,887.96</u>

The same is presented in the Financial Statement as below

RRCO (Seed Money) 5,099,887.96

In the year 2020, Nu. 5,099,887.96 with an approval from the Board Audit Committee and appraisal from the MoF have been converted into Equity.

- With the approval from the Cabinet and directives from the Ministry of Finance (MoF), a loan agreement has been executed between the Company and National Pension and Provident Fund (NPPF) with Sovereign Guarantee. Total loan sanctioned for the project is Nu. 890,000,000.00 bearing an interest at the rate of 7.25% per annum for 20 years. As per the approval letter from the MoF, the payment of the principal as well as the interest will be borne by the MoF. In 2021 a loan instalment of Nu.50,938,416.72 (Previous Year-Nu.53,324,361.24) was received from MoF, which is treated as Capital Grant for Special housing Project.
- Due to Covid-19 pandemic, the relief measures with 50% interest waiver was extended until June 2022. The total interest waived for the year 2021 is Nu.28,017,291.02 (Previous Year-Nu.37,740,199.28).
- The Ministry of Finance, RGoB, has released Interest Free Loan to the extent of Nu.250.00 million (previous year Nu.250.00 million) to the company for construction at SamdrupJongkhar, Phuntsholing, Gasa and Lhuentse, which is repayable after ten years from the date of disbursement. As per the terms of sanction, the company shall create a Sinking Fund for repayment of principal amount on maturity of loan. The company has made an Investment in Fixed term Annuity Scheme with RICBL amounting to Nu. 150 million as on 31st Dec.2018, Nu.25,000,000 in Fixed deposit with BNBL as on 31st Dec.2019, Nu.25,000,000 in FD with Bank of Bhutan as on 31st Dec.2020 and Nu.25,000,000 in FD with BNBL as 31st Dec.2021.



9. For the current year a net fair value of Nu.15,757,358 (Previous Year-Nu.14,692,176) has been charged on the Interest Free Loan.
10. From 2021 the Deferred Tax on the taxable temporary difference arising from the interest free loan is considered.
11. In the current year the Finance Charge / Income and corresponding Liability / Asset on the Financial Instruments measured at amortized cost has been recognized.
12. Rent to the tune of Nu.1,217,091.48 (LY-Nu.595,170) has been waived for three commercial Units in Thimphu which were affected by the Covid pandemic.
13. During 45th Board meeting held on 28th December, 2020, it was endorsed to contribute Nu.400,000 to the Ministry of Finance towards COVID-19 Respond Fund.
14. Vehicles were provided whenever requested for COVID duty.
15. Housing accommodation without rent to front line workers in Phuentsholing were provided and rent forgone amounting to Nu. 416,094.
16. The total expenditure incurred for salary, PF contribution, LTC, leave Encashment and other allowances are inclusive of the pay, allowances and other benefits paid to the employees deputed to Gyalsuung Infra and Relief Kidu Office.
17. Total wages amounting to Nu.252,000 has been paid to the Lam, Umzay and the Kenyer at Changjiji Lhakhang for the last five years.
18. During the year, the company has incurred a gain of an amount of Nu.906,799,204.46 (Last Year Loss of Nu. 36,537,719.88), the actuarial gain of Nu.7,206,096 (Last Year gain of Nu.345,602) and revaluation gain on OOP of Nu.35,957,789.88 has been accounted under other comprehensive Income. A provision for Corporate Income Tax (CIT) of Nu. Nil (Last Year Nu. Nil) thereon and a Deferred Tax Expense of Nu.10,727,139.96 (Last Year Income of Nu.9,782,584.86) for the year 2021. The total comprehensive gain for the year is at Nu.939,235,950.38 (Last Year Nu. 26,305,852.42).

19. Income Tax Payable:

	2021	2020
Current Corporate Income Tax	-	-
Advance tax paid:	-	-
Tax Deducted at source	636,761.35	323,528.75
Net tax payable/(Refundable)	(636.761.35)	(323,528.75)



20. Details of Income Tax:

	2021	2020
Current Income Tax		
Current Tax on profits for the Year	-	-
Total Current income Tax	-	
Deferred Tax	10,727,139.96	(9,782,584.86)
Total Tax Expense	10,727,139.96	(9,782,584.86)

21. Reconciliation between the provision for Income Tax and the computation of the tax:

	2021	
Current tax on profit for the year		Nil
Reconciliation on Tax on accounting Profit:		
Loss before Income Tax		(30,296,138.48)
Tax calculated at domestic tax rate of 30%		Nil
Adjustments:		
Entertainment	217,770.00	
BAS Adjustment	374,911.07	
Bonus	4,871,674.94	
Depreciation on Grants	7,440,550.28	
Actual Bad Debt Written Off	(1,217,091.48)	
Staff Training for 2019 & 2020	(1,307,234.29)	14,940,608.53
Final Taxable Gain/(Loss)		(15,355,529.95)
Reconciled with tax expenses as above		Nil

22. Previous year's figures have been re-grouped and re-arranged wherever required for better disclosures.

23. Note Nos.1 to 26 are the part of the financial statements of the company and these are duly authenticated by the Management.



NOTE NO:27

SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

National Housing Development Corporation Limited ("the Company") was incorporated as a public corporation under the Companies Act of Bhutan, 2000 on 07 September, 2010. The Shares of the company is held by the single shareholder, MoF of the Royal Government of Bhutan. The registered office of the Company is located at Thimphu, Bhutan. The Company is engaged in providing housing facilities to the civil servants and providing affordable home ownership solutions in Bhutan. The Company is also engaged in the production of the local construction materials like bricks, paver blocks, edging, wood components like doors & windows, flooring and furniture.

The financial statements of the company for the year ended December 31,2021 was authorized for issue in accordance with the resolution of the Board of Directors dated 24th March 2022. The Company's financial statements are prepared in accordance with and are fully compliant with the Bhutanese Accounting Standards (BAS), except otherwise stated in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the company in the preparation and presentations of the accounts are given below: -

1. Basis of Preparation:

The financial statements of the company have been prepared on historical cost convention following Going Concern concept. Both income and expenditure are recognized in the accounts on accrual basis following the Bhutanese Accounting Standard (BAS).

2. Use of Estimates

In preparing the financial statements the management has applied judgments, assumptions and estimates that affect the reported amounts of income and expenses of the period, the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements. Differences between the actual results and the estimates are recognized in the year in which the results are known or materialized.

3. Property, Plant & Equipment

- 3.1. PPE is recognized when it is probable that the future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably.
- 3.2. Cost includes purchase price and directly attributable expenses including installation expenses, taxes & duties etc. up to the date when the asset is ready for its intended use.



- 3.3. Subsequent costs are recognized as a separate asset only when it is probable that the future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably.
 - 3.4. Owner-Occupied Property is carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment, provided that fair value can be measured reliably.
 - 3.5. Revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.
 - 3.6. Carrying amount of an asset or part of an asset replaced, disposed off, scrapped etc. are derecognized.
 - 3.7. Costs of fixed assets not ready for their intended use at the Statement of Financial Position date together with all related expenses are shown as Capital Work -in-Progress.
 - 3.8. Capital Work in Progress is recorded as fixed assets only when it starts generating economic benefits and its costs ascertained based on the completion certificate issued by the concerned authority.
 - 3.9. The assets valuing up to Nu.2000 is considered as consumables and charged off to Statement of Income.
- 4. Investment Property**
- 4.1 IP is recognized as an asset when it is probable that the future economic benefits that are associated with the property will flow to the entity, and the cost of the property can be reliably measured.
 - 4.2 Investment property is initially measured at cost, including transaction costs. IP is accounted for in accordance with the cost less accumulated depreciation and less accumulated impairment losses.
 - 4.3 Investment property is remeasured at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
 - 4.4 Fair value shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.
- 5. Depreciation**
- 5.1. Depreciation is provided on straight line method.
 - 5.2. Depreciation on Investment Property, Owner Occupied Property, and Intangible Assets acquired during the current financial year is charged on Pro- rata days' basis from the date of capitalization or ready to use.
 - 5.3. For assets treated as Investment Property, Owner Occupied Property and Intangible Assets, it should have been allocated as per BAS-16, BAS-40 and BAS-38 the depreciable amount on a systematic basis over its useful life. In view of the cost and time involved for technical evaluation of useful life of Investment Property and Owner-Occupied Property, the company has adopted the life given



in Schedule II of the Income Tax Act of Kingdom of Bhutan, 2001 and used the rates specified in the Rules in the Income Tax Act of Kingdom of Bhutan, 2001 (Annexure- II) and as shown below:

Particulars	Rates
Buildings, Roads & Culverts, Recreational Park	3%
Storm drains and drains	3%
Buildings-Temporary/Semi Permanent Building	20%
Furniture & Fixtures	15%
Office Equipment	15%
Vehicles	15%
Tools & Equipment	15%
Software Applications	15%
Power System	5%

4.4 The cost and the accumulated depreciation for property, plant & equipment sold, scrapped, disposed of or when no future economic benefits are expected to arise from the continued use, are derecognized from the financial statements. The gain and loss if any (when net fair value is greater than the carrying amount) to be transferred to Profit or Loss subject to Other Comprehensive Income to extend of Revaluation Reserve available in case of retired to use.

6. Intangible Assets

- 6.1. Intangible assets include identifiable capitalized software. Only the acquired Intangible assets are recognized as asset and capitalized on the basis of costs incurred to acquire and bring it to the intended use.
- 6.2. The capitalized costs of intangible assets are amortized using the straight-line method to write down cost over their estimated useful lives.
- 6.3. Costs associated with maintaining the computer software programs are recognized as an expense.

7. Inventories

Inventories are stated at cost or net realizable value. Cost is determined using the weighted average cost method. Cost of inventories included cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and conditions.

8. Financial instruments - initial recognition and subsequent measurement

- 8.1. All financial instruments are initially recognized on the date when the Company becomes a party to the contractual provisions of the instrument.
- 8.2. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair



value through profit or loss. Currently the Company does not have any Financial Assets classified as held for trading or Financial Instruments designated as Fair Value through Profit or Loss.

- 8.3. All Financial assets including dues from banks, loans & advances to suppliers and trade receivables are financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement, the financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the Effective Interest Rate (EIR). The Financial Assets are carried at amortized cost.
- 8.4. Financial instruments issued by the Company are not designated at fair value through profit or loss, and are classified as liabilities as borrowings or payables, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, debt issued and other borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR). Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the Effective Interest Rate (EIR). The Financial Liabilities are carried at amortized cost.
- 8.5. The Company applies BAS-37 - "*Provisions, Contingent Liabilities and Contingent Assets*" to all its Loan Commitments and as such BAS-39 - "*Financial Instruments: Recognition and Measurements*" does not apply to such loan commitments.
- 8.6. A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets, is derecognized when:
 - The rights to receive cash flows from the asset have expired;
 - The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement;
 - The Company has transferred substantially all the risks and rewards of the asset;
 - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the



maximum amount of consideration that the Company could be required to repay. The difference between the carrying value of the original financial Asset and the consideration received is recognized in profit or loss.

- 8.7. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.
- 8.8. The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.
- 8.9. Other Accounting Policies in relation to Financial Instruments are either not significant or are not relevant as on the date of the financial statements or during the financial year and as such are not reported as significant accounting policies. Such policies related to Financial Instruments include determination of fair value, reclassification of financial assets etc.

9. Employee benefits:

9.1. Retirement Benefits:

Under defined Benefit scheme:

The company makes retirement payments based on the final salary and years of service.

The Gratuity, Transfer Grant, Travel Allowance, Carriage Charges and Leave Encashment are accrued on the basis of actuarial valuation. Changes in service and interest are charged to the Profit or Loss Account. Changes in actuarial valuation are charged to the total comprehensive Income.

9.2. Other Benefits:

Other short-term employee benefits expected to be paid in exchange of the services rendered by the employees are recognized during the period when the employees render the service. These benefits include salary, wages, short term compensatory absences and bonus.

Costs in respect to defined contribution schemes are recognized as and when such costs accrue and its managed by a separate entity.

10. Revenue Recognition:

- 10.1. Revenues are recognized as and when it is probable that any future economic benefit associated with the item of revenue will flow to the entity, and the amount of revenue can be measured with reliability.



10.2. The following specific recognition criteria met for recognition of revenue.

- 10.2.1. Company's main revenue earning sources are collection of rents from Buildings/Quarters/Cottages let out and it is recognized on accrual basis.
- 10.2.2. The Income from maintenance Services rendered by the company is recognized as and when invoices are raised on the basis of stage of completion of the contract.
- 10.2.3. Income on Financial Lease is recognized based on a constant periodic rate of return on the net investment in the finance lease.
- 10.2.4. Income on Operating Lease is recognized as and when such lease rent assures.

11. Borrowing Costs

- 11.1. Borrowing costs directly attributable to the acquisition, construction or production of major asset, being the qualifying asset, which necessarily take a substantial period of time to be ready for its intended use are added to the cost of such asset until it is substantially ready for its intended use.
- 11.2. Income earned on temporary investment of fund from specific borrowings pending their use on the qualifying assets is deducted from the borrowing costs eligible for capitalization.
- 11.3. All other borrowing costs are recognized in profit and loss in the period in which they accrue.

12. Grants:

Grants are recognized when there is reasonable assurance that the grant will be received and the entity will comply with the conditions attached with the grant.

- 12.1. Capital Grants received from RGoB for acquiring fixed assets / property, plant & equipment are shown as RGoB's(Capital Grant) in the Statement of Financial Position under "Other Reserves".
- 12.2. Revenue Grant is recognized as income over the periods necessary to match the grant with the related costs that it is intended to compensate.
- 12.3. Depreciation on Assets acquired out of grant has been adjusted in statement of comprehensive Income on a systematic basis over the useful life of the asset.

13. Cash and Cash Equivalents

Cash and Cash Equivalents for the purpose of Cash Flow Statement comprise the cash at bank, cash in hand and short term highly liquid fixed deposits with original maturities of three months or less which can be converted into cash without loss due to valuation.

14. Income Tax

- 13.1 Tax expense for the period comprises current and deferred tax. Tax is presented in the Income Statement. However, in case of incomes presented in the Other Comprehensive Income, the related tax is also presented in the Other Comprehensive Income.



13.2 The current income tax is calculated on the basis of the income tax laws of Bhutan applicable as on the date of the financial statements.

13.3 Deferred tax is recognized on the basis of temporary differences arising between carrying amounts of the tax bases of assets and liabilities and determined using the tax rates as applicable in Bhutan as on the date of the financial statements and are expected to apply when the related deferred tax asset or the deferred tax liability is settled.

13.4 Deferred Tax assets are recognized only to the extent it is possible that future taxable profit will be available against which the temporary differences can be utilized.

15. Provisions, Capital Commitments, Contingent Liabilities and Contingent Assets:

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Capital Commitments and Contingent liabilities, if material, are disclosed in notes on accounts. Contingent assets are neither recognized nor disclosed in the financial statement as a matter of prudence.

16. Segment Reporting

The Company is operating in a single segment of Housing, to provide affordable housing, home ownership and the like. All the operations of the Company are conducted only within the country of Bhutan. The Company's shares are not or not about to be listed in any stock exchange. The provisions of BFRS 8 - Operating Segments is not applicable to the Company.

17. Re-phrasing, re-wording and re-drafting of Significant Accounting Policies

The language of the significant Accounting Policies has been re-phrased, re-worded and or re-drafted only with the purpose of improved presentation and clarification. None of these constitute a change in the accounting policy.



NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED

THIMPHU, BHUTAN

Ratio Analysis

Ratio	Basis of Ratio	2021	2020
Profitability Ratio			
Operating Profit Ratio	Operating Profit / Total Revenue	-6.94%	-10.31%
Gross Profit Ratio	Profit Before Tax / Total Income	484.89%	18.30%
Net Profit Ratio	Profit After Tax / Total Income	480.31%	-13.40%
ATROE (After Tax Return on Equity)	Profit After Tax / Owner's Equity	22.38%	-0.88%
Return on Fixed Assets	Profit After Tax / Total Net Block of Property Plant & Equipment	19.52%	-1.11%
Operating Efficiency			
Operating Ratio	Operating Costs / Total Operating Revenues [Rent income + Income from Deposit work + Income from Consultancy + RGoB Housing Maintenance (Revenue Grant) + Income from consultancy & Hiring]	83.49%	85.93%
Operating Revenue to Total Income	Total Operating Revenue [Rent income + Income from Deposit works + Income from SHIP + Income from consultancy + RGoB Housing Maintenance (Revenue Grant)] / Total Income	87.67%	84.77%
Stability Ratios			
Debt Equity Ratio	Total external Debt / Total Equity	18%	26%
Debtors Turnover Ratio (in Days)	Total Operating Revenues [Rent income + Income from Deposit work + Income from Consultancy] / Total Receivables	22.15	10.75
Liquidity Ratio			
Current Ratio	Current Assets / Current Liabilities	2.95	3.14

