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BHUTAN POSTAL CORPORATION LIMITED



ANNUAL REPORT  
**2025**



# ANNUAL REPORT

## 2025

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## Vision

To offer high quality postal products and allied services and enhance the wellbeing of all Bhutanese citizens by touching their lives.

## Missions

Perform at par with the best in the region.

Provide reliable and efficient postal and allied services to customers.

Be relevant and keep up with customer's changing needs.

Be financially and environmentally sustainable.

Be the transformation agent/catalyst for the country's socio-economic development.



# ANNUAL REPORT TO SHAREHOLDERS 2025

Dear Shareholders,

Since its corporatisation in 1996, Bhutan Post has remained one of the nation's oldest corporations, demonstrating resilience and adaptability in response to structural reforms and the ongoing digital transformation within the global postal sector.

## Key Achievements & Milestones:

Bhutan Post actively participated in the 28th Universal Postal Congress held in Dubai from 7-20 September 2025, gaining valuable insights into the global postal cycle for 2026-2029, as well as development programmes for designated postal operators worldwide.

During the Congress, Bhutan Post received notable recognition from the Universal Postal Union (UPU), including a Silver Level Certification in Quality Management among 192 designated postal operators. In addition, the Corporation was honoured by the Asia Pacific Postal Union for its exemplary digital advancement, reflecting its continued commitment to technological adoption, enhanced operational efficiency, and strengthened reporting frameworks.

## On Operational Highlights:

The Lhengye Zhungtshog has approved the appointment of Mr. Dorji Dhab, Managing Partner at Golden Knot Luxury Hotel, Thimphu, as a new member of the Board of Bhutan Post, filling the vacancy created by the resignation of Mr. Gyeltshen, as conveyed by the Ministry of Finance vide Letter No. MoF/D MDF-ICGD/09/2025-26-26/2281 dated 16 March 2026.

As the primary logistics partner, Bhutan Post has secured two trucks from the Universal Postal Union (UPU) Quality of Service Fund, thereby enhancing its logistic connectivity and network performance. In addition, a key milestone achieved in 2025 was the successful handover of the G+4 building in Gelephu to the Gelephu Mindfulness City Authority (GMCA), marking a significant contribution by Bhutan Post to national infrastructure development and establishing a landmark in the Corporation's history.

Year	2021	2022	2023	2024	2025
Head Count	224	213	180	189	192
Separated		8	40	16	13

Despite a significant number of staff separations, with 77 employees leaving Bhutan Post between 2021 and 2025, only 45 positions were filled. The remaining responsibilities were absorbed by existing staff through multitasking.

## Financial Performance – 2025

The following presents a concise analysis of the Corporation's financial performance for fiscal year 2025, including comparative insights relative to the preceding fiscal year, 2024.

### On Revenue Performance:

In 2025, Bhutan Post generated a total revenue of Nu. 208.2 million, reflecting a decline of Nu. 12.1 million (5.5%) compared to Nu. 220.4 million recorded in FY 2024. The decrease in revenue was primarily driven by reductions in postal income, remittance income, and grant income, despite moderate growth in other income streams such as other income and transport income.

### On Expenditure:

The total expenditure in FY 2025 amounted to Nu. 205.3 million, representing a marginal increase of Nu. 1.8 million (0.9%) compared to Nu. 203.5 million in FY 2024. The increase was mainly attributed to higher Administration Expenses (provisions for a legal case related to Gelephu Building), and Estate Management Expenses (interest on loan for Gelephu building), while savings were observed mainly in Postal and Depreciation Expenses.

### On Profit/(Loss) After Tax (PAT):

In 2025, Bhutan Post recorded a Loss After Tax of Nu. 2.9 million, representing a significant decline of Nu. 17.3 million compared to a Profit After Tax of Nu. 14.5 million in FY 2024. The decline in profitability was mainly attributable to higher tax expense, driven by the provision for a legal case related to the Gelephu building, which was disallowed for tax purposes and added back to taxable income; the impact of

deferred tax adjustments arising from the reduction in the corporate tax rate from 30% to 22%; and the absence of postal ballot income, which had positively contributed to earnings in 2024.

### New Initiatives:

In 2025, the Ministry of Finance directed all State-Owned Enterprises (SOEs) to formulate a 10X Growth Strategy in alignment with Bhutan's 21st Economic Roadmap. In response, Bhutan Post, in close consultation with its Board of Directors, developed a comprehensive 10X Growth Plan.

The plan has been formally submitted to the Ministry of Finance and incorporated into the Annual Performance Compact (APC), with clearly defined timelines. The APC serves as a formal performance agreement between the Ministry, the Board of Directors, and the Chief Executive Officer. To ensure the successful implementation of this strategy, sustained support from the Ministry of Finance particularly in terms of capital investment will be critical for executing these transformative initiatives over the coming years, as outlined in the strategic plan.

Over the years, the Corporation has undertaken significant reforms to modernise postal operations, in alignment with the directives of the Ministry of Finance, while continuing to fulfil its obligations as a signatory to the Universal Postal Union (UPU). The Universal Service Obligation (USO) remains a core and non-negotiable mandate, ensuring the provision of equitable, affordable, and accessible postal services to all citizens, including those in the most remote areas of the country.

The new initiatives include the introduction of last-mile drone delivery technology in collaboration with the Universal Postal Union to enhance delivery efficiency, along with the implementation of a digital post box system aimed at improving overall service performance.

Bhutan Post, in collaboration with India Post, has progressed in the following areas:

- 1) Training & Capacity Building: First IPS training confirmed for December 2025; additional programs under ITEC/MEA in process.
- 2) Financial Services: POSB & IPPB presentations shared; UPI technical support request under consideration.
- 3) Technology: IT 2.0 presentation delivered; Bhutan Post reviewing and identifying collaboration areas.
- 4) Supply Chain / E-Commerce: SOP for customs pending from India Post; Bhutan Post to provide required details.
- 5) Philately: Exhibition calendar shared; joint stamp theme under discussion.

Summary and Outlook Fiscal year 2025 was a difficult year for the Corporation. Operational challenges and a significant drop in core revenue outweighed the gains from non-core income sources. Although diversification efforts showed some strength, the sharp decline in postal revenue combined with rising administrative costs resulted in a net loss. This situation clearly shows the need to refocus on core operations and reduce costs in the future. As a result of these financial difficulties, the Corporation is **unable to declare a dividend** to the Ministry of Finance for the fiscal year 2025.

Bhutan post would also like to request the MoF to implement separation of accounts for its operations emanating from the UPU relating to the universal service obligation which is non-negotiable vis-a-vis the activities relating to 10X growth. This will also entail BPCCL to completely overhaul its business model entailing departure from its core mandate related to the UPU.

Beyond its operational achievements, Bhutan Post staff, under the leadership of the CEO, actively volunteered during the 4th batch of the Gelephu Mindfulness City Authority (GMCA) activities in December 2025, contributing their time and labor in support of the initiatives envisioned by His Majesty the King. This participation underscores Bhutan Post's commitment to national priorities and its dedication to serving the broader community.

In conclusion, 2025 has been a landmark year for Bhutan Post in terms of operational excellence, digital innovation, international recognition, and infrastructure contribution. The corporation remains committed to strengthening its service delivery, expanding growth opportunities, and supporting Bhutan's socioeconomic development.

( Phuntsho Tobgay)  
Chairman  
Board of Directors

## BOARD OF DIRECTORS:



**Dasho Phuntsho  
Tobgay**  
Chairman

Date of appointment  
May 26, 2023  
Month of Completion  
May 25, 2026



**Ms. Rinchen  
Lhazom**  
Non-Executive  
Director

Date of appointment  
May 26, 2023  
Month of Completion  
May 25, 2026



**Ms. Kinzang  
Wangmo**  
Non-Executive  
Director

Date of appointment  
April 7, 2023  
Month of Completion  
April 6, 2026



**Mr. Gyeltshen**  
Executive  
Independent  
Director

Date of appointment:  
November 14, 2024  
Month of Completion  
November 13, 2027



**Mr. Tashi  
Rinchen**  
Non-Executive  
Director

Date of appointment  
November 14, 2024  
Month of Completion  
November 13, 2027



**Mr. Kiran Kumar  
Pradhan**  
Non-Executive  
Director

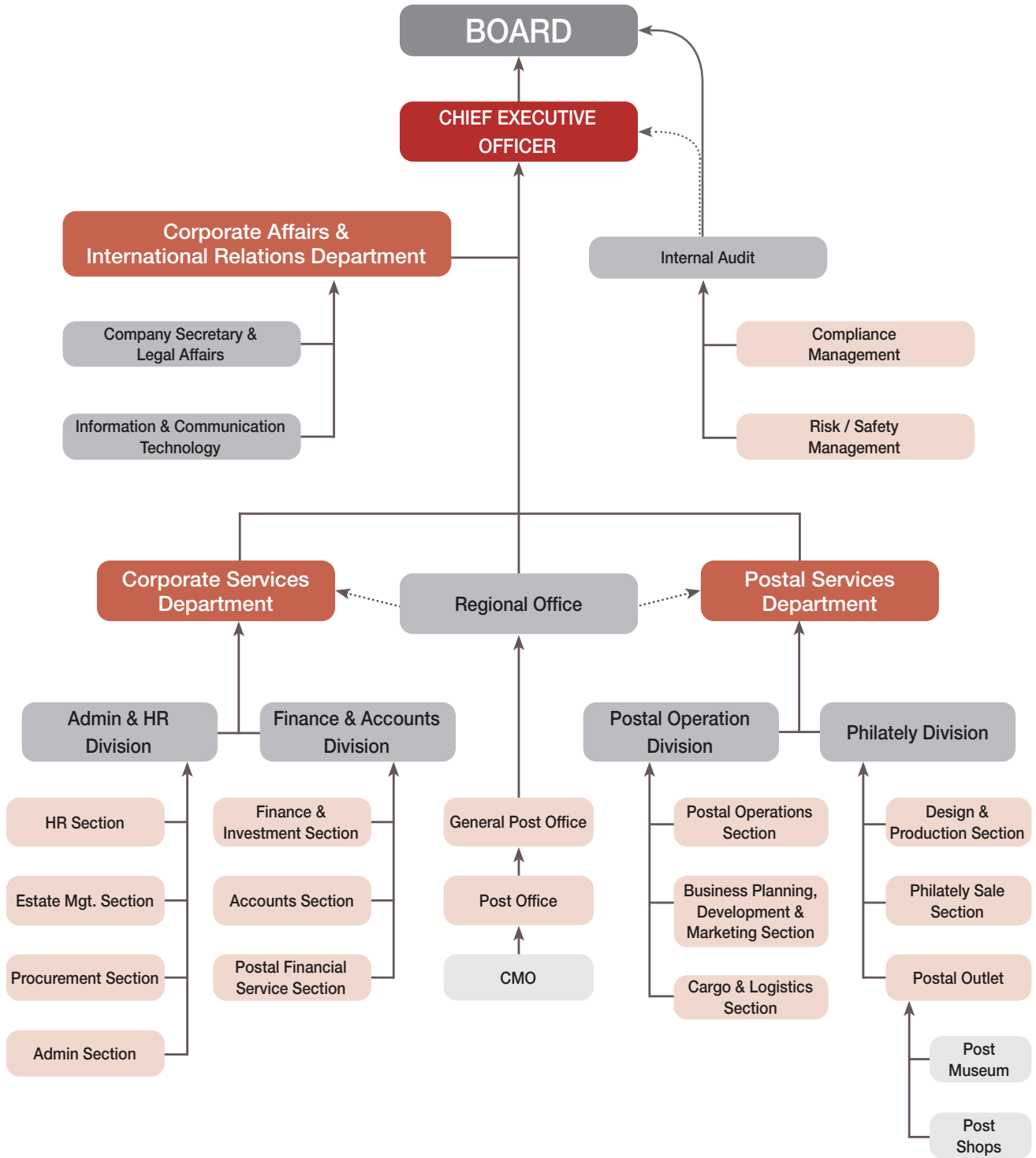
Date of appointment:  
November 14, 2024  
Month of Completion  
November 13, 2027



**Mr. Karma  
Nidup**  
Member Secretary/  
CEO

Date of appointment:  
May 26, 2023  
Month of Completion  
May 25, 2026

# ORGANIZATIONAL CHART





## OPERATIONAL HIGHLIGHTS

### Bhutan's Participation at the 28th Congress of the Universal Postal Union, Dubai, United Arab Emirates (7-19th September 2025)

The Universal Postal Union (UPU) extended an invitation to Bhutan to participate in the 28th UPU Congress, held in Dubai, UAE from 7-19th September 2025 vide letter reference number 2100(DPRM.PPRE.CCA)1115 dated 16 October 2024. Bhutan as a member of the UPU since 7th March 1969, was privileged to participate in this historic Congress, convened once every four years, where 192 postal leaders from around the globe gather to deliberate and decide on the future of the postal sector in a rapidly evolving world. The theme for the 28th UPU Congress was "Leading the Change and Creating the Future" which deliberated and endorsed the 2026-2029 UPU cycle postal strategy. Parallel sessions were attended simultaneously based on relevance to the delegates.



*Bhutanese delegation at the 28th Universal Postal Union Congress, Dubai, UAE.*

Bhutan's delegation was led by Dasho Phuntsho Tobgay, Chairman of Bhutan Post Board, Advisor at the Office of Secretary, Ministry of Infrastructure and Transport (MoIT). The delegation comprised of the



*Bhutan Post delegation with UPU Director General Mr. Masahiko Metoki and Deputy Director General Mr. Marjan Oswald at the 28th UPU Postal Congress, Dubai, UAE, September 2025. Delegation members: Mr. Karma Nidup, CEO, Mr. Jamyang Phuntsho, Head PSD, and Mr. Thinley Wangchuk, Head CAIRD*

following members who were granted Plenipotentiary Credentials to attend the 28th UPU Congress by the Ministry of Foreign Affairs and External Trade, Royal Government of Bhutan:

- 1) Mr. Phuntsho Tobgay, Chairman/Advisor, Ministry of Infrastructure and Transport.
- 2) Mr. Tashi Penjor, Director, Department of Human Settlement, MoIT
- 3) Ms. Bhawana Chhetri, Chief Urban Planner, Department of Human Settlement, MoIT
- 4) Mr. Karma Nidup, Chief Executive Officer, Bhutan Post
- 5) Mr. Jamyang Phuntsho, Head of Postal Services Department, Bhutan Post
- 6) Mr. Thinley Wangchuk, Head of Corporate Affairs and International Relations Department, Bhutan Post
- 7) Mrs. Rinchen Zangmo, Head of Corporate Services Department, Bhutan Post
- 8) Mrs. Wangmo Phuntsho Droenma, Head of Postal Operations Division, Bhutan Post.

### Silver Level Certification in Quality Management

Bhutan Post was honoured with the prestigious Silver-Level Certification in Quality Management during the 28th Universal Postal Union (UPU) Postal Congress, held in Dubai, United Arab Emirates, in September 2025. This achievement reflects Bhutan Post's continued commitment to excellence, operational efficiency, and international best practices.

Among the 192 UPU member countries, only Cambodia, Ghana, and Bhutan attained this distinguished certification, placing Bhutan Post among a select group of postal operators recognized globally for their strong quality management systems. This accolade not only demonstrates Bhutan Post's dedication to service quality and customer satisfaction but also reinforces its growing reputation on the international postal stage.

### Enhancing Logistics Capability- Bhutan Post Acquires Two Trucks and Computers from UPU Quality of Service Fund



Bhutan Post has successfully secured two trucks through the Quality of Service Fund (QSF) of the Universal Postal Union. This support represents a significant step toward strengthening Bhutan Post's logistics and transportation capacity in line with international postal service standards.

The acquisition of these trucks is expected to substantially enhance Bhutan Post's operational efficiency, particularly in the transportation of domestic and international mail, parcels, and cargo consignments. With the growing demand for reliable logistics services and the increasing volume of e-commerce shipments, the additional fleet will enable Bhutan Post to improve the timeliness, reliability, and overall quality of its delivery network across the country.

Furthermore, the trucks will play a crucial role in strengthening last-mile connectivity and facilitating smoother movement of mail and cargo between regional offices, and border exchange offices. This will also support Bhutan Post's ongoing initiatives to expand its logistics and cargo business, including the container business and cross-border mail exchange with neighboring countries.

The procurement under the QSF demonstrates the continued collaboration between Bhutan Post and the Universal Postal Union in improving postal infrastructure and service delivery. By upgrading its transportation capability, Bhutan Post aims to enhance operational resilience, improve service standards, and position itself more competitively in the evolving logistics and e-commerce ecosystem.

Overall, the acquisition of these trucks will contribute to improving service quality, strengthening operational capacity, and supporting Bhutan Post's strategic objective of becoming a reliable and efficient logistics and postal service provider in Bhutan.



Computers with the latest applications and cameras have been supplied to post offices nationwide to support multiple functions. In this era of digitalization, frequent virtual meetings and online training are conducted, which have significantly improved efficiency and enabled timely updates on operational changes and requirements.

### Bhutan Post Recognized as a "Rising Star on Digital Leap"

Bhutan Post was awarded the "Rising Star on Digital Leap" recognition by the Asia Pacific Postal Union (APPU) during the CEO Forum held in December 2025. This prestigious accolade acknowledges Bhutan Post's significant strides in digital transformation, innovation, and modernization of postal services.

The award highlights Bhutan Post's proactive adoption of digital technologies, enhanced customer-centric solutions, and commitment to advancing e-commerce, digital payments, and innovative postal operations. Being recognized by APPU among regional postal operators underscores Bhutan Post's leadership in leveraging technology to improve efficiency, service quality, and the overall customer experience in the rapidly evolving postal landscape.



### Postal CEO Forum

Brief Report on the CEOs Roundtable - 12th APPU Postal Business Forum



The CEO of Bhutan Post attended the CEOs Roundtable held on 1 December 2025, marking the commencement of the 12th Postal Business Forum organized by the Asia Pacific Postal Union (APPU). The Roundtable brought together chief executives and senior postal leaders from across the Asia-Pacific region to discuss emerging trends, challenges, and strategic opportunities within the postal sector.

The session served as a high-level platform for dialogue among postal administrations and industry leaders, focusing on strengthening the role of postal operators in the rapidly evolving logistics, e-commerce, and digital service landscape. Key

discussions centered on the transformation of postal services, the expansion of cross-border e-commerce logistics, digital innovation, and enhancing operational efficiency to remain competitive in a changing market environment.

During the Roundtable, participating CEOs shared experiences and best practices on adapting postal networks to meet increasing customer expectations, particularly in relation to parcel delivery, logistics integration, and digital postal services. The forum also highlighted the importance of regional cooperation, strategic partnerships, and innovation in driving sustainable growth for postal operators in the Asia-Pacific region.

The participation of Bhutan Post in this high-level forum provided an opportunity to engage with regional postal leaders, exchange insights, and

explore collaborative initiatives that could further strengthen Bhutan Post’s logistics and postal services. The discussions and knowledge shared during the Roundtable are expected to contribute to Bhutan Post’s ongoing efforts to enhance service quality, expand its logistics capabilities, and align with international postal developments.

Overall, the CEOs Roundtable remains one of the most significant leadership platforms in the regional postal calendar, fostering collaboration and strategic dialogue among postal administrations within the Asia-Pacific region. Bhutan Post’s participation underscores its continued commitment to strengthening international cooperation and adopting global best practices in postal and logistics services.

## FINANCIAL PERFORMANCE

### Executive Summary: Financial Performance Overview for the Year Ended 31 December 2025

The following provides a concise analysis of the financial performance of the organization for the fiscal year 2025, with comparative insights against the prior year, 2024.

#### Financial Performance – 2025

The following presents a concise analysis of the Corporation’s financial performance for fiscal year 2025, including comparative insights relative to the preceding fiscal year, 2024.

#### On Revenue Performance:

In 2025, Bhutan Post generated a total revenue of Nu. 208.2 million, reflecting a decline of Nu. 12.1 million (5.5%) compared to Nu. 220.4 million recorded in FY 2024. The decrease in revenue was primarily driven by reductions in postal income, remittance income, and grant income, despite moderate growth in other income streams such as other income and transport income.

#### On Expenditure:

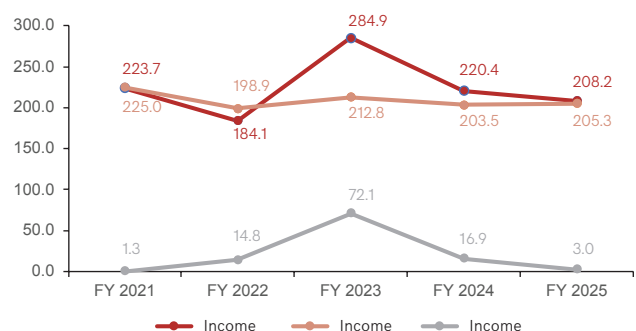
The total expenditure in FY 2025 amounted to Nu. 205.3 million, representing a marginal increase of Nu. 1.8 million (0.9%) compared to Nu. 203.5 million in FY 2024. The increase was mainly attributed to higher Administration Expenses (provisions for a

legal case related to Gelephu Building), and Estate Management Expenses (interest on loan for Gelephu building), while savings were observed mainly in Postal and Depreciation Expenses.

#### On Profit/(Loss) After Tax (PAT):

In 2025, Bhutan Post recorded a Loss After Tax of Nu. 2.9 million, representing a significant decline of Nu. 17.3 million compared to a Profit After Tax of Nu. 14.5 million in FY 2024. The decline in profitability was mainly attributable to higher tax expense, driven by the provision for a legal case related to the Gelephu building, which was disallowed for tax purposes and added back to taxable income; the impact of deferred tax adjustments arising from the reduction in the corporate tax rate from 30% to 22%; and the absence of postal ballot income, which had positively contributed to earnings in 2024.

#### Revenue and Expenditure Trends Over the Last Five Years: Detailed Overview



# CORPORATE GOVERNANCE

Bhutan Post, as a State-Owned Enterprise, adheres to the Corporate Governance Guidelines for State-Owned Enterprises 2019, ensuring compliance with all statutory and regulatory requirements. The Corporation submits quarterly performance and financial reports to the Ministry of Finance through the Board of Directors to ensure transparency and accountability in its operations.

In addition, the Annual Performance Compact (APC) is reviewed and endorsed by the Board prior to its submission to the Ministry of Finance. Bhutan Post also fulfills all mandatory annual filing and compliance requirements in accordance with the Companies Act of Bhutan 2016, thereby maintaining good corporate governance and regulatory compliance.



## BOARD MEMBER'S ATTENDANCE FOR 2025

Board Members	123-Board Meeting	124-Board Meeting	125-Board Meeting	126-Board Meeting	127-Board Meeting	Total Meetings	Number of meetings Attended
Mr.Phuntsho Tobgay	Yes	Yes	Yes	Yes	No	5	4/5
Ms.Kinzang Wangmo	Yes	Yes	Yes	Yes	Yes	5	5/5
Ms.Rinchen Lhazom	Yes	No	Yes	No	Yes	5	3/5
Mr.Gyeltshen	Yes	No	Yes	No	No	5	2/5
Mr.Tashi Rinchen	No	Yes	Yes	Yes	Yes	5	4/5
Mr.Kiran Kumar Pradhan	Yes	Yes	Yes	Yes	Yes	5	5/5
Mr.Karma Nidup	Yes	Yes	Yes	Yes	Yes	5	5/5

## Committee Composition of the Board

Board of Directors	Board Members	Board Audit Committee	Board Tender Committee	Board HR Committee	Stamp Advisory Committee
Mr.Phuntsho Tobgay	Yes				
Ms.Kinzang Wangmo	Yes	Yes			
Ms.Rinchen Lhazom	yes				Yes
Mr.Gyeltshen	Yes			Yes	
Mr.Tashi Rinchen	Yes	Yes			
Mr.Kiran Kumar Pradhan	Yes			Yes	
Mr.Karma Nidup	Yes		Yes		Yes

# OPERATIONAL PERFORMANCE HIGHLIGHTS FOR THE YEAR 2025

## International Mail

Bhutan Post handled varying volumes of inbound and outbound mail across different product categories in 2025:

Products	2024		2025	
	Inbound	Outbound	Inbound	Outbound
EMS	4850	7091	3602	6598
Parcel	2578	0	3052	0
Letters	15863	29	8163	52

1) EMS: Inbound EMS volume decreased from 4,850 in 2024 to 3,602 in 2025 (25.7% decline), while outbound EMS saw a slight decrease from 7,091 to 6,598 (7% decline), indicating lower international express mail activity.

2) Parcels: Inbound parcels increased from 2,578 to 3,052 (18.3% growth), reflecting higher international e-commerce shipments, while outbound parcel volumes remained at zero.

3) Letters: Inbound letters decreased significantly from 15,863 to 8,163 (48.5% decline), whereas outbound letters slightly increased from 29 to 52, showing a modest growth in outbound correspondence.

Overall, inbound mail volumes experienced mixed trends, with notable decreases in EMS and letters, while parcel volumes grew, reflecting e-commerce demand. Outbound volumes remained relatively stable with minor variations, highlighting consistent customer usage patterns for international services.

## HUMAN RESOURCES:

**Table 1: Employee Distribution by Gender and Age Group for the Year 2025**

Age Group	Female	Male	Total
20-29	3	17	20
30-39	30	54	84
40-49	26	32	58
50-59	3	26	29
60-69	0	1	1
Total	62	130	192

**Table 2: Employee Distribution by Educational Qualification**

Qualification	Female	Male	Total
Master's degree	3	1	4
Bachelor's degree	11	8	19
Certificate/Diploma	2	6	8
Class XII	21	38	59
Class VII-X	23	59	82
Primary (I-VI)	0	15	15
No Education	2	3	5
Total	62	130	192

**Table 3: Employee Distribution by Location**

Gender	HQ	Western	Southern	Central	Eastern	Total
Male	30	29	28	16	27	130
Female	21	18	9	10	4	62
Total	51	47	37	26	31	192

**Table 4: Employee Strength Over the Years (2021-2025)**

Gender	2021	2022	2023	2024	2025
Male	144	138	116	122	130
Female	80	74	61	66	62
Total	224	212	177	188	192

**Table 5: Bhutan Post Staff Composition by Gender and Employment Type - 2025**

Gender	Regular	Contract	Total
Male	114	8	122
Female	60	6	66
Total	174	14	188

**Table 6: Employment Type Distribution Across Job Cadres**

Gender	Executive	Professional	Supervisory	Support	Total
Female	0	17	36	13	66
Male	1	18	43	60	122
Total	1	35	79	73	188

# CORPORATE SOCIAL RESPONSIBILITY



Bhutan Post's Contribution to Gelephu Mindfulness City (GMC)

Bhutan Post, under the leadership of the CEO and along with volunteer employees, joined the 4th Batch of Volunteers for the Gelephu Mindfulness City (GMC) initiative. This engagement reflects the Corporation's strong alignment with His Majesty The King's visionary initiative, which aspires to nurture a generation of skilled, patriotic, and responsible citizens while advancing Bhutan's long-term socio-economic transformation.

Bhutan Post's participation, alongside more than 8,000 volunteers nationwide, demonstrates the

Corporation's deep sense of national responsibility and solidarity in contributing to this landmark national endeavor. The involvement of its employees underscores Bhutan Post's commitment not only to operational excellence but also to meaningful nation-building efforts beyond its core postal mandate.

Through this contribution, Bhutan Post reaffirms its dedication to supporting transformative national initiatives and strengthening its role as a responsible and engaged State-Owned Enterprise..

## CONCLUSION

In 2025, Bhutan Post demonstrated resilience, innovation, and operational excellence, reinforcing its role as a trusted national postal service provider. The Corporation successfully balanced financial sustainability, efficiency, and service quality, cost control, and profitability despite moderate revenue declines.

Bhutan Post's commitment to digital transformation and international best practices was recognized through the Silver-Level Certification in Quality Management by the Universal Postal Union and the "Rising Star on Digital Leap" award by the Asia Pacific

Postal Union. The Corporation also contributed to national priorities, including the Gelephu Mindfulness City initiative, reflecting its dedication to socio-economic development and corporate social responsibility.

Looking ahead, Bhutan Post remains committed to enhancing customer-centric services, strengthening operational efficiency, embracing innovation, and supporting Bhutan's broader development goals, while continuing to uphold its Universal Service Obligation across the nation.

**AUDITOR'S REPORT**  
&  
**FINANCIAL STATEMENTS**

### REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

Our audit was carried out by applying the International Standards on Auditing (ISA) as adopted by the Accounting and Auditing Standards Board of Bhutan (AASBB).

The statutory audit report was prepared under the Companies Act of Bhutan, 2016 and other relevant Acts and regulatory norms in examining the accounts of the company containing inter alia, the following:

#### General:

- a. The Bhutan Post has adhere to the Corporate Governance Guidelines and Regulations as applicable to them.
  - b. The governing board/authority pursues prudent and sound financial management practice in managing the affairs of the company.
  - c. The financial statements are prepared applying the Bhutanese Accounting Standards adopted by the Accounting and Auditing Standards Board of Bhutan (AASBB).
  - d. Proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
  - e. Adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
  - f. The mandatory obligations social entrusted are being fulfilled.
  - g. The amount of tax is computed correctly and reflected in the financial statements.
1. The Company has maintained proper records showing full particulars of situation and location-wise quantitative details of fixed assets. The management has conducted physical verification of fixed assets for the year under audit, and no material discrepancies were identified.
  2. The fixed asset of the Company was not revalued during the year.
  3. The Company's Internal Audit Unit has conducted physical verification in respect of packaging materials and philately as per the audit plan. The frequency of verification was at reasonable intervals. Additionally, the audit team has conducted physical verification of the inventory during the audit, *discrepancies were noted during the audit period. Please refer to "Management Report" under this report.*
  4. Considering the size and frequency of movements of inventories, the verification conducted is reasonable and adequate.
  5. The material discrepancies noticed on physical verification of stocks as compared to the book records are properly accounted for. During the physical verification of inventory, *discrepancies were noted during the audit period. Please refer to "Management Report" under this report.*
  6. On the basis of explanation from the management of records, we are of the opinion that there is a reasonable system of recording receipts, issues and consumption of materials of stores through in the system which is commensurate with the size and nature of its business.
  7. Based on the information given to us, the Company carries out quantitative reconciliation in respect of all major items of inventories, at least at the end of the accounting year for packaging materials and procurement. With regard to philately inventories, handing and taking of philately inventories are completed but system correction is pending. *However, discrepancies were noted during the audit period. Please refer to "Management Report" under this report.*
  8. In our opinion and according to the information and explanations given to us, obsolete, damaged, slow moving, and surplus goods/inventories has been determined and if the value is significant, adequate

provisions are made.

9. The company identified obsolete inventories and fixed assets which were disposed off during the year.
10. The Company has written off assets worth Nu. 572,868.41 during the Financial Year 2025.
11. In our opinion, the method of valuation of stock is fair and proper in line with the applicable Accounting Standards adopted by the Accounting and Auditing Standard Board of Bhutan (AASBB).
12. In our opinion and on the basis of information and explanations given to us, the rate of interest and the other terms and conditions of loans availed are not prejudicial to the interest of the Company.
13. As per our assessment and the information furnished to us, the Company has refrained from extending loans to entities that would be deemed *ultra-vires* under its Articles of Incorporation and other applicable acts and regulations.
14. Loans/advances granted to the officers/staff, if any, are generally in keeping with the provisions of the Company's Service Rules and no excessive/frequent advances are granted and accumulation of large advances against the particular individual are generally avoided;
15. In our opinion and according to the information and explanations given to us in the course of this audit, the Company has generally established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the rules/regulations and system which are found.
16. In our opinion and according to the information and explanations given to us, there is a reasonable system of authorization at proper levels and an adequate system of internal control commensurate with the size of the Company and nature of its business, on issue of stores and allocation of Materials and labors to Jobs.
17. There is a proper system of competitive biddings, commensurate with the size of the Company and the nature of its business, for the purchase of goods and services including stores, raw materials, plant and machinery, equipment and other assets, and for the sale of goods and services.
18. (a) As explained to us, the Company has not entered into transactions for purchases and sales of goods and services during the year in pursuance of the contracts or arrangements entered into with the Company in which the director(s) are directly or indirectly interested at the prices which are reasonable considering the prevailing market conditions.  
(b) The examination of records does not reveal any transaction entered into by the Company which is prejudicial to the interest of the Company wherein directors are directly or indirectly interested. Please refer to the disclosure 4 Related Party Transaction.
19. During the course of our examination of the books of account, we have neither come across any personal expenses (other than contractual and/or as per customary business practices), which have been charged to the Statement of Comprehensive Income nor have we been informed about such cases by the management.
20. The Company has not determined any unserviceable or damaged stores, raw materials, or finished goods. Accordingly, no provisions for losses have been made in the accounts.
21. *This section is not applicable to the Company.*
22. *This section is not applicable to the Company.*
23. *This Section is not applicable to the Company.*
24. In our opinion and according to the information and explanations given to us, the Company is regular in depositing rates and taxes, duties, royalties, provident funds, and other statutory dues with the appropriate authorities. The provisions for corporate tax is adequate and that necessary adjustments have been made to compute amount of tax as per the prevailing tax laws, rules and regulations of Bhutan
25. In our opinion and according to the information and explanations given to us, there was no undisputed amount payable in respect of taxes, rates, duties, royalties, provident funds and other statutory deductions outstanding as on the last day of the financial year.

26. *This section is not applicable to the Company.*
27. *This section is not applicable to the Company.*
28. The Company has a reasonable system of price fixation that takes into account the cost of operations and market conditions.
29. The Company has formulated a standard credit sales policy, which has been implemented. But there is no system of credit rating of customers.
30. The agency commission structure is in keeping with the industry norms/ market conditions. However, the Company does not have a system for screening commission agents; rather, agents are appointed when they approach the company themselves. Additionally, the company does not evaluate the performance of commission agents on a periodic basis.
31. There is a reasonable system for continuous follow-up with debtors and other parties for recovery of outstanding amounts. Also, age-wise analysis of outstanding amounts is carried out for management information and follow-up actions.
32. In our opinion and according to the information and explanations given to us, the management of liquid resources particularly cash/bank and short-term deposits etc. are adequate and that excessive amounts are not lying idle in non-interest-bearing accounts and withdrawals of loan amounts are made after assessing the requirement of fund from time to time and no excess amounts is withdrawn leading to avoidable interest burden on the Company.
33. In our opinion and according to the information and explanations given to us, the activities carried out by the Company are lawful and intra-vires the Articles of the Company.
34. On the basis of our test verification and according to the information and explanations given to us, the Company has a system and procedures for obtaining the approval of the Board/delegated authority for all capital investment and the investments in new projects/ventures are made after considering the technical and economic feasibility of such projects.
35. In our opinion, the Company has established an effective budgetary control system.
36. *This section is not applicable to the Company.*
37. The details of remuneration, commission and other payments made in cash or in kind to the Board of Directors including the Chief Executive Officer or any of their relatives (including spouse(s) and child/children) if any, by the Company directly or indirectly are disclosed in the accounts. Please refer to the disclosure 4 Related Party Transaction.
38. In our opinion and according to the information and explanations given to us, the management of the Company complies with the directives of the Board of Directors as we have not come across any such incidence where it is not complied.
39. In our opinion and according to the information and explanations given to us, the officials of the Company have not transmitted any price sensitive information which are not made publicly available, unauthorized to their relatives / friends/ associates or close persons which would directly or indirectly benefit themselves. We have however relied on the management assertion on the same and cannot independently verify the same.
40. In our opinion and according to the information and explanations given to us, proper records are kept for inter unit transactions/services and arrangements for services made with other agencies engaged in similar activities.
41. In our opinion and according to the information and explanations given to us, the Company has executed agreements properly and the terms and conditions of leases are reasonable and the same are applied for machinery/ equipment acquired on lease or leased out to others.

### In the case of other Service Sector Company

1. The Company fulfilled all matters specified in clause A except those pertaining to Manufacturing Companies.
2. The Company maintains a reasonable system of costing to ascertain the cost of its services and enable it to make proper pricing decisions for its services.
3. The Company maintains proper records for inter-unit transactions/services and arrangements for services made with other agencies engaged in similar activities.
4. In our opinion and according to the information and explanations given to us, the Company has executed agreements properly and the terms and conditions of leases are reasonable and the same is applied for machinery/ equipment acquired on lease or leased out to others.

### Computerized Accounting Environment

1. The Company maintains its entire accounting and fixed assets records ERP Software. Given the size of the operation of the Company, this is considered to be an adequate system for maintaining accounts.
2. The Company has implemented a system for backing up its data on servers to safeguard against any potential disasters or system failures.
3. There is a system of maintaining backup files on Google Drive and on cloud.
4. The Company's operational controls were found to be generally adequate to ensure the correctness and validity of input data and output information.
5. To prevent unauthorized access to the Company's data, the system of accounting is controlled and maintained by credential-based passwords.
6. The company uses ERP system to record and store the financial information.

### Other requirements:

#### 1. Going concern

Based on the financial statements as at December 31, 2025, the company cannot be judged as a sick business entity. Further, in view of Bhutan Postal Corporation Limited as one of the vital SOEs of the country, we have not identified any material uncertainty that would have bearing on the Going Concern. Hence, we are of the opinion that the Company is a Going Concern.

#### 2. Ratio Analysis

Relevant ratio analysis has been carried out and the details are under Section "Ratio Analysis."

#### 3. Compliance with the Companies Act of Bhutan 2016

The Company has complied with the various provisions of the Companies Act of Bhutan 2016, details are under section "compliance calendar & checklist."

#### 4. Adherence to Laws, Rules, and Regulations

The audit of the company is governed by the Companies Act of Bhutan 2016, Internal Service manual, and Bhutanese Accounting Standards. The scope of audit is limited to examination and review of the financial statements prepared by the management. During our audit, we have considered the compliance of the provisions of the said Act, rules and regulations as well as the Bhutanese Accounting Standards.

# AUDITOR'S REPORT AND FINANCIAL STATEMENT

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## For Rinzing Financial Private Limited

Firm License No. 1036380



**Kunzang Pasa Tenzin**  
Audit Partner  
CPA License No. 10534147  
Date:  
Place: Thimphu, Bhutan



# FINANCIAL STATEMENTS

**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025**

(Amount in Nu.)

PARTICULARS	Note No.	31-Dec-25	31-Dec-24
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	2	47,484,584.50	39,338,024.55
Investment Property	2	57,352,680.16	58,719,236.51
Right of Use Asset *	2	2,492,284.14	1,451,356.93
Intangible Assets	2	1,694,597.11	354,990.55
Capital Work In Progress	2	3,346,395.97	355,000.00
Asset Held for Sale	2	0.00	234,949,087.20
Investments	3	41,483,048.17	60,904,261.16
Other Non-Current Assets	4	5,272,058.05	4,824,421.50
Deferred Tax Asset *	33	11,777,084.26	14,474,782.08
<b>TOTAL NON-CURRENT ASSETS</b>		<b>170,902,732.36</b>	<b>415,371,160.48</b>
<b>CURRENT ASSETS</b>			
Inventories	5	41,022,250.78	42,102,823.20
Trade And Other Receivables	6	33,932,182.75	34,865,811.51
Cash And Bank Balances	7	168,276,075.25	55,469,432.51
Advances	8	8,479,763.87	6,833,965.66
<b>TOTAL CURRENT ASSETS</b>		<b>251,710,272.65</b>	<b>139,272,032.88</b>
<b>TOTAL ASSETS</b>		<b>422,613,005.01</b>	<b>554,643,193.36</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	SOCE	23,595,200.00	23,595,200.00
Retained Earning	SOCE	161,671,107.71	162,891,103.37
General & Capital Reserve	SOCE	54,088,126.46	54,088,126.46
<b>TOTAL EQUITY</b>		<b>239,354,434.17</b>	<b>240,574,429.83</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Capital Grant	9	18,088,599.94	9,607,414.55
Long-Term Borrowings	10	26,208,492.45	180,923,256.09
Gratuity provision	11	46,952,237.33	45,547,233.75
Other Non- Current Liabilities	12	4,562,425.08	5,036,732.19
Lease Liability *	13	2,560,188.14	1,510,059.89
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>98,371,942.94</b>	<b>242,624,696.47</b>
<b>CURRENT LIABILITIES</b>			
Trade And Other Payables	14	27,814,613.07	22,395,979.19
Other Current Liabilities	15	29,251,658.71	27,954,680.31
Provisions	16	27,820,356.12	21,093,407.56
<b>TOTAL CURRENT LIABILITIES</b>		<b>84,886,627.90</b>	<b>71,444,067.06</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>422,613,005.01</b>	<b>554,643,193.36</b>

The above statement of Financial Position is to be read in conjunction with the accompanying note.

\*Refer Disclosure 1 and 2 for the restated items.

For Rinzing Financial Private Limited



**Kunzang Pasa Tenzin**  
Audit Partner  
CPA License No. 10534147  
Date:  
Place: Thimphu, Bhutan



For Bhutan Postal Corporation Ltd.



**Thinley Tobgay**  
(Finance Officer)



**Karma Nidup**  
(Chief Executive Officer)



**Phuntsho Tobgay**  
(Chairman)



**BHUTAN POSTAL CORPORATION LIMITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2025**

(Amount in Nu.)

Particulars	Note No.	31-Dec-25	31-Dec-24
<b>REVENUE</b>			
Postal Income	17	98,435,755.88	125,661,067.73
Philately Income	18	22,302,163.99	20,250,964.36
Transport Income	19	9,976,697.66	9,855,328.12
Estate Management and Investment Income	20	24,083,213.77	24,821,871.79
Remittance Income	21	10,344,591.75	12,689,158.45
Other Income	22	38,827,976.33	17,328,522.71
Grant Income	23	4,246,787.88	9,752,850.92
<b>TOTAL REVENUE</b>		<b>208,217,187.26</b>	<b>220,359,764.08</b>
<b>EXPENDITURE</b>			
Postal Expenses	24	48,432,876.10	58,886,709.39
Philately Expenses	25	2,773,546.54	2,118,090.08
Transport Expenses	26	5,002,553.05	5,457,646.37
Estate Management Expenses	27	10,902,837.29	6,450,773.99
Remittance Expenses	28	2,194,965.95	2,274,281.03
Other Expenses	29	5,448,990.81	6,107,059.86
Employee Compensation and Benefit Expenses	30	100,390,901.21	97,723,281.35
Depreciation and Amortisation Expenses	31	12,218,830.39	17,077,848.28
Administration Expenses	32	17,901,319.53	7,405,678.93
<b>TOTAL EXPENSES</b>		<b>205,266,820.87</b>	<b>203,501,369.28</b>
<b>Profit Before Income -Tax</b>		<b>2,950,366.39</b>	<b>16,858,394.80</b>
Current Income Tax Expense		3,258,912.48	3,688,818.03
Deferred Tax Expense/(Income)	33	2,584,375.54	(1,285,140.28)
<b>PROFIT/(LOSS) AFTER INCOME -TAX</b>		<b>(2,892,921.63)</b>	<b>14,454,717.05</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Remeasurement of defined benefit plans		1,761,046.81	913,693.39
Deferred Tax Expense/(Income) for OCI		113,322.28	219,812.40
<b>NET OTHER COMPREHENSIVE INCOME</b>		<b>1,647,724.53</b>	<b>693,880.99</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(1,245,197.10)</b>	<b>15,148,598.04</b>

The above statement of Comprehensive Income is to be read in conjunction with the accompanying note.

For Rinzing Financial Private Limited

For Bhutan Postal Corporation Ltd.



**Kunzang Pasa Tenzin**  
Audit Partner  
CPA License No. 10534147

Date:

Place: Thimphu, Bhutan




**Thinley Tobgay**  
(Finance Officer)



**Karma Nidup**  
(Chief Executive Officer)



**Phuntsho Tobgay**  
(Chairman)



**BHUTAN POSTAL CORPORATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED**  
**DECEMBER 31, 2025**

(Amount in Nu.)

Particulars	Fully Paid-Up Capital	Retained Earning	General & Capital Reserve	Total
Balance As at January 2024	23,595,200.00	147,650,562.79	54,088,126.46	225,333,889.25
Profit After Income-Tax	-	14,234,904.65	-	14,234,904.65
Actuarial Gain/Loss	-	913,693.39	-	913,693.39
Movement in Retained Earnings	-	91,942.54	-	91,942.54
<b>BALANCE AS AT 31.12.24</b>	<b>23,595,200.00</b>	<b>162,891,103.37</b>	<b>54,088,126.46</b>	<b>240,574,429.83</b>
Balance As at January 2025	23,595,200.00	162,891,103.37	54,088,126.46	240,574,429.83
Profit After Income-Tax	-	(2,892,921.63)	-	(2,892,921.63)
Actuarial Gain/Loss	-	1,647,724.53	-	1,647,724.53
Movement in Retained Earnings	-	25,201.44	-	25,201.44
<b>BALANCE AS AT 31.12.25</b>	<b>23,595,200.00</b>	<b>161,671,107.71</b>	<b>54,088,126.46</b>	<b>239,354,434.17</b>

The above Statement of Change in Equity is to be read in conjunction with the accompanying notes.

*For Rinzing Financial Private Limited*

*For Bhutan Postal Corporation Ltd.*



**Kunzang Pasa Tenzin**  
 Audit Partner  
 CPA License No. 10534147  
 Date:  
 Place: Thimphu, Bhutan




**Thinley Tobgay**  
 (Finance Officer)



**Karma Nidup**  
 (Chief Executive Officer)




**Phuntsho Tobgay**  
 (Chairman)

**BHUTAN POSTAL CORPORATION LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**  
**DECEMBER 31, 2025**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
<b>Operating Activities</b>		
Net profit/(Loss) before Tax	2,950,366.39	16,858,394.80
<b>Adjustments for non-cash items:</b>		
Depreciation / Amortisation	12,218,830.39	17,077,848.28
Gain on Transfer of Assets	(22,239,952.86)	
Lease Expense	1,050,128.25	
Grant Income	4,246,787.88	(1,122,390.73)
Employment Benefit Expense	3,166,050.39	1,041,063.21
Tax Expense	(3,258,912.48)	(2,623,490.15)
<b>Operating Profit/(Loss) before changes in Operating Assets &amp; Liabilities (i)</b>	<b>(1,866,702.04)</b>	<b>31,231,425.41</b>
<b>Changes in Working Capital:</b>		
(Increase)/Decrease in Stock	1,080,572.42	(4,767.03)
(Increase)/Decrease in Debtors	933,628.76	69,709,684.63
(Increase)/Decrease in Advances	(1,645,798.21)	6,653,127.66
Increase/(Decrease) in Current Liabilities and Provisions	17,923,011.80	(10,550,344.52)
<b>Sub-Total in Increase/Decrease in Assets &amp; Liabilities (ii)</b>	<b>18,291,414.77</b>	<b>65,807,700.74</b>
Tax Paid (iii)	(720,360.56)	(19,541,612.79)
<b>Net Cash flow from Operating Activities (A=i+ii+iii)</b>	<b>15,704,352.17</b>	<b>77,497,513.36</b>
<b>II. Cash Flow from Investment Activities:</b>		
Payments to acquire Fixed Assets	(25,066,401.30)	(53,109,283.20)
Receipts from sale of Fixed Assets & Refund	257,909,879.07	15,795.56
(Increase)/Decrease in Investment	18,973,576.44	(6,036,283.92)
<b>Net Cash flow from Investing Activities (B)</b>	<b>251,817,054.21</b>	<b>(59,129,771.56)</b>
<b>III. Cash Flow from Financing Activities:</b>		
Increase/(Decrease) in Long Term Borrowing	(154,714,763.64)	(10,907,805.72)
<b>Net Cash Flow from Financing Activities C</b>	<b>(154,714,763.64)</b>	<b>(10,907,805.72)</b>
<b>Net Increase/(Decrease) in Cash and Bank Balance (A+B+C)</b>	<b>112,806,642.74</b>	<b>7,459,936.08</b>
<b>Cash and Bank balances at the beginning of the year</b>	<b>55,469,432.51</b>	<b>48,009,496.43</b>
<b>Cash and Bank balances at the end of the year (Refer Note No. 7)</b>	<b>168,276,075.25</b>	<b>55,469,432.51</b>

The above Statement of Cashflow is to be read in conjunction with the accompanying notes.

For Rinzing Financial Private Limited

For Bhutan Postal Corporation Ltd.



Kunzang Pasa Tenzin  
 Audit Partner  
 CPA License No. 10534147

Date:

Place: Thimphu, Bhutan




Thinley Tobgay  
 (Finance Officer)



Karma Nidup  
 (Chief Executive Officer)



Phuntsho Tobgay  
 (Chairman)



touching lives

# ACCOUNTING POLICIES & NOTES TO ACCOUNTS

## ACCOUNTING POLICIES & NOTES TO ACCOUNTS

### Note 1: Significant Accounting Policy

#### Background of an entity

Bhutan Postal Corporation Limited (BPCL) is a wholly Government-owned company. It was registered under the Companies Act of the Kingdom of Bhutan 1989 (Amendments, 2000 and 2016) on 23 October 1996 (Certificate of Incorporation Registration No. L19961023BHU031) for the overall operation and management of postal and allied services in the country. With its formal trading name “Bhutan Post”, the company aspires to deliver high-quality postal and related services that would enhance the well-being of the Bhutanese people.

With its headquarters in Thimphu, its existing postal network consists of four Regional Offices or General Post Offices (GPOs), and 34 Post Offices (one in each Dzongkhag, Head Quarter and in 12 other towns).

It is a limited liability company with an authorized share capital of Nu. 23,595,200 (235,952 equity shares @ Nu. 100 per share). The Ministry of Finance, Royal Government of Bhutan has subscribed the entire shares amounting to a paid-up capital of Nu.23,595,200 (235,952 equity shares @ Nu. 100 per share) as of 31 December 2025.

The financial statements for the year ended 31 December 2025 authorized for issue by the board on 129th Board Meeting held on 23rd April 2026

#### Basis of preparation

##### 1. Compliance with Bhutanese Accounting Standards (BAS)

The Bhutan Post has prepared the Financial Statements in accordance with BAS and in compliance with the Companies Act of Bhutan 2016.

##### 2. Historical cost convention

Financial statements have been prepared on an accrual basis of accounting with historical cost conventions and a going concern basis.

##### 3. Accrual Basis of Accounting

The Bhutan Post prepared its financial statements, except for cash flow information, using the accrual basis of accounting. It recognizes items such as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the framework.

##### 4. Going Concern Basis

The Bhutan Post has made an assessment on the Post's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The financial statements are prepared on a going concern basis. The Bhutan Post does not anticipate any material uncertainties that may pose substantial uncertainty to the Post's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

##### 5. Materiality and aggregation

In compliance with BAS 1 - “Presentation of Financial Statements”, each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately unless they are immaterial. Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or functions. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items in the financial statements.

### 6. Offsetting

Financial assets and financial liabilities or income and expenses are offset and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when, and only when, the entity has a legal right and is allowed by the Standard to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency, or bankruptcy of the entity or the counterparty.

### 7. Functional and presentation currency

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

### 8. Use of estimates

Preparation of Financial Statements in conformity with BAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

### 9. Foreign Currency

Transactions in foreign currency are initially recognized in the financial statements in functional currency using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses are generally recognized in the Statement of Comprehensive Income. Foreign exchange gains and losses that relate to borrowings are presented in the Statement of Comprehensive Income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

### 10. Property, plant and Equipment (PPE)

a. PPE is initially recognized at cost. The company follows the cost model for PPE and is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. The Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Only those costs are recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. The cost of software that is integral to the functionality of the related equipment is capitalized as part of that equipment. PPEs are derecognized when no future economic benefits are expected from their use or disposal. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount. These are recognized within "Postal Income/Administration expenses" in the Statement of Comprehensive Income.

#### b. Determine the ceiling of expenses

Below Nu. 8000/- can be expensed off as an operating expenditure.

#### c. Subsequent costs

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item, or as a separate asset only when it is probable that future economic benefits associated with the item will

flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs incurred for the running and maintenance of PPE are expensed off in the year in which they are incurred.

**d. Depreciation**

The Company provides depreciation on PPE on the straight-line method to allocate cost, net of their residual values, over their estimated useful lives as follows:

Particulars	Estimated useful life
Infrastructure Facilities	15 to 50 years
Electrical Installations	20 years
Furniture & Fixtures	3 to 20 years
Equipment	5 years
Plant & Machinery	2 to 3 years
Vehicle	6 to 7 years
Software	5 years

Depreciation for the PPE purchased/constructed during the year is pro-rated on the basis of the actual number of calendar days from the date assets are available for use. Depreciation is calculated on acquisition or construction cost less the residual value. Depreciation is provided from the date on which the asset is ready for use up to the date of management approval for the write-off of the assets due to sale or retirement.

Detail useful life of assets annexed.

**11. Investment Property**

Investment properties are measured initially at cost including transaction cost. Investment property whose fair value can be measured reliably without undue cost or effort shall be measured at fair value. However, an investment property whose fair value cannot be measured reliably without undue cost or effort are accounted for as PPE.

**Subsequent costs**

The cost of replacing part of an item of Investment Property is recognized in the carrying amount of the item, or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs incurred for the running and maintenance of Investment Property are expensed off in the year in which they are incurred.

The company has 2 number of investment properties that they have rented out based on specific rental agreements.

**12. Intangible Assets**

Intangible assets include identifiable capitalized software costs and are recognized at cost of acquisition/ implementation less accumulated amortization and any other provision for impairment losses. Subsequent costs are included only when it is probable that the item associated with the cost will generate future economic benefits and the cost can be reliably measured.

Internally generated intangible assets are recognized only when the asset created can be identified and it is probable that the asset created will generate future economic benefits and the costs can be measured reliably. Otherwise, the expenditure is charged to the Statement of Comprehensive Income for the year of incurring the expenditure.

Amortization is calculated and recognized using the straight-line basis over the estimated useful life as estimated by the management as given in below table. The useful lives and the amortization methods are reviewed annually and are adjusted as appropriate at the end of each reporting year, with any changes recognized as a change in the accounting estimate.

### 13. Capital Work-In-Progress (CWIP)

Expenditure on material, labor, contract expenses, and directly attributable cost such as overheads and project management expenses incurred during the construction period for executing the particular project is included in CWIP till these are capitalized.

### 14. Government Grants

Grants from the government, government agencies and international agencies are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants are assisted by the government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity

Two approaches: Accounting for government grants should be based on the nature of the relevant grant.

1. Capital Approach: Grant is recognized in the Statement of financial position.
2. Income Approach: Grant is taken to income over one or more periods.

**Grants related to assets:** Deferred income in the balance sheet at fair value, deduct the grant in arriving at the carrying out of the asset.

**Grants related to income:** Separately as 'other income' under profit & loss, deducted in reporting the related expense.

Matching of Grant Income with Related Expenses

Government grants shall be recognized as income in profit or loss on a systematic basis over the periods necessary to match the related costs.

**Grants related to assets:** Recognized in profit or loss over the periods matching with depreciation expense on those assets.

**Grants related to income:** Recognized in profit or loss in which the specific expenses are incurred. Grants relating to past costs with no further cost shall be recognized in profit and loss in the period in which it becomes receivable

The grants received from Universal Postal Union to purchase PPE to improve mail services are recognized in the statement of Financial Position by following the Capital approach. The assets are recognized at their acquisition cost and are booked in the Statement of Comprehensive Income on the average expected lives of the related assets and presented within grant income and grant expenses.

### 15. Leases

The company assesses all lease contracts at inception whether it contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, a right-to-use asset is recognized, and lease liability is recognized for all future lease payments. The standard provides an exemption for short term i.e. less than 12 months and low-value leases.

#### Initial Recognition and Measurement.

Lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments in the Statement of Financial Position.

Lessee measures right-of-use assets similarly to other non-financial assets (such as Property, Plant and Equipment) and lease liabilities similarly to other financial liabilities. Consequently, a lessee recognizes amortization of the right-of-use asset and interest on the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. The initial lease asset equals the lease liability in most cases.

### **At lease commencement, a lessee accounts for two elements:**

#### **i. Right-of-use asset:**

Initially, a right-of-use asset is measured in the amount of the lease liability and initial direct costs. Then it is adjusted by the lease payments made before or on the commencement date, lease incentives received, and any estimate of dismantling and restoration costs.

#### **ii. Lease liability:**

The lease liability is in fact all payments not paid at the commencement date discounted to present value using the interest rate implicit in the lease or incremental borrowing rate if the implicit rate cannot be determined. These payments may include fixed payments and variable payments.

### **Subsequent Measurement**

After the commencement date, the lessee needs to adjust both elements recognized initially. Lessee accretes the lease liability to reflect interest and reduces the liability to reflect lease payments made. The subsequent measurement of right-of-use.

Leases in which the risk and benefits of the ownership of the assets are not transferred to the lessee are classified as operating leases. Lease income and expenditure on an operating lease are recognized in the Statement of Comprehensive Income on a straight-line basis over the lease term. Assets on operating lease are not recognized as part of the company's assets.

## **16. Impairment - Non-Current Assets**

The carrying amount of the non-current assets, other than the CWIP, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Where the asset does not generate cash flows that are independent of other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Comprehensive Income

## **17. Employee Benefits**

Short-term benefits like wages and salaries are charged to the Statement of Comprehensive Income as and when they fall due. The expected cost of Performance-Based Incentive and Variable Allowances is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

Employee benefits such as contributions to Provident Fund administered by National Pension and Provident Fund are accrued in the period in which the associated services are rendered by employees of the company as detailed below:

### **a. Defined contribution plan (pension and provident fund)**

As required by National Pension & Provident Fund (NPPF), both the employee and employer make monthly contributions to the provident fund, which is a Defined Contribution Plan, 15% from the employer side and 11% from the employee's basic salary. The company has no further obligations under the plan beyond its monthly contributions. The company does not have any legal or constructive obligation to pay further contributions if the NPPF does not have sufficient assets to pay all of the employee's entitlements. Obligation for contributions to the plan is recognized as an employee benefit expense in the Statement of Comprehensive Income when the contribution to NPPF becomes due.

### **18. Post-employment - Retirement benefits**

As per the Bhutan Post Service Rules and Regulations, an employee who retires/resigns from the Corporation shall be entitled to gratuity and other retirement benefits on completion of a minimum of ten years of continuous service, completion of the service bond or upon completion of the contract term for contract employees. The benefits are as follows;

#### **a. Gratuity**

The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, the amount of gratuity shall be calculated on the basis of an employee's pay immediately before separation multiplied by the number of completed years of the service (fraction of year, 6 month or more shall be considered one year) with no ceiling. The gratuity shall be paid to an employee only upon production of royal audit clearance, tax clearance, and clearance from department/regional/divisional/unit heads.

The company's net obligation in respect of the gratuity plan is calculated by estimating the amount of future benefits that the employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine its present value. The calculation is performed annually by an Actuarial Consultant using the projected unit credit method and the amount of obligation is provided in profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income, and presented within equity. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Comprehensive Income as past service cost.

#### **b. Transfer grant**

As per the company's service rule, the employee who has rendered a minimum of five years of satisfactory active service with the Corporation excluding the probation period is entitled to one-month last basic pay as a transfer grant. The company's net obligation in respect of this terminal benefit is calculated by estimating the amount of benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary and the amount of obligation is provided in the Statement of Comprehensive Income.

#### **c. Travel allowance**

As per the company's service rule, the employee is entitled to one-month basic pay subject to a minimum of five years of satisfactory active service as travel allowance. The company's net obligation in respect of this terminal benefit is calculated by estimating the amount of benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary and the amount of obligation is provided in the Statement of Comprehensive Income.

**d. Carriage Charges**

As per the company's service rule, the Carriage charge for the journey to the hometown upon retirement shall be admissible only once during the entire service period, irrespective of changing the status or terms of appointment subject to completion of five years active service. The company's net obligation in respect of this terminal benefit is calculated by estimating the amount of benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary and the amount of obligation is provided in the Statement of Comprehensive Income.

**e. Earned leave encashment**

The employees of the company are entitled to earned leave. The employees can carry forward a portion of the unutilized earned leave subject to conditions set as per BPCL service rule and utilize it in future periods or compensated in cash during employment or retirement or termination of employment for the unutilized accrued earned leave based on the salary at the time. The company's net obligation in respect of the earned leave is calculated by estimating the amount of future benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary and the amount of obligation is provided in the Statement of Comprehensive Income.

**19. Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for services supplied. The company recognizes revenue when the amount of revenue can be reliably measured and when it is probable that associated economic benefits will flow to the company.

When the outcome of a transaction involving the rendering of services can be estimated reliably, an entity shall recognize revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- a. the amount of revenue can be measured reliably;
- b. it is probable that the economic benefits associated with the transaction will flow to the entity;
- c. the stage of completion of the transaction at the end of the reporting period can be measured reliably, and
- d. the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified period of time, an entity recognizes revenue on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other act, the entity postpones recognition of revenue until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

**20. Provisions**

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

### 21. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (a qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of assets. All other borrowing costs are recognized as an expense in the period in which they are incurred.

### 22. Inventories

Inventories are assets;

- a. held for sale in the ordinary course of business;
- b. in the process of production for such sale; or
- c. in the form of materials or supplies to be consumed in the production process or in the rendering of services.

The stock of philately and other products comprising the stamps, album, souvenir, First-Day Cover, and stationeries are valued at lower cost or net realizable value.

Obsolete and defective items of inventory are identified at the time of physical verification of inventories and where necessary, adjustment is made for the same.

### 23. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in Equity or in Other Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (Tax Base).

Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable Profit or Loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the tax authority on the taxable entity, further, they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

### 24. Contingent Liabilities and Contingent Assets

Contingent assets and liabilities are not recognized but disclosed for all possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

**25. Cash and cash equivalents**

In the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents include cash in hand and the deposits with the bank.

**26. Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**A. Financial assets****a. Initial recognition and measurement**

At initial recognition, all financial assets are recognized at its fair value plus, in the case of a financial asset not carried at fair value, the transaction costs that are attributable to the acquisition of the financial asset.

**b. Classification and subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- i. Financial assets measured at amortized cost;
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI); and
- iii. Financial assets measured at fair value through profit and loss (FVTPL)

Where financial assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss (i.e. fair value through profit and loss), or recognized in other comprehensive income (i.e. fair value through Other Comprehensive Income).

The classification of financial assets depends on the Bank's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

**i. Financial assets measured at amortized cost:**

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

- Business Model Test: The objective of the business model is to hold financial asset in order to collect contractual cash flows (rather than to sell the asset prior to its financial maturity to realize its fair value changes); and
- Cash Flow Characteristics Test: Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Bank estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in the Statement of Comprehensive Income. The losses arising from impairment are recognized in the Statement of Comprehensive Income. This category applies to term deposits, investments in bonds and treasury bills, loans and advances to customers (including staff), and other advances etc.

### **ii. Financial instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI):**

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- Business Model Test: The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- Cash Flow Characteristics Test: The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding.

Financial instruments included within the FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI) except for the recognition of interest income, impairment gains and losses and foreign exchange gain and losses which are recognized in the Statement of Profit and Loss. This category generally applies to investments (other than in bonds and treasury bills) and other advances.

### **iii. Financial instruments measured at Fair Value Through Profit and Loss (FVTPL)**

Fair Value through Profit and Loss is a residual category. Any financial instrument, which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified as FVTPL. Financial instruments included in the FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements i.e. gain or loss and interest income are recorded in the Statement of Comprehensive Income.

At the end of each reporting period, the company shall measure financial instruments at their transaction price and for investment (fixed deposit) measured at amortized cost.

### **c. Impairment of financial assets**

At each reporting date, the Bhutan Post assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. The Bhutan Post compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. However, the Bhutan Post assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

The impairment provisions of financial assets are based on the BFRS 9 "Expected Credit Loss Model" (ECL), under which the Bhutan Post uses judgment in making the relevant assumptions and selecting the inputs to the impairment calculation, based on Bhutan Post's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

When measuring the ECL, the Bhutan Post considers the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit losses occur, even if the possibility of a credit loss occurring is very low and also considered the maximum contractual period over which the Bhutan Post is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice.

The amount of loss is recognized in the Statement of Comprehensive Income.

### **d. De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized only when:

- The rights to receive cash flows from the asset have been transferred; or
- The Company retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.

When the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the entity has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

### 27. Financial liabilities

#### a. Initial recognition and measurement

All financial liabilities are recognized initially at their transaction costs. The Post's financial liabilities include borrowings, security deposits and other payables.

#### b. Subsequent measurement

Long-term borrowing shall be measured using the effective interest method. Other current liabilities shall be measured at the undiscounted amount of the cash or other consideration expected to be paid.

#### c. De-recognition

Financial liabilities are derecognized when the obligation under the liability is discharged or canceled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of P&L.

### 28. Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 29. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 30. Earnings per share (EPS)

#### a. Basic earnings per share

Basic EPS is calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

#### b. Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**Note 2: Asset Schedule for the year 31st December, 2025**

Sl. No.	Particulars of Items	Gross Block Value				Depreciation/ Amortization				Net Block Value	
		Opening Balance (1)	Additions (2)	Adjustment/ Disposals (3)	Closing Balance (4=1+2-3)	Opening Balance (5)	For the year (6)	Adjustment (7)	Closing Balance (8=5+6-7)	As on 31.12.2025 (9=4-8)	As on 31.12.2024 (10=1-5)
1	Other Grants	45,554,919.68	12,763,423.00	1,341,581.98	56,976,760.70	29,640,296.67	4,246,787.88	1,330,443.05	32,556,641.50	24,420,119.20	15,914,623.01
2	Artifacts	1,049,915.57		(27,000.00)	1,076,915.57	0.00	0.00		0.00	1,076,915.57	1,049,915.57
3	Plant & Machinery	139,500.00			139,500.00	105,024.30	31,681.70		136,706.00	2,794.00	34,475.70
4	Building (Permanent)	28,624,401.70			28,624,401.70	22,400,420.73	345,698.80		22,746,119.53	5,878,282.17	6,223,980.97
5	Building (Semi-Permt)	5,685,755.06	889,599.80		6,575,354.86	964,255.05	371,024.17		1,335,279.22	5,240,075.64	4,721,500.01
6	Furniture & Fixtures	11,770,911.15	763,395.01	(1,553,024.00)	14,087,330.16	9,794,129.72	621,244.40	(1,560,722.63)	11,976,096.75	2,111,233.41	1,976,781.43
7	Equipment	21,428,357.89	1,949,393.00	1,508,279.65	21,869,471.24	16,164,526.95	2,145,791.22	1,474,865.62	16,835,452.55	5,034,018.69	5,263,830.94
8	Electrical Installation	3,798,988.41		(196,000.00)	3,798,988.41	810,128.39	186,150.00		996,278.39	2,802,710.02	2,988,860.02
9	Vehicles	10,364,012.35			10,560,012.35	9,199,955.45	245,623.10	(195,998.00)	9,641,576.55	918,435.80	1,164,056.90
	<b>Total</b>	<b>128,416,761.81</b>	<b>16,365,810.81</b>	<b>1,073,837.63</b>	<b>143,708,734.99</b>	<b>89,078,737.26</b>	<b>8,194,001.27</b>	<b>1,048,588.04</b>	<b>96,224,150.49</b>	<b>47,484,584.50</b>	<b>39,338,024.55</b>
<b>2. Investment Property</b>											
1	Land	486,250.00			486,250.00					486,250.00	486,250.00
2	Building	71,924,079.55			71,924,079.55	13,691,093.04	1,366,556.35		15,057,649.39	56,866,430.16	58,232,986.51
	<b>Total</b>	<b>72,410,329.55</b>	<b>0.00</b>	<b>0.00</b>	<b>72,410,329.55</b>	<b>13,691,093.04</b>	<b>1,366,556.35</b>	<b>0.00</b>	<b>15,057,649.39</b>	<b>57,352,680.16</b>	<b>58,719,236.51</b>
<b>3. Right of use Asset</b>											
1	<b>Right of Use Asset</b>	<b>2,717,979.49</b>	<b>3,349,194.52</b>	<b>310,964.53</b>	<b>5,756,209.48</b>	<b>1,266,622.56</b>	<b>1,997,302.78</b>		<b>3,263,925.34</b>	<b>2,492,284.14</b>	<b>1,451,356.93</b>
<b>4. Intangible Assets</b>											
1	Software	3,165,210.00	2,005,000.00	879,200.00	4,291,010.00	2,810,219.45	660,969.99	874,776.55	2,596,412.89	1,694,597.11	354,990.55
	<b>Total</b>	<b>206,710,280.85</b>	<b>21,720,005.33</b>	<b>2,264,002.16</b>	<b>226,166,284.02</b>	<b>106,846,672.31</b>	<b>12,218,830.39</b>	<b>1,923,364.59</b>	<b>117,142,138.11</b>	<b>109,024,145.91</b>	<b>99,863,608.54</b>
<b>5. Capital Work In Progress</b>											
1	ERP	355,000.00		355,000.00	0.00					0.00	355,000.00
2	HQ-Work in Progress		3,346,395.97		3,346,395.97					3,346,395.97	0.00
	<b>Total</b>	<b>355,000.00</b>	<b>3,346,395.97</b>	<b>355,000.00</b>	<b>3,346,395.97</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,346,395.97</b>	<b>355,000.00</b>
<b>6. Asset Held for Sale</b>											
1	Asset Held for Sale	234,949,087.20		234,949,087.20	0.00					0.00	234,949,087.20
	<b>Grand Total</b>	<b>442,014,368.05</b>	<b>25,066,401.30</b>	<b>237,568,089.36</b>	<b>229,512,679.99</b>	<b>106,846,672.31</b>	<b>12,218,830.39</b>	<b>1,923,364.59</b>	<b>117,142,138.11</b>	<b>112,370,541.88</b>	<b>335,167,695.74</b>

**Note 3: Investment**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
<b>Fixed Deposits</b>		
A. BOBL, Thimphu	14,419,587.32	14,208,969.08
B. RICBL, Thimphu	27,063,460.85	46,695,292.08
<b>Total</b>	<b>41,483,048.17</b>	<b>60,904,261.16</b>

Note: Current year figures are measured at amortised value

**Note 4: Other Non-Current Assets**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Department of Power	88,156.45	88,156.45
Clearing and forwarding Trade License, Phuntsholing	100,000.00	100,000.00
Telecom Authority	0.00	6,321.00
Gelephu GPO Building owner	130,000.00	0.00
Clearing and forwarding Trade License, Thimphu	200,000.00	100,000.00
Gelephu Thromde	1,089.00	1,089.00
Deposit UPU	4,752,812.60	4,528,855.05
<b>Total</b>	<b>5,272,058.05</b>	<b>4,824,421.50</b>

**Note 5: Inventories**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Philately Stamps	39,079,809.70	39,631,643.01
Packing Materials	401,960.49	623,725.80
Procurement Store	1,540,480.59	1,847,454.39
<b>Total</b>	<b>41,022,250.78</b>	<b>42,102,823.20</b>

**Note 6: Trade and Other Receivables**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Sundry Debtors WUMT	3,760,526.34	2,066,207.46
Sundry Debtors CR	96,315.00	181,615.00
Sundry Debtors ER	34,350.00	28,935.00
Sundry Debtors HQ	3,091,565.60	3,531,793.85
Sundry Debtors SR	6,515,555.93	10,117,787.50
Sundry Debtors WR	612,353.00	563,148.00
Sundry Debtor FedEx	520,753.89	655,932.17
Sundry Debtor IMR	18,882,752.02	17,705,898.90
Sundry Debtor Philately	418,010.97	12,153.63
Mineral Water	0.00	2,340.00
<b>Total</b>	<b>33,932,182.75</b>	<b>34,865,811.51</b>

**Note 7: Cash and Bank Balances**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Cash in Hand: (Refer 7.1)	8,042,792.00	7,540,048.00
<b>Total</b>	<b>8,042,792.00</b>	<b>7,540,048.00</b>
<b>Balance with Bank:</b>		
Current Accounts (Revenue) (Refer 7.2)	2,905,257.14	1,753,962.95
Current Accounts (Recoupment) (Refer 7.3)	33,950.50	59,247.00
Current Accounts (Ngotshab) (Refer 7.4)	951,604.00	950,000.00
Current Accounts (Head Quarter) (Refer 7.5)	1,454,906.95	3,929,788.80
Current Accounts (Western Union) (Refer 7.6)	5,926,847.03	8,013,213.69
Savings Account (Refer 7.7)	148,960,717.63	33,223,172.07
<b>Total</b>	<b>160,233,283.25</b>	<b>47,929,384.51</b>
<b>Total</b>	<b>168,276,075.25</b>	<b>55,469,432.51</b>

**Note 7.1: Cash in Hand**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Cash - Post Offices	186,069.00	124,839.00
Philately Cash	136,320.00	67,300.00
Cash - Western Union	7,720,403.00	7,347,909.00
<b>Total</b>	<b>8,042,792.00</b>	<b>7,540,048.00</b>

**Note 7.2: Current Accounts Revenue)**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
CENTRAL REGION	64,486.82	70,516.67
EASTERN REGION	164,236.27	161,476.51
SOUTHERN REGION	829,084.74	226,346.45
WESTERN REGION	1,847,449.31	1,295,623.32
<b>Total</b>	<b>2,905,257.14</b>	<b>1,753,962.95</b>

**Note 7.3: Current Accounts (Recoupment)**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
CENTRAL REGION	9,000.00	19,731.00
EASTERN REGION	14,000.00	27,515.50
SOUTHERN REGION	6,000.00	6,000.50
WESTERN REGION	4,950.50	6,000.00
<b>Total</b>	<b>33,950.50</b>	<b>59,247.00</b>

**Note 7.4: Current Accounts (BNB Ngotshab)**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
CENTRAL REGION	400,000.00	400,000.00
EASTERN REGION	151,604.00	150,000.00
SOUTHERN REGION	100,000.00	100,000.00
WESTERN REGION	300,000.00	300,000.00
<b>Total</b>	<b>951,604.00</b>	<b>950,000.00</b>

**Note 7.5: Current Accounts (Headquarters)**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Current Account- POD	915,727.89	1,520,513.37
Current Account- Philately	509,441.20	119,531.03
Current Account-100902834 -Head Quarter	29,737.86	2,289,744.40
<b>Total</b>	<b>1,454,906.95</b>	<b>3,929,788.80</b>

**Note 7.6: Current Accounts (Western Union)**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
HEAD QUARTER	5,873,847.03	7,597,612.69
CD ER	52,000.00	52,000.00
CD WR	1,000.00	363,601.00
<b>Total</b>	<b>5,926,847.03</b>	<b>8,013,213.69</b>

**Note 7.7: Saving Account**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Saving Accounts-651589881 BNB	40,395,451.14	32,598,707.13
Saving Account-100524384 - BOB Thimphu	108,565,266.49	624,464.94
<b>Total</b>	<b>148,960,717.63</b>	<b>33,223,172.07</b>

**Note 8: Advances**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Staff Advance - Staffs (Official)	1,884,831.36	110,130.00
Staff Advance - Staffs (Personal)	364,111.00	0.00
POL Advance	381,714.86	459,049.23
Tax Deducted At Source	92,780.15	86,197.26
Prepaid Expenses	2,473,934.50	2,461,959.17
Loan & Advances - Vehicle Loan 8 & 20 Bikes	3,282,392.00	3,716,630.00
<b>Total</b>	<b>8,479,763.87</b>	<b>6,833,965.66</b>

**Note 9: Deferred Capital Grant**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Deferred Capital Grant	18,088,599.94	9,607,414.55
<b>Total</b>	<b>18,088,599.94</b>	<b>9,607,414.55</b>

**Note 10: Long-Term Borrowings**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Term Loan from Bank for P/Ling G+4 Building	26,208,492.45	28,160,197.53
Term Loan from Bank for Gelephu Building Construction	0.00	152,763,058.56
<b>Total</b>	<b>26,208,492.45</b>	<b>180,923,256.09</b>

### Note 11: Provision-Gratuity

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Gratuity Provision	42,061,455.22	41,334,159.11
RB Transfer Grant	1,447,894.67	1,474,322.03
RB Travel Allowance	1,433,280.86	1,467,194.39
LE Provision	1,047,626.47	635,129.71
RB Carriage Charge	961,980.11	636,428.51
<b>Total</b>	<b>46,952,237.33</b>	<b>45,547,233.75</b>

### Note 12: Other Non-Current Liabilities

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Retention Money 10%, Gyelsa Homeware	9,180.00	9,180.00
Retention Money 10%, Ngawang Builders	0.00	23,603.81
Retention Money 10%, Shekhar Construction	0.00	120,344.66
Retention Money 10%, SL Lubricants	0.00	277,485.36
Retention Money 10%, SPL Construction	0.00	36,388.36
RETENTION Money 10%, Biebs Private Limited	334,639.58	0.00
RETENTION Money 10%, Druk Flooring Solution	40,513.50	0.00
Bike Recovery	3,282,392.00	3,716,630.00
Western Union Payable (\$ 10,000/-)	895,700.00	853,100.00
<b>Total</b>	<b>4,562,425.08</b>	<b>5,036,732.19</b>

### Note 13: Lease Liability

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Lease Liability	2,560,188.14	1,510,059.89
<b>Total</b>	<b>2,560,188.14</b>	<b>1,510,059.89</b>

### Note 14: Trade and Other Payable

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Sundry Creditor Philately- Agent	100,188.75	128,584.50
Sundry Creditor Philately- Ordinary Customer	54,928.84	57,163.84
Sundry Creditor Philately- Standing Customer	308,320.32	312,020.32
Advance from Customers Philately- Tourism Council of Bhutan	229,000.00	229,000.00
Philately- GNH C	24,339.40	24,339.40
Sundry Creditors for IMR	17,350,945.65	15,674,435.32
Payable to RGoB for Revenue & Judicial Stamps	1,547,630.00	1,372,594.00
Sundry Creditor - FedEx	1,543,069.61	1,908,216.07
Sundry Creditor - Parties Bill	5,499,191.77	2,689,625.74
Sundry Creditor - Staff at Credit	842,530.31	0.00
Sundry Creditor - ER	6,500.00	0.00
Sundry Creditor - CR	25,580.00	0.00
Sundry Creditor - SR	208,081.00	0.00
Sundry Creditor - WR	27,857.42	0.00
Sundry Creditor - Printing and Supplier Philately	46,450.00	0.00
<b>Total</b>	<b>27,814,613.07</b>	<b>22,395,979.19</b>

**Note 15: Other Current Liabilities**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Current Liability - EMD/Security Deposit	12,280,327.31	12,279,364.51
Current Liabilities - Unclaimed Money	0.00	36,616.73
Current Liabilities - Excess receive from Customer	0.00	14,434.00
Current Liabilities - Short Term Borrowing	4,440,000.00	4,440,000.00
Current Liabilities- Remittances	(100.00)	0.00
Current Liabilities - RAA	3,765,104.81	3,674,602.98
Current Liabilities - Other Payable	555,555.00	550,722.45
Current Liabilities - Capital Grant	6,331,519.26	6,307,208.46
Current Liabilities - Postal Museum	39,219.20	41,718.20
Current Liabilities - Disbursement Account	0.00	24,346.50
Current Liabilities - Overdraft Account (Western Union)	1,823,577.93	584,846.48
Current Liability- Rental Prepaid	16,455.20	820.00
<b>Total</b>	<b>29,251,658.71</b>	<b>27,954,680.31</b>

**Note 16: Provisions**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Provision for Doubtful Debts	1,909,592.88	4,699,715.83
Provision for PBVI	0.00	2,692,632.96
Provision Income Tax	2,538,551.92	
Audit Fee	258,000.00	126,000.00
Audit Expenses	50,000.00	91,200.00
Gratuity Provisions	7,861,375.80	5,466,293.32
RB Transfer Grant	506,642.14	335,629.91
RB Travel Allowance	524,404.30	345,021.04
Leave Encashment	5,923,528.61	6,139,548.34
RB Carriage Charge	435,212.74	197,366.16
Provision legal settlement	7,813,047.73	1,000,000.00
<b>Total</b>	<b>27,820,356.12</b>	<b>21,093,407.56</b>

**Note 17: Postal Income**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Postal Income - Domestic Express Mail Services	4,509,680.00	4,862,907.00
Postal Income - International Express Mail Services	65,704,354.50	73,264,760.50
Postal Income - Local Urgent Mail	2,312,850.00	2,546,600.00
Postal Income - Diplomatic Mail Bag Carriage	102,103.50	57,186.00
Postal Income - Postal Ballot	795,925.00	8,058,775.00
Postal Income - Post Box Rent	836,000.00	1,165,615.00
Postal Income - Packing Materials	853,140.00	768,320.00
Postal Income - Fax Revenue/Service Charge	11,695.00	11.00
Postal Income - Contract Mail Services	1,311,506.00	1,036,534.50
Postal Income - Domestic Registered Letter	7,077,265.00	10,135,188.00
Postal Income - International Registered Letter	113,665.00	206,775.00
Postal Income - eCommerce Delivery	91,300.00	8,760.00
Postal Income - International Mail Revenue	14,716,271.88	23,549,635.73
<b>Total Postal Income</b>	<b>98,435,755.88</b>	<b>125,661,067.73</b>

**Note 18: Philately Income**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Income Postal Museum	940,050.00	844,525.00
Income Joint Issue	800,000.00	1,600,000.00
Income Rate Fluctuation Philately	2,802.80	7,230.19
Income Sale of Philately Products	2,337,186.25	442,270.00
Income Commission from Judicial Stamps	3,853,472.00	3,665,706.00
Income Commission from Revenue Stamps	183,186.00	216,463.00
Income Crypto/ NFT Stamps	6,273.84	2,915.57
Income Sale of Postage Stamps	0.00	200,255.00
Income Sale of Philately Stamps	14,179,193.10	13,271,599.60
<b>Total Philately Income</b>	<b>22,302,163.99</b>	<b>20,250,964.36</b>

**Note 19: Transport Income**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Transport Income - BCSEA	5,236,669.00	4,967,388.12
Transport Income - Cargo/Logistic		2,908,348.00
Transport Income - Renting of Vehicle	3,189,403.00	363,846.00
Transport Income - Sale of Bus Tickets (P/ling-Thimphu)	506,058.00	562,842.00
Transport Income - Sale of Bus Tickets (Thimphu-P/Ling)	413,396.00	498,179.00
Transport Income - Consignment (P/Ling - Thimphu)	175,062.00	130,285.00
Transport Income - Consignment (Thimphu - P/Ling)	220.00	0.00
Transport Income - Others	455,889.66	424,440.00
<b>Total Transport Income</b>	<b>9,976,697.66</b>	<b>9,855,328.12</b>

**Note 20: Estate Management and Investment**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Rental Income - Employee	1,581,382.00	1,566,110.00
Rental Income from Land	24,890.00	135,768.00
Rental Income - Office Building	17,105,741.31	18,178,435.61
Interest Earned on Savings Bank Account	3,085,770.95	1,982,302.81
Interest Earned on Fixed Deposits	393,715.45	511,754.25
Interest Earned on Gratuity Fund Account	1,891,714.06	2,447,501.12
<b>Total Estate Management and Investment</b>	<b>24,083,213.77</b>	<b>24,821,871.79</b>

**Note 21: Remittance Income**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Postal Income - Fax Money Order	8,175.00	12,765.00
Western Union Money Transfer Income	10,313,516.71	11,902,890.64
Euro Giro Income	22,900.04	773,502.81
<b>Total Remittance Income</b>	<b>10,344,591.75</b>	<b>12,689,158.45</b>

**Note 22: Other Income**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Other Income - BNBL Agency Banking	228,000.00	144,000.00
Other Income - RSEBL Stock Trading (Brokerage)	65,285.76	203,212.54
Other Income - RICBL Agent	165,733.60	171,049.84
Other Income - Commission on Menjong Sorig	218,682.00	
Other Income - DTDC Delivery	55,520.00	95,057.00
Other Income - Sugam Parivahan	60,460.00	81,939.00
Other Income - Fine & Penalties	275,821.03	66,803.37
Other Income - EMD Forfeit	166,966.00	10,000.00
Other Income - Sale of Assets/Stationery	22,239,952.86	1,103,759.00
Other Income - Sale of Tender Form	24,500.00	15,500.00
Other Income - Commission on Outside Products	562,959.00	510,796.00
Other Income - Clearing and Forwarding	1,605,400.00	1,567,800.00
Other Income - Parking Tickets	313,089.50	533,044.00
Other Income - Xerox Copies	84,595.00	98,106.00
Other Income - Miscellaneous Income	34,820.73	38,349.56
Other Income - Rate fluctuation HQ	223,957.55	19,531.37
Other Income - Unclaimed Money	114,989.18	219,731.15
Other Income - FedEx	12,376,280.92	12,434,306.68
Other Income - TNT	10,963.20	15,537.20
<b>Total Other Income</b>	<b>38,827,976.33</b>	<b>17,328,522.71</b>

**Note 23: Grant Income**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Grant Income	4,246,787.88	9,752,850.92
<b>Total</b>	<b>4,246,787.88</b>	<b>9,752,850.92</b>

**Note 24: Postal Expenses**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Mail Service Expenses - Diplomatic Mail Bags	13,207.50	26,340.00
Mail Service Expenses - Packing Materials	405,123.31	318,292.77
Mail Service Expenses - Compensation Expense	37,377.57	
Mail Service Expenses - Postal Ballots	3,500.00	329,460.50
Mail Service Expenses - Postal Insurance charges	185,577.00	225,248.21
Mail Service Expenses - Daily Allowance	643,900.00	651,575.00
Mail Service Expenses - Overtime Allowance to RRCO	48,600.00	21,600.00
Mail Service Expenses - Clearing & Forwarding	176,100.00	146,600.00
Mail Service Expenses - Transportation of Mails	2,242,514.71	3,029,913.13
<b>Mail Service Expenses</b>	<b>3,755,900.09</b>	<b>4,749,029.61</b>
International Mail Expenses - Bank charges	43,738.97	39,038.98
International Mail Expenses - Rate Fluctuation	4,131,507.63	7,974,725.00
International Mail Expenses - Air Conveyance	25,190,630.37	
International Mail Expenses - Terminal Dues/EMS/Parcel	728,589.37	43,211,006.30
International Mail Expenses - EMS Imbalance	10,769,020.84	
International Mail Expenses - Parcel Post ILR	33,881.54	

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Particulars	31-Dec-25	31-Dec-24
<b>International Mail Expenses</b>	<b>40,897,368.72</b>	<b>51,224,770.28</b>
PE Statutory Fee - UPU 3% TDS	80,320.23	55,168.73
PE Statutory Fee - APP/RTCAP		46,794.95
PE Statutory Fee - EMS/Telematic Cooperatives/UPU Clearing	247,625.49	445,238.89
PE Statutory Fee - IPS.Post/CDS.Post/Net Post Mail/Prime	2,049,941.30	921,134.34
<b>PE Statutory Fees</b>	<b>2,377,887.02</b>	<b>1,468,336.91</b>
PE Motor Vehicle Expense - Fuel	850,602.79	954,482.73
PE Motor Vehicle Expense - Repair & Maintenance	237,812.25	220,970.80
PE Motor Vehicle Expense - Insurance and Related costs	145,544.23	146,993.66
<b>PE Motor Vehicle Expenses</b>	<b>1,233,959.27</b>	<b>1,322,447.19</b>
PE Selling & Distribution - Discount	167,761.00	122,125.40
<b>PE Selling &amp; Distribution Expenses</b>	<b>167,761.00</b>	<b>122,125.40</b>
<b>Total Postal Expenses</b>	<b>48,432,876.10</b>	<b>58,886,709.39</b>

### Note 25: Philately Expenses

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Philately Expense - Commission/ discount	212,559.75	178,452.50
Philately Expense - Freight/transportation costs	307,319.00	191,681.00
Philately Expense - Exhibition		11,919.00
Philately Expense - Bank charges	1,681.20	150.00
Philately Expense - Rates, taxes and duties	191,260.70	236,472.84
Philately Expense - Printing & Stationery	2,060,725.89	1,499,414.74
<b>Total Philately Expenses</b>	<b>2,773,546.54</b>	<b>2,118,090.08</b>

### Note 26: Transport Expenses

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Transport Expenses - BCSEA	1,673,213.44	1,903,644.73
Transport Expense - Cargo & Logistics	106,030.00	84,827.00
Transport Expense - Fuel	1,876,413.84	2,229,170.64
Transport Expense - Repair & Maintenance	809,390.00	688,269.00
Transport Expense - Insurance and Related costs	130,042.57	151,745.00
Transport Expense - Daily Allowance	397,294.00	389,394.00
Transport Expense - Telephone expenses	10,169.20	10,596.00
<b>Total Transport Expenses</b>	<b>5,002,553.05</b>	<b>5,457,646.37</b>

### Note 27: Estate Management Expenses

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Financing Costs	9,771,247.87	4,546,956.59
Premises Cost - Insurance	237,353.92	718,322.32
Running & Maintenance Costs - Office Building	894,235.50	1,107,495.08
Rental Waive Off	0.00	78,000.00
<b>Total Estate Management Expenses</b>	<b>10,902,837.29</b>	<b>6,450,773.99</b>

**Note 28: Remittance Expenses**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Euro Giro Expense	8,356.47	544,317.18
<b>Euro Giro</b>	<b>8,356.47</b>	<b>544,317.18</b>
WUMT - Bank Charges on Remittances	469,121.91	415,996.30
WUMT - Bank Charges	7,747.16	8,554.42
WUMT - Rate Fluctuation Expense	1,694,560.86	1,279,862.67
WUMT - OD Interest	15,179.55	25,550.46
<b>Western Union Money Transfer</b>	<b>2,186,609.48</b>	<b>1,729,963.85</b>
<b>Total Remittance Expenses</b>	<b>2,194,965.95</b>	<b>2,274,281.03</b>

**Note 29: Other Expenses**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
BNB Agency Expense	17,966.00	18,053.00
Brokerage Expenses	88,961.44	121,774.46
FedEx Expenses	5,340,388.37	5,940,856.00
Other Expense	1,675.00	26,376.40
<b>Total Other Expenses</b>	<b>5,448,990.81</b>	<b>6,107,059.86</b>

**Note 30: Employee Compensation and Benefit Expenses**

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Salaries	44,854,501.00	43,013,305.00
Performance Based Allowances	0.00	2,692,632.96
Pension Fund - Employer's Contribution	6,735,066.00	6,454,691.00
Gratuity	6,252,518.16	5,946,616.35
Allowances	34,704,745.00	32,856,604.00
CMO Salary	112,800.00	112,800.00
Transfer Expense	170,091.00	50,000.00
RB carriage Charge	708,226.39	126,508.62
RB Transfer Grant	308,115.39	288,892.15
RB Travel Allowances	309,704.24	289,214.17
Sitting Fee Employee	83,750.00	33,750.00
Leave Travel Concession (LTC)	2,514,265.00	2,403,365.00
Leave Encashment	3,601,119.03	3,267,602.10
Temporary Staff / Intern Charges	36,000.00	187,300.00
<b>Total Employee Compensation and Benefit Expenses</b>	<b>100,390,901.21</b>	<b>97,723,281.35</b>

## Note 31: Depreciation and Amortization Expenses

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Depreciation of Fixed Assets	12,218,830.39	17,077,848.28
<b>Depreciation and Amortisation Expenses</b>	<b>12,218,830.39</b>	<b>17,077,848.28</b>

## Note 32: Administration Expenses

(Amount in Nu.)

Particulars	31-Dec-25	31-Dec-24
Selling & Distribution - Marketing	22,464.30	54,487.00
Premises Cost - Rental	368,774.31	766,466.20
Motor Vehicle - Fuel	74,546.22	154,737.53
Motor Vehicle - Repair & Maintenance	38,275.00	42,706.00
Motor Vehicle - Insurance and related costs	41,115.00	35,275.90
Information & Technology Expenses	1,484,377.25	225,891.00
Repair & Maintenance Expenses	338,665.30	490,967.29
Outsourced Security Services	537,850.00	558,000.00
Travelling Expenses - In Country	239,857.00	267,279.00
Travelling Expenses - Ex Country	2,338,311.35	773,732.25
Meeting Expenses	67,830.00	74,592.50
Short term Training In Country	1,828.64	389,264.00
Short term Training Out-Country	771,012.14	1,289,865.25
Staff Welfare and Engagement Expense	488,322.00	313,188.00
Audit Engagement expense	338,109.70	232,870.00
Printing & Stationery Expense	1,253,326.79	1,942,963.96
Board of Directors' Expenses	360,724.00	112,344.00
Foreign Exchange Losses	2,228.02	1,100.81
Donation and CSR	3,000.00	
Hospitality and Entertainment Expense	173,020.00	242,317.76
Gen & Admin - Bank Charges	27,788.49	42,665.76
Gen & Admin - Telephone Expenses	294,842.33	410,884.03
Gen & Admin - Internet Expenses	1,418,535.04	1,532,739.97
Gen & Admin - Electricity & Lightings	453,864.33	434,757.00
Gen & Admin - Penalties & Fines	66,375.00	
Gen & Admin - Advertisement (Announcement)	39,920.00	31,400.00
Gen & Admin - Consumable Stores	128,556.00	135,574.24
Gen & Admin - Legal & Professional Fees	7,756,148.73	850.00
Gen & Admin - Subscriptions of newspaper	2,750.00	2,750.00
Gen & Admin - Uniform and Liveries	59,585.00	16,140.00
Gen & Admin - Loss on sale of assets	40,957.01	15,795.56
Gen & Admin - Write off assets	572,868.41	
Gen & Admin - Lease payment	71,965.17	64,008.00
Consultancy Charges	45,000.00	45,000.00
Land Tax	894,321.41	1,048,945.81
Water & Sewerage Tax	78,859.50	75,300.20
Statutory Expenses - Services Charges	299,592.00	

Particulars	31-Dec-25	31-Dec-24
Statutory Fees - Business License	135,052.00	18,524.00
Provision-Bad and Doubtful debts	(3,429,297.91)	(4,437,704.09)
<b>Administration Expenses</b>	<b>17,901,319.53</b>	<b>7,405,678.93</b>

### Note 33: Deferred Tax Liability/Asset

(Amount in Nu.)

		2025					
Sl. No	Particulars	Accounting Base	Tax base	Temporary Difference	Tax rate	Deferred Tax Liability	Deferred Tax Asset
1	Fixed Assets	106,531,861.79	103,106,990.05	3,424,871.74	22%	753,471.78	
2	Provision for Gratuity	49,922,831.02	1,623,525.00	48,299,306.02	22%		10,625,847.32
3	Provision for Transfer Grant	1,954,536.81	79,835.00	1,874,701.81	22%		412,434.40
4	Provision for Travel allowance	1,957,685.16	100,450.00	1,857,235.16	22%		408,591.74
5	Provision for Carriage Charges	1,397,192.85	37,876.00	1,359,316.85	22%		299,049.71
6	Provision for Leave Encashment	6,971,155.08	3,404,642.00	3,566,513.08	22%		784,632.88
<b>Total</b>						<b>753,471.78</b>	<b>12,530,556.04</b>
<b>Actual DTA</b>							<b>11,777,084.26</b>
<b>Incremental DTA</b>							<b>2,697,697.82</b>

## DISCLOSURES

## DISCLOSURES

### 1. Leases (BFRS 16)

The company has lease contracts for 25 in FY2025. The company has applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

### 2. Expected Credit Loss Model.

The company applies the 12-month Expected Credit Loss (ECL) model to trade receivables, as permitted under BFRS 9 – Financial Instruments. The company has assessed its trade receivables portfolio and determined that they have low credit risk, given historical payment behavior and counterparties' financial strength. This approach involves estimating the probability of default (PD) and loss given default (LGD) based on historical data and forward-looking economic forecasts including GDP growth projection. The ECL allowance is recognized on initial recognition and updated at each reporting date to reflect changes in credit risk.

Particulars	2025 (Nu.)
Opening ECL Allowance	4,699,715.83
Reversal of Previous Allowance	2,790,122.95
<b>Closing ECL Allowance</b>	<b>1,909,592.88</b>

### 3. Employee Benefit (BAS 19)

#### Defined Benefit Plan

A defined benefit plan/(gratuity) defines, an amount of benefit that an employee is entitled to receive on (a) retirement/resignation, or, (b) on superannuation, or, (c) on death or disablement due to accident or disease as per the terms and conditions specified in the service rule of the Company. The benefit is dependent on factors such as age, number of years served and salary. A full actuarial valuation by a qualified independent actuary is carried out.

As required under BAS 19, valuation of scheme benefits is done using projected Unit Credit Method. Under this method, only benefits accrued till the date of valuation (i.e. based on service till date of valuation) is to be considered for valuation. Present value of Defined Benefit Obligation is calculated by projecting future salaries, exits due to death, resignation and other decrements (if any) and benefit payments made during each year till the time of retirement of each active member, using assumed rates of salary escalation, mortality and employee turnover rates. The expected benefit payments are then discounted back from the expected future date of payment to the date of valuation using the assumed discount rate. BAS, also requires that "Service Cost" be calculated separately in respect of the benefit accrued during the current period. Service Cost is calculated using the same method as described above.

### 3.1 Gratuity

#### A. Liability recognised in the statement of financial position

Particular	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	49,922,831.02	46,800,452.43
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(49,922,831.02)	(46,800,452.43)
Effect of asset ceiling	-	-
<b>Net defined benefit asset/(liability)</b>	<b>(49,922,831.02)</b>	<b>(46,800,452.43)</b>

**B. Composition of defined benefit cost**

Particular	31-Dec-2025	31-Dec-2024
Expense recognised in profit or loss	6,252,518.16	5,946,616.35
Expense recognised in other comprehensive income	(1,506,614.57)	(894,777.52)
<b>Defined benefit cost</b>	<b>4,745,903.59</b>	<b>5,051,838.83</b>

**C. Expense recognised in statement of profit or loss**

Particular	31-Dec-2025	31-Dec-2024
Current service cost	3,033,309.86	2,891,300.72
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	3,219,208.3	3,055,315.63
Less: Expected interest on plan asset	-	-
<b>Expenses recognised in profit or loss</b>	<b>6,252,518.16</b>	<b>5,946,616.35</b>

**D. Amount recognised as other comprehensive income**

Particular	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	(1,506,614.57)	(894,777.52)
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
<b>Expenses recognised as OCI</b>	<b>(1,506,614.57)</b>	<b>(894,777.52)</b>

**E. Reconciliation of changes in present value of defined benefit obligation**

Particular	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	46,800,452.43	45,546,118.60
Add: Current service cost	3,033,309.86	2,891,300.72
Add: Past service cost	-	-
Add: Interest cost	3,219,208.3	3,055,315.63
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(1,623,525)	(3,797,505)
Actuarial (gain) or losses due to experience adjustment	(1,506,614.57)	(894,777.52)
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
<b>DBO at the end of period</b>	<b>49,922,831.02</b>	<b>46,800,452.43</b>

**F. Composition of plan asset**

Particular	31-Dec-2025	31-Dec-2024
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
<b>Total</b>	-	-

**G. Reconciliation of changes in fair value of plan assets**

Particular	31-Dec-2025	31-Dec-2024
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**

Particular	31-Dec-2025	31-Dec-2024
Current liability	7,861,375.80	5,466,293.32
Non-current liability	42,061,455.22	41,334,159.11
<b>Net Liability</b>	<b>49,922,831.02</b>	<b>46,800,452.43</b>

**I. Expected benefit payments in future years**

Particular	Nu.
December 31, 2026	8,411,672.10
December 31, 2027	5,970,954.02
December 31, 2028	6,160,417.19
December 31, 2029	5,476,815.39
December 31, 2030	9,500,052.88
December 2031 to December 2035	36,563,917.78
December 2036 to December 2045	85,712,299.45

**J. Estimated term of liability (in years): 11.06**

**3.2 Leave Encashment**

**A. Liability recognised in the statement of financial position**

Particular	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	6,971,155.08	6,774,678.05
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(6,971,155.08)	(6,774,678.05)
Effect of asset ceiling	-	-
<b>Net defined benefit asset/(liability)</b>	<b>(6,971,155.08)</b>	<b>(6,774,678.05)</b>

**B. Composition of defined benefit cost**

Particular	31-Dec-2025	31-Dec-2024
Service Cost	196,477.03	(436,611.40)
Net interest on net defined liability (asset)	355,064.99	375,142.79
Immediate recognition of gains/losses – Other long term employee benefits	3,049,577.01	3,329,070.71
Expense recognised in other comprehensive income	-	-
<b>Define Benefit Cost</b>	<b>3,601,119.03</b>	<b>3,267,602.10</b>

**C. Expense recognised in statement of profit or loss**

Particular	31-Dec-2025	31-Dec-2024
Current service cost	196,477.03	(436,611.40)
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	355,064.99	375,142.79
Expected interest on plan asset	-	-
Immediate recognition of gains/losses – Other long term employee benefits	3,049,577.01	3,329,070.71
<b>Expenses recognised in profit or loss</b>	<b>3,601,119.03</b>	<b>3,267,602.10</b>

**D. Amount recognised as other comprehensive income**

Particular	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	3,049,577.01	3,329,070.71
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
Immediate recognition of gains/losses – Other long term employee benefits	3,049,577.01	3,329,070.71
<b>Expense recognised as other comprehensive income</b>	<b>-</b>	<b>-</b>

**E. Reconciliation of changes in present value of defined benefit obligation**

Particular	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	6,774,678.05	7,211,289.45
Add: Current service cost	196,477.03	(436,611.40)
Add: Past service cost	-	-

Particular	31-Dec-2025	31-Dec-2024
Add: Interest cost	355,064.99	375,142.79
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(3,404,642)	(3,704,213.50)
Actuarial (gain) or losses due to experience adjustment	3,049,577.01	3,329,070.71
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
<b>DBO at the end of period</b>	<b>6,971,155.08</b>	<b>6,774,678.05</b>

**F. Composition of plan asset**

Particular	31-Dec-2025	31-Dec-2024
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**G. Reconciliation of changes in fair value of plan assets**

Particular	31-Dec-2025	31-Dec-2024
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	-	-
<b>Fair value at the end of period</b>	<b>-</b>	<b>-</b>

**H. Bifurcation between current & non-current liability**

Particular	31-Dec-2025	31-Dec-2024
Current liability	5,923,528.61	6,139,548.34
Non-current liability	1,047,626.47	635,129.71
<b>Net Liability</b>	<b>6,971,155.08</b>	<b>6,774,678.05</b>

**I. Expected benefit payments in future years**

Particular	Nu.
December 31, 2026	1,120,960.32
December 31, 2027	664,528.96
December 31, 2028	556,551.71
December 31, 2029	478,184.94
December 31, 2030	764,875.52
December 2031 to December 2035	2,673,551.93
December 2036 to December 2045	4,969,089.09

**J. Estimated term of liability (in years): 8.47**

### 3.3 Travel Allowance

#### A. Liability recognised in the statement of financial position

Particular	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	1,957,685.16	1,812,215.43
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(1,957,685.16)	(1,812,215.43)
Effect of asset ceiling	-	-
<b>Net defined benefit asset/(liability)</b>	<b>(1,957,685.16)</b>	<b>(1,812,215.43)</b>

#### B. Composition of defined benefit cost

Particular	31-Dec-2025	31-Dec-2024
Expense recognised in profit or loss	309,704.24	289,214.17
Expense recognised in other comprehensive income	(63,784.51)	(20,600.81)
<b>Defined benefit cost</b>	<b>245,919.73</b>	<b>268,613.36</b>

#### C. Expense recognised in statement of profit or loss

Particular	31-Dec-2025	31-Dec-2024
Current service cost	186,364.91	172,712.50
Past service cost	-	-
Loss/(Gain) on settlement	-	-
Interest on DBO	123,339.33	116,501.67
Less: Expected interest on plan asset	-	-
<b>Expenses recognised in profit or loss</b>	<b>309,704.24</b>	<b>289,214.17</b>

#### D. Amount recognised as other comprehensive income

Particular	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	(63,784.51)	(20,600.81)
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
<b>Expenses recognised as OCI</b>	<b>(63,784.51)</b>	<b>(20,600.81)</b>

#### E. Reconciliation of changes in present value of defined benefit obligation

Particular	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	1,812,215.43	1,785,017.07
Add: Current service cost	186,364.91	172,712.50
Add: Past service cost	-	-
Add: Interest cost	123,339.33	116,501.67
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(100,450)	(241,415)

Particular	31-Dec-2025	31-Dec-2024
Actuarial (gain) or losses due to experience adjustment	(63,784.51)	(20,600.81)
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
<b>DBO at the end of period</b>	<b>1,957,685.16</b>	<b>1,812,215.43</b>

**F. Composition of plan asset**

Particular	31-Dec-2025	31-Dec-2024
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**G. Reconciliation of changes in fair value of plan assets**

Particular	31-Dec-2025	31-Dec-2024
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**

Particular	31-Dec-2025	31-Dec-2024
Current liability	524,404.30	345,021.04
Non-current liability	1,433,280.86	1,467,194.39
<b>Net Liability</b>	<b>1,957,685.16</b>	<b>1,812,215.43</b>

**I. Expected benefit payments in future years**

Particular	Nu.
December 31, 2026	561,112.60
December 31, 2027	376,123.27
December 31, 2028	320,395.99
December 31, 2029	282,234.56
December 31, 2030	400,148.75
December 2031 to December 2035	1,526,342.35
December 2036 to December 2045	2,913,540.36

**J. Estimated term of liability (in years): 8.56**

**3.4 Travel Grant**

**A. Liability recognised in the statement of financial position**

Particular	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	1,954,536.81	1,809,951.94
Fair value of plan assets	-	-
Funded status - surplus/ (deficit)	(1,954,536.81)	(1,809,951.94)
Effect of asset ceiling	-	-
<b>Net defined benefit asset/(liability)</b>	<b>(1,954,536.81)</b>	<b>(1,809,951.94)</b>

**B. Composition of defined benefit cost**

Particular	31-Dec-2025	31-Dec-2024
Expense recognised in profit or loss	308,115.39	288,892.15
Expense recognised in other comprehensive income	(83,695.52)	(64,376.92)
<b>Defined benefit cost</b>	<b>224,419.87</b>	<b>224,515.23</b>

**C. Expense recognised in statement of profit or loss**

Particular	31-Dec-2025	31-Dec-2024
Current service cost	184,212.98	170,988.41
Past service cost	-	-
Loss/ (Gain) on settlement	-	-
Interest on DBO	123,902.41	117,903.74
Less: Expected interest on plan asset	-	-
<b>Expenses recognised in profit or loss</b>	<b>308,115.39</b>	<b>288,892.15</b>

**D. Amount recognised as other comprehensive income**

Particular	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	(83,695.52)	(64,376.92)
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
<b>Expenses recognised as OCI</b>	<b>(83,695.52)</b>	<b>(64,376.92)</b>

**E. Reconciliation of changes in present value of defined benefit obligation**

Particular	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	1,809,951.94	1,783,241.71
Add: Current service cost	184,212.98	170,988.41
Add: Past service cost	-	-
Add: Interest cost	123,902.41	117,903.74
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(79,835)	(197,805)

Particular	31-Dec-2025	31-Dec-2024
Actuarial (gain) or losses due to experience adjustment	(83,695.52)	(64,376.92)
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
<b>DBO at the end of period</b>	<b>1,954,536.81</b>	<b>1,809,951.94</b>

**F. Composition of plan asset**

Particular	31-Dec-2025	31-Dec-2024
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**G. Reconciliation of changes in fair value of plan assets**

Particular	31-Dec-2025	31-Dec-2024
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**

Particular	31-Dec-2025	31-Dec-2024
Current liability	506,642.14	335,629.91
Non-current liability	1,447,894.67	1,474,322.03
<b>Net Liability</b>	<b>1,954,536.81</b>	<b>1,809,951.94</b>

**I. Expected benefit payments in future years**

Particular	Nu.
December 31, 2026	542,107.09
December 31, 2027	353,384.42
December 31, 2028	307,992.28
December 31, 2029	275,766.56
December 31, 2030	400,148.75
December 2031 to December 2035	1,526,342.35
December 2036 to December 2045	2,913,540.36

**J. Estimated term of liability (in years): 8.78**

**3.5 Carriage Charges**

**A. Liability recognised in the statement of financial position**

Particular	31-Dec-2025	31-Dec-2024
Present value of define benefit obligation	1,397,192.85	833,794.67
Fair value of plan assets	-	-
Funded status - surplus/ (deficit)	(1,397,192.85)	(833,794.67)
Effect of asset ceiling	-	-
<b>Net defined benefit asset/(liability)</b>	<b>(1,397,192.85)</b>	<b>(833,794.67)</b>

**B. Composition of defined benefit cost**

Particular	31-Dec-2025	31-Dec-2024
Expense recognised in profit or loss	708,226.39	126,508.62
Expense recognised in other comprehensive income	(106,952.21)	66,061.86
<b>Defined benefit cost</b>	<b>601,274.18</b>	<b>192,570.48</b>

**C. Expense recognised in statement of profit or loss**

Particular	31-Dec-2025	31-Dec-2024
Current service cost	138,935.15	76,465.89
Past service cost	512,251.27	-
Loss/ (Gain) on settlement	-	-
Interest on DBO	57,039.97	50,042.73
Less: Expected interest on plan asset	-	-
<b>Expenses recognised in profit or loss</b>	<b>708,226.39</b>	<b>126,508.62</b>

**D. Amount recognised as other comprehensive income**

Particular	31-Dec-2025	31-Dec-2024
Actuarial (gain) or loss due to experience adjustments	(106,952.21)	66,061.86
Actuarial (gain) or loss due to changes in financial assumptions	-	-
Actuarial (gain) or loss due to changes in demographic assumptions	-	-
Return on plan assets (greater) or less than discount rate	-	-
<b>Expenses recognised as OCI</b>	<b>(106,952.21)</b>	<b>66,061.86</b>

**E. Reconciliation of changes in present value of defined benefit obligation**

Particular	31-Dec-2025	31-Dec-2024
DBO at the beginning of period	833,794.67	788,568.19
Add: Current service cost	138,935.15	76,465.89
Add: Past service cost	512,251.27*	-
Add: Interest cost	57,039.97	50,042.73
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(37,876)	(147,344)

Particular	31-Dec-2025	31-Dec-2024
Actuarial (gain) or losses due to experience adjustment	(106,952.21)	66,061.86
Actuarial (gain) or losses due to change in financial assumptions	-	-
Actuarial (gain) or losses due to change in demographic assumptions	-	-
<b>DBO at the end of period</b>	<b>1,397,192.85</b>	<b>833,794.67</b>

**F. Composition of plan asset**

Particular	31-Dec-2025	31-Dec-2024
Bonds (Government/corporate)	-	-
Gratuity savings/deposit in banks/insurance companies	-	-
Equities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**G. Reconciliation of changes in fair value of plan assets**

Particular	31-Dec-2025	31-Dec-2024
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**

Particular	31-Dec-2025	31-Dec-2024
Current liability	435,212.74	197,366.16
Non-current liability	961,980.11	636,428.51
<b>Net Liability</b>	<b>1,397,192.85</b>	<b>833,794.67</b>

**I. Expected benefit payments in future years**

Particular	Nu.
December 31, 2026	465,677.63
December 31, 2027	342,053.19
December 31, 2028	268,573.36
December 31, 2029	215,823.58
December 31, 2030	318,386.74
December 2031 to December 2035	1,062,474.84
December 2036 to December 2045	1,737,766.43

**J. Estimated term of liability (in years): 7.71**

## AUDITOR'S REPORT AND FINANCIAL STATEMENT

### 4. Related Party Transactions

The Company is a wholly owned Public Sector Undertaking (PSU) of the Royal Government of Bhutan. The Royal Government of Bhutan is in a position to control over it, and therefore regards the Royal Government of Bhutan and its controlled companies/corporations as related parties for the purpose of the disclosures required by BAS 24.

In considering each possible related party relationship, attention is drawn to the substance of the relationship and not merely the legal form. Details of related party transactions carried out as part of ordinary course of business during the year are as under:

SI. No	Name of Customer	Relationship	Dues Booking	Local Urgent Mail (LUM)	Mail Carriage	Total
1	Anti-Corruption Commission	Government	38,250	60,230		98,480
2	Bhutan Broadcasting Service Limited	Corporation	39,040	45,500		84,540
3	Bhutan Development Bank Limited	Corporation	35,670			35,670
4	Bank of Bhutan Limited	Corporation	267,380			267,380
5	Bhutan National Bank Limited	Corporation	146,730			146,730
6	Bhutan Centre for Media and Democracy	Government	107,570			107,570
7	Centre for Bhutan Studies	Government	7,155			7,155
8	Cabinet	Government		18,000		18,000
9	Druk Holding & Investment	Corporation	39,790	66,000		105,790
10	Election Commission of Bhutan	Government	33,120	64,900		98,020
11	Govt Tech	Government		66,000		66,000
12	His Majesty's Secretariate	Government		54,000		54,000
13	Ministry of Home Affairs	Government	103,545	96,000		199,545
14	Ministry of Finance	Government		376,500		376,500
15	Ministry of Agriculture and Livestock	Government	53,920	100,000		153,920
16	Ministry of Education and Skill Development	Government		112,500		112,500
17	Ministry of Foreign Affairs and External Trade	Government		54,000		54,000
18	Ministry of Health	Government	53,060	196,000	826,886	1,075,946
19	Ministry of Industry, Commerce and Employment	Government		90,000		90,000
20	Ministry of Energy and Natural Resources	Government		112,500		112,500
21	Ministry of Infrastructure and Transport	Government		108,000		108,000
22	National Pension and Provident Fund	Corporation	5,160	54,000		59,160
23	National Land Commission	Government	138,600	66,000		204,600
24	National Statistic Bureau	Government		54,000		54,000
25	NSWG(Gyelsung)	Government	560	48,000		48,560
26	Royal Insurance Corporation Limited	Corporation	414,830		42,000	456,830
27	Royal University of Bhutan	Government	7,775	48,000		55,775
28	Royal Monetary Authority of Bhutan	Government		59,000		59,000
29	Royal Audit Authority of Bhutan	Government		60,000		60,000
30	Royal Civil Service Commission	Government		66,000		66,000
31	Royal Bhutan Army	Government			100,800	100,800
Total			1,492,155	2,075,130	969,686	4,536,971

**Key Management Personnel ('KMP')**

KMPs are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any director whether executive or otherwise. Key management personnel of the company for the purpose of disclosure of compensation including the **Managing Director** as required by the Companies Act of the Kingdom of Bhutan, 2016, with details of transactions for 2024 year are as under:

Sl. No	Short-term benefits	CEO	Board of Directors	Total
1	Salaries	1,001,250.00	0.00	1,001,250.00
2	Bonuses	54,419.00	0.00	54,419.00
3	Allowances	1,138,092.00	0.00	1,138,092.00
4	Sitting Fees	47,500.00	255,000.00	302,500.00
<b>Total</b>		<b>2,241,261.00</b>	<b>255,000.00</b>	<b>2,496,261.00</b>

**5. Government Grants (BAS 20)**

Grants received from the Universal Postal Union for acquiring PPE to enhance mail services are recognized in the Statement of Financial Position under the Capital approach. Government grants are recognized as income in profit or loss systematically, aligning with the depreciation expense of the respective assets. The assets are recorded at acquisition cost and allocated to the Statement of Comprehensive Income over their useful lives.

**6. Deferred Tax**

Deferred tax assets and liabilities as at 31 December 2025 have been measured using the substantively enacted corporate income tax rate of 22%, which is effective from 1 January 2026, as approved by the Parliament of Bhutan and notified by the Department of Revenue and Customs. This measurement is in accordance with BAS 12, paragraph 47, which requires deferred tax to be measured using tax rates enacted or substantively enacted at the reporting date and expected to apply when the related temporary differences reverse. The impact arising from the remeasurement of deferred tax balances due to the change in tax rate has been recognized in the Statement of Profit or Loss for the year, in accordance with BAS 12, paragraph 58.

**7. Provision for Legal Claim****Nature of obligation:**

The Company is involved in a legal dispute with Gyalcon Infrastructure Private Limited "Contractor" regarding contractual disputes. As of the reporting date, the Arbitration Tribunal and High Court have ruled against the Company, establishing a present obligation to pay Nu. 14,980,386. The Company has filed an appeal with the Supreme Court of Bhutan.

**Measurement and recognition:**

Following the court judgments and legal advice, management considers the outflow of resources to settle this obligation probable. Accordingly, a provision has been recognized in the current year. The amount of the provision represents management's best estimate of the obligation at the reporting date.

**Uncertainties:**

The final settlement depends on the outcome of the Supreme Court appeal. The timing and amount of any cash outflow may change depending on the decision.

**Movement of provision:**

Description	Amount (Nu.)
Balance at 31 December 2024 (contingent liability)	0.00
Additional provision recognized in 2025	6,713,047.73
Liquidity Damage deducted	8,289,736.04
Balance at 31 December 2025	14,980,386

**Prior year disclosure:**

In 2024, the matter was disclosed as a contingent liability as the outcome of the legal proceedings was uncertain. The change to a provision in 2025 reflects the updated assessment of probability following court judgments.

**8. Tax Computation**

Calculation of Corporate Tax of Bhutan Postal Corporation Limited for the year 2025	
<b>1</b>	<b>Computation of self-assessed net profit for period ending at 31.12.2025</b>
	<b>Profit Before Income -Tax</b> 2,950,366.39
<b>2</b>	<b>Add: Disallowances</b>
	Provision for Gratuity 6,252,518.16
	Provision for Transfer Grant 308,115.39
	Provision for Travel allowance 309,704.24
	Provision for Carriage Charges 708,226.39
	Provision for Leave Encashment 3,601,119.03
	Statutory Expense (Service Charge 2023 & 2024) 226,152.00
	Penalties & Fines 66,375.00
	Legal Fees 6,813,047.73
	3% TDS for UPU 80,320.23
	Staff Welfare Expense 131,970.00
	<b>Assessed Net Profit</b> 21,447,914.56
<b>3</b>	<b>Less Admissible Expenses</b>
	Provision for Gratuity 1,623,525.00
	Provision for Transfer Grant 79,835.00
	Provision for Travel allowance 100,450.00
	Provision for Carriage Charges 37,876.00
	Provision for Leave Encashment 3,404,642.00
	Provision Write Back (ECL) 3,429,297.91
	Depreciation (Tax-Accounting) 1,567,200.35
	Depreciation (Kolkata and Paro) 342,046.72
	<b>Total</b> 10,584,872.98
<b>4</b>	<b>Net profit/ (Loss)for period ending at 31.12.2025</b> 10,863,041.58
<b>5</b>	<b>Corporate Tax for the year ended @ 30%</b> 3,258,912.48
	<b>Total CIT Payable to RRCO</b> 3,258,912.48
<b>6</b>	<b>Advance/Prepaid Tax</b>
	TDS as per the RAMIS system 720,360.56
	<b>Total</b> 720,360.56
<b>7</b>	<b>Payable to RRCO, Thimphu</b> 2,538,551.92

## 9. Inventories for Judicial and Revenue Stamps

The company manages Judicial and Revenue stamps on behalf of RGoB (Ministry of Finance). The company booked 20% as income (commission) and 80% as Current Liability- Payables to RGoB from the sales of stamps. Stock of stamps are not accounted as part of the Company's inventory.

## 10. Non-Current Asset Held for Sale

During the year, the Company transferred the Gelephu Building to GMCA at a total consideration amount of Nu. 257,176,628.46. Included within this consideration amount is Nu. 22,227,541.26 relating to borrowing costs incurred during the construction phase. These borrowing costs were previously expensed in the periods from 2018 to 2022 in accordance with BAS for SMEs. Upon transition to BAS 2020, such previously expensed borrowing costs were not retrospectively capitalized but are reflected in the deemed cost of the asset at the date of transfer. The Company recognized a gain on transfer of Nu. 22,227,541.46 in the Statement of Comprehensive Income, presented under "Other Income: Sale of Assets."

On transition to BAS 2020, the Company applied the optional exemption under **BFRS 1 Appendix D, paragraph D23(b)**, together with **BAS 23 paragraph 28**, which allows an entity to apply the requirements for capitalization of borrowing costs prospectively and to retain the previous accounting treatment for borrowing costs recognized prior to the date of transition. Accordingly, the accounting treatment adopted is consistent with these provisions.

## 11. Discrepancy in Philately Stamp Inventory

As at 31 December 2025, the carrying amount of philately stamp inventory included in the financial statements is **Nu. 39,079,809.70**. However, differences were identified between the Inventory summary balance, and Statement of Financial Position, resulting in an unreconciled variance of **Nu. 2,119,324.43**.

These differences primarily arose due to inconsistencies during the transition to the ERP system, differences in valuation basis (face value versus printing cost), and lack of periodic reconciliation controls.

Management has initiated steps to reconcile these differences; however, as of the reporting date, the reconciliation process remains incomplete. Accordingly, the carrying value of inventory may be subject to adjustment upon completion of the reconciliation.

The impact of these discrepancies on the valuation of inventories and related financial statement elements has not been fully determined as at the reporting date.

## 12. Recognition of Previously Unrecorded Property, Plant and Equipment

During the year, management performed a comprehensive physical verification and reconciliation of property, plant and equipment. As a result of this exercise, certain assets that existed physically but had not been previously recorded in the accounting records were identified.

In accordance with the requirements of BAS 16, these assets have been recognized based on a reasonable estimate of their historical cost, determined by reference to comparable existing assets. The total gross carrying amount of such assets recognized was Nu. 2,832,182, with corresponding accumulated depreciation of Nu. 2,804,885. The opening balances as at 1 January 2025 have been adjusted as the year of purchase could not be ascertained.

Management has assessed that these assets have **no remaining useful economic life** as at the date of recognition. Consequently, accumulated depreciation has been adjusted to reflect full depreciation of the assets, resulting in a nominal residual carrying amount of Nu. 1 per asset. The total net book value recognized is Nu. 27,297.

## AUDITOR'S REPORT AND FINANCIAL STATEMENT

A summary of the recognized assets is presented below:

Sl.No	Particulars	Gross Value	Accumulated Depreciation	Net Value
1	Artifacts	27,000.00	-	27,000.00
2	Equipment	749,238.00	749,231.00	7.00
3	Vehicle	196,000.00	195,998.00	2.00
4	Furniture & Fixture	1,859,944.00	1,859,656.00	288.00
<b>Total</b>		<b>2,832,182.00</b>	<b>2,804,885.00</b>	<b>27,297.00</b>

### 13. Reclassification of Income Presentation

During the year ended 31 December 2025, the Company revised the presentation of certain income streams in the statement of Comprehensive Income to improve the clarity and relevance of financial information presented. Specifically, income previously classified under Postal Income, Philately Income, Transport Income, Estate Management and Investment Income, and Remittance Income has been reclassified and presented under Other Income.

Accordingly, comparative figures for the year ended 31 December 2024 have been represented to conform with the current year's presentation. This reclassification has been made to enhance the understandability and aggregation of income streams for users of the financial statements. This change represents a reclassification only and does not impact the total income, profit for the year, or earnings per share previously reported.

## RATIO ANALYSIS

## RATIO ANALYSIS

Sl. No	Ratio	Basis	31-Dec-25	31-Dec-24
1	Net Profit Ratio	(Profit After Tax / Revenue) *100	-1.4%	6.6%
2	Operating Ratio	(Operating Expenses / Revenue) *100	98.6%	84.6%
3	Capital Turnover Ratio	Total Sales / Shareholder's Equity	0.9	0.9
4	Fixed Asset Turnover Ratio	Revenue / Fixed Assets	1.9	2.2
5	Stock Turnover Ratio	Sales / Average Inventory	5.0	5.2
6	Current Ratio	Current Asset / Current Liabilities	3.0	1.9
7	Liquid Ratio	(Current Assets - Inventory-Prepaid Expense) / Current Liabilities	2.5	1.3
8	Return on Investment	(Net Profit / Investment) * 100	-7.0%	23.7%
9	Return on Equity	(Profit Before Tax / Shareholder's Equity) * 100	1.2%	7.0%



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