



# BOARD OF DIRECTORS REPORT

## 2024

# CONTENTS

Vision & Mission	3
Director's Report to the Shareholders	5
Board of Directors	7
Organizational Chart	8
Management Team	9
Key Highlights	10
Financial Performance	15
Corporate Governance	16
Operational Highlights	17
Corporate Social Responsibility	18
Conclusion	18
Auditor's Report & Financial Statements	19
Report on Minimum Audit Examination Requirements	24
Financial Statements	30
Accounting Policies & Notes to Accounts	35
Disclosures	61
Ratio Analysis	77





# DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

At the outset, I would like to take this opportunity to thank the team from MoF for taking time out to attend our AGM.

As Bhutan's oldest State-Owned Enterprise, Bhutan Post has continued to thrive, demonstrating both financial sustainability and a strong commitment to delivering essential postal services to the Nation. Bhutan Post has been successfully fulfilling the UPU's mandate of Universal Postal Service Obligation (USO) ever since Bhutan became a member of the Universal Postal Union (UPU) on 7<sup>th</sup> March 1969. And it is my pleasure to present the Directors Report to the Shareholders by highlighting the key points.

## 2024 Financial Performance:

Bhutan Post serves as the primary service provider or as the Designated Operator for all postal-related services across Bhutan. Our primary mandate is driven by the Universal Postal Service Obligation to ensure delivery of services at a single uniform rate nationwide, while underscoring the USO principles of affordability, accessibility and availability. Over the years with the entrant of courier services both domestic and international, the sustainability of Postal Services and meeting the USO obligation by Bhutan Post has become increasingly challenging. Private operators are not obligated to fulfill the USO and they at the same time, tap into the most lucrative segment of the market taking a big share of what used to be Bhutan Posts share. However, Bhutan Post has constantly striven to evolve with the market by leveraging on greater efficiency, technology and innovative solutions. To name a few; adoption and roll out of ERP, issuance of digital stamps and NFTs, Container Services, Brokerage Services, and we are also piloting a Project on Drone Logistics in the coming year.

## On Revenue Performance:

In 2024, Bhutan Post generated a gross revenue of Nu.220.4 million, a decline of Nu.56.8 million (-20.5%) compared to the budgeted target of Nu.277.2 million and less by Nu.64.5 million (-22.7%) when compared to 2023 income. In 2023 it generated an income of Nu.284.9 million.

## On Expenditure

The total expenditure in 2024 amounted to Nu.203.5 million, a decrease of Nu.9.3 million (4.3%) compared to Nu.212.8 million in 2023. It also represents a 21.2% reduction from the approved budget, resulting in a saving of Nu.54.6 million.

## On Profit After Tax (PAT):

In 2024, a Profit After Tax (PAT) of Nu.14.2 million were recorded, which is Nu.0.9 million (6.8%) higher than the budgeted figure. However, compared to 2023, PAT declined by Nu.36.0 million (a 71.6% decrease), primarily due to a one-off income from postal ballot delivery in 2023, a revenue stream that recurs only once every five years.

## On Operational Highlights:

Bhutan Post is pleased to announce the appointment of new board members, as approved by the *Lhengye Zhungtshog* and conveyed by the Ministry of Finance via letter No.: MoF/D MDF-ICGD/09/2024-25/ (1189, 1188 & 1190) dated 14 November 2024. The newly appointed members are:

- 1) Mr. Gyeltshen, Partner at M/s. Yoedzer & Zhambhala Consultancy based in Thimphu as a Non-Executive Independent Director,
- 2) Mr. Kiran Kumar Pradhan, Executive Engineer at Gov Tech Agency, as Non-Executive Director; and
- 3) Mr. Tashi Rinchen, General Manager for Finance and Treasury Division at Bhutan Development Bank Limited, as Non-Executive Director.

The existing board members include:

- 1) Mr. Phuntsho Tobgay, Chairman, Ministry of Infrastructure and Transport.
- 2) Ms. Rinchen Lhazom, Chief Trade Officer, Department of Trade, Ministry of Industry, Commerce and Employment.
- 3) Ms. Kinzang Wangmo, Chief Accounts Officer, Accounting and Auditing Standards Board of Bhutan, Ministry of Finance, and
- 4) Mr. Karma Nidup, CEO of Bhutan Post.

## Key Achievements & Milestones:

Despite our commitment to fulfilling the Universal Service Obligation (USO) and other social mandates, we have also made significant strides in operational excellence and I am pleased to report on some of the achievements made.

Bhutan Post has achieved the Postal Security Gold Certification with a validity of 3 years from the Universal Postal Union (UPU) on 2<sup>nd</sup> September 2024 – for meeting or exceeding the requirements of the UPU Security Standards namely S58 and S59, an achievement that places us amongst the select few postal administrations in the Asian-Pacific Region.

Our commitment to corporate social responsibility is evident in our green initiatives, aligning with the UPU's mission and the RGoB's vision of maintaining a carbon-negative image. Bhutan Post was awarded the "Best Sustainable Business in Postal Sector 2024" by the Asian-Pacific Postal Union (APPU) in December 2024.

Bhutan Post recently deployed 1 electric van plus 10 electric scooters through the UPU's Quality-of-Service Fund (QSF) to enhance service delivery while minimizing carbon emissions. This initiative, though modest, sets a significant example for our stakeholders and demonstrates our dedication to green and sustainable practices.

A major milestone for Bhutan Post is the successful completion of the building in Gelephu. We have however not been able to commercialize its operations since EoI was made by the GMC Project. The management is in communication with the Governor of GMC who has recently conveyed telephonically on 11 April 2025 that the GMC Board is currently studying the building taking into consideration our letter mailed on 14/2/2025, he also informed that a formal communication will soon be issued by the GMC Board.

Bhutan Post has also successfully implemented a customized ERP system which will help enhance its operational efficiency and decision-making capability as well as minimize printing and paper use.

Bhutan Post is also actively engaged in drafting the Postal Policy in collaboration with the Ministry of Infrastructure and Transport (MoIT) including amending the current *Bhutan Postal Corporation Act of 1999* which has become outdated.

Bhutan Post continues to strengthen its international collaborations. In July 2024, Bhutan Post participated in the Postal Operations Council (POC) in Bern, Switzerland, engaging with high-level officials from UPU, Mr. Masahiko Metoki, Director General and Mr. Marjan Osvald, Deputy Director General.

The discussions focused on key areas such as capacity development, digitization, USO obligations, green postal initiatives, and the Quality-of-Service Fund (QSF). UPU reaffirmed its commitment to supporting Bhutan Post in these areas of collaboration.

## Special Submission to MoF:

To the MoF our main shareholder we would like to submit the following assistance to boost revenue generation for Bhutan Post:

- 5) To support Bhutan Post to access the Universal Service Fund (USF) of BICMA to boost internet connection and connectivity to enhance its last mile delivery, and
- 6) To grant an increase on commission for the production of Revenue and Judicial (R&J) stamps to 50% of the sales revenue since Bhutan Post designs, prints and stores as well as markets the stock on behalf of MoF.

## Conclusion:

On behalf of the Board of Directors and on my own behalf, I extend my deepest gratitude to the delegation from MoF, and also the UPU, APPU, the management and employees of Bhutan Post, and all other stakeholders for their unwavering commitment and support extended to the Board.

We look forward to yet another year of progress and success in 2025.

Thank you. Tashi Delek!

**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

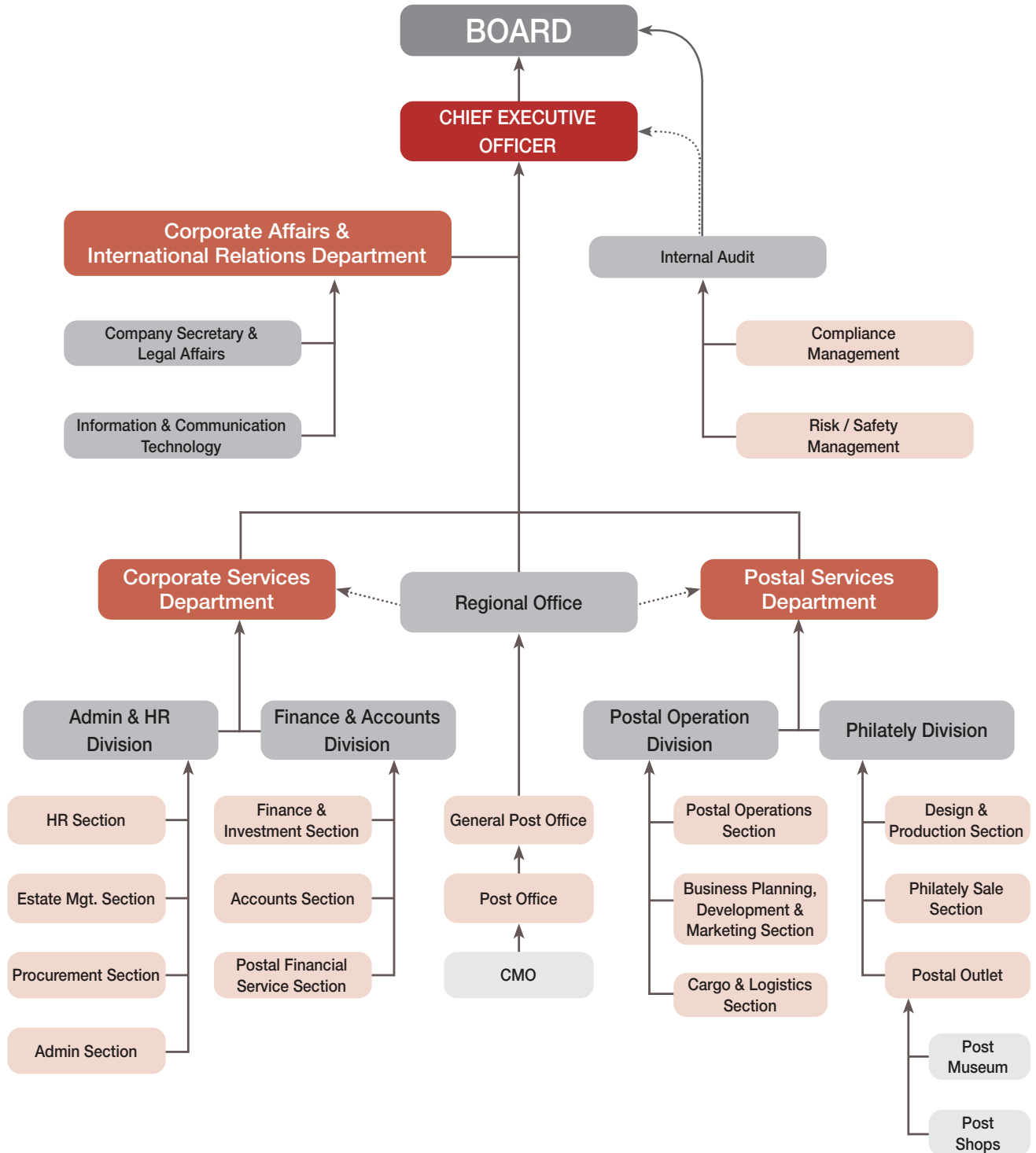
Date of appointment:  
November 14, 2024  
Month of Completion  
November 13, 2027



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

Date of appointment:  
May 25, 2023  
Month of Completion  
May 24, 2026

# ORGANIZATIONAL CHART





## MANAGEMENT TEAM

Chief Executive Officer	Mr. Karma Nidup	
Head, Postal Operation Division	Mr. Jamyang Phuntsho	
Head, Administration & Human Resources Division	Mr. Penjor	
Head, Corporate Affairs & International Relation Division	Mr. Thinley Wangchuk	
Head, Internal Audit Division	Mr. Sonam Penjor	
Head, Information and Communication Technology Division	Ms. Sonam Peldon	
Head, Finance Division	Ms. Rinchen Zangmo	
Head, Philately Division	Ms. Nima Zangmo	
Regional Manager, Western Region	Mr. Lham Wangchuk	
Regional Manager, Southern Region	Mr. Dawa	
Regional Manager, Central Region	Ms. Sarmila Chhetri	
Regional Manager, Eastern Region	Ms. Pema Deki	

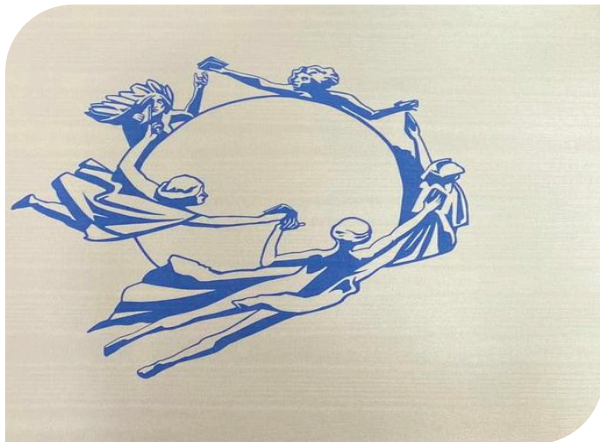


## KEY HIGHLIGHTS

### Gold Level Certification in Postal Security

Bhutan Post achieved the prestigious Gold Level Certification under the Universal Postal Union's S58 and S59 standards, recognizing its excellence in secure, efficient, and high-quality postal operations. This milestone reaffirms Bhutan Post's leadership in international mail management and commitment to global postal standards.

Bhutan Post's Gold Level Certification under UPU's S58 & S59 standards was achieved with the expert guidance of Ms. Aishath Shidha, focal coordinator from Asia Pacific Region and continued support from Ms. Dawn M. Wilkes, UPU. This certification



reflects Bhutan Post's strict compliance with global security standards, ensuring secure international mail handling from port of entry to last-mile delivery while preventing fraud, theft, and prohibited items. It reaffirms Bhutan Post's commitment to mail integrity and operational excellence.

These certifications highlight Bhutan Post's commitment to operational excellence, aligning with UPU's best security and quality practices. Achieving Gold Level Certification reinforces Bhutan Post's global postal network, fostering trust, efficiency, and collaboration within the international postal community. This milestone further enhances Bhutan's reputation as a reliable partner in international mail exchanges, driving regional growth and connectivity.

### Green Initiatives







*Electric scooters - Lastmile delivery*

### Electric Van for mail collection and delivery

Bhutan Post, as a member of the Quality of Service Fund (QSF), is committed to sustainable development through its participation in the QSF project. As part of this initiative, Bhutan Post has enhanced its service delivery by securing an electric van and ten electric scooters, significantly reducing carbon emissions and promoting a low-carbon footprint.

### Capacity Development Program for Postmasters in Bhutan (16-19 September 2024)

Bhutan Post successfully conducted a Capacity Development Program from 16-19 September 2024, aimed at enhancing the skills and competencies of Postmasters across the country. This initiative was supported by the Asian-Pacific Postal Union (APPU), with generous funding from India Post.





### APPU representatives and Bhutan Post personnel.

The four-day program brought together Postmasters across regions of Bhutan, offering them an opportunity to strengthen their knowledge in operational excellence, customer service, and digital transformation. Participants engaged in interactive training focusing on modern postal services, logistics management, e-commerce solutions, and best practices in community-based postal operations.

### APPU specialists together with postmasters.

India Post's funding support which the APPU ensured the seamless delivery of training programs and expert facilitators. The program also emphasized the importance of collaboration, with Postmasters sharing experiences and challenges, fostering peer learning across Bhutan's postal network.

Bhutan Post extends its heartfelt gratitude to APPU and India Post for their unwavering support in empowering its workforce. This program marks a significant milestone toward building a more robust, efficient, and customer-focused postal service, contributing to Bhutan Post's mission to serve communities with excellence.



### Awards on best Sustainable Practices by Asia Pacific Postal Union (APPU).

Sustainable development in the postal sector is essential for ensuring long-term economic viability, environmental responsibility, and social inclusivity. Bhutan Post, as the national postal operator, is committed to integrating sustainability into its operations while aligning with Bhutan's unique development philosophy of **Gross National Happiness (GNH)** and global sustainability goals.

Bhutan Post is working towards reducing its carbon footprint by exploring eco-friendly transportation options, including electric vehicles and optimized



delivery routes. Efforts to minimize paper usage through digitalization and e-commerce initiatives contribute to a greener postal service.

### Bhutan Post high level delegations in UPU & APPU.

#### Regional Remuneration Roundtable and Strategy Forum in Mongolia.

More than 70 senior representatives from 27 countries participated in the final UPU Regional Strategy Forum for AsiaPacific, held in Ulaanbaatar, Mongolia. The forum brought together key postal leaders and policymakers to engage in in-depth discussions on strategic priorities, regional collaboration, and the future direction of the postal sector in Asia-Pacific.



#### REGIONAL ROUND TABLE ON REMUNERATION ASIA PACIFIC

23 and 24 September 2024 Ulaanbaatar, Mongolia



*Dasho Phuntsho Tobgay, Chairman, and Mr. Jamyang Phuntsho, Head of POD, participated in the Regional Strategy Forum and Remuneration Roundtable in Mongolia.*



## Asian Pacific Postal Union Executive Council Meeting 2024 in Cambodia

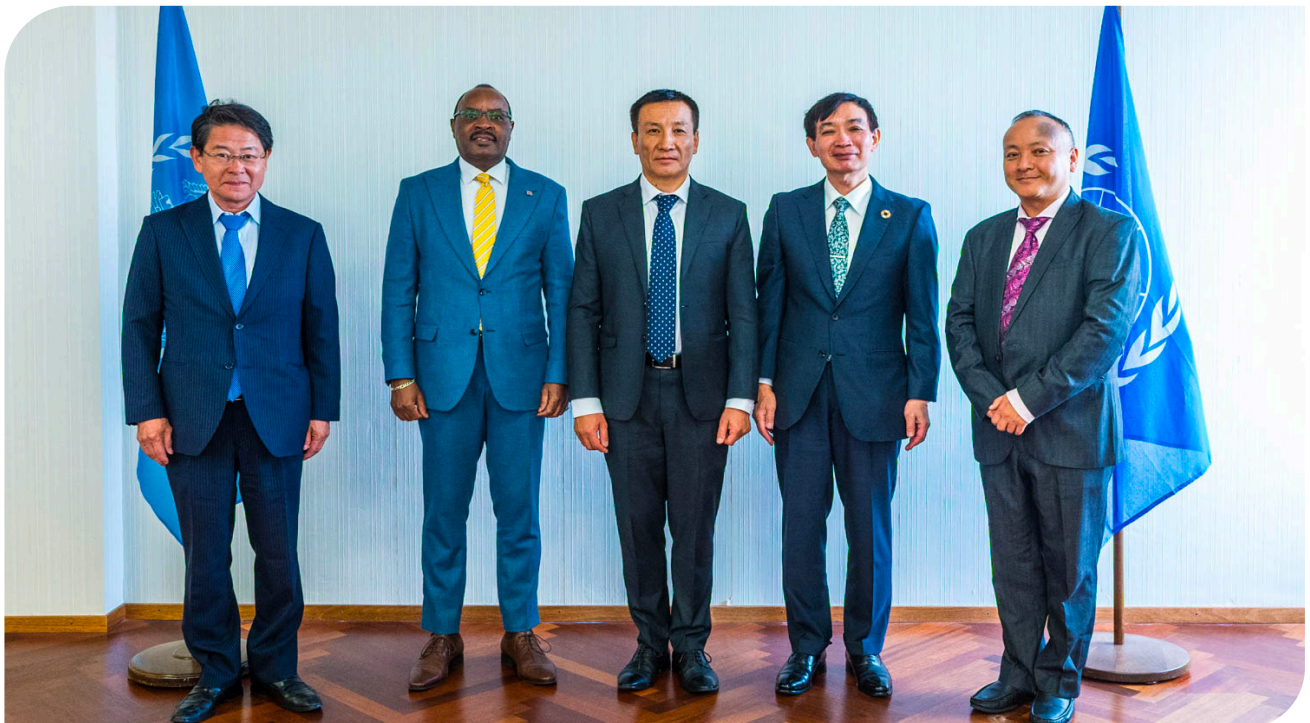


*Mr. Karma Nidup, CEO attended the APPU-EC Meeting in Cambodia(12-16 August 2024)*

The 2024 Executive Council Meeting of the Asian-Pacific Postal Union (APPU) was held in Siem Reap, Cambodia, bringing together key stakeholders and the Postal CEO to discuss vital matters concerning the Union. The agenda covered a range of topics, including ongoing activities, financial updates, and future strategic plans. During the plenary session, the UPU provided a detailed overview of its initiatives and projects within the region.

## Postal Operations Council Meeting attended by Dasho Phuntsho Tobgay, Chairman in UPU Bern, Switzerland.

The Director General of the Universal Postal Union (UPU) warmly welcomed Dasho Phuntsho Tobgay, Secretary of the Ministry of Infrastructure and Transport and Chairman of the Bhutan Postal Corporation Limited.



*Dasho Phuntsho Tobgay, Chairman of the UPU, Bern , Switzerland (1-5 July 2024)*

Their discussions focused on ongoing joint projects and explored future collaboration opportunities. Key topics included enhancing the Last Mile delivery through advanced technology, revising postal policies and regulatory frameworks to align with evolving

industry needs, and strengthening capacity Building initiatives to further develop Bhutan's postal sector.

## FINANCIAL PERFORMANCE

Bhutan Post's primary mandate is to serve as a postal service provider, ensuring nationwide delivery of postal items under the Universal Service Obligation (USO). Unlike other state-owned enterprises (SOEs), its revenue generation remains limited, as its core operations are driven by a commitment to public service rather than commercial profitability.

### a) Revenue:

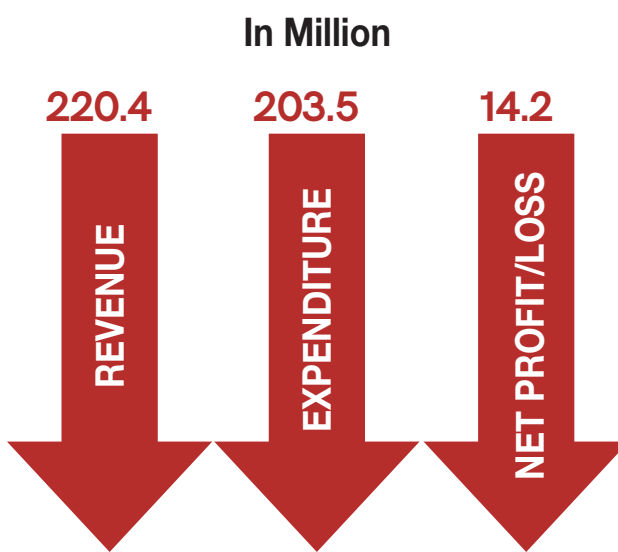
The Corporation earned a gross revenue of Nu.220.4 million in 2024, compared to Nu.284.9 million in 2023. This represents a revenue decrease of approximately 22.64% in 2024 compared to the previous year.

### b) Expenditure:

The Corporation's total expenditure was Nu.203.5 million in 2024, down from Nu.212.8 million in 2023, reflecting a decrease of approximately 4.3%.

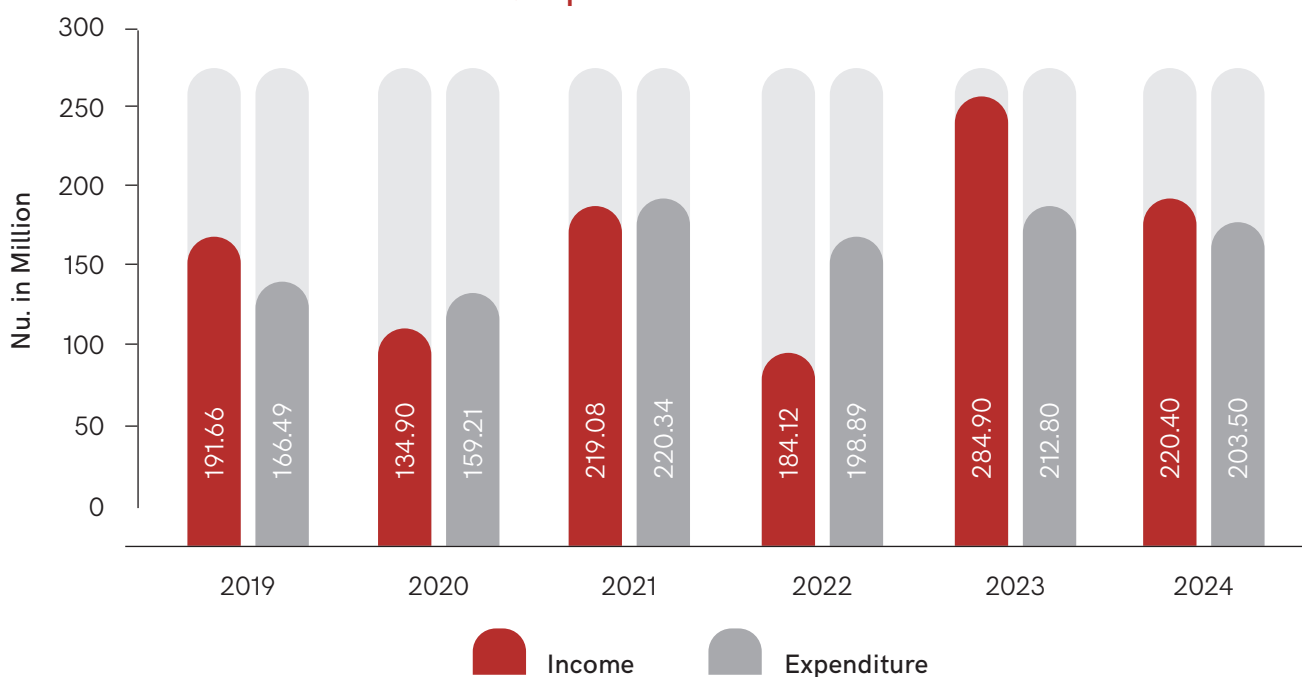
### c) Net Profit/Loss:

In 2024, the company earned a net profit of Nu.14.20 million, compared to Nu.50.22 million in 2023. This represents a decrease of approximately



75.79%, primarily due to the impact of postal ballot income in 2023.

### Income & Expenditure Trend for Five Years



## CORPORATE GOVERNANCE

Bhutan Post operates as a state-owned enterprise (SOE) with a strong commitment to transparency, accountability, and service excellence. Guided by its Board of Directors, the company adheres to robust corporate governance principles, ensuring compliance with regulatory frameworks and industry best practices.

As the country's designated postal operator, Bhutan Post functions under the Universal Service Obligation (USO), providing nationwide postal and logistics services. While its core mandate focuses on public service rather than commercial profitability, strategic initiatives in e-commerce, EMS, and international partnerships are driving operational sustainability and service expansion.

With a focus on innovation, efficiency, and stakeholder engagement, Bhutan Post remains committed to delivering reliable postal services while aligning with Bhutan's broader economic and digital transformation goals.



### Board Member's attendance for FY 2024

Board Of Directors	Board Meeting	Board Audit Committee	Board Tender Committee	Board HR Committee
Dasho Phuntsho Tobgay	3	-	-	-
Mr. Karma Nidup	4	-	-	-
Mr. Kinzang Wangmo	4	3	-	-
Mr. Rinchen Lhazom	4	3	-	-

### Board/Committee meeting held in FY 2024

Month of FY 2023	Board Meetings	Other Committee Meetings	AGM
January	119 <sup>th</sup> Board meeting		
April	120 <sup>th</sup> Board meeting		19 <sup>th</sup> AGM
July	121 <sup>st</sup> Board meeting		
December	122 <sup>nd</sup> Board meeting		

### Directors attendance in Board meetings

Board Members	119 <sup>th</sup> Meeting	120 <sup>th</sup> Meeting	121 <sup>st</sup> Meeting	122 <sup>nd</sup> Meeting	Total Meetings	Number of Meetings Attended
Dasho Phuntsho Tobgay, Chairman	Present	Present	Absent	Present	4	3/4
Ms. Kinzang Wangmo, Director	Present	Present	Present	Present	4	4/4
Ms. Rinchen Lhazom, Director	Present	Present	Present	Present	4	4/4
Mr. Karma Nidup, Member Secretary	Present	Present	Present	Present	4	4/4



# OPERATIONAL HIGHLIGHTS

## International Mail

Bhutan Post's international mail revenue (IMR) comes from inbound and outbound mail deliveries. It earns through EMS Imbalance rates for express mail, Inward Land Rates (ILR) for parcels, and terminal dues for letters. Higher inbound mail increases IMR, while more outbound mail leads to higher IMR-related expenses.

### International Mail statistics for 2024

Products	2023		2024	
	Inbound	Outbound	Inbound	Outbound
EMS	5352	7426	4794	7936
Parcel	2546	7	2729	17
Letters	10046	492	1557	432

## Human Resources:

HR plays a vital role in managing an organization's workforce, with its effectiveness directly impacting the organization's success and sustainability.

**Table 1:** Distribution of employees by gender and age group for the year 2024

Age Group	Female	Male	Total
20-29	4	10	14
30-39	35	53	88
40-49	25	31	56
50-59	2	27	29
60-69	0	1	1
<b>Total</b>	<b>66</b>	<b>122</b>	<b>188</b>

**Table 2:** Distribution of employees by qualification

Qualification	Female	Male	Total
Master's degree	2	2	4
Bachelor's degree	9	10	19
Certificate/Diploma	6	5	11
Class XII	20	31	51
Class VII-X	27	50	77
Primary (I-VI)	0	20	20
No Education	2	4	6
<b>Total</b>	<b>66</b>	<b>122</b>	<b>188</b>

**Table 3:** Distribution of employees by locations

Gender	HQ	Western	Southern	Central	Eastern	Total
Male	24	32	25	19	22	122
Female	23	17	9	12	5	66
<b>Total</b>	<b>47</b>	<b>49</b>	<b>34</b>	<b>31</b>	<b>27</b>	<b>188</b>

**Table 4:** Number of Employees by Year (2020-2024)

Gender	2020	2021	2022	2023	2024
Male	149	144	138	120	122
Female	78	80	74	61	66
<b>Total</b>	<b>227</b>	<b>224</b>	<b>212</b>	<b>182</b>	<b>188</b>

**Table 5:** Overall staff of Bhutan Post by gender and employment type in 2024

Gender	Regular	Contract	Total
Male	114	8	122
Female	60	6	66
<b>Total</b>	<b>174</b>	<b>14</b>	<b>188</b>

**Table 6:** Employment-type across different job cadres:

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

## CORPORATE SOCIAL RESPONSIBILITY

Bhutan Post remains committed to its role as a socially responsible organization, ensuring that its operations contribute to the well-being of communities while upholding environmental sustainability. As a public service provider, our Corporate Social Responsibility (CSR) initiatives align with Bhutan's development philosophy of Gross National Happiness (GNH) and focus on three key areas:

**1) Sustainable Postal Services:** Bhutan Post continues to fulfill its Universal Service Obligation (USO) by ensuring affordable and reliable postal services across the country, including remote and rural areas, bridging the digital and logistical divide.

**2) Environmental Responsibility:** Recognizing the impact of logistics on the environment, Bhutan Post actively promotes eco-friendly initiatives, such as reducing carbon emissions in its delivery network, adopting digital solutions to minimize paper usage, and exploring sustainable packaging solutions.

**3) Capacity Development Program:** With funding support from India Post, Bhutan Post successfully trained 32 Postmasters from across the country through the Asian-Pacific Postal Union (APPU) last year.

Through these CSR commitments, Bhutan Post continues to serve the nation with a strong sense of responsibility, ensuring that its growth is both sustainable and inclusive.

## CONCLUSION

As we conclude the Bhutan Post Annual Report 2024, we take pride in the milestones achieved while acknowledging the challenges that have shaped our resilience and adaptability. This year has been pivotal in modernizing postal services, enhancing logistics, strengthening international partnerships, and driving digital transformation.

Despite operational constraints and evolving industry demands, Bhutan Post has remained steadfast in its commitment to delivering efficient, reliable, and customer-centric services. Key initiatives, such as Universal Postal Union (UPU) Quality Management Certification, e-commerce integration with India Post, and infrastructure development like the Gelephu building, have strengthened our position as Bhutan's premier postal and logistics provider.

Looking ahead, Bhutan Post is committed to service excellence, innovation, and financial sustainability while upholding its Universal Service Obligation (USO). We extend our heartfelt gratitude to our Board of Directors, employees, stakeholders, and customers for their unwavering trust and support.

As we embrace the future, Bhutan Post remains dedicated to expanding its service portfolio, enhancing operational efficiency, and contributing to Bhutan's socio-economic development.

Thank you for your continued confidence in Bhutan Post.

# AUDITOR'S REPORT & FINANCIAL STATEMENTS

### INDEPENDENT AUDITOR'S REPORT

To the Members of Bhutan Postal Corporation Limited:

#### Opinion

We have audited the standalone financial statements of Bhutan Postal Corporation Limited ("Bhutan Post"), which comprise the Statement of Financial Position as at December 31, 2024, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the standalone financial statements, including a summary of significant accounting policies. In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to the following matters as disclosed in the financial statements:

1. We draw attention to note 2 of the financial statement and disclosure note 1, the company identified a material prior period error related to the accounting of lease contracts under BFRS 16 – *Leases*. In the 2023 financial statements, only 2 out of 20 lease contracts were accounted for. The company has now restated its 2023 financial statements to include all lease contracts, resulting in adjustments to Right-of-Use Assets, Lease Liabilities, Depreciation Expense, Interest Expense, and Retained Earnings. These adjustments have no impact on the 2024 financial results.
2. We draw attention to note 31 of the financial statement and disclosure note 2, which describes the restatement of the prior year's financial statements due to the correction of an error. The company identified that only depreciation and gratuity expenses had been accounted for previously and has now restated the 2023 financial statements in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, applying the balance sheet approach. The restatement includes the recognition of Fixed Assets, Provision for PBVI, and Provision for Employee Benefits, resulting in an adjustment to deferred tax and retained earnings.
3. As disclosed in Note 2: Investment Property of the financial statements and disclosure note 3, during the year, the company transferred land with a carrying amount of Nu.486,250 from *Property, Plant, and Equipment (PPE)* to *Investment Property* in accordance with BAS 40 – *Investment Property*. The land is now held for capital appreciation rather than operational use and was transferred at its original cost.
4. As disclosed in Note 2: Assets Held for Sale and disclosure note 9, the company reclassified its Gelephu Building from Capital Work-in-Progress to Non-Current Assets Held for Sale in accordance with BFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. This decision was based on management's intention to sell the building and the receipt of an expression of interest from a potential buyer. Consequently, no depreciation has been charged on the asset, and the capitalization of borrowing costs ceased upon its readiness for sale.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 December 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We do not have any matters to report under this for the current audit.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;

- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the company's internal control;
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a Going concern; and
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

### **Report on Other Legal and Regulatory Requirements**

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as a separate section "*report on minimum audit examination requirements*"

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

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the company in so far as it appears from our examination of those books;
- c. The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS; and
- d. Based on the information, explanations and management representations received during the course of

our audit, the company has complied with other legal and regulatory requirements to the extent applicable to the company.

**For Rinzing Financial Private Limited**

Firm License No. 1036380



**Kunzang Pasa Tenzin**

Audit Partner

CPA License No. 10534147

Date:

Place: Thimphu, Bhutan



**REPORT ON MINIMUM AUDIT EXAMINATION  
REQUIREMENTS**



## 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 issued 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 material discrepancies were identified. *However, discrepancies were noted during the audit. Please refer to "Management Report" under this report.*
  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. Handling and taking of philately inventories are still ongoing. The frequency of verification was at reasonable intervals on a monthly basis.
  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, handling and taking of philately inventories are still ongoing. *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. Since there are no such obsolete and surplus inventories identified by management during the year, thus disposal of such material did not arise.
10. The Company has not identified Obsolete, damaged, and surplus goods during the Financial Year 2024.
11. In our opinion, the method of valuation of stock is fair and proper in line with the applicable Accounting Standards issued 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 3 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 3 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 are 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 in Tally and 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.
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. During the year, the company migrated data from Tally to ERP. To ensure a smooth transition, both Tally and ERP were used concurrently to verify that all data and accounting treatments were accurately captured.

### Other requirements:

#### 1. Going concern

Based on the financial statements as at December 31, 2024, 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.

### For Rinzing Financial Private Limited

Firm License No. 1036380



**Kunzang Pasa Tenzin**

Audit Partner

CPA License No. 10534147

Date:

Place: Thimphu, Bhutan



FINANCIAL STATEMENTS

## AUDITOR'S REPORT AND FINANCIAL STATEMENT

## BHUTAN POSTAL CORPORATION LIMITED

### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

(Amount in Nu.)

PARTICULARS	Note No.	31-Dec-24	31-Dec-23
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	2	39,338,024.55	48,584,185.55
Investment Property	2	58,719,236.51	58,445,158.65
Right of Use Asset *	2	1,451,356.93	2,665,027.80
Intangible Assets	2	354,990.55	808,812.57
Capital Work In Progress	2	355,000.00	188,648,871.81
Asset Held for Sale	2	234,949,087.20	-
Investments	3	60,904,261.16	54,867,977.24
Other Non-Current Assets	4	4,824,421.50	4,767,358.65
Deferred Tax Asset *	31	14,474,782.08	13,409,454.20
<b>TOTAL NON-CURRENT ASSETS</b>		<b>415,371,160.48</b>	<b>372,196,846.47</b>
<b>CURRENT ASSETS</b>			
Inventories	5	42,102,823.20	42,098,056.17
Trade And Other Receivables	6	34,865,811.51	104,575,496.14
Cash And Bank Balances	7	55,469,432.51	48,009,496.43
Advances	8	6,833,965.66	10,867,097.01
<b>TOTAL CURRENT ASSETS</b>		<b>139,272,032.88</b>	<b>205,550,145.75</b>
<b>TOTAL ASSETS</b>		<b>554,643,193.36</b>	<b>577,746,992.22</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	SOCE	23,595,200.00	23,595,200.00
Retained Earning	SOCE	162,891,103.37	147,650,562.79
General & Capital Reserve	SOCE	54,088,126.46	54,088,126.46
<b>TOTAL EQUITY</b>		<b>240,574,429.83</b>	<b>225,333,889.25</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred Capital Grant	9	9,607,414.55	22,127,966.75
Long-Term Borrowings	10	180,923,256.09	170,015,450.37
Gratuity provision	11	45,547,233.75	45,340,733.54
Other Non- Current Liabilities	12	5,036,732.19	13,298,623.48
Lease Liability *	13	1,510,059.89	2,714,300.77
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>242,624,696.47</b>	<b>253,497,074.91</b>
<b>CURRENT LIABILITIES</b>			
Trade And Other Payables	14	22,946,701.64	40,091,305.72
Other Current Liabilities	15	27,403,957.86	12,995,719.03
Provisions	16	21,093,407.56	45,829,003.31
<b>TOTAL CURRENT LIABILITIES</b>		<b>71,444,067.06</b>	<b>98,916,028.06</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>554,643,193.36</b>	<b>577,746,992.22</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.




Rinchin Zangmo  
(Finance Officer)

Karma Nidup  
(Chief Executive Officer)



Phuntsho Tobgay  
(Chairman)





**BHUTAN POSTAL CORPORATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED**  
**DECEMBER 31, 2024**

(Amount in Nu.)

PARTICULARS	Note No.	31-Dec-24	31-Dec-23
<b>REVENUE</b>			
Postal Income	17	143,044,240.44	219,349,593.34
Philately Income	18	19,917,235.36	13,711,329.02
Transport Income	19	10,147,172.12	9,161,112.10
Estate Management and Investment Income	20	24,821,871.79	24,149,361.11
Remittance Income	21	12,676,393.45	15,485,252.21
Grant Income	22	9,752,850.92	3,041,098.40
<b>TOTAL REVENUE</b>		<b>220,359,764.08</b>	<b>284,897,746.18</b>
<b>EXPENDITURE</b>			
Postal Expenses	23	64,992,301.25	75,571,729.75
Philately Expenses	24	2,118,090.08	2,105,050.53
Transport Expenses	25	5,459,114.37	5,393,366.43
Estate Management Expenses	26	6,450,773.99	3,533,254.74
Remittance Expenses	27	2,274,281.03	2,688,414.77
Employee Compensation and Benefit Expenses	28	97,723,281.35	90,687,900.16
Depreciation and Amortisation Expenses	29	17,077,848.28	10,841,064.46
Administration Expenses	30	7,405,678.93	21,929,516.22
<b>TOTAL EXPENSES</b>		<b>203,501,369.28</b>	<b>212,750,297.06</b>
<b>Profit Before Income -Tax</b>		<b>16,858,394.80</b>	<b>72,147,449.12</b>
Current Income Tax Expense		3,688,818.03	21,540,826.86
Deferred Tax Expense/(Income)		- 1,065,327.88	384,031.42
<b>PROFIT AFTER INCOME -TAX</b>		<b>14,234,904.65</b>	<b>50,222,590.84</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Remeasurement of defined benefit plans		913,693.39	1,646,401.39
<b>NET OTHER COMPREHENSIVE INCOME</b>		<b>913,693.39</b>	<b>1,646,401.39</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>15,148,598.04</b>	<b>51,868,992.23</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





**Rinchen Zangmo**  
 (Finance Officer)

**Karma Nidup**  
 (Chief Executive Officer)



**Phuntsho Tobgay**  
 (Chairman)



*touching lives*



**BHUTAN POSTAL CORPORATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31,**  
**2024**

(Amount in Nu.)

PARTICULARS	Fully Paid-Up Capital	Retained Earning	General & Capital Reserve	Revaluation Reserve	Total
Balance As at January 1, 2023	23,595,200.00	82,401,024.54	54,088,126.46	73,381,111.57	233,465,462.57
Profit After Income-Tax	-	50,222,590.84	-	-	50,222,590.84
Actuarial Gain/Loss	-	1,646,401.39	-	-	1,646,401.39
Movement in Retained Earnings	-	13,380,546.02	-	-	13,380,546.02
Reversal on Revalued Asset	-	-	-	(73,381,111.57)	(73,381,111.57)
<b>BALANCE AS AT Decemember 31, 2023</b>	<b>23,595,200.00</b>	<b>147,650,562.79</b>	<b>54,088,126.46</b>	<b>-</b>	<b>225,333,889.25</b>
Balance As at January 1, 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 Decemember 31, 2024</b>	<b>23,595,200.00</b>	<b>162,891,103.37</b>	<b>54,088,126.46</b>	<b>-</b>	<b>240,574,429.83</b>

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

*For Rinzing Financial Private Limited*



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



*For Bhutan Postal Corporation Ltd.*




**Rinchen Zangmo**  
 (Finance Officer)

**Karma Nidup**  
 (Chief Executive Officer)



**Phuntsho Tobgay**  
 (Chairman)



*touching lives*

## BHUTAN POSTAL CORPORATION LIMITED

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
<b>I. Cash Flows from Operating Activities:</b>		
Net profit/(Loss) before Tax	16,858,394.80	72,147,449.12
Movement in Retained Earning	1,005,635.93	1,475,713.00
Depreciation / Amortisation	17,077,848.28	10,841,064.46
Tax Expense	(2,623,490.15)	(21,924,858.28)
Operating Profit/(Loss) before changes in Assets & Liabilities (i)	32,318,388.86	62,539,368.30
<b>(Increase)/Decrease in Assets &amp; Liabilities:</b>		
(Increase)/Decrease in Non-Current Assets	(57,062.85)	(352,523.92)
(Increase)/Decrease in Investment	(6,036,283.92)	(2,645,845.20)
(Increase)/Decrease in Stock	(4,767.03)	924,660.09
(Increase)/Decrease in Debtors	69,709,684.63	(71,699,524.08)
(Increase)/Decrease in Advances	6,653,127.66	8,899,589.65
(Increase)/Decrease in Other Asset	(1,065,327.88)	
Increase/(Decrease) in Non-Current Liabilities	(10,872,378.44)	26,297,409.52
Increase/(Decrease) in Current Liabilities and Provisions	(10,550,344.52)	27,095,127.11
<b>Sub-Total in Increase/Decrease in Assets &amp; Liabilities (ii)</b>	<b>47,776,647.65</b>	<b>(11,481,106.83)</b>
<b>Tax Paid (iii)</b>	<b>(19,541,612.79)</b>	<b>-</b>
<b>Net Cash flow from Operating Activities (A=i+ii+iii)</b>	<b>60,553,423.72</b>	<b>51,058,261.47</b>
<b>II. Cash Flow from Investment Activities:</b>		
Payments to acquire Fixed Assets	(53,109,283.20)	(72,810,719.93)
Receipts from sale of Fixed Assets & Refund	15,795.56	2,733,345.31
<b>Net Cash flow from Investing Activities (B)</b>	<b>(53,093,487.64)</b>	<b>(70,077,374.62)</b>
<b>III. Cash Flow from Financing Activities:</b>		
<b>Net Cash Flow From Financing Activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Bank Balance (A+B+C)</b>	<b>7,459,936.08</b>	<b>(19,019,113.15)</b>
<b>Cash and Bank balances at the beginning of the year</b>	<b>48,009,496.43</b>	<b>67,028,609.58</b>
<b>Cash and Bank balances at the end of the year (Refer Note No. 7)</b>	<b>55,469,432.51</b>	<b>48,009,496.43</b>

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

For Rinzing Financial Private Limited



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



For Bhutan Postal Corporation Ltd.




**Rinchen Zangmo**  
(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 2024.

The financial statements for the year ended 31 December 2024 authorized for issue by the board on 22 April, 2025 (124<sup>th</sup> Board Meeting)

#### 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, 2024

(Amount in Nu.)

Particulars of Items	Gross Block Value				Depreciation/ Amortization				Net Block Value	
	Opening Bal- ance (1)	Additions (2)	Adjustment/ Disposals (3)	Closing Bal- ance (4=1+2-3)	Opening Balance (5)	For the year (6)	Adjustment (7)	Closing Bal- ance (8=5+6-7)	As on 31.12.2024 (9=4-8)	As on 31.12.2023 (10=1-5)
Other Grants	45,331,876.45	223,043.23		45,554,919.68	19,887,445.75	9,752,850.92		29,640,296.67	15,914,623.01	25,444,430.70
Artifacts	1,049,915.57		-	1,049,915.57					1,049,915.57	1,049,915.57
Plant & Machinery	139,500.00			139,500.00	61,479.00	43,545.30		105,024.30	34,475.70	78,021.00
Building (Permanent)	28,624,401.70			28,624,401.70	22,053,767.49	346,653.24		22,400,420.73	6,223,980.97	6,570,634.21
Building (Semi-Permt)	2,717,989.98	2,967,765.08		5,685,755.06	718,164.31	246,090.74		964,255.05	4,721,500.01	1,999,825.67
Furniture & Fixtures	11,666,771.15	123,860.00	19,720.00	11,770,911.15	9,115,845.51	689,498.82	11,214.61	9,794,129.72	1,976,781.43	2,550,925.64
Equipment	19,948,234.89	1,512,802.00	32,679.00	21,428,357.89	13,813,066.86	2,376,852.92	25,392.83	16,164,526.95	5,263,830.94	6,135,168.03
Electrical Installation	3,798,988.41			3,798,988.41	623,468.39	186,660.00		810,128.39	2,988,860.02	3,175,520.02
Vehicles	13,922,102.36		3,558,090.01	10,364,012.35	12,342,357.65	415,683.81	3,558,086.01	9,199,955.45	1,164,056.90	1,579,744.71
Total	127,199,780.51	4,827,470.31	3,610,489.01	128,416,761.81	78,615,594.96	14,057,835.75	3,594,693.45	89,078,737.26	39,338,024.55	48,584,185.55
2. Investment Property										
Land	486,250.00		-	486,250.00					486,250.00	486,250.00
Building	70,297,482.05	1,626,597.50		71,924,079.55	12,338,573.40	1,352,519.64		13,691,093.04	58,232,986.51	57,958,908.65
Total	70,783,732.05	1,626,597.50	-	72,410,329.55	12,338,573.40	1,352,519.64	-	13,691,093.04	58,719,236.51	58,445,158.65
3. Right of use Asset										
Right of Use Asset	2,717,979.49			2,717,979.49	52,951.69	1,213,670.87		1,266,622.56	1,451,356.93	2,665,027.80
4. Intangible Assets										
Software	3,165,210.00	-	-	3,165,210.00	2,356,397.43	453,822.02		2,810,219.45	354,990.55	808,812.57
TOTAL	203,866,702.05	6,454,067.81	3,610,489.01	206,710,280.85	93,363,517.48	17,077,848.28	3,594,693.45	106,846,672.31	99,863,608.54	110,503,184.57
5. Capital Work In Progress										
Gelephu Construction	187,012,274.31	47,936,812.89	234,949,087.20	-		-	-	-	-	187,012,274.31
P/Ling Construction	1,626,597.50		1,626,597.50	-		-	-	-	-	1,626,597.50
ERP	10,000.00	345,000.00		355,000.00					355,000.00	10,000.00
Total	188,648,871.81	48,281,812.89	236,575,684.70	355,000.00	-	-	-	-	355,000.00	188,648,871.81
6. Asset Held for Sale										
Asset Held for Sale	-	234,949,087.20		234,949,087.20	-	-	-	-	234,949,087.20	-
Grand Total	392,515,573.86	289,684,967.90	240,186,173.71	442,014,368.05	93,363,517.48	17,077,848.28	3,594,693.45	106,846,672.31	335,167,695.74	299,152,056.38



**Note 3: Investment**

(Amount in Nu.)

Particulars	31-Dec-24	31 Dec 2023
A. BOBL, Thimphu	1,120,969.59	1,048,878.27
B. BOBL, Thimphu	13,087,999.49	13,219,267.16
C. RICBL, Thimphu	46,695,292.08	40,599,831.81
<b>Total</b>	<b>60,904,261.16</b>	<b>54,867,977.24</b>

Note: Current year figures are measured at amortised value

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

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Department of Power	88,156.45	551.67
Clearing and forwarding Trade License, Phuntsholing	100,000.00	100,000.00
Telecom Authority	6,321.00	6,321.00
Clearing and forwarding Trade License, Pasakha	-	100,000.00
Clearing and forwarding Trade License, Thimphu	100,000.00	100,000.00
Gelephu Thromde	1,089.00	68,397.00
Deposit UPU	4,528,855.05	4,392,088.98
<b>Total</b>	<b>4,824,421.50</b>	<b>4,767,358.65</b>

**Note 5: Inventories**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Philately Stamps	39,631,643.01	39,936,507.75
Packing Materials	623,725.80	662,914.15
Procurement Store	1,847,454.39	1,498,634.27
<b>Total</b>	<b>42,102,823.20</b>	<b>42,098,056.17</b>

**Note 6: Trade and Other Receivables**

(Amount in Nu.)

Sundry Debtors	31-Dec-24	31-Dec-23
Sundry Debtors WUMT	2,066,207.46	4,972,368.00
Sundry Debtor Euro giro	-	2,860,790.88
Sundry Debtors CR	181,615.00	13,704,765.00
Sundry Debtors ER	28,935.00	23,381,884.00
Sundry Debtors HQ	3,531,793.85	96,642.05
Sundry Debtors SR	10,117,787.50	23,919,157.28
Sundry Debtors WR	563,148.00	19,910,769.90
Sundry Debtor FedEx	655,932.17	329,393.88
Sundry Debtor IMR	16,641,088.92	7,758,890.80
Sundry Debtor Philately	12,153.63	342,754.06
Sundry Debtor Air Conveyance APO Simtokha	462,665.71	462,665.71
UPU Clearing House	602,144.27	6,817,654.58
Mineral Water	2,340.00	17,760.00
<b>Total</b>	<b>34,865,811.51</b>	<b>104,575,496.14</b>

**Note 7: Cash and Bank Balances**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Cash in Hand: (Refer 7.1)	7,540,048.00	4,627,539.00
<b>Total</b>	<b>7,540,048.00</b>	<b>4,627,539.00</b>
Balance with Bank:		
Current Accounts (Revenue) (Refer 7.2)	2,420,311.85	4,201,832.91
Current Accounts (Recoupment) (Refer 7.3)	59,247.00	37,001.20
Current Accounts (Ngotshab) (Refer 7.4)	950,000.00	950,000.00
Current Accounts (Head Quarter) (Refer 7.5)	3,263,439.90	2,869,891.81
Current Accounts (Western Union) (Refer 7.6)	8,013,213.69	13,296,627.97
Savings Account (Refer 7.7)	33,223,172.07	22,026,603.54
<b>Total</b>	<b>47,929,384.51</b>	<b>43,381,957.43</b>
<b>Grand Total</b>	<b>55,469,432.51</b>	<b>48,009,496.43</b>

**Note 7.1: Cash in Hand**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Cash - Post Offices	124,839.00	52,290.00
Philately Cash	67,300.00	-
Cash - Western Union	7,347,909.00	4,575,249.00
<b>Total</b>	<b>7,540,048.00</b>	<b>4,627,539.00</b>

**Note 7.2: Current Accounts Revenue)**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
FMO ACCOUNT	-	1,801.21
CENTRAL REGION	70,516.67	579,802.17
EASTERN REGION	161,476.51	221,119.91
HEAD QUARTER	666,348.90	914,550.66
SOUTHERN REGION	226,346.45	455,556.18
WESTERN REGION	1,295,623.32	2,029,002.78
<b>Total</b>	<b>2,420,311.85</b>	<b>4,201,832.91</b>

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

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
CENTRAL REGION	19,731.00	11,000.60
EASTERN REGION	27,515.50	14,000.00
SOUTHERN REGION	6,000.50	6,000.00
WESTERN REGION	6,000.00	6,000.60
<b>Total</b>	<b>59,247.00</b>	<b>37,001.20</b>

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

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
CENTRAL REGION	400,000.00	400,000.00
EASTERN REGION	150,000.00	150,000.00
SOUTHERN REGION	100,000.00	100,000.00
WESTERN REGION	300,000.00	300,000.00
<b>Total</b>	<b>950,000.00</b>	<b>950,000.00</b>

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

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Current Account - 100894367 - Fedex	6,260.70	97,686.17
FC Account - 200365102 - IMR	847,903.77	773,419.94
Philately	119,531.03	585,356.24
Current Account-100902834 -Head Quarter	2,289,744.40	1,413,429.46
<b>Total</b>	<b>3,263,439.90</b>	<b>2,869,891.81</b>

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

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
HEAD QUARTER	6,765,152.84	11,808,941.63
CD CR	-	2,000.00
CD ER	52,000.00	52,000.00
CD WR	363,601.00	1,000.00
Euro Giro Account	832,459.85	1,432,686.34
<b>Total</b>	<b>8,013,213.69</b>	<b>13,296,627.97</b>

**Note 7.7: Saving Account**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Saving Accounts-5003769005 BNB	32,598,707.13	21,679,989.29
Saving Account-100524384 - BOB Thimphu	624,464.94	346,614.25
<b>Total</b>	<b>33,223,172.07</b>	<b>22,026,603.54</b>

**Note 8: Advances**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Advance Balance with Contractors & Supplier (Gelephu)	-	31,855.50
Mobilization Advance Gelephu Construction	-	1,281,104.72
Staff Advance - Staffs (Official)	110,130.00	2,376,308.99
POL Advance CR	25,000.00	25,000.00
POL Advance ER	45,000.00	45,000.00
POL Advance HQ	40,000.00	40,000.00
POL Advance SR	231,566.73	365,000.00
POL Advance WR	117,482.50	146,474.99
Tax Advance	86,197.26	58,859.65
Prepaid Expenses	2,461,959.17	2,700,895.16
Loan & Advances - Vehicle Loan 8 & 20 Bikes	3,716,630.00	3,796,598.00
<b>Total</b>	<b>6,833,965.66</b>	<b>10,867,097.01</b>

**Note 9: Deferred Capital Grant**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Deferred Capital Grant	9,607,414.55	22,127,966.75
<b>Total</b>	<b>9,607,414.55</b>	<b>22,127,966.75</b>

**Note 10: Long-Term Borrowings**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Term Loan from Bank for P/Ling G+4 Building	28,160,197.53	34,403,241.22
Term Loan from Bank for Gelephu Building Construction	152,763,058.56	135,612,209.15
<b>Total</b>	<b>180,923,256.09</b>	<b>170,015,450.37</b>

**Note 11: Provision-Gratuity**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Gratuity Provision	41,334,159.11	41,220,728.48
RB Transfer Grant	1,474,322.03	1,453,529.65
RB Travel Allowance	1,467,194.39	1,441,868.31
LE Provision	635,129.71	644,232.42
RB Carriage Charge	636,428.51	580,374.68
<b>Total</b>	<b>45,547,233.75</b>	<b>45,340,733.54</b>

**Note 12: Other Non-Current Liabilities**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Retention Money 10%, Gyalcon Infra. Pvt. Ltd. Gele	-	7,103,018.48
Retention Money 10%, Gyelsa Homeware	-	-
Retention Money 10%, Ngawang Builders	23,603.81	-
Retention Money 10%, Shekhar Construction	120,344.66	-
Retention Money 10%, SL Lubricants	277,485.36	-
Retention Money 10%, SPL Construction	36,388.36	-
Retention Money 10%, Karma Sonam Yarphe Construction	-	-
Retention Money 10%, Norlha Trading	-	-
Retention Money 10%, Pyelber Lokchey Pvt. Ltd	-	-
Bike Recovery	3,716,630.00	3,789,240.00
Euro Giro	-	1,576,265.00
Western Union Payable (\$ 10,000/-)	853,100.00	830,100.00
<b>Total</b>	<b>5,027,552.19</b>	<b>13,298,623.48</b>

**Note 13: Lease Liability**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Lease Liability	1,510,059.89	458,882.64
<b>Total</b>	<b>1,510,059.89</b>	<b>458,882.64</b>

**Note 14: Trade and Other Payable**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Sundry Creditor Philately- Agent	128,584.50	158,843.50
Sundry Creditor Philately- Ordinary Customer	57,163.84	47,048.84
Sundry Creditor Philately- Standing Customer	312,020.32	299,175.32
Advance from Customers Philately- Tourism Council of Bhutan	229,000.00	229,000.00
Philately- GNH C	24,339.40	9,681.83
Unclaimed Money Fund	77,412.45	77,412.45
Sundry Creditors for IMR	15,674,435.32	16,665,861.73
Payable to RGoB for Revenue & Judicial Stamps	1,372,594.00	1,689,428.00
WUMT Payable	-	1,344,625.00
Foreign Money Order Payable	472,350.00	472,350.00
Void Money Order Payable	960.00	960.00
Sundry Creditor - FedEx	1,908,216.07	1,892,007.92
Sundry Creditor - HQ Parties Bill	2,689,625.74	17,204,911.13
<b>Total</b>	<b>22,946,701.64</b>	<b>40,091,305.72</b>

**Note 15: Other Current Liabilities**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Current Liabilities - S.Deposit ER	80,580.00	80,580.00
Current Liabilities - S.Deposit HQ	10,656,475.54	2,499,338.10
Current Liabilities - S.Deposit SR	1,537,028.97	1,459,854.97
Current Liabilities - S.Deposit WR	5,280.00	5,280.00
Current Liabilities - Unclaimed Money	36,616.73	155,490.88
Current Liabilities - Excess receive from Customer	14,434.00	-
Current Liabilities - Short Term Borrowing	4,440,000.00	-
Current Liabilities - GIS Refund	-	-
Current Liabilities - Insurance Refund	-	-
Loan & Advance - Salary Recovery	-	-
Current Liabilities - RAA	3,674,602.98	2,241,318.53
Current Liabilities - Capital Grant	6,307,208.46	2,982,403.51
Current Liabilities - Postal Museum	41,718.20	79,693.20
Current Liabilities - Disbursement Account	24,346.50	17,000.00
Current Liabilities - Overdraft Account (Western Union)	584,846.48	3,474,574.84
Current Liability- Rental Prepaid	820.00	185.00
<b>Total</b>	<b>27,403,957.86</b>	<b>12,995,719.03</b>

## Note 16: Provisions

(Amount in Nu.)		
Particulars	31-Dec-24	31-Dec-23
Provision for Doubtful Debts	4,699,715.83	9,452,148.80
Provision for PBVI	2,692,632.96	6,511,736.55
Provision Income Tax	-	16,921,616.48
Audit Fee	126,000.00	120,000.00
Audit Expenses	91,200.00	50,000.00
Gratuity Provisions	5,466,293.32	4,325,390.12
RB Transfer Grant	335,629.91	329,712.06
RB Travel Allowance	345,021.04	343,148.76
Leave Encashment	6,139,548.34	6,567,057.03
RB Carriage Charge	197,366.16	208,193.51
Provision legal settlement	1,000,000.00	1,000,000.00
<b>Total</b>	<b>21,093,407.56</b>	<b>45,829,003.31</b>

## Note 17: Postal Income

(Amount in Nu.)		
Particulars	31-Dec-24	31-Dec-23
Postal Income - Rate fluctuation HQ	19,531.37	86,750.99
Postal Income - Diplomatic Mail Bag Carriage	57,186.00	146,097.00
Postal Income - Clearing and Forwarding	1,567,800.00	1,052,700.00
Postal Income - DTDC Delivery	95,057.00	13,620.00
Postal Income - Postal Ballot	8,058,775.00	98,416,209.40
Postal Income - Postal Museum	844,525.00	678,045.00
Postal Income - Post Box Rent	1,165,615.00	1,491,920.00
Postal Income - Fine & Penalties	66,803.37	516,677.33
Postal Income - EMD Forfeit	10,000.00	972.00
Postal Income - Packing Materials	768,320.00	629,277.00
Postal Income - Telephone Bill Distribution	-	1,365.00
Postal Income - Contract Mail Services	1,036,534.50	1,026,100.00
Postal Income - Domestic Registered Letter	10,135,188.00	7,690,742.95
Postal Income - International Registered Letter	206,775.00	109,110.00
Postal Income - Domestic Parcel Postage	-	2,580.00
Postal Income - Fax Revenue/Service Charge	1,451.00	2,480.00
Postal Income - eCommerce Delivery	8,760.00	-
Postal Income - Parking Tickets	533,044.00	731,555.00
Postal Income - Sale of Assets/Stationery	893,854.00	1,150,253.86
Postal Income - Sale of Tender Form	15,500.00	14,500.00
Postal Income - Xerox Copies	98,106.00	99,290.00
Postal Income - Unclaimed Money	219,731.15	-
Postal Income - Miscellaneous Income	38,349.56	1,753.42
Postal Income - International Mail Revenue	23,549,635.73	21,898,002.95
Postal Income - FedEx	12,434,306.68	9,234,565.80
Postal Income - TNT	15,537.20	14,765.26
<b>Total Postal Income</b>	<b>61,840,385.56</b>	<b>145,009,332.96</b>

**Note 18: Philately Income**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Income Commission on Outside Products	510,796.00	198,684.00
Income Joint Issue	1,600,000.00	-
Income Rate Fluctuation Philately	7,230.19	67,261.67
Income Sale of Philately Products	442,270.00	538,210.00
Postal Income - Commission from Judicial Stamps	3,665,706.00	3,920,226.00
Postal Income - Commission from Revenue Stamps	216,463.00	299,597.00
Income Crypto/ NFT Stamps	2,915.57	81,442.35
Postal Income - Sale of Postage Stamps	200,255.00	195,825.00
Income Sale of Philately Stamps/ Albums	13,271,599.60	8,410,083.00
<b>Total Philately Income</b>	<b>19,917,235.36</b>	<b>13,711,329.02</b>

**Note 19: Transport Income**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Transport Income - BCSEA	4,967,388.12	5,304,837.10
Transport Income - Cargo/Logistic	2,908,348.00	3,141,589.00
Transport Income - Renting of vehicle	363,846.00	298,438.00
Transport Income - Others	634,345.00	69,480.00
Transport Income - Sugam Parivahan	81,939.00	33,878.00
Transport Income - Sale of Bus Tickets (P/ling-Thimphu)	562,842.00	194,940.00
Transport Income - Sale of Bus Tickets (Thimphu-P/Ling)	498,179.00	83,750.00
Transport Income - Consignment (P/Ling - Thimphu)	130,285.00	34,200.00
<b>Total Transport Income</b>	<b>10,147,172.12</b>	<b>9,161,112.10</b>

**Note 20: Estate Management and Investment**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Rental Income - Employee	1,566,110.00	1,470,583.00
Rental Income - Guest House (SR)	-	60,300.00
Other Income - Income from Land	135,768.00	132,380.00
Rental Income - Office Building	18,178,435.61	18,337,786.02
Interest Earned on Savings Bank Account	1,982,302.81	1,502,466.89
Interest Earned on Fixed Deposits	511,754.25	196,879.61
Interest Earned on Gratuity Fund Account	2,447,501.12	2,448,965.59
<b>Total Estate Management and Investment</b>	<b>24,821,871.79</b>	<b>24,149,361.11</b>

**Note 21: Remittance Income**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Western Union Money Transfer Income	11,902,890.64	14,359,764.55
Euro Giro Income	773,502.81	1,125,487.66
<b>Total Remittance Income</b>	<b>12,676,393.45</b>	<b>15,485,252.21</b>

**Note 22: Grant Income**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Grant Income	9,752,850.92	3,041,098.40
<b>Total</b>	<b>9,752,850.92</b>	<b>3,041,098.40</b>

**Note 23: Postal Expenses**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Mail Service Expenses- Diplomatic Mail Bags	26,340.00	27,934.00
Mail Service Expenses- Packing Materials	318,292.77	255,760.60
Mail Service Expenses- Postal Ballots	329,460.50	5,676,205.17
Mail Service Expenses- DTDC	24,908.40	140.00
Mail Service Expenses- Postal Insurance charges	225,248.21	1,779,042.65
Mail Service Expenses - Daily Allowance	651,575.00	605,362.00
Mail Service Expenses - Overtime Allowance to RRCO	21,600.00	-
Mail Service Expenses - Clearing & Forwarding	146,600.00	-
Mail Service Expenses- Transportation of Mails	3,029,913.13	2,406,390.06
<b>Mail Service Expenses</b>	<b>4,773,938.01</b>	<b>10,750,834.48</b>
International Mail Expenses- Bank charges	39,038.98	29,763.89
International Mail Expenses- Rate Fluctuation	7,974,725.00	8,185,443.70
International Mail Expenses- Terminal Dues/EMS/Parcel	43,211,006.30	48,667,685.16
<b>International Mail Expenses</b>	<b>51,224,770.28</b>	<b>56,882,892.75</b>
FedEx Expenses- Air Conveyance Outbound	633,679.00	409,351.00
FedEx Expenses- Membership	101,718.00	99,446.00
FedEx Expenses- Bank Charges	1,273.50	-
FedEx Expenses- Rate Fluctuation	191,512.67	380,091.58
FedEx Expenses- Insurance	-	-
FedEx Expenses- Raw Rate payment	5,012,672.83	3,236,040.26
<b>FedEx Expenses</b>	<b>5,940,856.00</b>	<b>4,124,928.84</b>
PE Statutory Fee - Registration Fees (Brokerage)	75,000.00	75,000.00
PE Statutory Fee - Brokerage Expenses	46,774.46	5,636.48
PE Statutory Fee - UPU 3% TDS	55,168.73	145,249.16
PE Statutory Fee - APP/RTCAP	46,794.95	-
PE Statutory Fee - EMS/Telematic Cooperatives/UPU Clearing	445,238.89	436,265.37
PE Statutory Fee - IPS.Post/CDS.Post/Net Post Mail/Prime	921,134.34	814,191.79
<b>PE Statutory Fees</b>	<b>1,590,111.37</b>	<b>1,476,342.80</b>
PE Motor Vehicle Expense- Fuel	954,482.73	1,302,041.03
PE Motor Vehicle Expense- Repair & Maintenance	220,970.80	743,254.42
PE Motor Vehicle Expense- Insurance and related costs	146,993.66	146,369.73
<b>PE Motor Vehicle Expenses</b>	<b>1,322,447.19</b>	<b>2,191,665.18</b>
PE Selling & Distribution - Discount	122,125.40	118,728.70
PE Selling & Distribution - Commission (BNB, Brokerage)	18,053.00	26,337.00
PE Selling & Distribution Expenses	140,178.40	145,065.70
<b>Total Postal Expenses</b>	<b>64,992,301.25</b>	<b>75,571,729.75</b>



**Note 24: Philately Expenses**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Philately Expense- Commission/discount	178,452.50	145,846.00
Philately Expense- Freight/transportation costs	191,681.00	96,550.00
Philately Expense- Exhibition	11,919.00	-
Philately Expense- Bank charges	150.00	1,258.10
Philately Expense- Rates, taxes and duties	236,472.84	96,339.07
Philately Expense- Printing & Stationery	1,499,414.74	1,765,057.36
<b>Total Philately Expenses</b>	<b>2,118,090.08</b>	<b>2,105,050.53</b>

**Note 25: Transport Expenses**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Transport Expenses- BCSEA	1,903,644.73	1,941,353.63
Transport Expense - Cargo & Logistics	84,827.00	15,164.00
Transport Expense - Hiring of Vehicles	-	1,500.00
Transport Expense - Sugam	1,468.00	1,170.00
Transport Expense - Fuel	2,229,170.64	2,133,012.44
Transport Expense - Repair & Maintenance	688,269.00	666,626.03
Transport Expense- Insurance and related costs	151,745.00	215,601.06
Transport Expense- Loading and Unloading	-	28,060.00
Transport Expense- Daily Allowance	389,394.00	379,300.00
Transport Expense- Telephon expenses	10,596.00	11,579.27
<b>Total Transport Expenses</b>	<b>5,459,114.37</b>	<b>5,393,366.43</b>

**Note 26: Estate Management Expenses**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Financing Costs - Interest on Borrowing Phuntsholing	4,546,956.59	2,527,784.16
Guest House - Repairs & Maintenance	-	16,036.00
Premises Cost - Insurance	718,322.32	244,200.94
Running & Maintenance Costs - Office Building	1,107,495.08	745,233.64
Rental Waive Off	78,000.00	-
<b>Total Estate Management Expenses</b>	<b>6,450,773.99</b>	<b>3,533,254.74</b>

**Note 27: Remittance Expenses**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Euro Giro- Rate Fluctuation Expense	544,317.18	663,156.12
Euro Giro	544,317.18	663,156.12
WUMT- Bank Charges on Remittances	415,996.30	318,318.83
WUMT- Bank Charges	8,554.42	10,068.13
WUMT- Rate Fluctuation Expense	1,279,862.67	1,669,978.88
WUMT- OD Interest	25,550.46	26,892.81
Western Union Money Transfer	1,729,963.85	2,025,258.65
<b>Total Remittance Expenses</b>	<b>2,274,281.03</b>	<b>2,688,414.77</b>

**Note 28: Employee Compensation and Benefit Expenses**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Salaries	43,013,305.00	43,410,982.00
Performance Based Allowances	2,692,632.96	6,511,736.55
Pension Fund - Employer's Contribution	6,454,691.00	6,467,609.00
Gratuity	5,946,616.35	5,730,391.47
Allowances	32,856,604.00	20,368,632.00
CMO Salary	112,800.00	104,573.00
Transfer Expense	50,000.00	533,736.20
RB carriage Charge	126,508.62	106,889.79
RB Transfer Grant	288,892.15	240,906.75
RB Travel Allowances	289,214.17	238,356.95
Sitting Fee Employee	33,750.00	40,000.00
Leave Travel Concession (LTC)	2,403,365.00	2,867,712.00
Leave Encashment	3,267,602.10	3,922,134.45
Temporary Staff / Intern Charges	187,300.00	144,240.00
<b>Total Employee Compensation and Benefit Expenses</b>	<b>97,723,281.35</b>	<b>90,687,900.16</b>

**Note 29: Depreciation and Amortization Expenses**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Depreciation of Fixed Assets	17,077,848.28	10,841,064.46
<b>Depreciation and Amortisation Expenses</b>	<b>17,077,848.28</b>	<b>10,841,064.46</b>

**Note 30: Administration Expenses**

(Amount in Nu.)

Particulars	31-Dec-24	31-Dec-23
Selling & Distribution - Marketing	54,487.00	2,230.00
Premises Cost - Rental	766,466.20	1,976,847.72
Motor Vehicle - Fuel	154,737.53	212,241.20
Motor Vehicle - Repair & Maintenance	42,706.00	50,746.94
Motor Vehicle - Insurance and related costs	35,275.90	48,212.80
Annual Maintenance Costs for Networks/Software	62,500.00	158,705.00
Repair & Maintenance costs for Hardware	47,410.00	84,785.00
Subscription/Licences	115,981.00	541,671.10
Repair & Maintenance Costs - Office Equipment	170,284.29	148,059.00
Repair & Maintenance Costs - Furniture and Fittings	65,675.00	45,420.00
Repair & Maintenance Costs - Electrical equipment	255,008.00	270,641.96
Outsourced Security Services	558,000.00	584,729.00
Travelling Expenses - In Country - Travel Allowance	267,279.00	101,615.00
Travelling Expenses - Ex Country	773,732.25	470,500.76
Meeting Expenses	74,592.50	114,318.20
Short term Training In Country - DSA	389,264.00	9,360.00
Short term Training Out-Country - DSA	1,289,865.25	384,433.30

## AUDITOR'S REPORT AND FINANCIAL STATEMENT

(Amount in Nu.)		
Particulars	31-Dec-24	31-Dec-23
Staff Welfare - Funeral Expenses (Semso)	-	23,000.00
Staff Welfare - Prayer/Ritual Expense (Rimdro)	48,205.00	50,000.00
Staff Welfare- Medical Expenses	-	2,400.00
Staff Welfare - Tea Expenses/pantry	116,480.00	136,036.00
Staff Welfare - Tendrel Ceremony/Welcome & Promotion	148,503.00	13,995.00
Audit Expenses	106,870.00	50,370.00
Audit Fees	126,000.00	120,000.00
Printing & Stationery - Stationery cost	1,942,963.96	3,498,553.67
Board Expenses - Directors' Fees	70,000.00	95,000.00
Board Expenses - Meeting Expenses	42,344.00	50,433.00
Foreign Exchange Losses	1,100.81	18,270.59
Impairment Loss/(Gain)	(4,437,704.09)	-
Hospitality and Entertainment Expense	242,317.76	41,428.00
Gen & Admin - Bank Charges	42,665.76	43,882.74
Gen & Admin - Telecommunication Expenses (Telephone/Fax)	410,884.03	474,020.95
Gen & Admin - Telecommunication Expenses (Internet Charges)	1,532,739.97	1,069,417.88
Gen & Admin - Electricity & Lightings	434,757.00	392,216.06
Gen & Admin - Advertisement (Announcement)	31,400.00	30,000.00
Gen & Admin - Consumable Stores	135,574.24	78,882.15
Gen & Admin - Legal & Professional Fees	850.00	10,000.00
Gen & Admin - Penalties and fines	-	11,250.00
Gen & Admin - Postage and Deliveries charges	-	90.00
Gen & Admin - Subscriptions of newspaper	2,750.00	3,000.00
Gen & Admin - Uniform and Liveries	16,140.00	45,169.00
Gen & Admin - Loss on sale of assets	15,795.56	1,400.00
Gen & Admin - Write off assets	-	148.00
Gen & Admin - Lease payment	64,008.00	31,390.01
Consultancy Charges -Recurring	45,000.00	270,000.00
Land Tax	1,048,945.81	830,804.04
Water & Sewerage Tax	75,300.20	64,758.90
Statutory Fees - Business License	18,524.00	170,785.00
Provision-Bad and Doubtful debts	-	9,098,298.25
<b>Total Administration Expenses</b>	<b>7,405,678.93</b>	<b>21,929,516.22</b>

**Note 31: Deferred Tax Liability/Asset**

(Amount in Nu.)

Sl. No	Particulars	Accounting Base	Tax base	Temporary Difference	Tax rate	Deferred Tax Liability	Deferred Tax Asset
1	Fixed Assets	98,412,251.61	96,718,715.18	1,693,536.43	30%	508,060.93	-
2	Provision PBVI	2,692,632.96	2,692,632.96	-	30%	-	-
3	Provision for Gratuity	46,800,452.43	3,797,505.00	43,002,947.43	30%	-	12,900,884.23
4	Provision for Transfer Grant	1,809,951.94	197,805.00	1,612,146.94	30%	-	483,644.08
5	Provision for Travel allowance	1,812,215.43	241,415.00	1,570,800.43	30%	-	471,240.13
6	Provision for Carriage Charges	833,794.67	147,344.00	686,450.67	30%	-	205,935.20
7	Provision for Leave Encashment	6,774,678.05	3,704,213.50	3,070,464.55	30%	-	921,139.37
<b>Total</b>						<b>508,060.93</b>	<b>14,982,843.01</b>
						<b>Actual DTA</b>	<b>14,474,782.08</b>
						<b>Incremental DTA</b>	<b>1,065,327.88</b>

## DISCLOSURES

## DISCLOSURES

### 1. Correction of Error: Lease

The company has lease contracts for 20 premises. Before adoption, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss statement on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of BFRS 16, the company has applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied.

During the year 2024, management identified that only 2 out of 20 lease contracts were accounted for in the 2023 financial statements. As this omission was a material prior period error, the company has restated the 2023 financial statements to include all 20 lease contracts in compliance with BFRS 16 – Leases.

The impact of this restatement on the 2023 financial statements is as follows:

Financial Statement Item	As Previously Reported (31 Dec 2023) (Nu.)	Restated Amount (31 Dec 2023) (Nu.)	Adjustment (Nu.)
Right-of-Use (ROU) Asset	651,860.88	2,665,027.80	(2,013,166.92)
Lease Liability	458,882.60	2,714,300.77	(2,255,418.17)
Depreciation Expense	52,951.69	1,213,670.87	(1,160,719.18)
Interest Expense on Lease Liabilities	38,542.01	113,460.20	(74,918.19)
Retained Earnings (Opening Balance)	-	242,251.21	(242,251.21)

*These adjustments have no impact on the 2024 financial results, as they relate solely to correcting prior year errors.*

### 2. Correction of Error: Deferred Tax

During the year, the company identified that only depreciation and gratuity expenses had been accounted for in the previous financial statements. As a result, the company has restated the 2023 financial statements in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, applying the balance sheet approach. The restatement includes the recognition of previously omitted Fixed Assets, Provision for PBVI, and Provision for Employee Benefits.

The impact of the restatement is as follows:

Particular	Amount (Nu.)
Previously Recognized Deferred Tax Liability (DTL) (2023)	(384,031.42)
Restated Deferred Tax for 2023 (DTA)	13,409,454.20
Adjustment made in Retained Earnings	13,793,485.62

*The correction has been retrospectively applied to the financial statements to ensure comparability.*

### 3. 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	2024 (Nu.)
Opening ECL Allowance	9,452,148.80
Reversals of Previous Allowance	4,752,432.97
Closing ECL Allowance	4,699,715.83

#### 4. Property, Plant and Equipment (BAS 16) and Investment Property (BAS 40)

##### (Reclassification of Land from PPE to Investment Property)

During the year, the company transferred land with a carrying amount of Nu.486,250/- from Property, Plant, and Equipment (PPE) to Investment Property in accordance with BAS 40 – Investment Property. The transfer was made as the land is now held for capital appreciation rather than for use in production or administration purposes.

As the company applied the cost model for Investment Property, the land was transferred at its original cost of Nu.486,250/-. The detail of land as follows:

#	Assets	Location	Acre	Original Cost (Nu)	Current Market Value (PAVA rate) (Nu)
1	Land Shingkarh Louri	Samdrup Jongkhar GPO	0.556	11,200.00	164,324.69
2	Land Bumthang	Bumthang PO	0.72	475,050.00	7,840,800.00
<b>Total</b>				<b>486,250.00</b>	<b>8,005,124.69</b>

#### 5. 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.



## 5.1 Gratuity

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

Particular	31-Dec-2024	31-Dec-2023
Present value of define benefit obligation	46,800,452.43	45,546,118.60
Fair value of plan assets	-	-
Funded status - surplus/ (deficit)	(46,800,452.43)	(45,546,118.60)
Effect of asset ceiling	-	-
<b>Net defined benefit asset/(liability)</b>	<b>(46,800,452.43)</b>	<b>(45,546,118.60)</b>

## B. Composition of defined benefit cost

Particular	31-Dec-2024	31-Dec-2023
Expense recognised in profit or loss	5,946,616.35	5,730,391.47
Expense recognised in other comprehensive income	(894,777.52)	(1,611,236.87)
<b>Defined benefit cost</b>	<b>5,051,838.83</b>	<b>4,119,154.60</b>

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

Particular	31-Dec-2024	31-Dec-2023
Current service cost	2,891,300.72	2,816,276.60
Past service cost	-	(232,269.46)
Loss/(Gain) on settlement	-	-
Interest on DBO	3,055,315.63	3,146,384.33
Less: Expected interest on plan asset	-	-
<b>Expenses recognised in profit or loss</b>	<b>5,946,616.35</b>	<b>5,730,391.47</b>

## D. Amount recognised as other comprehensive income

Particular	31-Dec-2024	31-Dec-2023
Actuarial (gain) or loss due to experience adjustments	(894,777.52)	(1,611,236.87)
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>(894,777.52)</b>	<b>(1,611,236.87)</b>

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

Particular	31-Dec-2024	31-Dec-2023
DBO at the beginning of period	45,546,118.60	48,469,731
Add: Current service cost	2,891,300.72	2,816,276.60
Add: Past service cost	-	(232,269.46)
Add: Interest cost	3,055,315.63	3,146,384.33
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(3,797,505)	(7,042,767)
Actuarial (gain) or losses due to experience adjustment	(894,777.52)	(1,611,236.87)
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>46,800,452.43</b>	<b>45,546,118.60</b>

**F. Composition of plan asset**

Particular	31-Dec-2024	31-Dec-2023
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-2024	31-Dec-2023
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-2024	31-Dec-2023
Current liability	5,466,293.32	4,325,390.12
Non-current liability	41,334,159.11	41,220,728.48
<b>Net Liability</b>	<b>46,800,452.43</b>	<b>45,546,118.60</b>

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

Particular	Nu.
December 31, 2025	5,848,933.85
December 31, 2026	6,435,702.94
December 31, 2027	5,942,654.45
December 31, 2028	6,191,013.45
December 31, 2029	5,521,416.64
December 2030 to December 2034	39,587,706.26
December 2035 to December 2044	81,073,721.55

**J. Estimated term of liability (in years): 11.12**

## 5.2 Leave Encashment

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

Particular	31-Dec-2024	31-Dec-2023
Present value of define benefit obligation	6,774,678.05	7,211,289.45
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(6,774,678.05)	(7,211,289.45)
Effect of asset ceiling	-	-
<b>Net defined benefit asset/(liability)</b>	<b>(6,774,678.05)</b>	<b>(7,211,289.45)</b>

### B. Composition of defined benefit cost

Particular	31-Dec-2024	31-Dec-2023
Service Cost	(436,611.40)	(248,462.23)
Net interest on net defined liability (asset)	375,142.79	376,869.01
Immediate recognition of gains/losses – Other long term employee benefits	3,329,070.71	3,793,727.67
Expense recognised in other comprehensive income	-	-
<b>Define Benefit Cost</b>	<b>3,267,602.10</b>	<b>3,922,134.45</b>

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

Particular	31-Dec-2024	31-Dec-2023
Current service cost	(436,611.40)	(267,241.55)
Past service cost	-	18,779.32
Loss/(Gain) on settlement	-	-
Interest on DBO	375,142.79	376,869.01
Expected interest on plan asset	-	-
Immediate recognition of gains/losses – Other long term employee benefits	3,329,070.71	3,793,727.67
<b>Expenses recognised in profit or loss</b>	<b>3,267,602.10</b>	<b>3,922,134.45</b>

### D. Amount recognised as other comprehensive income

Particular	31-Dec-2024	31-Dec-2023
Actuarial (gain) or loss due to experience adjustments	3,329,070.71	3,793,727.67
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	3,329,070.71	3,793,727.67
<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-2024	31-Dec-2023
DBO at the beginning of period	7,211,289.45	7,478,531
Add: Current service cost	(436,611.40)	(267,241.55)
Add: Past service cost	-	18,779.32
Add: Interest cost	375,142.79	376,869.01
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(3,704,213.50)	(4,189,376)
Actuarial (gain) or losses due to experience adjustment	3,329,070.71	3,793,727.67
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>6,774,678.05</b>	<b>7,211,289.45</b>

**F. Composition of plan asset**

Particular	31-Dec-2024	31-Dec-2023
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-2024	31-Dec-2023
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-2024	31-Dec-2023
Current liability	6,139,548.34	6,567,057.03
Non-current liability	635,129.71	644,232.42
<b>Net Liability</b>	<b>6,774,678.05</b>	<b>7,211,289.45</b>

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

Particular	Nu.
December 31, 2025	679,588.79
December 31, 2026	895,831.83
December 31, 2027	609,525.13
December 31, 2028	552,313.89
December 31, 2029	464,966.28
December 2030 to December 2034	2,939,342.26
December 2035 to December 2044	4,775,053.52

**J. Estimated term of liability (in years): 8.43**

## 5.3 Travel Allowance

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

Particular	31-Dec-2024	31-Dec-2023
Present value of define benefit obligation	1,812,215.43	1,785,017.07
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(1,812,215.43)	(1,785,017.07)
Effect of asset ceiling	-	-
<b>Net defined benefit asset/(liability)</b>	<b>(1,812,215.43)</b>	<b>(1,785,017.07)</b>

## B. Composition of defined benefit cost

Particular	31-Dec-2024	31-Dec-2023
Expense recognised in profit or loss	289,214.17	238,356.95
Expense recognised in other comprehensive income	(20,600.81)	42,136.12
<b>Defined benefit cost</b>	<b>268,613.36</b>	<b>280,493.07</b>

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

Particular	31-Dec-2024	31-Dec-2023
Current service cost	172,712.50	149,487.7
Past service cost	-	(35,418.03)
Loss/(Gain) on settlement	-	-
Interest on DBO	116,501.67	124,287.28
Less: Expected interest on plan asset	-	-
<b>Expenses recognised in profit or loss</b>	<b>289,214.17</b>	<b>238,356.95</b>

## D. Amount recognised as other comprehensive income

Particular	31-Dec-2024	31-Dec-2023
Actuarial (gain) or loss due to experience adjustments	(20,600.81)	42,136.12
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>(20,600.81)</b>	<b>42,136.12</b>

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

Particular	31-Dec-2024	31-Dec-2023
DBO at the beginning of period	1,785,017.07	2,046,541
Add: Current service cost	172,712.50	149,487.7
Add: Past service cost	-	(35,418.03)
Add: Interest cost	116,501.67	124,287.28
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(241,415)	(542,017)
Actuarial (gain) or losses due to experience adjustment	(20,600.81)	42,136.12
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>1,812,215.43</b>	<b>1,785,017.07</b>



**F. Composition of plan asset**

Particular	31-Dec-2024	31-Dec-2023
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-2024	31-Dec-2023
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>	-	-

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

Particular	31-Dec-2024	31-Dec-2023
Current liability	345,021.04	343,148.76
Non-current liability	1,467,194.39	1,441,868.31
<b>Net Liability</b>	<b>1,812,215.43</b>	<b>1,785,017.07</b>

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

Particular	Nu.
December 31, 2025	369,172.51
December 31, 2026	461,546.63
December 31, 2027	346,671.63
December 31, 2028	310,643.78
December 31, 2029	273,115.29
December 2030 to December 2034	1,613,064.07
December 2035 to December 2044	2,772,838.72

**J. Estimated term of liability (in years): 8.67**

## 5.4 Travel Grant

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

Particular	31-Dec-2024	31-Dec-2023
Present value of define benefit obligation	1,809,951.94	1,783,241.71
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(1,809,951.94)	(1,783,241.71)
Effect of asset ceiling	-	-
<b>Net defined benefit asset/(liability)</b>	<b>(1,809,951.94)</b>	<b>(1,783,241.71)</b>

## B. Composition of defined benefit cost

Particular	31-Dec-2024	31-Dec-2023
Expense recognised in profit or loss	288,892.15	240,906.75
Expense recognised in other comprehensive income	(64,376.92)	(61,131.04)
<b>Defined benefit cost</b>	<b>224,515.23</b>	<b>179,775.71</b>

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

Particular	31-Dec-2024	31-Dec-2023
Current service cost	170,988.41	148,619.04
Past service cost	-	(35,393.41)
Loss/(Gain) on settlement	-	-
Interest on DBO	117,903.74	127,681.12
Less: Expected interest on plan asset	-	-
<b>Expenses recognised in profit or loss</b>	<b>288,892.15</b>	<b>240,906.75</b>

## D. Amount recognised as other comprehensive income

Particular	31-Dec-2024	31-Dec-2023
Actuarial (gain) or loss due to experience adjustments	(64,376.92)	(61,131.04)
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>(64,376.92)</b>	<b>(61,131.04)</b>

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

Particular	31-Dec-2024	31-Dec-2023
DBO at the beginning of period	1,783,241.71	2,044,566
Add: Current service cost	170,988.41	148,619.04
Add: Past service cost	-	(35,393.41)
Add: Interest cost	117,903.74	127,681.12
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(197,805)	(441,100)
Actuarial (gain) or losses due to experience adjustment	(64,376.92)	(61,131.04)
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>1,809,951.94</b>	<b>1,783,241.71</b>

**F. Composition of plan asset**

Particular	31-Dec-2024	31-Dec-2023
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-2024	31-Dec-2023
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-2024	31-Dec-2023
Current liability	335,629.91	329,712.06
Non-current liability	1,474,322.03	1,453,529.65
<b>Net Liability</b>	<b>1,809,951.94</b>	<b>1,783,241.71</b>

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

Particular	Nu.
December 31, 2025	359,124.0
December 31, 2026	443,029.56
December 31, 2027	327,807.04
December 31, 2028	308,155.22
December 31, 2029	273,115.29
December 2030 to December 2034	1,613,064.07
December 2035 to December 2044	2,772,838.72

**J. Estimated term of liability (in years): 8.83**

## 5.5 Carriage Charges

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

Particular	31-Dec-2024	31-Dec-2023
Present value of define benefit obligation	833,794.67	788,568.19
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(833,794.67)	(788,568.19)
Effect of asset ceiling	-	-
<b>Net defined benefit asset/(liability)</b>	<b>(833,794.67)</b>	<b>(788,568.19)</b>

## B. Composition of defined benefit cost

Particular	31-Dec-2024	31-Dec-2023
Expense recognised in profit or loss	126,508.62	106,889.79
Expense recognised in other comprehensive income	66,061.86	(16,169.6)
<b>Defined benefit cost</b>	<b>192,570.48</b>	<b>90,720.19</b>

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

Particular	31-Dec-2024	31-Dec-2023
Current service cost	76,465.89	69,096.32
Past service cost	-	(19,610.03)
Loss/(Gain) on settlement	-	-
Interest on DBO	50,042.73	57,403.5
Less: Expected interest on plan asset	-	-
<b>Expenses recognised in profit or loss</b>	<b>126,508.62</b>	<b>106,889.79</b>

## D. Amount recognised as other comprehensive income

Particular	31-Dec-2024	31-Dec-2023
Actuarial (gain) or loss due to experience adjustments	66,061.86	(16,169.60)
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>66,061.86</b>	<b>(16,169.60)</b>

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

Particular	31-Dec-2024	31-Dec-2023
DBO at the beginning of period	788,568.19	942,252
Add: Current service cost	76,465.89	69,096.32
Add: Past service cost	-	(19,610.03)
Add: Interest cost	50,042.73	57,403.5
Less: Benefits paid by the plan	-	-
Less: Benefits paid by the employer	(147,344)	(244,404)
Actuarial (gain) or losses due to experience adjustment	66,061.86	(16,169.60)
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>833,794.67</b>	<b>788,568.19</b>

**F. Composition of plan asset**

Particular	31-Dec-2024	31-Dec-2023
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-2024	31-Dec-2023
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-2024	31-Dec-2023
Current liability	197,366.16	208,193.51
Non-current liability	636,428.51	580,374.68
<b>Net Liability</b>	<b>833,794.67</b>	<b>788,568.19</b>

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

Particular	Nu.
December 31, 2025	211,181.8
December 31, 2026	220,711.02
December 31, 2027	199,191.4
December 31, 2028	160,330.9
December 31, 2029	132,155.49
December 2030 to December 2034	751,478.09
December 2035 to December 2044	967,094.38

**J. Estimated term of liability (in years): 7.78****6. 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:



## AUDITOR'S REPORT AND FINANCIAL STATEMENT

Sl.No	Name of Customer	Relationship	Dues Booking	Local Urgent Mail (LUM)	Mail Carriage	Total
1	Royal Insurance Corporation Ltd	Corporation	320,810.00	106,500.00	38,500.00	465,810.00
2	Bhutan Broadcasting Service Ltd	Corporation	27,500.00	42,000.00	-	69,500.00
3	Bhutan Development Bank Ltd	Corporation	12,700.00	-	-	12,700.00
4	Druk Holding & Investments	Corporation	66,620.00	94,000.00	-	160,620.00
5	National Pension and Provident Fund	Corporation	6,000.00	54,000.00	-	60,000.00
6	Bank of Bhutan Limited	Corporation	1,288,142.00	-	-	1,288,142.00
7	Bhutan Lottery Limited	Corporation	118,340.00	40,300.00	-	158,640.00
8	Ministry of Home Affairs	Government	84,090.00	88,000.00	-	172,090.00
9	Ministry of Finance	Government	29,605.00	356,000.00	-	385,605.00
10	Ministry of Agriculture and Livestock	Government	-	112,000.00	-	112,000.00
11	Ministry of Education and Skills Development	Government	33,500.00	153,000.00	-	186,500.00
12	Ministry of Energy and Natural Resources	Government	-	99,000.00	-	99,000.00
13	Ministry of Foreign Affairs and External Trade	Government	4,000.00	87,500.00	-	91,500.00
14	Ministry of Health	Government	48,000.00	103,500.00	874,670.00	1,026,170.00
15	Ministry of Industry, Commerce and Employment	Government	-	71,500.00	-	71,500.00
16	Ministry of Infrastructure and Transport	Government	-	108,000.00	-	108,000.00
17	Election Commission of Bhutan	Government	13,000.00	55,000.00	-	68,000.00
18	Royal University of Bhutan	Government	7,500.00	40,000.00	-	47,500.00
19	Anti-Corruption Commission	Government	41,000.00	60,000.00	-	101,000.00
20	Centre for Bhutan studies	Government	49,000.00	4,000.00	-	53,000.00
21	National Land Commission	Government	130,000.00	60,500.00	-	190,500.00
22	Royal Monetary Authority of Bhutan	Government	-	54,000.00	-	54,000.00
23	Cabinet	Government	-	47,000.00	-	47,000.00
24	His Majesty's Secretariate	Government	-	45,000.00	-	45,000.00
25	Govt Tech	Government	-	66,000.00	-	66,000.00
26	National Environment Commission	Government	-	63,000.00	-	63,000.00
27	National Statistic Bureau	Government	-	54,000.00	-	54,000.00
28	NSWG(Gyelsung)	Government	-	44,000.00	-	44,000.00
29	Royal Audit Authority	Government	-	60,000.00	-	60,000.00
30	Royal Civil Service Commission	Government	-	66,000.00	-	66,000.00
<b>Total</b>			<b>2,279,807.00</b>	<b>2,233,800.00</b>	<b>913,170.00</b>	<b>5,426,777.00</b>

### 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	978,750.00	-	978,750.00
2	Bonuses	143,438.00	-	143,438.00
3	Allowances	1,125,714.00	-	1,125,714.00
4	Sitting Fees	20,000.00	55,000.00	75,000.00
<b>Total</b>		<b>2,267,902.00</b>	<b>55,000.00</b>	<b>2,322,902.00</b>

### 7. Government Grants (BAS 20)

Prior to 2024, the company applied an average useful life to its total assets rather than assessing individual assets separately, with depreciation calculated on the total asset base. In 2024, the company reassessed its grant assets and adopted a calculation based on individual asset useful lives.

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. Grant income and related expenses are presented accordingly, with a reconciliation table provided.

Reconciliation of Grant Asset	
Particulars	2024 (Nu.)
Opening Balance	45,331,876.45
Asset Adjustment	223,043.23
Opening Depreciation	(19,887,445.75)
Depreciation Adjustment	(5,948,478.56)
Depreciation for the year	(3,804,372.36)
<b>Net Book Value as on December 31, 2024</b>	<b>15,914,623.01</b>

### 8. Contingent Liability

On March 10, 2025, Gyalcon Infrastructure Private Limited "Contractor" filed an arbitration claim against the company for Nu. 30,550,365.71, alleging contractual disputes. The matter is currently under arbitration, and the outcome remains uncertain.

As of the reporting date, the company has assessed that the likelihood of an outflow of economic benefits is not probable, and the amount of potential liability, if any, cannot be reliably determined. Therefore, in accordance with BAS 37, this claim has been disclosed as a contingent liability rather than recognized as a provision.

The company continues to monitor the case and will recognize a provision if an obligation becomes probable.

## 9. Tax Computation

Tax Computation		
Calculation of Corporate Tax of Bhutan Postal Corporation Limited for the year 2024		
1	Computation of self-assessed net profit for period ending at 31.12.2024	
	<b>Profit Before Income -Tax</b>	<b>16,858,394.80</b>
2	<b>Add: Disallowances</b>	
	Provision for Gratuity	5,946,616.35
	Provision for Transfer Grant	288,892.15
	Provision for Travel allowance	289,214.17
	Provision for Carriage Charges	126,508.62
	Provision for Leave Encashment	3,267,602.10
	Lease Interest Expense	113,460.20
	Provision for PBVI	2,692,632.96
	3% TDS for UPU	55,168.73
	<b>Assessed Net Profit</b>	<b>29,638,490.08</b>
3	<b>Less Admissible Expenses</b>	
	Provision for Gratuity	3,797,505.00
	Provision for Transfer Grant	197,805.00
	Provision for Travel allowance	241,415.00
	Provision for Carriage Charges	147,344.00
	Provision for Leave Encashment	3,704,213.50
	PBVI Paid (Nu.6,002,929) 10% of ANP	2,963,849.01
	Provision Write Back (ECL)	4,437,704.09
	Depreciation (Tax-Accounting)	487,976.65
	Rental Expense (Lease Accounting)	1,317,701.08
	Depreciation (Koltaka and Paro)	46,916.64
	<b>Total</b>	<b>17,342,429.97</b>
4	<b>Net profit/ (Loss)for period ending at 31.12.2024</b>	<b>12,296,060.11</b>
5	<b>Corporate Tax for the year ended @ 30%</b>	<b>3,688,818.03</b>
	Total CIT Payable to RRCO	3,688,818.03
6	<b>Advance/Prepaid Tax</b>	
	TDS as per the RAMIS system	2,237,968.47
	Half Year Tax paid	2,619,996.31
	<b>Total</b>	<b>4,857,964.78</b>
7	<b>Refundable by RRCO, Thimphu</b>	<b>(1,169,146.75)</b>

## 10. Non-Current Asset Held for Sale

During the year, the company reclassified its Gelephu Building from *Capital Work-in-Progress (CWIP)* to *Non-Current Assets Held for Sale* in accordance with BFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

The decision to classify the asset as held for sale was made based on management's intention to sell the building and the receipt of an expression of interest from a potential buyer. On January 16, 2025, the Embassy of Network submitted a proposal to purchase the building, confirming that the sale is highly probable within one year.

No depreciation has been charged on the asset following its reclassification. Furthermore, in compliance with BAS 23 – *Borrowing Costs*, the capitalization of borrowing costs ceased when the asset was ready for its intended sale, and any further finance costs were recognized in profit or loss. This reclassification has been reflected in the Statement of Financial Position under *Non-Current Assets Held for Sale* as of December 31, 2024.

## 11. Other Disclosure

- 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.

## RATIO ANALYSIS

## RATIO ANALYSIS

Ratio	Basis	31.12.2024	31.12.2023	Remarks
Net Profit Ratio	(Profit After Tax / Revenue) *100	6.5%	17.6%	The ratio has decreased due to the decrease in profit.
Operating Ratio	(Operating Expenses / Revenue) *100	84.6%	70.9%	Decrease is mainly due to decrease in Revenue.
Capital Turnover Ratio	Total Sales / Shareholder's Equity	0.9	1.2	Decrease, due to decrease in total sales.
Fixed Asset Turnover Ratio	Revenue / Fixed Assets	2.2	1.5	Decrease is mainly due to decrease in revenue.
Stock Turnover Ratio	Sales / Average Inventory	5.2	6.7	Decrease is due to decrease in sales.
Current Ratio	Current Asset / Current Liabilities	1.9	2.2	Increase is due to decrease in current Liabilities.
Liquid Ratio	(Current Assets - Inventory-Prepaid Expense) / Current Liabilities	1.3	1.6	There is slightly decrease in ratio due to increase in inventory.
Return on Investment	(Net Profit / Investment) * 100	23.4%	96.2%	Decrease is mainly due to decrease in Profit during the year.
Return on Equity	(Profit Before Tax / Shareholder's Equity) * 100	7.0%	30.9%	Decrease is mainly due to decrease in Profit during the year