



ANNUAL REPORT

2019

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Food Corporation of Bhutan Limited



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BOARD OF DIRECTORS



Dasho Rinzin Dorji has a Bachelor's Degree from Punjab University, India and Master's Degree in Public Administration from Virginia Commonwealth University, United States and is currently serving as the Secretary for the Ministry of Agriculture and Forests. Dasho is the Chairman of FCBL.



Mr. Karma Tshering currently serves as the Director General of Department of School Education under Ministry of Education. He has Masters Degree in Business Administration from Cardiff Business School, United Kingdom and obtained his Postgraduate Diploma in Business Administration from the same university. He is the board member of FCBL.



Mr. Norbu Dhendup is the Chief of Investment & Corporate Governance Division, Department of Macro Economics, under the Ministry of Finance, Thimphu. He has CPA (Certified Public Accounts) from New South Wales, Australia. He is the board member of FCBL.



Mr. Laidgden Dzed is the Senior Dietician and nutritionist at the Department of Public Health under the Ministry of Public Health, Thimphu. He has Masters Degree in Nutrition and Dietetics, Mahidol University and Bachelors of Science in Life Science from Delhi University. He is the board member of FCBL.



Mr. Naiten Wangchuk has Masters in Animal Science from the Wageningen University, Netherlands and obtained his Bachelors of Science in Agriculture from the Central Luzon State University, Philippines. He is the board member secretary of FCBL.



MESSAGE FROM CHAIRMAN

It is with immense pleasure that I bring to you FCBL's Annual Report for 2019. The mandate of maintaining National Food Security Reserve and making essential commodities available at affordable rates although remains valid; however, there has been a gradual and subtle venturing into processing and value addition as well.

In 2019, FCBL imported 14,972.52MT of food grain items and 4,583.54 MT of FMCG goods. On the RNR marketing front, FCBL exported 38,134.07 MT of local RNR produce worth Nu.948.84 million through auction services. FCBL delivered a second consecutive year of revenue growth to Nu 1,487 million and thereby reduced losses by 34% in comparison to previous year. We ended the year on a strong note with accelerating revenue growth. Results were due to bold organizational moves and support from the Board and stakeholders.

The company with an intention to eradicate inferior quality and to suit to Bhutanese aesthetics and appeal, launched new brands of rice: Zheychem Chogjur, Zheychem Gongma, Zheychem Dangpa and Zheychem Kuenga. Additionally, FCBL facilitated marketing of Quinoa considering its high nutritive value. The product is well maintained and marketed within Bhutan. Noting the market potential for Quinoa outside Bhutan, FCBL is continually exploring market.

Under its corporate social responsibility, FCBL maintains National Food Security and SAARC Food Bank reserves. During the year, the target of maintaining the food reserves, however, fell short by 31.48% due to fund constraints. Under school feeding program, the company delivered nine non-perishable items to 362 schools feeding 67,183 students across the country.

Lastly, I end with the expectation of continued support to FCBL from relevant stakeholders in providing its effective services to the clients. I wish to all a good health and prosperity.

Tashi Delek!

Rinzin Dorji
Chairman

FOREWORD

The Annual Report 2019 offers complete presentation of the company's functions and activities for the calendar year. The report is audited by statutory auditors of 2019 with minimum adverse observation on company accounts.

This annual publication is a concise summary of the major events and achievements made during the year by various departments; divisions; units and the regions within the mandated social and the corporate responsibilities of the corporation. We have made good progress on our strategy, delivering effective operating performance and cost efficiencies as a report to the relevant stakeholders and decision makers for effective interventions and necessary supports. I am pleased to inform that the company under its social services still continues to provide uncompromised support to the youth employment program of the government under farm shop operations.

The unconditional guidance and support from the Board Members, Chairman, stakeholders and the resolute commitment of FCBL family successfully contributed to the improvement of the financial performance of the company.

Finally, I take this opportunity to thank all who have contributed in the formulation of this report.



Naiten Wangchuk
Chief Executive Officer



EXECUTIVE SUMMARY

Food Corporation of Bhutan was established on 16th August 1974 under the Royal Charter issued by His Majesty the 4th Druk Gyalpo primarily to maintain and ensure food reserve for the country. FCBL procures, maintains and distribute food & essential commodities across the country without compromising quality and affordability.

Currently, FCBL operates through four regional warehouses, 20 district level food stores, five retail stores and 124 farm shops across the country. The agricultural marketing services are facilitated by four strategically located regional auction yards.

The company is manned with 532 employees that constitute 265 regular, 63 under Guaranteed Employment Program, and 204 under Annual Renewal Contract mostly operating farm shops.

In 2019, the company transacted 14,972.52 MT of food grain items generating revenue of Nu.531 million and 4,583.54 MT of FMCG goods generated the revenue of Nu.640 million. FCBL auctioned 38,134.07 MT of local RNR produce worth Nu.948.84 million. Potato constituted over 80% in terms of both quantity exported and revenue generation.

The company continues to cater its services to rural communities through farm-shops although its operation incurred loss to the corporation. In 2019 farm shop operation inflicted loss of Nu.35.62 million.

FCBL as mandated, maintains food security reserves (National Food Security Reserves and SAARC Food Bank) in addition to operation of its normal business functions. In 2019, the target of maintaining the food reserves fell short by 31.48% due to fund constraints.

Under school feeding program, the company delivered nine non-perishable items to 362 schools, feeding 67,183 students across the country. Although the school-feeding program falls under social responsibility, it remains one of the major activities to contribute in the overall business performance of the company.

COMPANY AT A GLANCE



VISION

Ensuring Food Security for the Nation at all times.

MISSION

Ensuring availability, affordability and accessibility of quality food for all by providing reliable and sustainable marketing platform and distribution chain for farm produce and essential commodities across the country.



BACKGROUND & CURRENT STATUS

BACKGROUND

The Food Corporation of Bhutan Limited was instituted as a government agency and later on 8th July 1992, it was registered as the first State owned Enterprise under the Companies Act of the Kingdom of Bhutan.

CURRENT STATUS

The company has its Corporate Head Office at Phuentsholing supported by three regional offices located at Thimphu, Gelephu and SamdrupJongkhar. It operates four regional warehouses, 20 district level food stores, five retail stores and 124 farm shops to cater food and essential items across the country.

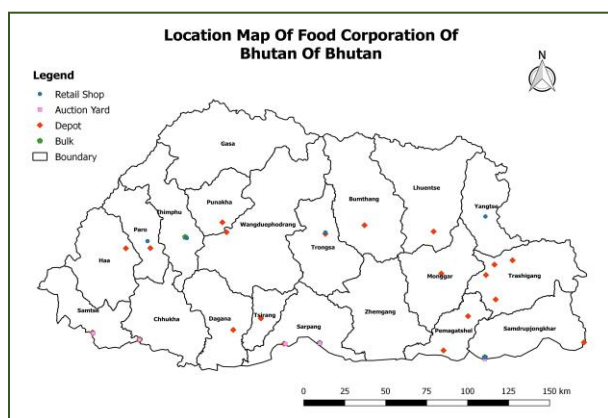


Figure 1. Map showing Bulk Stores, Depot, Retail stores & Auction yards.



Figure 2. Map showing farm shops.

As a state owned enterprise, the key areas of operations of FCBL are to:

- Maintain National Food Security Reserve for the nation at all times.
- Diversify its business through trading of fast moving consumer goods (FMCG).
- Provide reliable platform for the farmers to trade their agricultural produces.
- Facilitate smooth functioning of the school feeding programs.

FCBL achieved successful year of business and services in 2019. The overall accomplishment was mainly attributed by the revenue generated through food and essential commodity business, agricultural marketing services, school feeding program and other services.

Under food and essential commodity business, the company deals with 80 food items and 652 FMCG. With the introduction of new items the number of items handled has increased by 25% as compared to the previous year.

Going by the trend in the import of food grain items for the last 5 years, the volume has increased substantially in 2019 as depicted in figure 3.

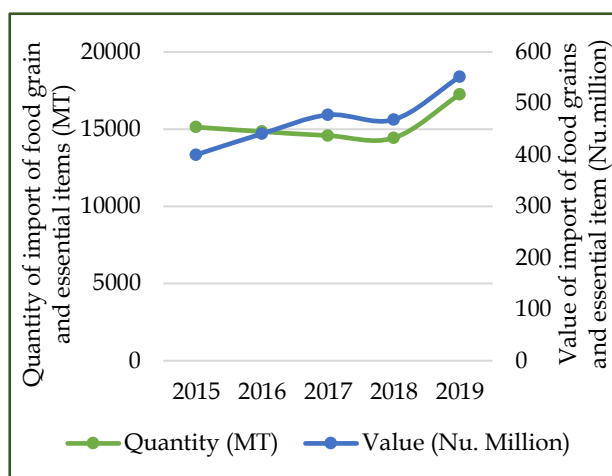


Figure 3. Import of food grain and essential items in Volume & Value (2015-19).



The volume of imports on FMCG picked up steadily after 2017. The volume and value increased by 48% and 33% respectively during the year as compared to 2018 (Fig.4). In 2019, 25,514.07 MT¹ of FMCG worth of Nu 599.00 million was imported.

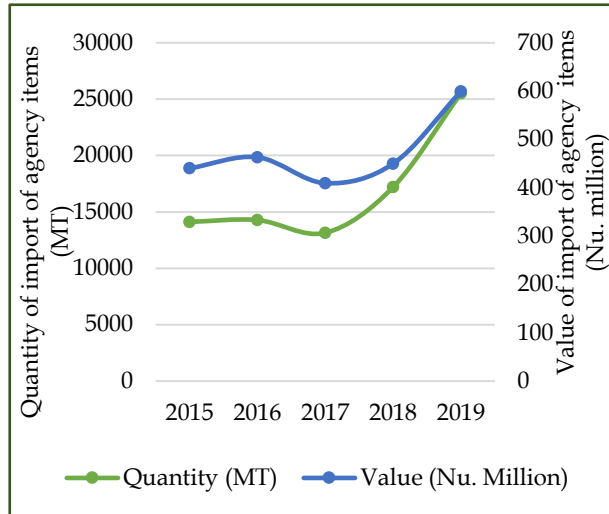


Figure 4. Import of agency items in volume & value (2015-2019).

There is a gradual increase in the export of potato until 2017 and has steadily increased thereafter. In 2019, 32,150 MT of potato was exported generating revenue of Nu.759 million (Fig.5).

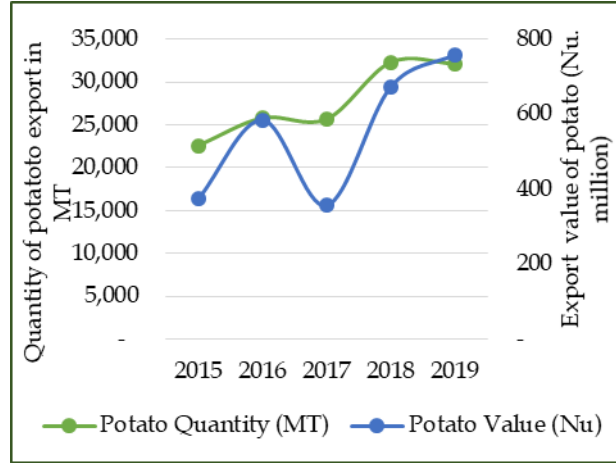


Figure 5. Export trend of potato.

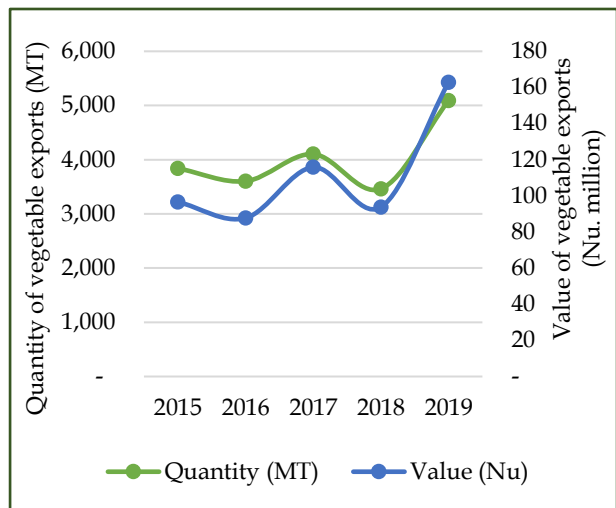


Figure 6. Export trend of Vegetables.

On the contrary, export value and volume of vegetable fluctuated between years since 2015. However, there is a substantial increase in volume and value by 47% and 74% respectively in 2019 (Fig.6) and a total of 5,092 MT of vegetables was exported worth Nu.163 million during the year.

Assorted produce like pulses, spices, fruits and nuts were also exported. In 2019, although the produce turnover decreased by 42% a total of 892 MT of assorted produce worth of Nu.26 million was exported.

¹For uniformity, agency items quantity was converted to MT.



BUSINESS ON FOOD GRAIN & ESSENTIAL COMMODITIES



SALES OF FOOD GRAIN AND ESSENTIAL ITEMS

FCBL imported a total of 14,972.52 MT² comprising of 80 food and essential items and generated revenue of Nu.531.43 million through sales. The overall quantity sold and the revenue generation increased by 23% on an average as compared to the previous year.

The July month recorded the highest revenue generation and the lowest was in February with Nu. 49.51 million and Nu.32.60 million respectively. The revenue generation from the remaining months ranged between Nu.38.93 to Nu.47.20 million. Likewise, quantity of goods sold followed the similar trend with maximum quantity sold in July (1423.40 MT) and minimum in February (902.72 MT) as shown in figure 7.

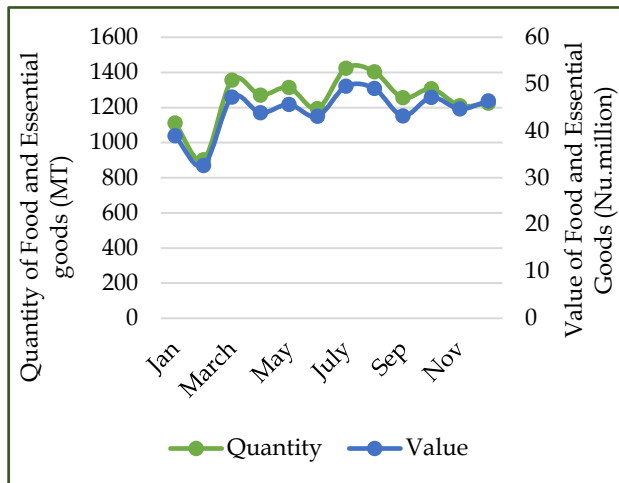


Figure 7. Monthly sales and revenue trends of food and essential commodities

Among 80 items, the highest sale was from Rice 551 with 4065.2 MT and generated the revenue of Nu.98.9 million, followed by Dalda Ruchi (Nu.54 million) and Rice SK Gold (Nu.31million). The huge quantity of Rice 551 was sold to the institutions such as RBP, colleges and private schools. Below are the details of the top ten items:

Table 1: Top ten food and essential items

Item List	Quantity (MT)	Revenue (Nu. Millions)
RICE 551 NEW	4065.2	98.9
DaldaRuchiPch 1LTR*16	809.4	53.9
Rice SK Gold 25KG	1158.5	31.5
Rice Raj Bhog 25KG	791.0	29.2
Sugar S 30 50KG	570.4	23.2
Rice Real Raj Bhog 25KG	566.0	20.9
Maida AmritBhog 45KG	565.0	16.1
Purti Oil Soya Lite Jar 5LTR*4	139.4	14.8
Rice Dehraduni Basmati 20KG	287.4	14.5
Refine Oil Himani Best Choice 5LTR*4	144.7	14.3

During 2019, Thimphu Bulk store contributed the highest revenue with Nu.115.30 million followed by Gelephu Bulk store with Nu 37.34 million (Fig.8).

The average annual sale of bulks/depots/retails excluding farm shops stood at Nu.18 million.

² Exclude sales of food and essential goods from farm shops

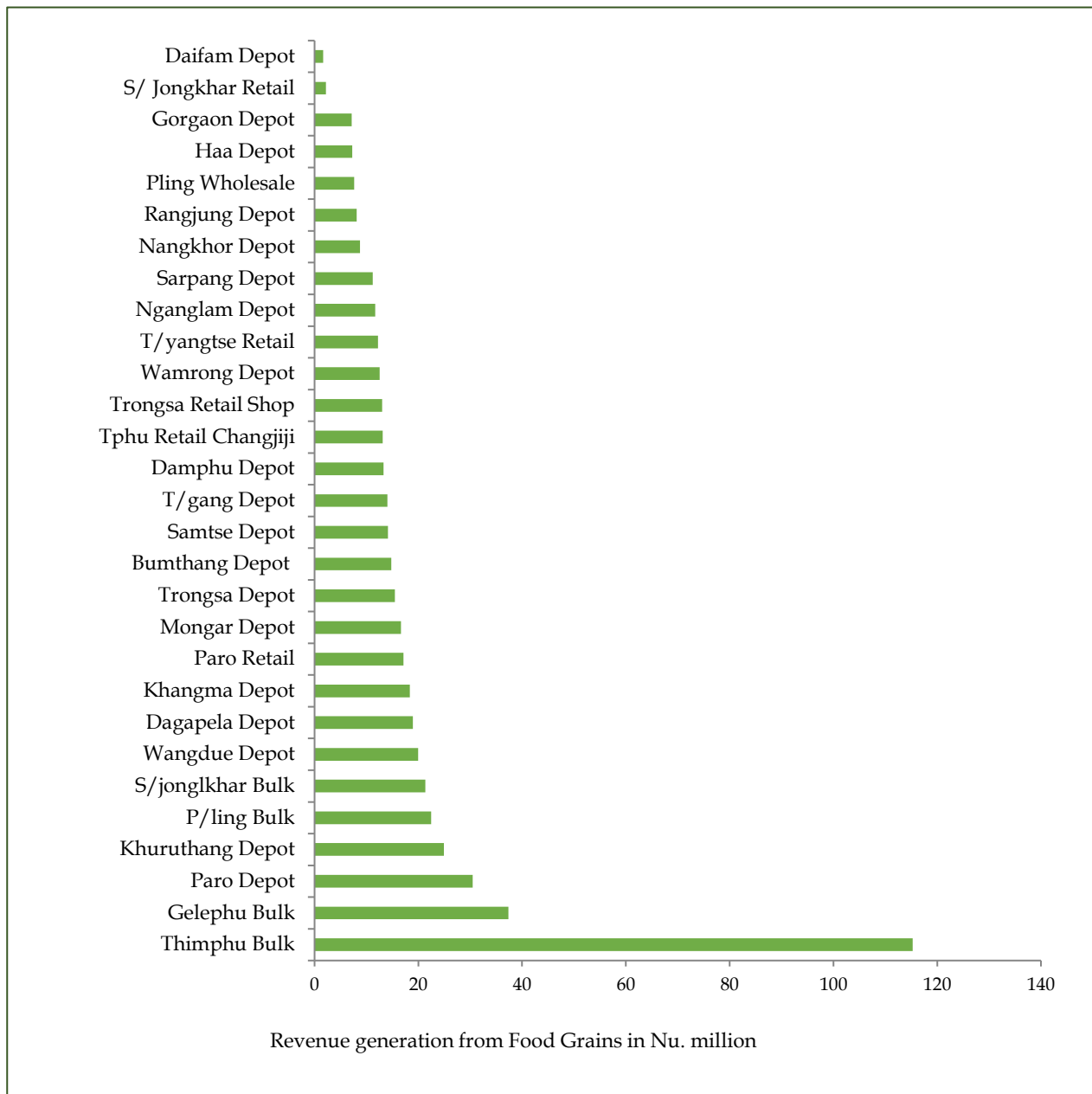


Figure 8. Location wise sales revenue of food and essential commodities.



BUSINESS ON FAST-MOVING CONSUMER GOODS

SALES OF FMCG

FCBL in 2019 handled 19 different categories of agency products constituting 652 items (Table 2).

Table 2: Product categories of agency items

Product category	Types of items
Dairy products	39
Toiletries	144
Disinfectants	22
Biscuits	149
Instant noodles	23
Confectionaries	53
\Cosmetics	16
Dish wash items	28
Baby care	14
Detergent	32
Beverages	49
Soup	3
Tea leaves	24
Repellent incense	18
Snacks	18
Edible oil	13
Pickles	3
Salt	1
Shoe Polish	3
Total	652

The overall sale of FMCG in 2019 has increased by 47% as compared to 2018 with 4,583.54 MT³ generating Nu.640 million. The monthly sales trend indicates the highest revenue generation in August with Nu.57 million and the lowest in February with Nu.41 million. The volume of transaction followed the same trend. The trend of sales by quantity and values are shown in figure 9. The most sold were Dairy products and instant noodles. The top ten agency items are shown in table 3.

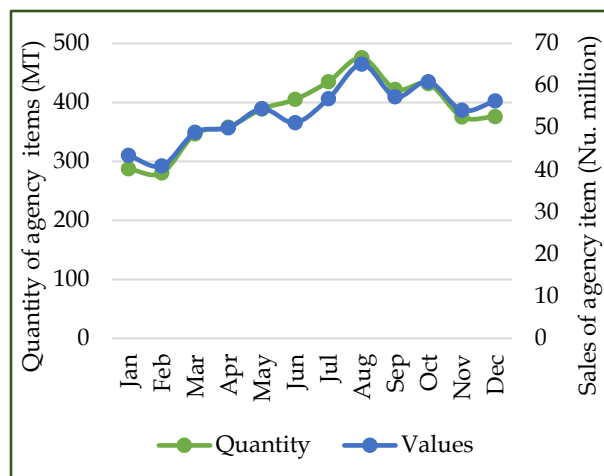


Figure 9. Monthly sales and revenue trend of agency items.

Among the 29⁴ sales outlets, Thimphu bulk store generated highest sales revenue of Nu.96 million followed by Wangdue and Paro Depots with revenue of Nu.50 million and Nu.46 million respectively (Fig.10).

Table 3: Top ten agency items

Item list	Revenue (Nu. Millions)
Everyday Dairy Whitener Plain 800GM*20	58.68
Everyday Dairy Whitener 1KG*12	45.20
Britannia Cheese Block 1KG*12	38.23
Amul Taaza Toned 1LTR*12	32.56
Amul Butter CB 500GM*30	27.01
WaiWai Mimi Chicken 35GM*60	12.33
Amul Cheese Block 1KG*12	12.19
Britannia Cheese Slice 200GM*30	12.00
Amulya Dairy Whitener Pch 1KG*12	11.96
Britannia Cheese Ceka 400GM*30	11.52

³ Excludes sales of agency items by farm shops

⁴ Excluding farm shops

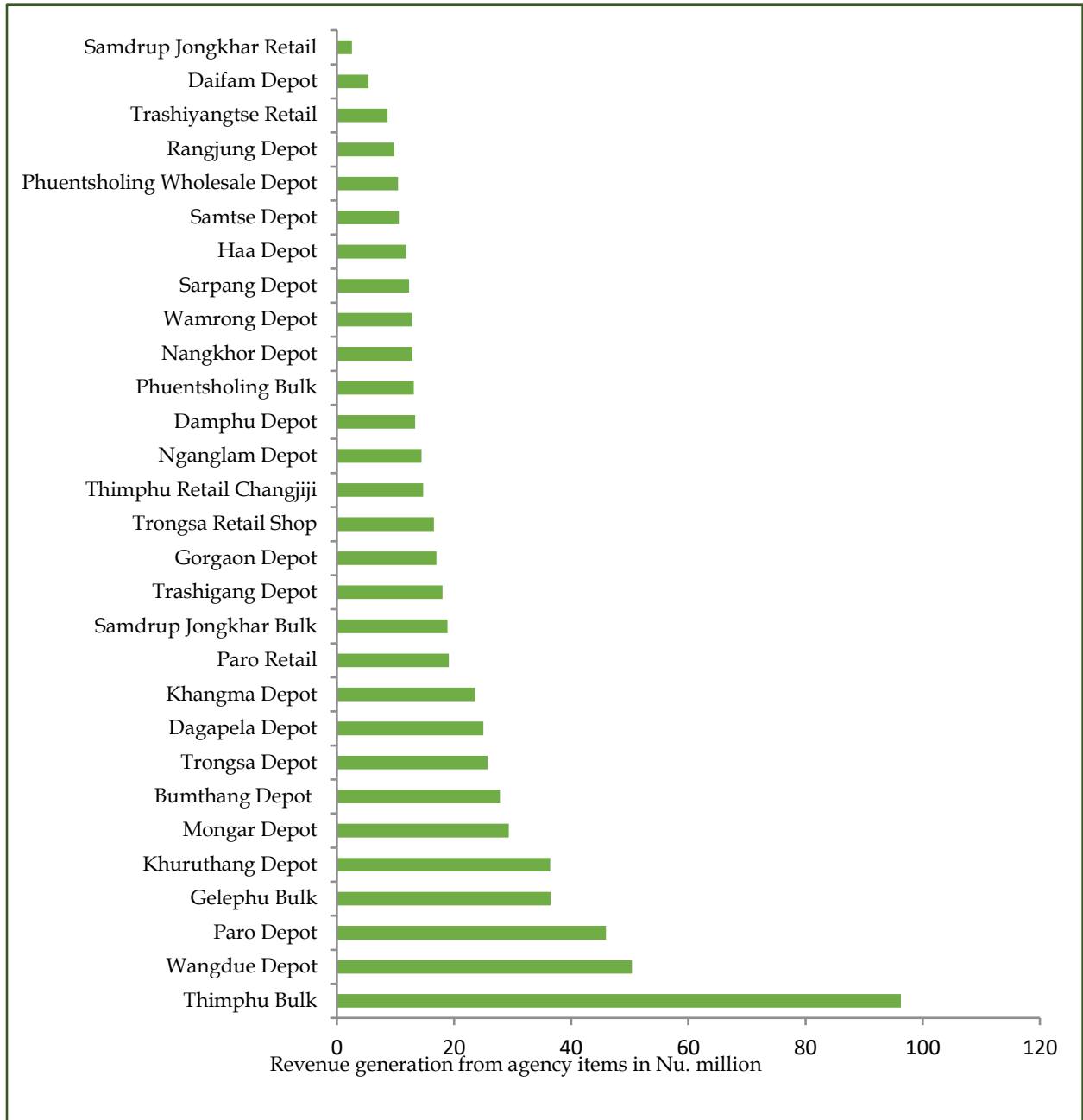


Figure 10. Sales revenue of agency items by sales outlet.



AGRICULTURAL MARKETING & SERVICES



AUCTIONING SERVICES

In 2019, 38,134.07 MT of (Renewal Natural Resources) RNR produces were auctioned, generating revenue of Nu.948.84 million. Potatoes and vegetables constituted 83.50% and 14.04% of the total export through auction respectively. The remaining 2.46% accounted for other commodities like fruits, nuts, spices and pulses which contributed Nu.26.49 million to the total revenue.

Table 4: Quantity and value of RNR produce export for 2019

Items	Quantity (MT)	Value (Nu. millions)
Potato	32,150.38	759.49
Vegetables	5,091.66	162.87
Apple	32.03	0.86
Pulses	5.67	0.3
Spices	167.85	9.86
Citrus	201.45	6.25
Other Fruits	485.04	9.21
Total	38,134.07	948.84

As usual, Potato trading was conducted through both conventional and online platform. Online trade accounted 5.17% of the total potato export worth of Nu.49.68 million. Although, auction period lasts from May to December, as usual October and November months saw the highest potato turnover in 2019 (Fig 11.).

The trading of vegetables during the year remained favorable in terms of both volume and revenue generated. The quantity and value increased by 47% and 74% respectively compared to 2018 which indicates better yields and market. The peak season for vegetable auction was from June to October (Fig 12.).

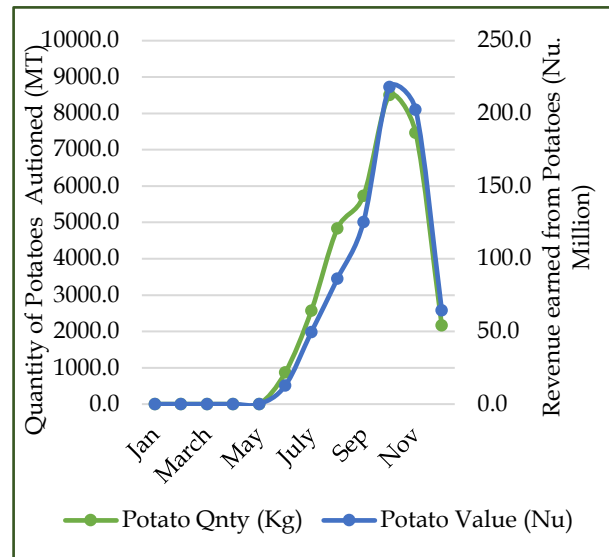


Figure 11. Monthly potato auction trend (2019)

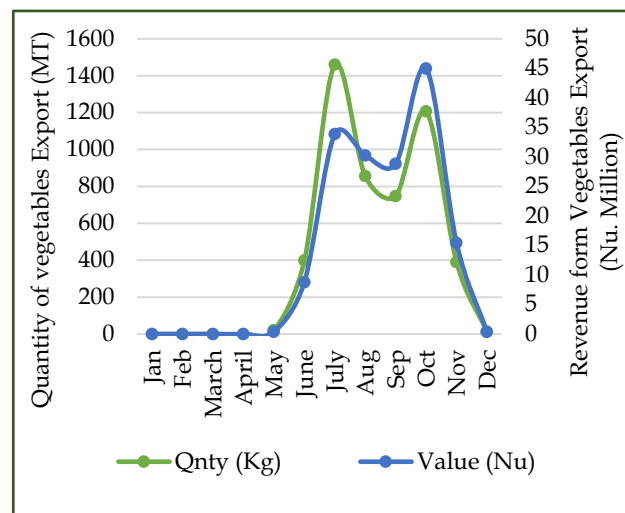


Figure 12. Monthly Sales trend of Vegetables (2019)

FCBL also traded good volume of spices and pulses with 173.52 MT in total generating revenue of Nu.10.16 million (Fig 13.). FCBL managed to auction total of 517.06 MT of fruits generating Nu.10.07 million. Arecanut contributed 93.50% of volume of export followed by apples and other fruits (Fig. 14).

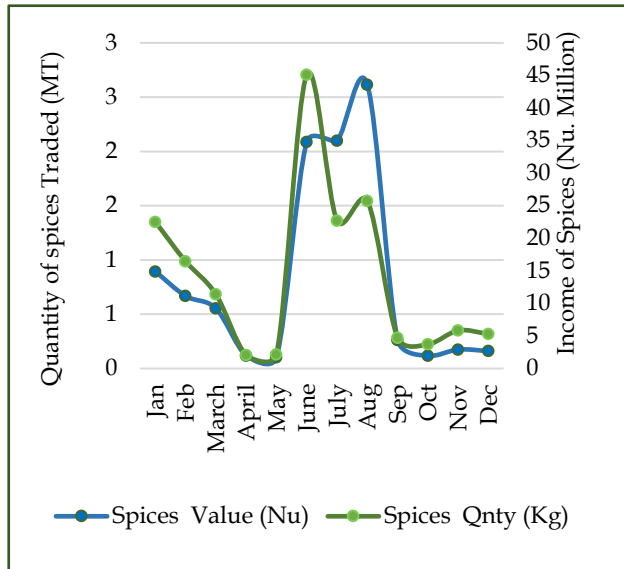


Figure 13. Monthly Sales trend of Spices (2019).

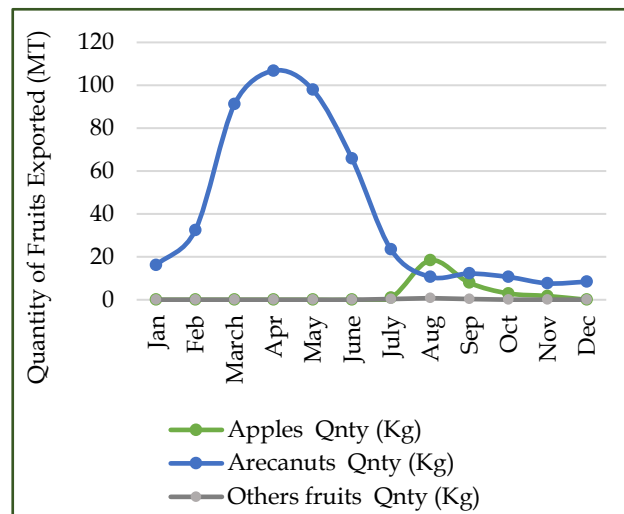


Figure 14. Monthly Sales trend of Fruits and Arecanut.

BUY BACK FROM THE SOURCE

Apart from market facilitation through auctioning services, FCBL also procured 195.54 MT of RNR commodities consisting of Maize, Rajma Beans, Quinoa and Cardamom worth Nu. 30.28 Million directly from the source. FCBL ventured in cardamom business under buy back function as per the directives from the government. The detail is as shown in the figure 15.

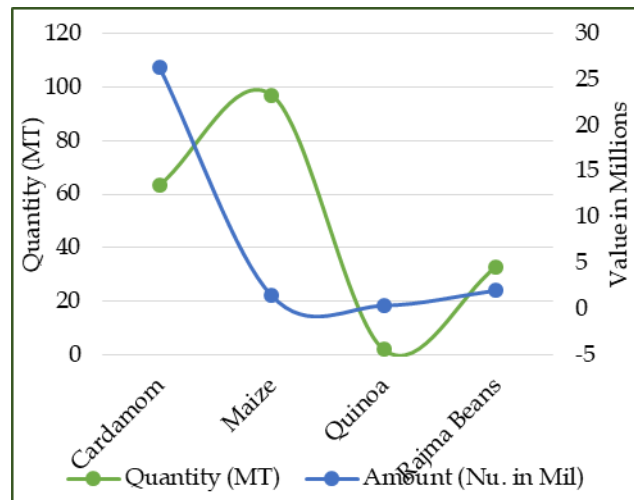


Figure 15. Quantity and Value of RNR commodities procured from the source



FARM SHOP OPERATION

FARM SHOP OPERATION

The farm shop operation was initiated with the objectives to provide access to essential food commodities and farm inputs to rural communities. However, its operation has proven non-economical. In the past three years, FCBL has on an average incurred loss of Nu. 34 Million. At the same time, the buyback of farm outputs is at the initial stage with minimum quantities. The operation expenses are significantly high compared to the revenue generated by the farm shops.

Table 5: Financial loss from Farm shops

Particular	2017 (Nu. M)	2018 (Nu. M)	2019 (Nu. M)
Net Revenue	9.855	13.621	8.467
Expenditure	37.021	53.152	44.089
Profit/Loss	-27.165	-39.531	-35.62

SALES OF FOOD AND ESSENTIALS ITEMS BY FARM SHOPS

About 2,188.15 MT of food and essentials commodities were sold through farm shops and generated revenue of Nu.83.18 million.

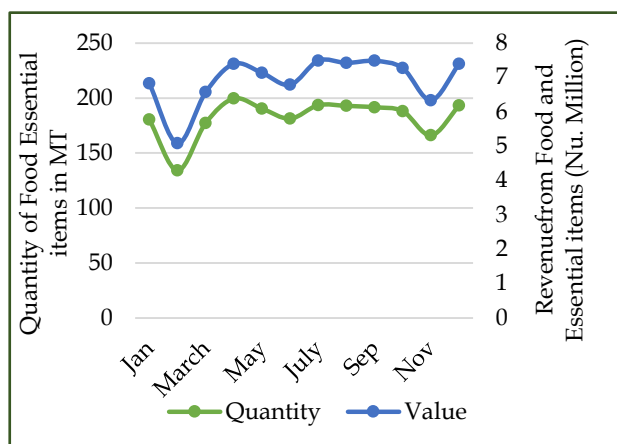


Figure 16. Monthly Sales trend of food and essential items by farm shops.

However, the revenue from sales declined slightly by Nu.19 million from the previous year. The decrease was mostly from the month of February (Fig 16.). Yet, the revenue from sales of food commodities improved in the following month with the maximum quantity of 199.54 MT sold in April month.

SALE OF FMCG BY FARM SHOPS

In 2019, farm shops sold 409.47 MT of FMCG generating revenue of Nu.57.00 million with the maximum earning in May and December months (Fig 17).

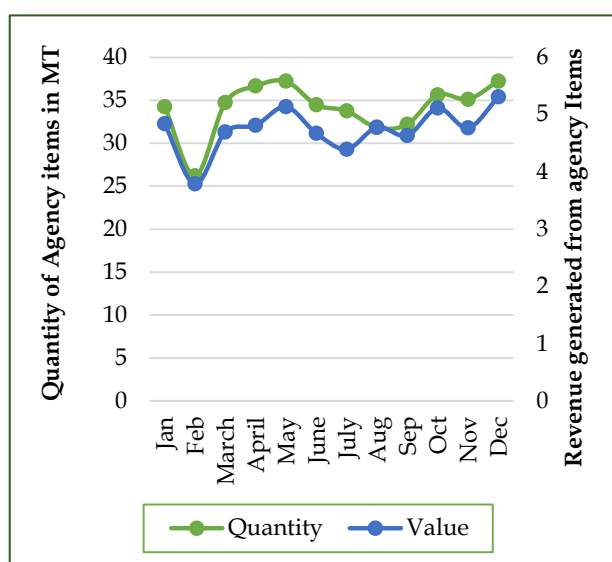


Figure 17. Monthly sales trend of agency items by farm shops

The sales declined by Nu.7.00 million compared to 2018. The closure of 17 of the poorest performing farm shops and franchising of 25 farm shops has also contributed to the decline.



RENEWABLE NATURAL RESOURCES (RNR) INPUT SERVICES

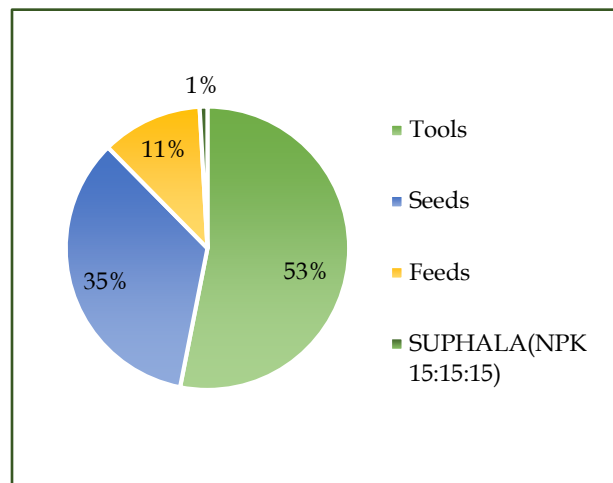


Figure 18. Varieties of farm input.

The farm inputs include farm tools, seeds, animal feeds and fertilizers. Total of 60 varieties of tools, 39 varieties of seeds, 12 varieties of feeds and a type of fertilizer were distributed to farmers through the farm shops. The varieties are shown in percentage wise in figure 18.

In 2019, total of Nu.49.46 million was generated as revenue through the sale of farm inputs. From the total revenue, the highest sales were from feeds (Poultry, Pig & Cattle feeds) with Nu.47.87 million followed by farm tools with Nu.1.26 million (Table 6). The overall revenue from farm inputs increased by 36% as compared to 2018.

Table 6: Revenue from farm input services (2019)

Farm Inputs	Quantity (No.)	Amount (Nu. Mil)
Tools (Pieces)	3925	1.26
Seeds (Packets)	7418	0.32
Feeds (Bags:50 kg)	32798	47.87
Suphala (NPK 15:15:15)*50	12	0.02
Total	44153	49.46



SCHOOL FEEDING, OTHER SERVICES & NEW INITIATIVES



SCHOOL FEEDING PROGRAM

The Royal Government of Bhutan (RGoB) took over the entire school-feeding program as World Food Programme (WFP) phased out. In 2019, 7,441.32 MT of nine non-perishable items were delivered to 362 schools benefiting 67,183 students. The detail is shown in the Table.7 below.

Table 7. Item wise quantity supplied to schools.

Item	Quantity (MT)
Fortified Rice	5495.23
Pulses	804.93
Chickpeas	84.90
Veg. Oil	689.12
Salt	73.50
Cheese	13.30
Sugar	128.03
Milk Powder	127.20
Tea leaves	25.12
Total	7441.32

Through the delivery of school feeding items and logistics services, FCBL in total earned Nu.15.76 million as the service charge from RGoB. The detail on service charge is given in the Table 8.

Table 8. Service Charge from RGoB.

Quarter	Amount (Nu. Mil.)
1st quarter	4.50
2nd quarter	2.94
3rd quarter	2.61
4th quarter	5.72
Total	15.76

HUMAN RESOURCE DEVELOPMENT

Noting the importance of capacity enhancement of the employees and their contribution to overall growth of FCBL, need based capacity development trainings were conducted. As such staffs were trained on consumer service and marketing, basics on Geographic Information System (GIS) and Linux Centos.

Table 9. No. of staffs trained on consumer service and marketing.

Participants	Nos.
Assistant Depot/Retail Manager	8
Manager	4
Marketing Manager/Focal	5
Sales Assistant	17
Supervisor	3
Total	37

Training on Linux Centos was funded by Commercial Agriculture & Resilient Livelihood Enhancement Program (CARLEP). With the introduction of online auction (e-auction) in SamdrupJongkhar region; four staffs including auction incharge, cashier and auctioneer was provided training on online auction system.

RENTAL & TRANSPORT SERVICES REVENUE

Currently, the company owns 7 heavy and 17 medium vehicles. Additionally, private annual contract transporters are deployed to render the services. As a means of greater cost saving, backload service turns out to be essential. This year, Nu.1.80 million was earned as a backload charges.

In 2019, FCBL owned 69 residential units that are rented to company employees. Total of 56 units of stores, 13 cold store units and four auction yards owned by FCBL are used for storage and remaining are rented out. The revenue from rent was Nu.13 million.

NEW INITIATIVES

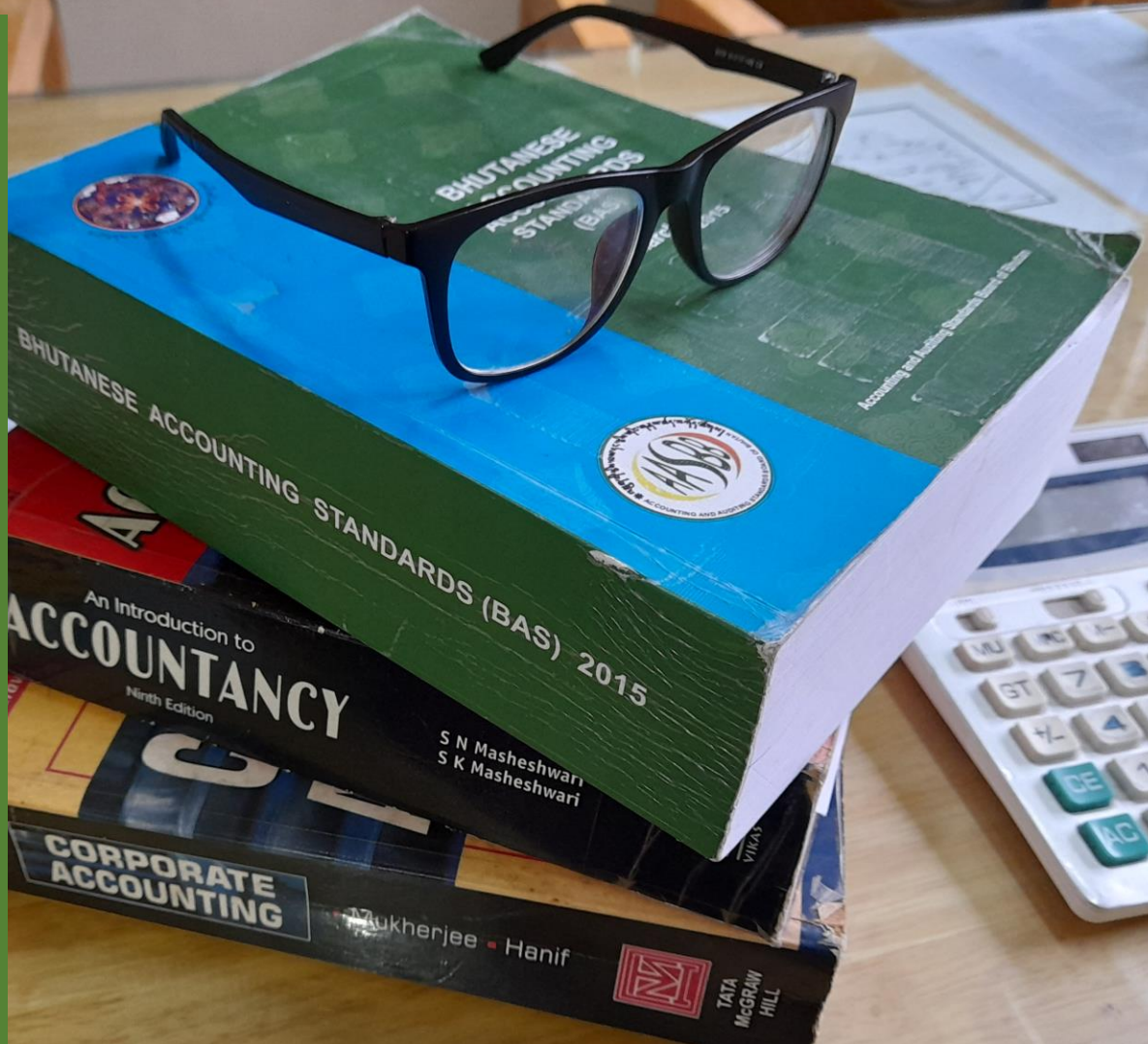
FCBL launched new brands of rice known as Zheychum Chogjur, Zheychum Gongma, Zheychum Dangpa and Zheychum Kuenga designed and packed to suit Bhutanese aesthetics and appeal. With the introduction of above brands, FCBL wishes to eradicate inferior quality, underweight and adulterated rice that can potentially pose serious health hazards.

Quinoa is known for its genetic variability, wide adaptability and nutritional benefits.

Considering its high nutritive value, FCBL has introduced homegrown Quinoa in the mid-2019 with value addition. The product is well maintained and sold by FCBL in the market within Bhutan. During the year, the company managed to sell about 1.6 MT of Quinoa. FCBL is looking forward to explore market outside Bhutan in near future realizing the market opportunity for the growers.

Coinciding with the “Citizen’s Initiative: Our Genkhur,” the employees under Phuentsholing region, voluntarily surrendered their subsidized Liquid Petroleum Gas (LPG) cylinders for non-subsidized cylinders on 16th August. The event marked FCBL be the first Agency to come forward voluntarily to take the Genkhur. The voluntary exchange of LPG gas was initiated as a part of FCBL’s 45th Foundation Day.





FINANCIAL STATEMENT

FINANCIAL STATEMENT

PROFIT & LOSS ACCOUNT TREND

Financial statements are the key elements for a company to comprehend the growth in any business. The profit and loss trend over the five years depicts profit for two consecutive years from 2015 to 2016 but suffered highest loss with Nu.27.00 million in the year 2017 (Fig.19). However, there is a gradual decrease in loss thereafter. During 2019, the company managed to reduce loss to Nu.8.00 million which is 48% as compared to 2018.

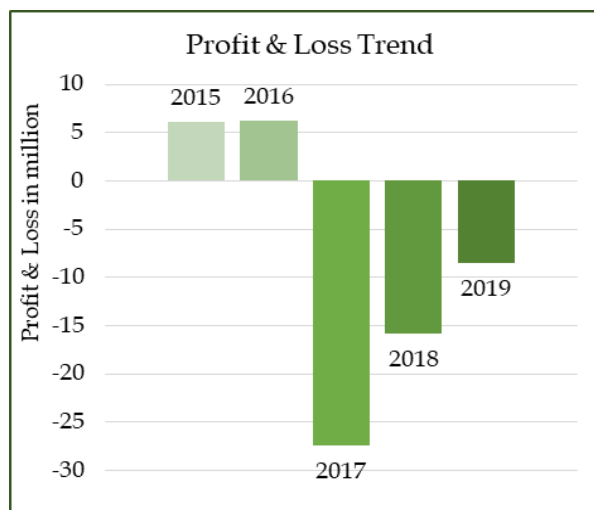


Figure 19. Profit and loss trend.

REVENUE

The sales revenue has shown a growth of 30.38% in 2019 as compared to 2018 and the revenue from service charge has shown a growth of 11.95%. However, income from other activities has marginally decreased by 6.10% (Table 10.). Over all, revenue growth of the company was 27.87% in 2019.

Table 10: Major revenue sources .

Major Revenue Sources	2018 Nu. Mil.	2019 Nu. Mil.	Variation (%)
Sales Revenue	1,076.52	1,403.59	30.38%
Service Charge	74.61	83.53	11.95%
Other Income	44.49	41.78	-6.10%

CASH FLOW TREND

Noting the cash flow trend (Fig.20.), there is drastic drop in cash flow to Nu.-51 million in 2017. However, it has substantially increased to Nu 59 million in 2018 & slightly decreased to Nu.56 million in 2019.

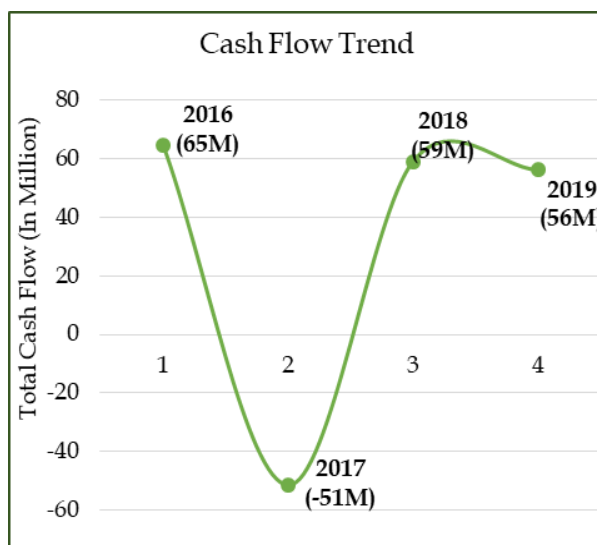


Figure 20. Cash flow trend



RATIO ANALYSIS TREND FINANCIAL HEALTH

The ratio analysis trend of financial health of the company for five consecutive years is represented in the graph below (Fig. 21).

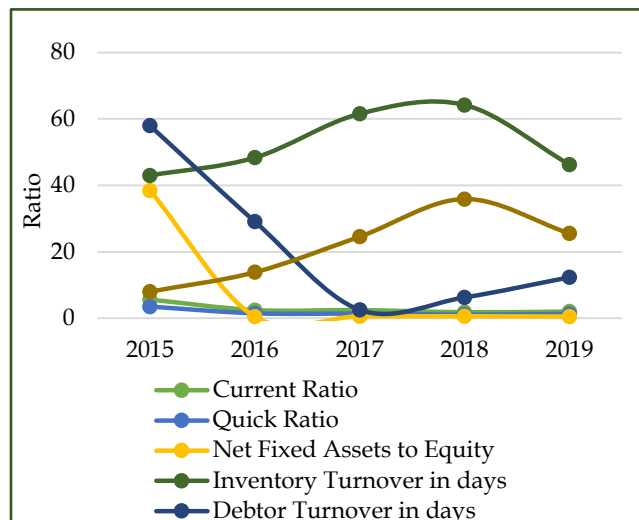


Figure 21. Ratio trend - Financial Health.

Current Ratio is highest in 2015 and has decreased thereafter; but it has improved in 2019 mainly due to rise in trade and other receivables as compared to 2018.

Quick Ratio has also improved due to rise in loans and advances and trade and other receivables in 2019.

Net fixed Asset to Equity Ratio has decreased due to receipt of government funds for NFSR.

Inventory Turnover in Days has improved due to increase in turn over but the **Debtor Turn over in Days** declined due to increase in value of trade & other receivables.

Creditor Turn over in Days decreased due to decrease in trade payables.

BUSINESS PROFITABILITY

Return on Investment Ratio has gradually improved after 2017 although it remains still in negative.

PAT-Total Income Ratio is negative as a result of losses. However, due to decrease in losses as compared to 2018, negative return has decreased in 2019.

Gross Profit Turnover Ratio has improved due to increase in turnover & better margin in RNR activities especially of auction services (Fig.22).

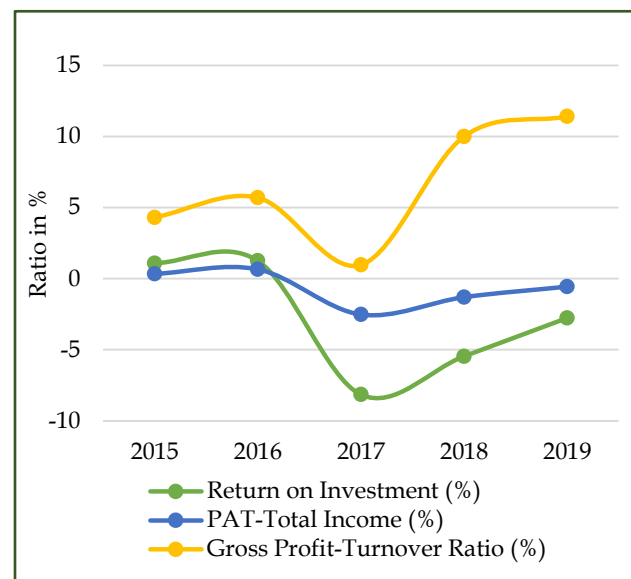


Figure 22. Ratio Trend-Business Profitability.

EXPENDITURE

The expenditure has increased by 23.58% in 2019 as compared to 2018 that is mainly contributed by the farm shops operation. In 2018, the government paid all the employees under Annual Renewal Contract mostly operating farm shops but in 2019, FCBL has to bear the remuneration of the farm shop employees. The company suffered financial loss of Nu 30.94 million from the farm shops in 2019. The audited financial statements are provided in table 11.

AUDIT REPORT

The company was audited by Chartered Accountant firm, M/s Gupta & Co., in 2019. The Auditors did not make any adverse observation on FCBL accounts, except for some suggestions and recommendations for further improvement.

Table 11: Provisional Statement of Comprehensive Income.

Provisional Statement of Comprehensive Income			
Particulars	Note No.	For the Year ended	
		31/12/2019 Amount (Nu.)	31/12/2018 Amount (Nu.)
Income			
Revenue from Operations	18	1,487,125,491	1,151,129,185
Other Income	19	41,775,578	44,489,808
Increase/(Decrease) of Stock in Trade	20	(12,593,062)	22,416,570
Total Income		1,516,308,007	1,218,035,563
Expenses			
Purchases Including Bhutan Sales Tax & Other Procurement Expenses	21	1,317,456,801	1,036,066,556
Employee Benefit Expenses	22	150,061,170	131,517,190
Depreciation & Amortisation Expenses	1	22,177,853	18,578,030
Other Expenses	23	33,091,115	47,712,217
Total Expenses		1,522,786,939	1,233,873,993
Comprehensive Income before Taxes		(6,478,932)	(15,838,430)
<u>Tax Expenses:</u>			
Current		-	-
Deferred		(2,006,799)	-
Comprehensive Income after Taxes from Continuing Business Operations		(8,485,731)	(15,838,430)
Earning Per Share (Basic & Diluted)		(566)	(1,056)



Table 12. Provisional Statement of Financial Position

Provisional Statement of Financial Position			
Particulars	Note No.	31/12/2019 Amount (Nu.)	31/12/2018 Amount (Nu.)
ASSETS			
Non-Current Assets			
<u>Property, Plant & Equipment</u>	1		
Own Assets		96,201,200	99,685,433
Funded Assets		60,605,766	71,422,151
Capital Work in Progress		6,129,337	224,060
Intangible Assets		1,820,715	2,390,599
Financial Assets	2	381,584	381,584
Deferred Tax Assets	3	630,738	2,637,537
Loans and Advances	4	10,573,092	11,157,414
Total		176,342,432	187,898,778
Current Assets			
Inventories	5	188,662,029	202,564,096
Trade and Other Receivables	6	50,197,157	19,785,737
Cash and Cash Equivalent	7	111,614,916	114,075,362
Loans and Advances	8	170,662,663	146,552,901
Assets for Current Tax	9	12,281,662	8,090,043
Total		533,418,427	491,068,139
Total Assets		709,760,859	678,966,917
LIABILITIES			
Shareholder's Equity			
Share Capital	10	15,000,000	15,000,000
Reserves and Surplus	11	291,470,891	274,956,622
Total		306,470,891	289,956,622
Non-Current Liabilities			
Deferred Capital Grant	12	80,323,796	74,922,151
Provisions	13	56,977,325	43,297,686
Total		137,301,121	118,219,837
Current Liabilities			
Borrowings	14	145,442,824	132,937,901
Trade and Other Payables	15	88,789,887	97,702,203
Other Liabilities	16	18,093,157	30,103,904
Provisions	17	13,662,979	10,046,450
Total		265,988,847	270,790,458
Total Liabilities		709,760,859	678,966,917



PERFORMANCE AGAINST THE APA TARGET



PERFORMANCE OF 2019 AGAINST APA TARGET

During the year, the Annual Performance targets were assessed based on weightage in three major components: Financial performance with 40%, Operational/Social performance with 50%; and remaining 10% for new initiatives.

Although the sales revenue exceeded the set target by 7%, the financial performance remained at -66.50% that is below the target.

The negative performance was mainly attributed by the farm shops operation.

Nevertheless, the overall loss of the company has reduced by 48% in comparison to 2018.

The performance in social services exceeded the target by 0.66% out of 50% allocation which was mainly contributed by RNR marketing through auction services with 163%. The Food Security Reserves remained below the target due to fund constraints during the year. Similarly, the quantity of set target fell short by 6% against the target set in the School Feeding Program.

The achievement in new initiatives remained at 2.80% out of 10% allocation due to high target set mainly for maize marketing during the year. Details of achievements are given in table 15.

Table 13. Performance achievement against APA targets for 2018

Financial Target (40%)	Target	Target Achieved	Achievement (%)
Sales & Profit			
Sales Revenue (Nu. M)	1300.12	1396.06	107%
Profit after tax (Nu. M)	1.93	-8.49	-439%
Social Target (50%)			
NFSR & SAARC Food Reserve			
Rice (MT)	1475	894.65	61%
Oil (MT)	216	183.46	85%
Pulses (MT)	53	64.79	122%
Potatoes & Vegetable Auction (Nu. M)	40	65	163%
School ration (SFP)			
F. Rice (MT)	6259.20	5495.23	88%
Pulses(MT)	909.60	804.93	88%
Veg. oil (MT)	706.67	689.12	98%
Chick pea (MT)	95.55	84.90	89%
Sugar (MT)	151.34	128.03	85%
Salt (MT)	78.89	73.50	93%
M/ powder (MT)	151.34	127.20	84%
Tea (MT)	30.27	25.12	83%
Cheese (MT)	14.34	13.30	93%
New initiative (10%)			
Maize (MT)	100	27.60	28%
Quinoa (MT)	4	1.47	37%



Table 14. Contact details of FCBL Offices.

CORPORATE HEAD OFFICE		
1	Phuentsholing	Tel.: (PABX) 05-252241
		FAX: 05-252289
		P.O. Box: 080
		Email: drukfood@fcbl.bt
		Website: www.fcbl.bt
REGIONS		
2	Thimphu	Tel.: 02-322877
		FAX: 02-323957
		P.O. Box: 188
3	Gelephu	Email: pelden.tashi@fcbl.bt
		Tel.: 06-251048
		FAX: 06-251093
4	Samdrup Jongkhar	P.O. Box: 166
		Email: ugyen.choidup@fcbl.bt
		Tel.: 07-251073
		FAX: 07-251115
		P.O. Box: 137
		Email: pema.wangchuk@fcbl.bt