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Ensuring food Security for the Nation at all times...

ANNUAL REPORT

2023

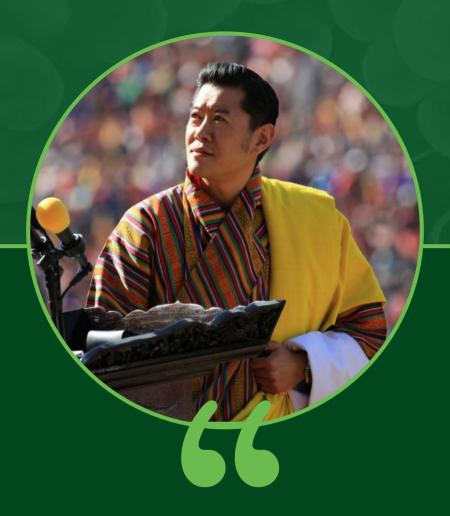
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Annual Report 2023 | ii |



With changing times, we will confront new challenges, but if we pledge to work together in an intelligent, resourceful manner, like our ancestors have before us, we will overcome every difficulty.

His Majesty the Druk Gyalpo's Address to the nation on the 107th national Day 17th December, 2014



MESSAGE FROM CHAIRMAN

On behalf of the board of directors, I am delighted to bring to you FCBL's Annual Report for 2023. The year 2023 marked a significant transition for FCBL with the appointment of the youngest Chief Executive Officer in the history of the company, ushering in a new era of young and energetic leadership. The combination of his youthful vigour and business-oriented leadership has resulted in numerous notable interventions, starting from revenue growth initiatives to expense optimisation strategies to embracing a multitasking approach and implementing an early retirement scheme; all guided by a clear roadmap for shortterm, mid-term, and long-term strategies.

One of the highlights of 2023 is FCBL's remarkable financial performance. After incurring varying degrees of losses for several years, FCBL achieved a much-needed turnaround, ensuring financial stability and sustenance of the company. Balancing corporate objectives with social responsibilities, the company has effectively delivered all its core mandates efficiently. The board and its only shareholder, the Ministry of Finance (MoF), proudly declared Performance-Based Variable Incentives (PBVI) equivalent to two months' basic salary for all FCBL employees in recognition of their hard work and dedication.

Maintaining the National Food Security Reserve (NFSR) remains a crucial aspect of FCBL's mandate. Last year, we imported 20,985,92 mt of rice, 2,330,98 of oil and 1,262.33 mt of pulses as part of the NFSR. To complement the basic NFSR items, FCBL also maintained a wide range of essential items and made them accessible across the country through our outlets. In terms of export, FCBL facilitated the export of 22,256.62 mt of agricultural produce amounting to Nu 378.70 million through FCBL auction yards in Phuentsholing and Samdrup Jongkhar. Through this crucial service, FCBL aims to increase the income of our farmers whose livelihood depends on agriculture. In addition, FCBL ensured an uninterrupted supply of rations to 498 schools despite transport disruptions during the monsoon season caused by roadblocks and landslides.

As FCBL strives to build upon the momentum of 2023 to transit to a next level, I extend my best wishes. I extend my heartfelt gratitude to relevant government and non-governmental agencies, auditors, customers, and all other stakeholders who played an instrumental role in our success. Congratulations to the FCBL management and employees for achieving a muchneeded turnaround. Your efforts are truly appreciated, and we look forward to maintaining this positive momentum in 2024 and beyond.



IFROM THE DESK OF CHIEF EXECUTIVE OFFICER

Kuzuzangpo la! At the outset, I would like to express my sincere gratitude to the Board of Directors and the Ministry of Finance, the Royal Government of Bhutan, for selecting me as the CEO of this esteemed company. Taking over the reins of the CEO amid numerous uncertainties was daunting.

The COVID-19 aftermath of the pandemic, compounded by the Russia-Ukraine war, had a severe impact on the global food market, causing disruptions in the food export-import businesses. The company faced significant financial difficulties, and staff attrition was at its peak due to opportunities in Australia. On the brighter side, these challenges served as catalysts for a forward-looking attitude and unwavering determination within my team.

Having previously served as the Director of Business in this company for five years before assuming the role of the CEO, I had the advantage of understanding the organisation's dynamics.

Accordingly, I was able to instantly get into serious business from day one of my appointment. The company focused specifically on expense optimisation initiatives, revenue growth strategies, resource management, and multitasking

to reduce HR expenses. As a result, our overall business turnover increased from Nu 2.228.28 million in 2022 to Nu 2.422.76 million in 2023. The export of agricultural including produce, potatoes vegetables, saw an increase in volume from 17,184.19 metric tonnes (worth Nu 391 million) in 2022 to 22,256.62 metric tonnes in 2023, although the value slightly decreased to Nu 378.70 million. The revenue from essential items rose from Nu 990.15 million to Nu 1,169.88 million. and food grain revenue increased from Nu 982.36 million to Nu. 1.012.54 million in 2023.

Overall, the company experienced a much-needed financial turnaround. providing a ray of hope. Although our profitability was modest, the progress we made outweighed any significant profits, considering the losses the company had incurred for six consecutive years. This growth in performance within a span of 12 months would not have been possible without the insightful recommendations of the transformation team, continuous guidance of the Board of Directors, and support from the Ministry of Finance, the Ministry of Agriculture, and other stakeholders. I would like to express my sincere gratitude to each and every one of you. The dedication and team spirit our staff displayed throughout the year has been commendable.

As we embark on another year filled with hope and aspirations, my team has planned to introduce Druk-Gi-Khamtey, a domestically produced rice variety popularly grown in the fertile valleys of Pemathang Gewog in Samdrup Jongkhar. In a significant role, FCBL aims to collaborate with Gyalsung, a historic national project initiated by His Majesty the King, to supply dry rations, fruits, and vegetables to its four academic centres.

To efficiently execute these new initiatives, your support is crucial. Therefore, I sincerely hope that each of you will continue to stand by my side to ensure seamless management of both corporate and social affairs. I look forward to your continued guidance, support, and collaboration.

Thank you and Tashi Delek!

Dorji Tashi



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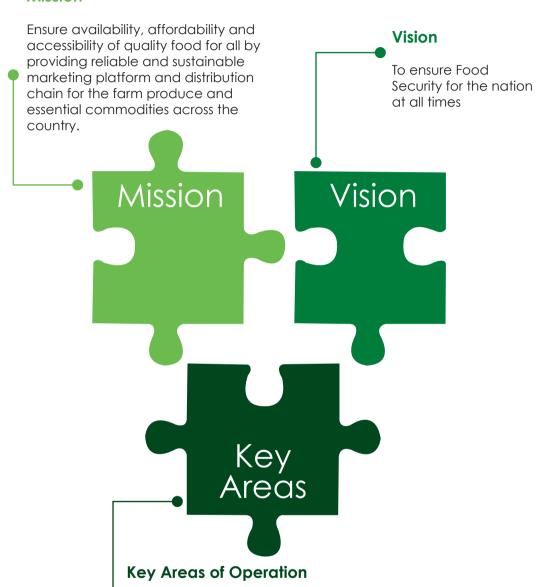
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Mission And Vision

Mission



- Maintain food reserve by holding required level of stock for National and SAARC Food Reserve.
 - Facilitate export of agricultural products through competitive bidding process.
 - Manage procurement and distribution of rations comprising nine nonperishable items for the government owned schools across the country.
 - > Stabilize price of the commodities through the operation of fair-price wholesale and retail outlets.

Company at a Glance.







CENTRAL 01

REGIONAL 02

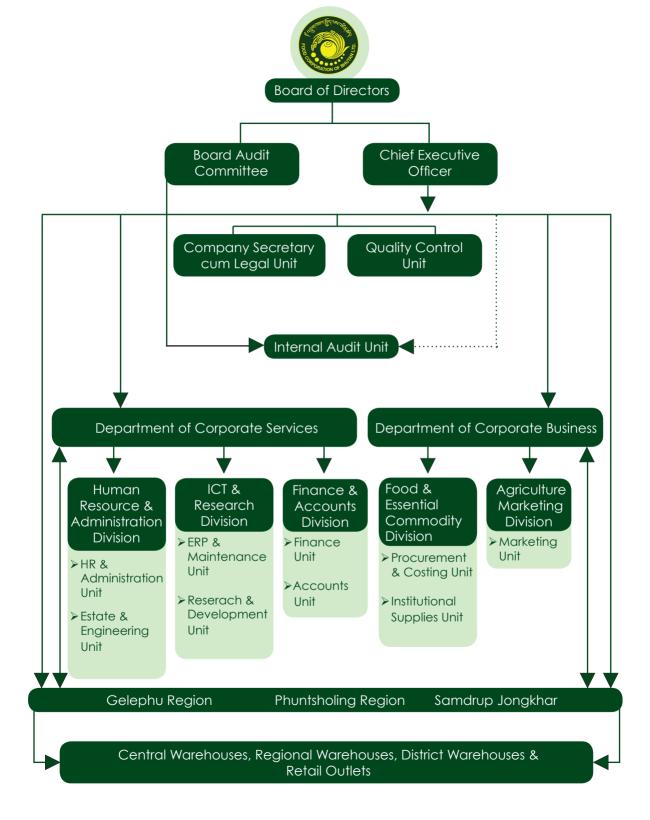
DISTRICT 23



RETAIL SHOPS

04

AUCTION YARD



Board of Director













Management Staff



Dorji Tashi Chief Exective Officer



Lakpa Sherpa Director, DoCB



Ugyen Choidup RD, Gelephu



Pema Wangchuk RD, S/Jongkhar



Palden Tashi RD, Thimphu



Tshoki Wangmo Head, FECD



Dorji Gyeltshen Legal Officer Cum Company Secretary



Chimi Tshewang Head, EED



Penden Choden Head, IAU



Tshering Dorji Head, HRAD



Jit Bdr. Biswa Head, ICTD



Dawa Tshering Head, FAD



Sangay Choeda Head, AMD



Logo Symbolism

The uniquely designed logo of the Food Corporation of Bhutan Limited (FCBL) perfectly resembles its socially driven mandates and responsibilities aimed at serving the King, Country and People.

At the centre of the logo is the priceless gem (\S). It symbolises FCBL as a precious gem of the country. Similar to the gem, which is believed to possess natural power to fulfill one's needs and aspirations, it signifies FCBL's unique strength and ability to fulfill the requirements of food security for the nation at all time. The dark yellow colour of the logo symbolises the visionary royal foresight of His Majesty the Fourth Druk Gyalpo that has given birth to this prestigious company. The dark yellow also represents the value and importance of the company as precious gold.

The nine dots symbolises Dru-Na-Gu (Nine cereals). Since times immemorial, Bhutanese villagers, especially those residing in favorable temperate zone grew the nine food crops called the Dru-Na-Gu (Nine Cereals), which are rice (Bja or rey), maize (Gayza), wheat (Ka), barley (Nah), buckwheat (Bjo or Jarey), millets (Memja or Cham), pulses (Sem), oil seeds (Peka), and amaranths (Zimtse). In olden days, people who could cultivate nine crops were considered wealthy with all essential food items.

The Dzongkha letters on the top indicates the superiority of Bhutan's national language and unique cultural identity. The green background broadly symbolises green crops that fill the food basket. It also indicates FCBL's hope and fresh ideas aimed at bringing continued growth and development that can eventually blossom into financially secure economically stable and socially fulfilling company.

Overall, the logo is an expression of FCBL as a precious gem of the country; a leading national agency that ensures availability, accessibility and affordability of essential food items for people from all sections of the society.



Current Status

At the heart of Bhutan's essential supply chain, our corporate head office in Phuentsholing anchors a network of three regional offices located in Gelephu, Samdrup Jongkhar, and Phuentsholing. With one central warehouse, two regional warehouses, 23 district

warehouses, four auction yards, and four retail outlets, we seamlessly deliver food and essentials to every corner of the nation while trading agricultural products beyond Bhutan's borders with a team of 318 employees.

Figure 1. Map showing Central Warehouse, Regional Warehouse, District Warehouses, Auction Yards and Retail Outlets



One of the primary objectives of the company is to maintain the National Food Security Reserve comprising rice, oil, dal and other essential items, and make them accessible and affordable across the country at all times. According to the NFSR policy, FCBL is required to maintain reserves big enough to sustain at least 50% of the population for three months. However, due to the growing private sector which collectively caters to 80 percent of the market share, FCBL has maintained a safe level of reserves to prevent losses from damage due to prolonged storage. In addition, FCBL

is committed to upholding the mandated reserve and, if necessary, during times of need.

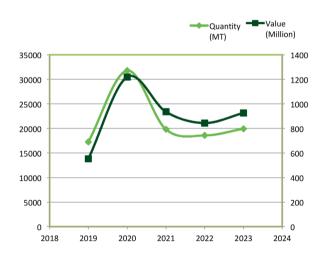
FCBL has distributed rations consisting of nine non-perishable items to 498 schools in 2023, catering to a total of 80,946 students nationwide. Despite challenges posed by natural calamities, resulting in roadblocks and flash floods, FCBL managed to successfully provide uninterrupted service to schools on time through our dedicated teams based in six strategic locations.

In addition to maintaining rice, oil, and pulses, FCBL also deals in diversified food and essential commodities to different sections of society to ensure that all people across the country, particularly those living in rural areas, have direct access to basic essential items. By making essential items available in the market. we aim to help stabilise the price, at least for the basic essential items, which is part of FCBL's mandate. In addition to the above, venturing into essential items has not only contributed to the NFSR but also contributed significantly to the company's financial performance, which is absolutely necessary to achieve financial security and economic sustenance of the company.

The distribution of essential commodities includes two primary activities: Food Grain and Essential Items (FMCG). In 2023, FCBL dealt in 36 Food Grain items and 387 Essential Commodities across the country. Presently, FCBL collaborates with 30 prominent Indian companies for the supply of select essential items.

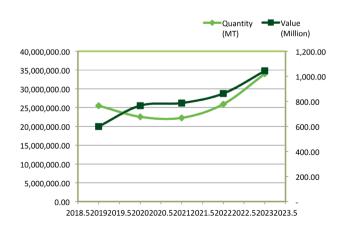
The import trend of Food Grain items for the last five years shows a steady increase, with quantities and values rising by 7% and 10% respectively in 2023 as compared to 2022 as shown in Figure 2.

Figure 2. Import of Food Grain items in volume and value (2019-2023)



Likewise, the import of Essential Items increased by 31% and 21% in quantities and values respectively in comparison to the previous year, reaching a total import of 33,987,328 units worth Nu 1,043 million as shown in Figure 3.

Figure 3. Import of Essential Commodities in volume and value (2019-2023)



Despite facing a downturn in potato export during the 2020-2021 seasons due to the COVID-19 pandemic-related disruptions, FCBL experienced a notable resurgence following the reopening of border gates in 2022. In 2023, a total of 18,821 metric tonnes of potatoes were exported, amounting to Nu 277 million with an increase of 60% and 43% on average in both value and volume compared to 2022. (Figure 4).

Figure 4. Export trend of potato

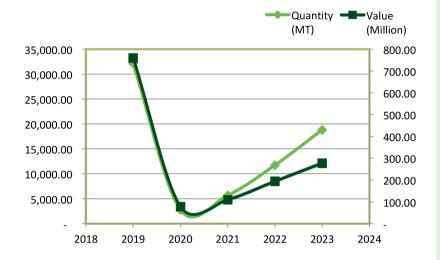
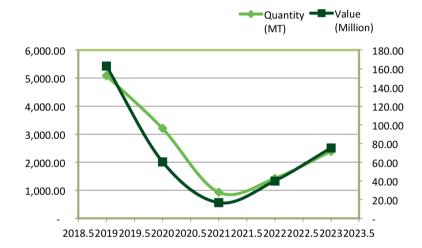


Figure 5. Export trend of vegetables



Similarly, vegetable exports experienced a remarkable increase in volume and value, soaring by 68% and 87% respectively in 2023 compared to the previous year. A total of 2,396 metric tonnes of vegetables were exported, amounting to Nu 75 million in value, as depicted in Figure 5.



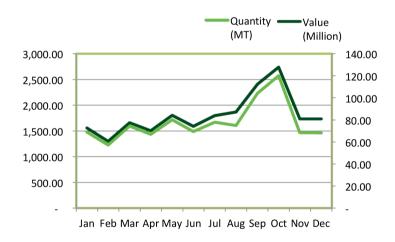
Operational Highlights_____

SALE OF FOOD GRAIN ITEMS



As part of the mandate to maintain the National Food Security Reserve for the nation, the sales of Food Grain items across the FCBL warehouses and FCBL Retail outlets generated a total revenue of Nu 1,013 million. Compared to the previous year, the quantity and the revenue generated increased by 4% and 7% respectively.

Figure 6. Monthly sales and revenue trends of Food Grain items



September and October months recorded the highest revenue generation of Nu 112 million and 128 million. The lowest was in February with Nu 61 million. The average monthly revenue throughout the period remained at Nu 84 million.

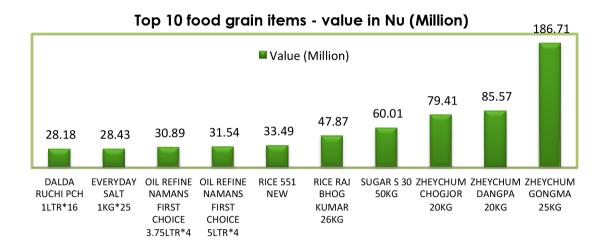
Likewise, the quantity of goods sold followed a similar pattern with maximum quantity sold in September and October amounting to 2,231 MT and 2,571 MT respectively and minimum in February

amounting to 1,225 MT. There was a steep drop in sales from October to November, after which it remained constant as shown in Figure 6.

Among 36 food grain items, Zheychum Gongma

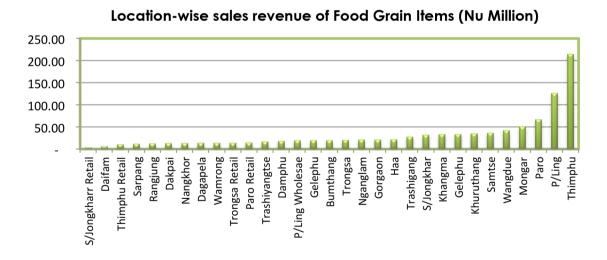
recorded the highest sales, generating a revenue of Nu186.71 million, followed by Zheychum Dangpa (Nu 85.57 million) and Zheychum Chogjur (Nu 79.41 million) as shown in Figure 7.

Figure 7. Top ten sold Food Grain items



As usual, the populated hubs of the country dominated the sales. The FCB warehouse in Thimphu contributed the highest revenue of Nu 214.64 million followed by FCB Central Warehouse in Phuentsholing generating Nu 126.71 million and FCB Warehouse in Paro generating Nu 67.03 million (Figure 8).

Figure 8. Location-wise sales performance of food grain items



SALE OF FOOD ESSENTIAL ITEMS

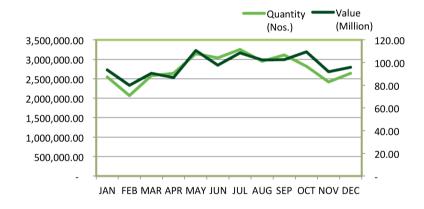


FCBL handled 19 categories of essential items in 2023, which included a total of 1,054 standard items. Leading the list of essential items were dairy products at 17.6%, closely followed by toiletries at 13.6%, and beverages (soft drinks) at 11.6%.

In terms of volume, the overall sale of essential items increased by 17.6% compared to the previous year generating Nu 1,169.88

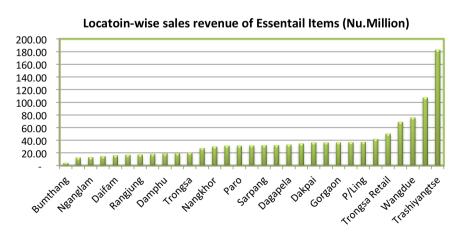
million. The monthly sales records show that the highest revenue generation was in May amounting to 110.64 million and the lowest in February amounting to Nu 79.95 million. Similarly, the quantity sold was the highest in July and the lowest in February.

Figure 9. Monthly sales and revenue of food grain items



The FCB warehouse in Trashiyangtse generated the highest sales revenue of Nu 182.91 million followed by FCB Retail in Changjiji, Thimphu, and FCB warehouse in Wangdue, earning 107.45 million and 75.83 million respectively as depicted in Figure 10.

Figure 10. Location-wise sales performance of food grain items



EXPORT FACILITATION SERVICES

As usual, FCBL kicked off export facilitation services for agricultural produce from our auction yards (in Samtse, Samdrup Jongkhar, and Phuntsholing) in June 2023 and continued

until December. The Phuntsholing auction yard saw the highest export transaction, followed by Samdrup Jongkhar and Samtse auction yards.

Figure 11: Exported items by percentage



Overall, a total of 22,256.62 metric tonnes of agricultural products were successfully traded, amounting to Nu 378.70 million, which was 0.19% less compared to the amount of 2022.

FCBL resumed its online auction services in Phuentsholing last year, through which we facilitated the export of 442.85 metric tonnes of potatoes, amounting to Nu 6.67 million.

Among the agricultural produce, potato dominated the export list accounting for 86%, followed by vegetables accounting for 11%. Other commodities like apple, arecacut, citrus, spices, and other fruits accounted for the remaining 3% (Figure 11)



Photo: Re-launch of online e-auction

Table 1. Quantity and value of agricultural produce traded in 2023

Item	Quantity (MT)	Value (Million)
Apple	25.00	0.92
Arecanut	225.98	6.04
Citrus	165.51	5.02
Other Fruits	0.09	0.00
Potato	19,263.87	284.14
Spices	180.17	7.32
Vegetables	2,396.00	75.26
Grand Total	22,256.62	378.70

During the auction season from June to December, the peak export of potato and vegetables occurred predominantly in the months of October and November (Figure 12 and Figure 13). A total of 18,821.02 metric tonnes of potatoes and 2,396.00 metric tonnes of vegetables were traded respectively.

Figure 12. Monthly potato auction trend 2023

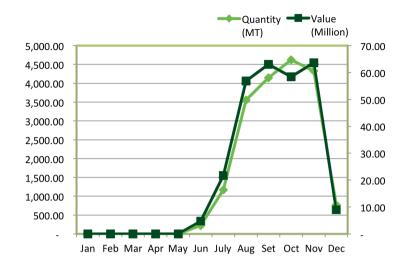


Figure 13. Monthly vegetable auction trend 2023



QUINOA PROCESSING AND MARKETING

With the establishment of the quinoa processing plant in December 2011 with a processing capacity of 500 kg per hour, FCBL supplies well-packaged, 1 kg packets to the domestic market. The processed quinoa is available in three varieties: Sacaca, Ivory, and Marangani. A total of 46.34 metric tonnes of quinoa worth Nu 3.25 million was sold.

TIME-BOUND RNR BUSINESS

To provide a more convenient service to farmers, FCBL introduced a door-to-door purchase programme directly cardamom the source. It was a timebound service lasting only days, during FCBL bought 63.23 metric tonnes of cardamom and exported it to India. Takina advantage of a favourable market, FCBL offered farmers competitive rates of up to Nu 1,500 per kilogram. This carefully planned, marketdriven approach generated a profit of Nu 5 million within such a short period, setting a new milestone in FCBL's history. Given the success of the time-bound cardamom initiative, FCBL aims to take advantage of similar timesensitive opportunities in the near future to drive growth and innovation.



RENEWABLE NATURAL RESOURCES (RNR) INPUTS

The table below details the sales of various farm inputs in 2023, breaking down the quantity sold and the revenue generated from each type:

Table 2. Revenue from farm inputs

Farm Inputs	Quantity (No)	Amount (Nu. Million)
Tools (pieces)	178	0.07
Seeds (packets)	329	0.01
Feeds (bags:50 KG)	468	0.97
Totals	975	1.05

A total of 975 units of farm inputs were sold, which generated Nu 1.05 million.

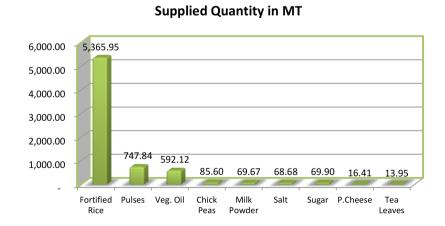
SCHOOL FEEDING PROGRAMME

After the World Food Programme (WFP) was phased out in 2018, FCBL took over the responsibility of providing school feeding supplies across the country from the Royal Government of Bhutan (RGoB).

In 2023, FCBL distributed a total of 7,030.12 metric tonnes of rations to 498 schools, reaching a total of 80,946 students nationwide. The rations included nine non-perishable items (Figure 14).



Figure 14. List of items supplied to schools with quantities in metric tonnes



Despite facing obstacles, such as roadblocks and flash floods, FCBL's dedicated teams in six strategic locations managed to ensure timely and consistent supplies to schools.

The school delivery services generated a service charge income of Nu 18.90 million from the RGoB, marking a slight decrease of 1.64%. More details regarding the service charges can be found in the following table.

Table 3. Service charges from the RGoB

Table Service charges from the RGoB			
QUARTER	Value (Million)		
1st Quarter	4.71		
2nd Quarter	3.90		
3rd quarter	5.90		
4th Quarter	4.39		
Total	18.90		

RENTAL AND TRANSPORT SERVICES

FCBL annually engages private transporters to manage and handle transportation, thereby optimising costs while ensuring efficiency. Presently, FCBL maintains a fleet of 10 heavy vehicles, 14 medium vehicles, 11 light vehicles, and six two-wheelers to efficiently deliver transportation services across all our regions.

FCBL also manages a portfolio of assets,

including 10 residential units which are rented out to our employees. Additionally, we oversee cold storage facilities, a portion of which is dedicated to our storage needs while the remainder is leased out. In the fiscal year 2023, these rental services contributed to our revenue, amounting to a total of Nu 14.37 million.

RICE FORTIFICATION

The installation of a rice fortification plant worth Nu 14.44 million in 2022 marked a significant milestone for FCBL which has a production capacity of 5 MT of fortified rice per hour. Catering to 498 schools nationwide, the fortified rice produced by the plant is an integral component of the school feeding programme. This rice fortification not only serves a vital nutritional purpose for our schoolgoing children, but also proved financially beneficial for FCBL, generating revenue of Nu 7.79 million in 2023.



Photo: Fortified rice bags

'Fortified rice has played a pivotal role in enhancing the health of our children. A recent study by the Ministry of Education and Skills Development and the World Food Programme (WFP) showed that children in boarding schools have better body mass index, compared to day scholar. It clearly shows that fortified rice has helped enhance the health of our children, "said Karma Wangchuck, the Chief Programme Officer of the Health.

Kuensel, May 30,2023

Construction and Inauguration of Food Reserve Warehouse in Gelephu



Photo: Opening ceremony of Food Reserve Warehouse, Gelephu (FCBL)

FCBL inaugurated the newly constructed Food Reserve Warehouse in Gelephu. This new warehouse facility is equipped with cutting-edge technology and built using high-quality prefab materials, ensuring its resilience against any potential calamities such as earthquakes. With a capacity of 1,000 MT, double that of the previous warehouse, this newly established facility is a significant step towards fulfilling FCBL's mandate to maintain the National Food Security Reserve (NFSR) for the region ensuring seamless distribution of essential food items to six dzongkhags in the region.

Integrated Cold Storages (ICS)

Likewise, the completion and operation of ICS facilities in Wangdue, Sarpang, and Trashigang marked significant milestones in our efforts to bolster agricultural infrastructure. Each ICS has a capacity of 300 MT with 13 chambers dedicated to fruits, vegetables, and dairy products.



Photo: ICS, Trashigang and Sarpang



Photo: PIL, Gangtey

Potato Integrated Lines

Additionally, the construction of three sets of potato integrated lines with washing, drying, grading, and packaging has commenced in Gangtey, Bumthang, in 2023. The implementation of these Potato Integrated Lines heralds a transformative era in potato trading, promising substantial advancements in efficiency and quality throughout the supply chain.

HUMAN RESOURCE

As on December 31, 2023, the company was staffed by a total of 309 employees, comprising 196 regular employees, 12 contractors, 90 employees under the Government-sponsored Programme (GSP), and 11 temporary workers. Among them, 205 were male and 104, female. The locations and position levels of employees are shown in Figure 15.

Notably, 44 employees exited the company, affecting the overall workforce structure of the company. However, FCBL focused on multitasking to maintain operational efficiency. To fill crucial positions, the company recruited 12 new employees in 2023.

The employee trend for the last 5 years shows a consistent decline in the number of employees from 532 in 2019 to 342 in 2022. This downward trajectory is mainly due to the closure of farm

shops in 2022. Between 2022 and 2023, there is a slight decrease of 9.65%, which is mainly due to attrition through voluntary resignations largely driven by better opportunities abroad.

Figure 15. Region wise employees of FCB

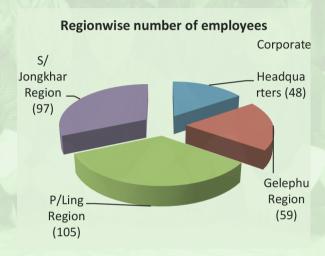
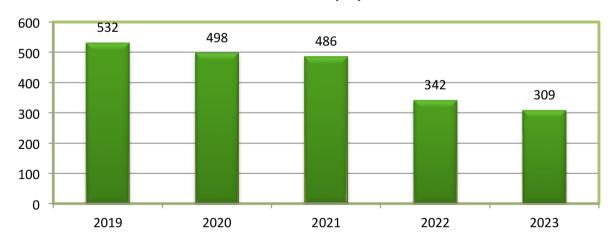


Figure 16: Employee trend of FCBL for the last five years

Number of Employees



NEW DEVELOPMENTS

New Developments....

APPOINTMENT OF NEW CHIEF EXECUTIVE OFFICER



Photo: Joining ceremony of the new CEO

On April 2, 2023, FCBL embarked on a transformative journey with the appointment of Mr. Dorji Tashi as the youngest CEO in the organisation's history. The Board, Management, and staff of FCBL warmly welcomed the new CEO, whose fresh energy and dynamic approach were poised to usher in a new era of growth and success.

Mr Dorji Tashi's journey to the CEO's position was paved by nearly five years of service as the Director of Business at FCBL. His visionary leadership significantly enhanced the company's operations, exemplifying his remarkable business management skills. By streamlining procurement and distribution systems to facilitate direct supplier-to-regional-office transactions, he eliminated intermediary channels, resulting in substantial expense optimisation. His nationwide customer acquisition drive and successful launch of new product lines underscored his commitment to

innovation and growth.

Amid challenging times brought about by the COVID-19 pandemic, his exemplary leadership was a beacon of resilience. He led the FCBL team through numerous obstacles, ensuring uninterrupted supply of essential goods across the nation despite stringent restrictions and



lockdowns. His multitasking approach and ability to take team spirit and unity to the next level were instrumental in navigating these unprecedented challenges.

His tenure has been marked by a remarkable turnaround in the company's financial performance. Under his leadership, FCBL achieved a pivotal turnaround point and returned to profitability, showcasing his exceptional business acumen. His expense optimisation strategies and effective management practices played a crucial role in this financial revival.

Before joining FCBL, he served as the Executive Director at the Loden Foundation, a civil society organisation based in the capital Thimphu. During his 10 years at Loden, he championed youth entrepreneurship programme and managed a host of other social activities. With

a master's degree in Business Administration from United Kingdom (UK) and about two decade of work experience in leadership, administration and project management from government to corporate to social sectors, he brought us an ideal blend of expertise perfectly suited for FCBL's dual social and corporate mandates, at a time when the corporation was undergoing rough times in terms of financial performance for many years.

The entire FCBL family looks forward to the future with great anticipation. With their former Business Director and newly appointed CEO at the helm, they have full confidence in his capacity to foster sustained growth and propel the organisation to a next higher level. FCBL stands on the threshold of a vibrant and transformative chapter under his exemplary leadership, poised to embark on a journey marked by advancement and prosperity.

APPOINTMENT OF REGIONAL DIRECTOR



In a further development, the Phuentsholing Region witnessed the appointment of a new regional director. Mr Tshering Dorji, formerly serving as the head of the Human Resources and Administration division (HRAD), assumed the role of regional director, entrusted with leading the Phuentsholing region. His selection for the role came after an open interview competition among eligible in-house candidates.

Photo: Joining ceremony of new Regional Director, Phuentsholing



New Initatives

STRATEGIC MOU WITH FMCL FOR KHAMTEY RICE



In a strategic move aimed at promoting and safeguarding homegrown products as part of national food security measures, FCBL officially signed an MOU with the Farm Machinery Corporation Limited. This agreement paves way for a strategic partnership in the production and marketing of 'Khamtey rice' to enhance overall productivity and marketing efforts for this indigenous product.

Photo: MoU signing between FCBL and FMC

PROMOTING BHUTANESE AGRICULTURAL PRODUCTS BEYOND THE BORDER

In an effort to extend the reach of Bhutanese agricultural products, the FCBL collaborated with the Bhutanese Office of the Consulate General in Kolkata and the Department of Agricultural Marketing and Cooperatives (DAMC). As part of this initiative, Indian business people from Kolkata were invited to visit the Phuentsholing auction yard. The aim was to initiate the export of Bhutanese potatoes and vegetables to Kolkata. A truckload of Bhutanese potatoes was shipped to Kolkata as a trial marketing initiative to expand potato trade beyond Bhutan's borders.

Furthermore, FCBL participated in a trade fair in Dhaka, Bangladesh, to exhibit Bhutan's locally grown quinoa, aiming to expand its market presence and enhance global visibility.



Photo: Quinoa exhibition, Dhaka

FOSTERING SPIRITUAL AND MENTAL WELLBEING

As part of our commitment to promoting peace, prosperity, and overall wellbeing, FCBL introduced a new tradition this year. For the first time, during *Drukpa Tshezhi* (The First Sermon of Lord Buddha), our qeadquarters staff participated in the recitation of Sung Bum. This initiative is set to become an annual event, reflecting our dedication to fostering a harmonious and mindful community.





In addition to our new spiritual practice, we prioritised the mental and physical health of our employees by offering a five-day yoga and meditation programme titled the "Happiness Programme" for some of our qeadquarters staff. Organised by Sat Enterprise and led by an external yoga instructor, this initiative

provided valuable tools for achieving a better work-life balance. Furthermore, another team actively participated in the 'International Yoga Day', reflecting our commitment to holistic wellbeing. These programmes underscore our ongoing efforts to enhance employee wellness and create a supportive work environment.

STRATEGIC MULTITASKING APPROACH FOR EXPENSE OPTIMISATION

FCBL has strategically pursued a multitasking approach as a cornerstone of its expense optimisation strategy. The CEO has assumed the role of Business Director, eliminating the need for additional recruitment. Similarly, the Legal Officer now serves as the Company Secretary. Additionally, the Internal Audit

Unit has been restructured, reducing its size from three officers to two. Furthermore, regional office optimisation has consolidated from four offices to three, with operational oversight streamlined under the Phuentsholing region, enhancing resource allocation and operational synergy.

EARLY RETIREMENT SCHEME IMPLEMENTATION

FCBL introduced an Early Retirement Scheme (ERS), offering varied lump sum benefits to employees aged 51 and above, as well as those below 51 who seek early retirement. As

part of this initiative, five employees opted for voluntary resignation, while 16 chose to leave for better opportunities elsewhere.

DISPOSAL OF UNDERPERFORMING VEHICLES

To optimise resources, FCBL disposed of three underperforming light vehicles through sealed bids, generating Nu 2.2 million and saving

an additional Nu 0.26 million in maintenance expenses.

CLOSURE OF NON-PERFORMING SALES OUTLETS

FCBL strategically closed its sales outlet in Siliguri, India, effectively reducing annual rental expenses of Nu 0.26 million.

FOCUS ON KEY REVENUE GENERATING AREAS

In 2023, FCBL focused its efforts on essential items (FMCG) to optimise income streams, leveraging research and innovative approaches for enhanced returns on investments.

AGGRESSIVE CUSTOMER ACQUISITION STRATEGY

FCBL initiated efforts in 2023 to aggressively acquire customers, targeting a minimum increase of 10 customers per location within its network to drive revenue growth and foster innovation.

DEVELOPMENT OF RISK REGISTER AND FORMULATION OF RISK MANGEMENT COMMITTEE

FCBL developed a comprehensive risk register identifying key areas of risk and to effectively manage them. We also formed a Risk Management Committee to implement the Risk Register.



Social Corporate Responsibility

CORPORATE SOCIAL RESPONSIBILITY

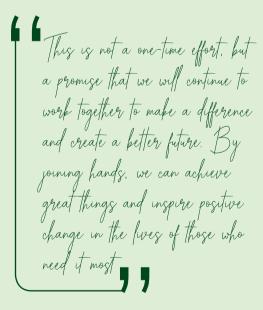
FCBL is committed to being a responsible corporate entity. Giving back to society has been a guiding principle of our business activities ever since FCBL was instituted. Overall, FCBL's operations embody a significant social component, manifesting in various impactful initiatives. Primarily, through the distribution of essential food commodities, FCBL endeavours to stabilise food prices, ensuring accessibility for all. Furthermore, our facilitation of exports directly contributes to the enhancement of farmers' income, fostering economic prosperity at the grassroots level.

Moreover, FCBL serves as a lifeline for numerous budding entrepreneurs, providing essential credit facilities vital for startups and sustaining their businesses and livelihoods. Yet, in its commitment to surpassing conventional boundaries, the company annually earmarks a modest fund to conduct small-scale welfare activities as part of its Corporate Social Responsibility (CSR) efforts.

In 2023, FCBL contributed a modest amount of Nu 0.11 million to needy beneficiaries. Among others, Purki Rai's family in Sarpang comprising three sons with disabilities received essential food items costing not more than Nu 5000.00 a month recognising their economic condition.



Photo: Purki Rai with her disabled sons receiving rations



Chief Executive Officer, FCBL



Photo: Kharpanti Goepa receiving rations from FCBL

Other beneficiaries were the victims of the fire incident in Lungtenphu who received Nu 0.02 million, Kharpandi Goenpa which received Nu 0.03 million and the Happiness Centre in Phuentsholing which received Nu 0.03 million respectively.



Photo: Happiness Centre receiving rations from FCBL



CORPORATE GOVERNANCE

Corporate Governance

FCBL strictly follows the Corporate Governance Guidelines set forth by the Ministry of Finance (MoF) for State-Owned Enterprises (SoEs), as well as the Companies Act of Bhutan. The company has adhered to all statutory obligations and directives from the board. Throughout the year, FCBL held regular board meetings and sub-committee meetings in accordance with the stipulations outlined in the guidelines.



Photo: FCBL Board Members

BOARD MEETINGS

FCBL's Board consists of six members, all representing government agencies, except the company's CEO who serves as an Executive Member. Apart from their diverse expertise and academic backgrounds, Board Directors bring

rich experience from diverse fields, crucial for guiding the management and directing the company effectively. The table below shows the number of Board Meetings held in 2023.

Table 4: Board meetings held in 2023

Board Meeting Number	Date of Board Meeting Held
127 th Board Meeting	January 21, 2023
128 th Board Meeting	April 21, 2023
129 th Board Meeting	July 14, 2023
130 th Board Meeting	September 7, 2023
131st Board Meeting	October 31, 2023
132 nd Board Meeting	December 27, 2023

BOARD SUB-COMMITTEE MEETINGS

The Board Audit Committee of FCBL convenes meetings to review and deliberate on crucial matters, offering recommendations to the Board. FCBL regards the Board Audit Committee as integral to the corporate governance framework of any organisation. The committee plays a pivotal role in overseeing the company's financial reporting, internal controls, and risk management

procedures. Additionally, it ensures strict adherence to relevant laws, regulations, and accounting standards. Furthermore, the Board Audit Committee provides an independent assessment of the company's financial operations, conducting audits of financial statements, scrutinising internal controls, and supervising risk management endeavours.



PERFORMANCE AGAINST THE APC TARGET

Performance Aganist the APC Target



The Annual Performance Compact (APC) is a vital agreement signed annually between the Chief Executive Officer and the Ministry of Finance (MoF). Its primary aim is to establish a structured framework for setting annual targets, as well as for their comprehensive review and evaluation. The APC is systematically disseminated throughout the organisation, from regions to divisions, units, and down to individual levels. Furthermore, it serves as the basis for assessina Performancebased Variable Incentives (PBVI), thereby ensuring alignment with organisational goals and fostering accountability at all levels of the company.

Photo: Chief Executive Officer during signing of APC agreement with the Board Chairman

In 2023, the Annual Performance Targets were evaluated, incorporating two components: 60% on financial performance and 40% on non-financial objectives. Remarkably, FCBL scored 100% achievement against its financial target. However, the attainment against non-financial targets stood at 89.03%. Compared to 2022, there was a notable increase in overall performance by 21.66%.



Photo: During the APC agreement signing between the CEO and HODs

Figure 17. Score on financial performance

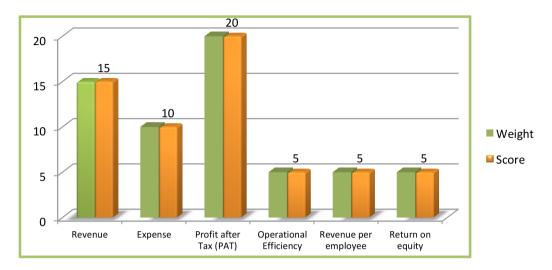
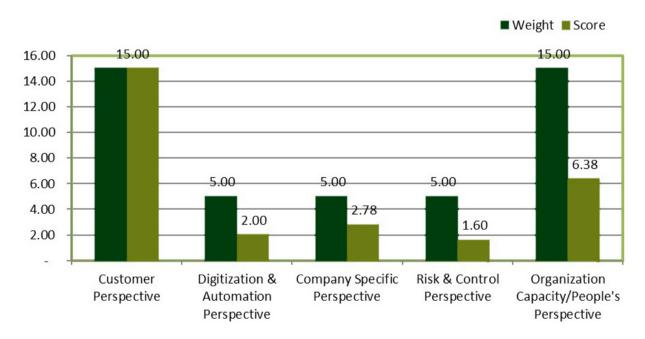


Figure 18. Score on non-financial performance



Overall, the graph highlights areas of strength and areas that may require more attention or improvement based on the alignment between the assigned weights and the actual scores across different perspectives.



FINANICAL HIGHLIGHTS

PROFIT & LOSS ACCOUNT TREND

Over the course of five years, the company's profit and loss trend has been a rollercoaster ride of financial ups and downs.

In 2019, the company incurred a loss of Nu 8.49 million. However, the following year, 2020, proved to be exceptionally challenging, as the company experienced a staggering loss of Nu112.04 million, marking a significant downturn in its financial performance.

Despite the bleak outlook in 2020, the company managed to mitigate its losses in 2021, though it still operated at a deficit of Nu 41.00 million.

Unfortunately, in 2022, the company's financial woes persisted, with a loss of Nu 69.89 million, indicating ongoing challenges in turning the tide.

However, amidst the adversity, there emerged a beacon of hope in 2023, as the company finally returned to profitability with a notable profit of Nu 25.10 million. This achievement not only restored the company's financial health but also positioned it for sustained growth and prosperity in the years to come.

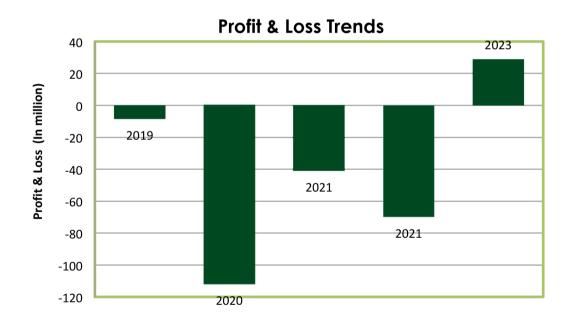


Figure 19: Profit and loss trend for the last five years

REVENUE

Compared to last year, the revenue from sales operation has increased by 4.40%, indicating a positive sales performance. Similarly, the revenue from services has increased by 37.83%, whereas the revenue from other income has decreased by 47.72%.

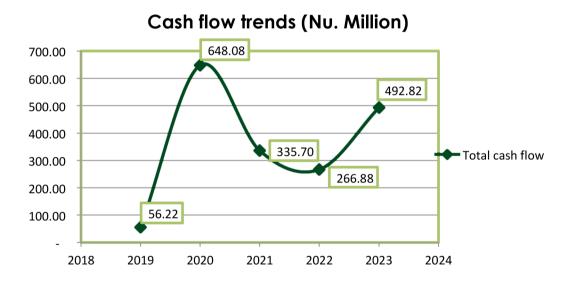
Table 5: Major revenue sources

Major Revenue	2022	2023	Variation
Sources	(Nu Million)	Nu Million)	(%)
Sales operations	2215.13	2312.59	4.40
Service charge	34.23	47.18	37.83
Other income	146.17	76.41	-47.72

CASH FLOW TRENDS

Overall, the trend indicates a fluctuating pattern in cash flow over the last five-year period, with a peak in 2020 followed by varying levels of decline in the subsequent years until 2022. However, there was a reversal in the trend in 2023, with the total cash flow rebounding to Nu 492.82 million, showing a substantial increase of 84.59% compared to the previous year.

Figure 20: Profit and loss trend for the last five years

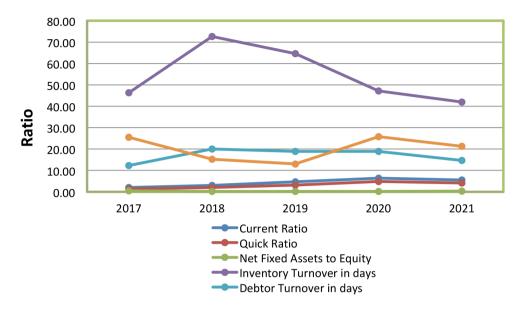


RATIO ANALYSIS TREND

Financial Health

The ratio analysis for the five consecutive years is represented in the graph below (Figure 21)

Figure 21: Ration Trend-Financial Health



Current Ratio has decreased mainly due to the decrease in current asset.

Quick Ratio decreased due to increase in current liabilities.

Net Fixed Asset to Equity Ratio has increased due to increase in value of Property, Plant & Equipment.

Inventory Turnover in Days declined due to decrease in inventory and increase in revenue turnover

Debtor Turnover in days decreased due to increase in sales turnover

Creditor Turnover in days decreased due to decrease in Trade Payables

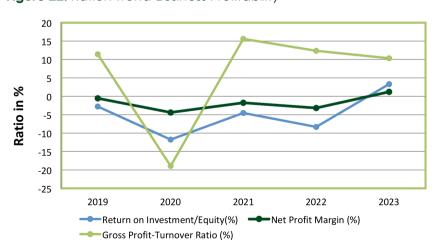
Business Profitability

Return on Investment/Equity increased due to increase in profitability compared to last year when the company incurred losses.

Net Profit Margin increased due to increase in profitability compared to last year when the company incurred losses.

Gross Profit-Turnover Ratio decreased due to decrease in inventory turnover which has decreased from 47.11 to 42 in 2023

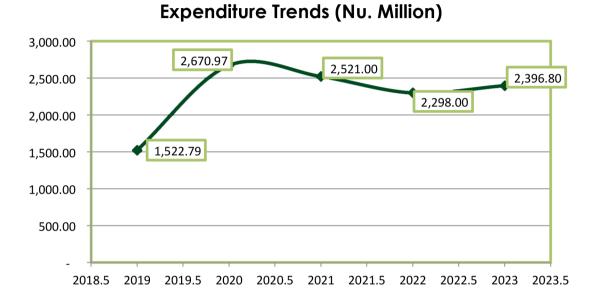
Figure 22: Ration Trend-Business Profitability



EXPENDITURE

The trend shows an increasing expenditure from 2019 to 2022. There was a slight decrease between 2020 and 2021, but the expenditure remained relatively high. However, there is a noticeable decrease from 2021 to 2022, indicating a downturn in expenditure. Between 2022 and 2023, there is a slight increase of 4%, but it is not as significant as the previous years' changes.

Figure 23: Expenditure trends







Dechok & Associates Private Limited Auditing, Accounting and Tax Services Thimphu: Bhutan

INDEPENDENT AUDITOR'S REPORT

To

The Shareholders of Food Corporation of Bhutan Limited

Opinion

We have audited the financial statements of Food Corporation of Bhutan Limited, (the Company) which comprise the Statement of Financial Position as at December 31, 2023, the Statement of Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and Notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

Basis for 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 reasonable basis for our audit opinion.

Emphasis of Matter

We draw attention to the notes to Financial Statements Note no. 29(h) where the FCBL has reported a shortage of Nu. 4,030,425.66 in Mongar Warehouse during the financial year 2023. The Company has pursued legal action through court for recovery of the appoint.

One spidit for the year was carried out on the basis of information provided by FCBL Head Office and was carried any FCBL Offices and shops other than the HO.

Sur Gp modified in this respect.

& Associates

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 of the year under audit. 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.

For the year under audit, we have not come across any issue, except our observations mentioned under Management Report section of the Report, which in our opinion does not requires mentioning under this section.

Information other than the Financial Statements and Auditor's Report thereon

The other information comprises the information included in the Director"s Report (but does not include the financial statements and our auditor"s report thereon), which is expected to be made available to us after the date of this audit report.

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 identified above when it becomes available 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.

When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with Bhutanese Accounting Standard, 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 these 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 riquidate the Company or to cease operations, or has no realistic alternative but to so

Those with governance are responsible for overseeing the company's financial

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of audit in accordance with ISAs, we have exercised professional judgment and maintained professional scepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the 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 the purpose of expressing an opinion on the effectiveness of the entity"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 entity"s ability 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 the management, among others, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide those charged with governance with a statement that we have complete with relevant ethical requirements regarding independence, and to communicate with them. Which the bear on our providence with the statement that may reasonably be thought to bear on our providence.

CORPORATION

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 auditor"s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as *Appendix I* with statements on the matters specified therein to the extent applicable.

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

- We have obtained all the information and explanations, which to the best of our a) knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account as required by law have been kept by the b) Company insofar as it appears from our examination of those books;
- The Statement of Financial Position, the Statement of Comprehensive Income, the c) 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 Dechok and Associates Pvt. Ltd

eshi Jamtsho, FCCA **Managing Partner**



STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

(Amount in Nu.)

PARTICULARS	Note No.	DECEMBER 31, 2023	DECEMBER 31, 2022	
ASSETS	Note No.	DECEMBER 31, 2023	DECEMBER 31, 2022	
Non-Current Assets				
Property, Plant & Equipment		351,505,309.38	189,447,331	
Right of Use Assets	2	1,937,910.22	-	
Capital Work in Progress	_	98,239,120	92,051,800	
Financial Assets	3	381,584	381,584	
Deferred Tax Assets	4	-	630,738	
Loans and Advances	5	620,227	4,796,676	
Total		452,684,151	287,308,130	
Current Assets		102,001,101	207,500,250	
Inventories	6	271,525,391	285,921,340	
Cash and Cash Equivalent	7	492,821,067	469,037,408	
Trade and Other Receivables	8	94,614,666	96,998,707	
Loans and Advances	9	278,715,263	302,734,590	
Tax Deducted at Source	10	7,020,486	18,718,711	
Total		1,144,696,872	1,173,410,755	
TOTAL ASSETS		1,597,381,023	1,460,718,885	
LIABILITIES			2,200,.20,000	
Non-Current Liabilities				
Deferred Capital Grant	13	482,288,101	378,315,546	
Deferred Tax Liabilities	14	232,431	· -	
Lease Liability	15	2,197,838	-	
Provisions	16	44,158,644	58,302,857	
Total		528,877,014	436,618,403	
Current Liabilities				
Borrowings	17	-	57,480	
Other Liabilities	18	50,597,907	29,350,025	
Trade and Other Payables	19	124,223,290	139,493,493	
Provisions	20	32,924,315	13,560,781	
Total		207,745,512	182,461,779	
TOTAL LIABILITIES		736,622,525	619,080,182	
EQUITY				
Share Capital	11	15,000,000	15,000,000	
Reserves and Surplus	12	785,755,206	785,755,206	
Retained Earnings		60,003,293	40,883,498	
TOTAL EQUITY		860,758,498	841,638,703	
TOTAL LIABILITIES & EQUITY		1,597,381,023	1,460,718,885	
The above Statement of Financial Position should be read in conjunction with the accompanying notes.				

Bechok & Associates Pvt. Ltd

(Yeshi Jamtsho)

Managing Partner

Membership No. 2641177

Date: 09/04/2024

Place: Phuentsholing Bhutan

&Associates

On behalf of FCBL Board

(Dasho Karma Galay) Chairman

(Dasho Kinlay Tshering)

Board Director

(Mr. Dorji Tashi Chief Executive Officer

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount in Nu.)

n .: 1	Note	DECEMBER 31,	DECEMBER 31,
Particulars		2023	2022
Income			
Revenue from Operations	21	2,359,769,179	2,215,129,878
Other Income	22	76,412,123	146,168,068
Increase/(Decrease) of Stock in Trade	23	(13,416,627)	(133,022,423)
Total Income		2,422,764,675	2,228,275,523
Expenses			
Direct Material Expenses	24	2,128,549,720	1,969,440,046
Selling and Distribution Expenses	25	49,780,193	74,815,674
Financing Cost	26	3,015,568	2,929,704
Employee Benefit Expenses	27	139,735,347	161,349,392
Other Expenses	28	52,156,143	64,483,867
Depreciation & Amortisation Expenses	2	23,563,855	25,147,650
Total Expenses		2,396,800,827	2,298,166,332
Profit before Taxes		25,963,848	(69,890,809)
<u>Tax Expenses:</u>			
Current		-	-
Deferred		(863,170)	-
Profit after Taxes		25,100,678	(69,890,809)
Actuarial Gains/(Losses) on Employee Benefits		3,753,955	
Total Other Comprehensive Income		28,854,633	(69,890,809)
Earning Per Share (Basic & Diluted)		1,924	(4,659)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Dechok & Associates Pvt. Ltd

(Yeshi Jamtsho)

Managing Partner

Membership No. 2641177

d Associates

Date: 09/04/2024

Place: Phuentsholing Bhutan

On behalf of FCBL Board

(Dasho Karma Galay) Chairman

(Dasho Kinlay Tshering)

Board Director

(Mr. Dorji Tashi) Chief Executive Officer

CORPORATION

STATEMENT OF CHANGES IN EQUITY FOR THE MONTH ENDED DECEMBER 31, 2023

(Amount in Nu.)

Particulars	Share Capital	Capital Reserve	Retained Earnings	Total
Balance as at 1st January 2022	15,000,000	27,335,511	110,774,306	153,109,817
Changes during the year		758,419,695	- 1	758,419,695
Profit or Loss for the year	-	-	(69,890,809)	(69,890,809)
Balance as at 31st December 2022	15,000,000	785,755,206	40,883,498	841,638,703
Balance as at 1st January 2023	15,000,000	785,755,206	40,883,498	841,638,703
Changes during the year		-	(9,734,838)	(9,734,838)
Profit or Loss for the year	-	-	28,854,633	28,854,633
Balance as at 31st December 2023	15,000,000	785,755,206	60,003,293	860,758,498

This is the statement of changes in equity referred to in our Report of even date.

Dechok & Associates Pvt. Ltd

(Yeshi Jamtsho) Managing Partner

Membership No. 2641177

Date: 09/04/2024

Place: Phuentsholing Bhutan

On behalf of FCBL Board

(Dasho Karma Galay) Chairman

(Dasho Kinlay Ishering)

Board Director

(Mr. Dorji Tashi) Chief Executive Officer

CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount in Nu.)

		(Amount in Nu.)
Particular	DECEMBER 31, 2023	DECEMBER 31, 2022
Operating Activities		
Comprehensive Income before tax	25,963,848	(69,890,809)
Depreciation Charges	23,563,855	25,143,832
Provision for Gratuity	-	(6,304,567)
Provision for Leave Salary	-	(3,682,134)
Interest on Lease Liability	-	166,361
Sale of Fixed Assets	-	(4,490,499)
Deferred Tax	(863,170)	-
Actuarial Gain	3,753,955	-
Movement in Retained Earnings	(9,734,838)	-
Interest on Fixed Deposit	(13,347,846)	(6,323,338)
Operating Profit before changes in Working Capital	29,335,804	(65,381,154)
(Increase)/Decrease in Inventories	14,395,949	133,217,378
(Increase)/Decrease in Trade & Other Receivables	2,384,041	25,271,095
(Increase)/Decrease in Loans & Advances	28,195,776	(120,368,124)
Increase/(Decrease) in Non-Current Liabilities	92,258,610	116,832,431
Increase/(Decrease) in Current Liabilities	25,283,733	(87,342,014)
Net Cash Flow from Operating Activities before Tax	191,853,913	2,229,611
Tax deducted at source	11,698,225	(6,314,302)
Net Cash Flows from Operating Activities (A)	203,552,138	(4,084,690)
Investing Activities		
Purchase of Property, Plant & Equipment	(185,498,701)	(84,014,418)
Acquisition of Right of Use Assets (ROU Assets)	(2,277,162)	-
Difference in NBV of Assets as per trial and Note 2 (Opening)	154,765	_
Increase in CWIP	(6,187,320)	-
Difference in Disposals	61,354	_
Proceed from Fixed Deposit	-	8,633,195
Sale of Fixed Assets	_	4,490,499
Interest on Fixed Deposit	13,347,846	6,323,338
Net Cash Flows from Investing Activities (B)	(180,399,218)	(64,567,385)
Financing Activities	_	
Cash Payment on Lease Liability	-	(166,361)
Net Cash Flows from Financing Activities (C]	-	(166,361)
Net Cash Flows During the Year(A+B+C)	23,152,920	(68,818,437)
		0

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Opening Balance	469,037,408	335,696,555
Closing Balance of Cash & Cash Equivalents	492,821,067	266,878,118
Break up of closing Cash & Cash Equivalents		
Cash on Hand	2,245,313	3,399,067
Cash at Bank	182,958,831	263,479,052
Add: Fixed Deposit with Banks having Maturity period	52,616,923	12,010,083
more than 3 months but less of 12 Months	32,010,723	12,010,003
Add: Fixed Deposit with Banks having Maturity period	255,000,000	190,149,207
more of 12 Months	233,000,000	190,149,207
Closing Balance of Cash & Cash Equivalents	492,821,067	469,037,408

This is the statement of cash flows referred to in our report of even date.

Dechok & Associates Pvt. Ltd

(Yeshi Jamtsho) Managing Partner

Membership No. 2641177

Date: 09/04/2024

Place: Phuentsholing Bhutan

On behalf of FCBL Board

(Dasho Karma Galey) Chairman

(Dasho Kinlay Tshering)

Board Director

(Mr. Dorji Tashi) Chief Executive Officer

CORPORATION

Note 1:

SIGNIFICANT ACCOUNTING POLICIES

a) General Information

The Food Corporation of Bhutan Limited is 100% State Owned Enterprise established under the Royal Charter of by the Fourth King of Bhutan His Majesty ligme Singve Wangchuck in 1974. It was registered under The Companies Act of Kingdom of Bhutan, 1989 with the registered office located in Phuentsholing, Bhutan. The Company's main mandate and the activities includes maintaining National and SAARC (South Asian Association for Regional Cooperation) Food Security Reserves, trading in food and essential commodities, auctioning of agricultural products and providing the procurement and distribution support to the School Feeding Programme of the Royal Government of Bhutan. It has currently 27 nos. warehouses, 4 nos. of Retail shops and 4 nos. of Auctionyards spread across the country. The Company follows calendar year as its financial year and the functional currency

is Bhutanese Ngultrum (BTN).

b) Transition to the Bhutanese Accounting Standards (BAS)

Until financial year ended December 31, 2022, the company prepared its financial statements in accordance with Bhutanese Accounting Standards (BAS for SMEs) and the provisions of the Companies Act of the Kingdom of Bhutan, 2016.

In pursuant of the directives from the Accounting and Auditing Standards Board of Bhutan (AASBB) and The Companies Act of Bhutan 2016, the Company has transited and adopted all relevant provisions in Bhutanese Accounting Standards (BAS) with effect from 1st of January 2023.

c) Summary of Significant Accounting Policies

The summary of the Significant Accounting Policies adopted by the Company in the preparation and presentation of the financial statements are given below:-

Basis of Preparation

The Financial Statements of the Company are prepared on historical cost convention and on accrual basis unless otherwise stated. It is also in compliance to the Bhutanese Accounting Standards (BAS) and relevant sections in The Companies Ac 2016.

> Property, Plant & Equipment

Property, Plant and Equipment are initially recognized at cost. The initial cost comprises of the purchase price, taxes and any direct expenses incurred to render the asset ready for use and the cost of the items of Property, Plant& Equipment are recognized as asset only and if only it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Depreciation on Property, Plant & Equipment is provided on Straight Line Method over the useful life of assets which has been estimated by the Management.

The established estimated useful life of the assets for depreciating the Property, Plant & Equipment is as follows:-

Particulars	Depreciation Rate (in %)	Useful life of asset (in years)	Residual Value (in %)
Building & Civil Structures			
Permanent	2.50%	40	5%
Semi-Permanent	20%	5	NIL
Temporary	100%	1	NIL
Office Equipment	20%	5	NIL
Furniture & Fixtures	15%	6.67	NIL
Plant & Machinery	10%	10	5%
Tools & Tackles	20%	5	NIL
Heavy Vehicles	15%	6.67	15%
Light Vehicles	10% & 15%	6.67 & 10	15%
Intangible Assets	20%	5	NIL

Free hold land is not depreciated as it has unlimited useful life. Depreciation on Fixed Assets acquired during the financial year is charged on pro-rata basis from the date of issue of the asset for use.

The assets valuing up to Nu. 5,000/- is considered as consumables and charged off to the statement of income.

➤ Intangible Assets

Intangible Assets are stated at cost. Amortization is recognized on a Straight-Line basis over the useful life of intangible assets determined by the Management.

Capital Work-in-Progress (CWIP):

Cost incurred for the generation of qualifying assets is initially recorded in CWIP until the asset is not completed and not functional. Cost incurred is transferred from CWIP to fixed asset only when it starts generating economic benefits and upon receipt of complete certificate from concern authority.

Lease Accounting

BRFS 16 establishes a unified lessee accounting framework mandating lessees to record assets and liabilities for all leases exceeding 12 months, unless the leased asset holds low value. Lessees are obliged to acknowledge a right-of-use asset, denoting their entitlement to utilize the leased asset, alongside a lease liability, indicating their commitment to fulfill lease payments.

> Inventories

Inventories of Food Grains, Essential Items and Renewable Natural Resources Products are valued at landed cost on weighted average basis or estimated net realizable value whichever is lower. Landed cost comprises of cost of goods, Bhutan Sales Tax, transportation charges, handling/labor charges and net of discounts. Stores items including packing materials are valued at weighted average cost or net realizable value whichever is lower.

> Trade and other receivables

Trade receivable (Sundry Debtor) represents the amount receivable from the customers in the ordinary course of business for sale of goods on credit. Trade receivables are classified as current asset if it is expected to be realized within twelve months from the date of financial statement, if not they are classified as non-current assets.

Loans and advances

Loans and advances represent advances given to the suppliers for supply of goods, claims receivable for rendering of services, other miscellaneous receivables and claims. Loans and advances are recognized at the value of cash advanced or claims receivable or netted off against impairment charges assessed by the Management.

Loans and advances are classified as current assets if it likely to be realized within twelve months from the date of financial statement, if not it is classified as non-current assets.

> Trade and other payables

Trade payables are the amount payables to suppliers for supply of goods on credit and onligations to the company which occurred in course of its activities. Trade Payables are classified as current and non-current liabilities depending on their likelings paid within twelve months from date of Financial Statement.

> Cash & Cash Equivalent

Cash and cash equivalent include cash on hand, balance in the current accounts and any fixed deposits with the banks.

> Investments

Long term investments are stated at cost of acquisition.

> Employees Benefit

Defined Contribution Scheme

Employees belong to a defined contribution benefit plan managed by a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined Benefit Scheme

The company makes retirement payments based on the last monthly basic salary and number of completed years of services. The gratuity is accrued on the basis of estimated valuation. Changes in service and interest are charged to the statement of comprehensive income.

Other Benefits

Other benefits such as gratuity, leave encashment, carriage charges, transfer grant and travelling allowance are accrued at year end on the basis of actuarial valuation. Employee benefit liabilities are also classified as current and non-current liability depending upon the likelihood of it getting settled within twelve months from the date of Financial Statement.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Direct Material Cost

Direct Material Costs are stated at cost net off discounts from the suppliers. The purchases are recognized in books of accounts on receipt basis based on the Goods Receipt Note. Direct Material Cost includes the purchase price Bhutan Sales Taxon Cost and Labor Cost.

> Revenue Recognition

Sales

Sales are recognized once the invoice is raised to the customer and it is stated net off discount allowed to customers if any.

Other Revenues

Other income are recognized and accounted for on accrual basis unless otherwise stated.

> Grants

Capital grants received are initially recognized as non-current liabilities in the statement of financial position and subsequently recognized in the statement of comprehensive income on a systematic basis over the useful life of the related funded assets on fulfilling the conditions set along-with the capital grant. In previous GAAP system, it was treated as capital reserve.

Revenue grant is recognized as Income over the periods necessary to match the grant with the related costs that is intended to compensate. If the grant is not utilized the same has been shown as Deferred grant in the statement of financial position.

> Income Taxes

Current corporate tax is computed at the rate enacted or substantially enacted on the reporting date by the income tax authority on the total taxable comprehensive income. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Provisions and Contingent Liabilities:

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. A contingent liability is only disclosed in the notes to the account if an outflow of resources embodying economic benefits is possible.

CORPORAT

> Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

On behalf of FCBL Board

(Dasho Kinlay Tshering) Board Director

(Mr. Dorji Tashi)

Chief Executive Officer

Dasho Karma Galey) **Chairman**

Place: Phuentsholing, Bhutan

Date: 09/04/2024

NOTE 2 : Property, Plant & Equipment Own Assets

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Type of Assets	As on 01.01.2023	Additions Disposals	Disposals	As on 31.12.2023	As on 01.01.2023	During the Year	Adjustments	As on 31.12.2023	As on As on 31.12.2023	As on 31.12.2022
Building and Civil Structures	110,373,565	3,879,407	-	114,252,972	32,081,836	3,011,202	ı	35,093,038	79,159,934	78,291,729
Furniture and Fixtures	9,910,306	503,400	1,662,434	8,751,271	7,323,543	1,119,352	1,662,434	6,780,460	1,970,811	2,586,763
Land	6,075,303	ı	ı	6,075,303	1	1	1	ı	6,075,303	6,075,303
Office Equipment	26,180,189	331,034	6,671,419	19,839,805	20,143,744	2,568,541	6,610,065	6,610,065 16,102,220	3,737,585	6,036,445
Plant and Machinery	21,540,376	ı	ı	21,540,376	4,275,835	1,980,648	1	6,256,483	15,283,893	15,283,893 17,264,541
Right of Use Asset	1	2,277,162	ı	2,277,162	154,765	184,486	1	339,251	1,937,910	1
Tools and Implements	19,246,675	162,750	162,750 2,152,790	17,256,634	17,256,634 15,277,718	1,227,914	2,152,790	2,152,790 14,352,841	2,903,793	3,968,957
Vehicles	51,654,380	3,633,709	5,184,855	50,103,234	34,491,970	2,901,722	5,184,855	5,184,855 32,208,837	17,894,397	17,162,410
Intangible Assets	3,086,157	1	ı	3,086,157	2,885,442	200,711	1	3,086,153	4	200,715
Total	248,066,951	10,787,461	15,671,498	248,066,951 10,787,461 15,671,498 243,182,914 116,634,852 13,194,576	116,634,852	13,194,576	15,610,145	114,219,284	15,610,145 114,219,284 128,963,630 131,586,864	131,586,864
Previous Year	221,672,673	41,732,759	15,338,481	221,672,673 41,732,759 15,338,481 248,066,951 115,922,304 15,900,081	115,922,304	15,900,081	15,342,298	116,480,087	15,342,298 116,480,087 131,586,864 105,750,369	105,750,369

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	Gross Block				Accumulate	Accumulated Depreciation	uc		Net Book Value	alue
Type of Assets	As on 01.01.2023	Additions	Disposals	As on 31.12.2023	As on 01.01.2023	During the Year	Adjustments	As on 31.12.2023	As on As on As on 31.12.2023 31.12.2022	As on 31.12.2022
Building and Civil Structures	97,151,424 176,547,651	176,547,651	ı	- 273,699,076 63,628,044	63,628,044	2,924,530	1	66,552,574	207,146,502	33,523,381
Furniture and Fixtures	525,639	ı	198,788	326,851	393,533	35,397	198,788	230,142	602'96	132,106
Land	262,603	•	1	262,603	ı	•	1	1	262,603	262,603
Office Equipment	960,753	-	869'89	892,055	398,178	171,617	869'89	501,097	390,958	562,575
Plant and Machinery	22,612,268	-	1	22,612,268	8,812,139	2,194,768	-	11,006,907	11,605,361-313,800,129	13,800,129
Tools and Implements	43,304,250	440,750	5,758,008	37,986,992	34,286,646	4,769,258	5,758,008	5,758,008 33,297,896	960'689"¥	Q'017,604
Vehiclesus Tales	1,920,768	-	1	1,920,768	1,358,699	273,709	-	1,632,408	/ 2/288,360	562,070
Total ass	166,737,706 176,988,401	176,988,401	6,025,494	$6,025,494 \ 337,700,614 \ 108,877,239 \ 10,369,279$	108,877,239	10,369,279	6,025,494	113,221,024	6,025,494 113,221,024 224,479,589 57,860,467	57,860,467
Previous Est	158,478,361 12,374,310	12,374,310	4,114,965	4,114,965 166,737,706 103,744,636 9,247,569	103,744,636	9,247,569	4,114,966	108,877,239	4,114,966 108,877,239 37,860,467 54,733,725	54,733,725
The second secon									The second secon	

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Type of Assets	As on 01.01.2023	Additions	Transfer	As on 31.12.2023
Assets purchased during the year	39,610,036	1,676,384	1,432,775	39,853,645
Construction of Potato Grading storage, Gomchu	7,500	27,834,549	1	27,842,049
Integrated Cold Store at Gomchu	19,848,349	57,071,861	76,920,210	1
Integrated Cold Store at Samtenling, Sarpang	6,495,626	35,079,110	41,574,736	1
Integrated Cold Store at Wangdue Phodrang	23,466,973	10,230,822	33,697,795	1
Integrated Cold Store at Zhemgang	1	998'665'8	ı	998'665'8
Khuruthang Depot	1	852,996	852,996	-
Manhole Chamber at Helipad	1	911,269	911,269	=
NFSR Warehouse at Nganglam	1	34,733	1	34,733
NFSR Warehouse, Gelephu	15,050	21,570,408	21,585,458	ı
Pasakha Potato Cold Store	2,608,266	2,601,900	454,200	4,755,966
Potato Integrated Line (PIL), Bumthang	1	1,701,433	1	1,701,433
Potato Integrated Line (PIL), Gangtey, Wangdue	1	17,795,560	2,344,132	15,451,429
Total	92,051,800	185,960,891	179,773,571	98,239,120
Previous Year	62,144,451	73,699,038	43,791,689	92,051,800

		Gross Block	Block			Accumulated	Accumulated Depreciation		Net Book Value	k Value
	As on 01.01.2023	Addition	Disposals	As on 31.12.2023	As on 01.01.2023	During the Year	Adjustments	As on 31.12.2023	Adjustments 31.12.2023 31.12.2023 31.12.2022	As on 31.12.2022
PPE Total	PPE Total 414,804,657 187,775,863 21,696,992	187,775,863	21,696,992		225,512,091	580,883,527 225,512,091 23,563,855	21,635,639 227,440,308 353,443,220 189,447,331	227,440,308	353,443,220	189,447,331
CWIP Total	CWIP Total 92,051,800 185,960,891 179,773,571	185,960,891	179,773,571	98,239,120			•		98,239,120	98,239,120 92,051,800
Grand Total	Grand Total 506,856,457 373,736,754 201,470,563	373,736,754	201,470,563	679,122,648	225,512,091	23, 563,855	679,122,648 225,512,091 23,563,855 21,635,639 227,440,308 451,682,340,281,499,131	227,440,308	451,682,340	281,499,131
						1			100	1



Note 3: Financial Assets

Particulars		DECEMBER 31, 2023	DECEMBER 31, 2022
Non Traded, Unquoted			
Equity Shares in Companies (At Cost)			
50,000 Equity shares of Nu. 10/- each		381,584	381,584
in Bhutan Fruit Products Pvt. Ltd			
Т	Cotal	381,584	381,584

Note 4: Deferred Tax Assets

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Adjustment	-	630,738
Total	-	630,738

Note 5: Loans and Advances

Long-Term Doubtful Advances		DECEMBER 31, 2023	DECEMBER 31, 2022
Security Deposit for Rent		107,096	107,096
Security Deposit for Others		408,125	421,925
Long-Term Doubtful Advances		9,676,795	10,311,099
Less: Provisions for Doubtful Advances		(9,571,790)	(6,043,444)
	Total	620,227	4,796,676

Note 6 -Inventories

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Essential Items	141,959,146	124,606,555
Food Grains	124,753,894	118,270,206
Renewable Natural Resource Inputs	2,642,336.00	39,507,110
Consumable Stores and Spares	681,920	1,661,242
Packing Material	1,252,408	1,252,408
Damaged and Expired Essential Items	95,116	347,927
Damaged Food Grains	8,217	45,654
Damaged RNR Inputs	132,353	230,238
Total	271,525,391	285,921,340

Note 7- Cash and Cash Equivalent

Note / Cash and Cash Equivalent		
Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Cash on Hand	2,245,313	3,399,067
Balance with Current Accounts in Banks	182,958,831	263,479,052
Fixed Deposit with Bhutan National Bank and Bhutan		30.44.24.30.30
Development Bank Limited, Maturity date more than	52,616,923	52,159,290
12 Months		5/ 5/ 5
Short term Deposit with T-Bank	255,000,000	150,000,000
Total	492,821,067	2 469, 037,408
THE WILLIAM		Chorde Associates P.V.

Note 8 - Trade and Other Receivables

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Debts Outstanding for a period of more than 180 days		
Considered Doubtful	10,046,047	15,722,473
	10,046,047	15,722,473
Provision for Doubtful Debts	(43,910,606)	(15,701,693)
	(33,864,559)	20,779
Debts Outstanding for a period of less than 180 days		
Considered Good	128,479,226	96,977,928
	128,479,226	96,977,928
Total	94,614,666	96,998,707

Note 9: Loans and Advances

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Other Advances	115,955,469	132,057,649
Receivable from RGoB for School Feeding	42,136,625	21,679,154
Interest on Fixed Deposits	9,343,819	4,162,223
Other Receivables	91,789,387	125,318,729
Prepaid Expenses	789,299	840,280
Rent Receivables	1,070,730	1,124,634
Service Charges Receivables	17,629,932	17,551,921
Total	278,715,263	302,734,590

Note 10: Tax Deducted at Source

Particulars		DECEMBER 31, 2023	DECEMBER 31, 2022
TDS Receivables		7,020,486	18,718,711
Tot	al	7,020,486	18,718,711

Note 11: Share Capital

Note 11. Share capital	DECEMBER 31,	DECEMBER 31,
Particulars	2023	2022
a. Authorised Equity Share Capital		
100,000 Equity Shares @ Nu. 1,000/- each	100,000,000	100,000,000
b. Issued & Paid Up Equity Share Capital		
15,000 Equity Shares @ Nu.1,000/- each	15,000,000	15,000,000
c. Reconciliation of Equity Share Capital		
Equity Share at the beginning of the year	15,000,000	15,000,000
Add: Issued during the year	-	
Equity Shares at the end of the year	15,000,000	34 34 15 000 000
d. Details of Equity Shareholders	/3	100
15,000 Equity Shares issued to Ministry of Finance, Royal	15,000,000	7 7 000 000
Government of Bhutan	15,000,000	13,000,000
e Percentage of Equity Shareholdings	100%	100%
E-CENNETS IN THE STANK	18	Associates Put.

Note 12: Reserve and Surplus

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
a. Retained Earnings		
Opening Balance as per Statement of Financial Position	40,883,498	110,774,306
Other Adjustment for Prior Period Items	(9,734,838)	-
Comprehensive Income during the Year	28,854,633	(69,890,809)
Total	60,003,293	40,883,498
b. Capital Reserves- Land		
(Unaccounted Land identified, Accounted and adjusted in the	2,335,511	2,335,511
books of Accounts as per the title deeds received)		
b. Capital Reserves- NFSR	783,419,695	783,419,695
(Fund Received for NFSR Items)	/03,419,093	/03,419,093
Total	785,755,206	785,755,206

Note 13: Deferred Capital Grant

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Non-Current		
Opening Balance as per Statement of Financial Position	378,315,546	261,483,115
Deferred Capital Grant received during Year	114,341,833	126,080,000
Transferred to Other Income	(10,369,279)	(9,247,569)
Adjustment with Funded Assets	-	-
Total	482,288,101	378,315,546

Note 14: Deferred Tax Liabilities

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Deferred Tax Liabilities	863,170	-
Less: Adjustment of Deferred Tax Asset	(630,738)	
Total	232,431	-

Note 15: Lease Liability

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Lease Liability during Year	2,197,838	-
Lease adjusted during the year	-	-
Total	2,197,838	-

Note 16: Provisions (Non-Current)

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Provision for Gratuity	44,158,644	58,302,857
Total	44,158,644	58,302,857

	Note 17: Borrowings	3.00
	Particulars	DECEMBER 31, DECEMBER 3022
1	Overdent Account in Bank of Bhutan	-\2\57,480
	Total	- 6, 57,480/
5		4ssociates P

Note 18: Other Liabilities

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Liabilities for Expenses	6,211,282	4,665,135
Security Deposit Received	28,781,123	12,042,800
Unpaid Salary and Allowance	5,284	420,053
Other Liabilities	15,600,217	12,222,036
Total	50,597,907	29,350,025

Note 19: Trade and Other Payables

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Trade Payables for Goods and Services	124,223,290	139,493,493
Total	124,223,290	139,493,493

Note 20: Provisions (Current)

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Provision for Leave Encashment	18,057,955	13,560,781
Provision for Performance Based Variable Allowance	14,866,360	
Total	32,924,315	13,560,781

Note 21: Revenue from Operations

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Revenue from Sales		
a. Sale of Food Grains	1,012,537,128	982,357,312
b. Sale of Essential Items	1,169,884,058	990,147,338
c. Sale of Renewable Natural Resource Inputs	5,466,163	23,805,668
d. Sale of Farm Produce	124,704,925	184,590,059
	2,312,592,273	2,180,900,378
Revenue from Services		
a. Service Charges from School Feedings (RGoB)	18,895,865	19,205,385
b. Service Charges from Auction Yards	28,281,042	15,024,116
	47,176,906	34,229,500
Total	2,359,769,179	2,215,129,878

Note 22: Other Income

Note 22. Other mitorile		
Revenue from Sales	DECEMBER 31, 2023	DECEMBER 31, 2022
Amortization of Deferred Capital Grant	10,369,279	9,247,569
Grant Income (Revenue)	600,000	97,325,578
Interest on Fixed Deposits	13,347,846	6,323,338
Miscellaneous Income	2,474,673	5, 337,620
Penalty Interest	12,829,656	801,413
Provision no Longer required, Written Back	3,932,781	25797,706 90
Rent Received	14,374,378	311,297,504
Rice Fortification Income	7,971,571	1,803,720
Sale of Property, Plant and Equipment	4,765,579	3 4,490,499
Shortage recovered from Staffs	332,647	7,362,655
Shortage recovered from Transporters	5,355	138,247
A rangue Income	5,408,357	5.2426305
Tota	76,412,123	146,168,068

Note 23: Increase/(Decrease) of Stock in Trade

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Value of Opening Stock		
a. Essential Items	124,606,555	123,189,604
b. Food Grains	118,270,206	170,499,849
c. Renewable Natural Resource Inputs	39,507,110	121,596,338
d. Damaged & Expired Items	623,818	744,321
	283,007,689	416,030,112
Value of Closing Stock		
a. Essential Items	141,959,146	124,606,555
b. Food Grains	124,753,894	118,270,206
c. Renewable Natural Resource Inputs	2,642,336	39,507,110
d. Damaged & Expired Items	235,687	623,818
	269,591,062	283,007,689
Total	(13,416,627)	(133,022,423)

Note 24: Direct Material Expenses

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
a. Purchase of Food Grains	926,227,468	844,077,305
b. Purchase of Essential Items	1,040,782,607	861,075,955
Add: Bhutan Sales Tax	74,664,543	72,012,910
	1,115,447,150	933,088,865
c. Renewable Natural Resource Inputs	315,235	42,091,101
d. Purchase of Farm Produce	86,559,867	150,182,774
Total	2,128,549,720	1,969,440,046

Note 25: Selling and Distribution Expenses

Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
a. Transportation Charges (Hired)	15,338,841	26,583,680
b. Transportation Charges (Owned)	25,071,300	24,742,737
c. Direct Labour Charges	5,726,366	15,015,426
d. Discount on Sales	1,373,899	4,215,293
e. Commission	-	326,020
f. Warehouse Rental	2,269,787	3,932,518
Tota	l 49,780,193	74,815,674

Note 26: Financing Cost

Note 20. Financing Cost			
Particulars		DECEMBER 31, 2023	DECEMBER 31, 2022
Interest on Short-Term Borrowing		9,549,146	10,238,911
Less: Interest Subsidy received from MoF		(9,368,969)	(10,072,550)
Bank tees and Commission		2,835,391	2,763,343
	Total	3,015,568	a la
E			0

Note 27: Employee Benefit Expenses

	For the Year ended	
Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Allowances	27,215,836	24,844,297
Employees Insurance	853,124	1,047,514
Gratuity	3,670,070	7,910,905
Leave Encashment	7,251,881	9,058,917
Leave Travel Concession (LTC)	5,422,489	5,548,974
Other Employee Expenses	4,838,157	7,740,352
Pension Fund - Employer's Contribution	7,436,490	8,713,998
Performance Based Variable Incentives	14,866,360	-
Salaries	61,961,429	80,724,340
Temporary Staff / Intern Charges	1,407,055	1,351,573
Human Resource Development Expenses	89,948	94,672
Staff Welfare Expenses	3,301,586	3,761,498
Travel Expenses	1,420,923	10,552,352
Total	139,735,347	161,349,392

Note 28: Other Expenses

	For the Year ended	
Particulars	DECEMBER 31, 2023	DECEMBER 31, 2022
Audit Engagement Expense	431,645	397,947
Board Director Expenses	462,490	262,954
Corporate Social Responsibilities and Donation	121,670	517,994
Hospitality and Entertainment Expenses	482,883	1,081,478
Meeting Expenses	21,669	-
Motor Vehicle Expenses	2,892,638	4,694,274
Other General and Admin expenses	6,337,877	9,647,604
Premises Expenses	2,722,710	3,129,278
Printing and Stationary Expenses	1,429,607	1,901,464
Repairs and Maintenance Expenses	876,658	798,138
Statutory Fees	228,361	1,684,646
Writeoff and Damage Expenses	36,147,935	40,368,090
Total	52,156,143	64,483,867





Note 29-

NOTES ON FINANCIAL STATEMENTS

- a. The capital commitment of the Company as on 31st December, 2023 is Nu. 353,443,219.60 (Previous Year - Nu. 189,447,331.09).
- b. Capital Work in Progress comprises of the cost of fixed assets of Nu. 98,239,120.36 (Previous Year - Nu. 92,051,800.29) that are not yet ready for their intended use at the reporting date.
- c. The land measuring area of 44.86 acres has been capitalized in the books of accounts. Out of above, there are Lands measuring 9.51 acres under User Right Certificate were issued in favor of the Company.
- d. The remuneration and sitting fees paid to the Chief Executive Officer and the sittings fees paid to the Directors during the year are stated below:-

(Amount in Nu.)

		(11110uit in 14ui)
Particulars	2023	2022
Sitting Fees of Directors	162,450.00	115,000.00
Chief Executive Officer		
Remuneration (including allowances)	1,366,530.00	1,613,886.00
Sitting Fee	25,000.00	30,000.00
PF Contribution	105,382.80	155,990.00
GIS	5,000.00	6,000.00
Leave Encashment	94,210.00	129,803.00
LTC	61,140.00	83,535.00
Total	1,657,262.80	2,019,214.00

e. The employees benefits as on 31st December 2023 are provided based on the Actuarial Valuation made by the Actuary firm as follows;

(Amount in Nu.)

SL. No.	Particulars	2023	2022
1	Provision for Carriage Charges	2,443,057.00	-
2	Provision for Gratuity	44,158,644.00	58,302,857.00
3	Provision for leave encashment	8,096,865.00	12,569,780.55
4	Provision for Transfer Grant	3,750,275.00	2 648
5	Provision for Travelling Allowance	3,767,758.00	37-
		62,216,599.00	71,863,637.55

The amount paid for Statutory Auditors during the year are as follow

(Amount in Nu.) **Particulars** 2023 2022 Statutory Audit fee 150,000.00 150,000.00 Other Expenses 281,644.54 247,947.03 Total 431,644.54 397,947.03 g. i) Quantitative details of Food Grain for the Year 2023

Item	Opening Balance	Purchase	Dumped/ Shortage	Sales	Closing Balance
Rice	1,359,042.90	14,680,596.00	2,454.00	14,310,075.61	1,727,043.30
Flour	23,320.60	876,685.00	641.00	804,655.60	94,709.00
Oil	245,104.80	1,705,016.00	337.54	1,713,027.71	236,757.01
Pluses	141,364.16	467,711.00	84.02	506,022.68	102,968.46
Salt	101,554.00	819,450.00	250.00	805,876.02	114,877.98
Sugar	246,627.96	934,157.00	117.80	1,107,072.34	73,594.82
Maize 50Kg	-	45,900.00	-	45,900.00	-
Quinoa 1Kg	176.00		147.00	29.00	-
Wheat	226,735.00	447,600.00	31.00	646,154.00	28,150.00
Zau 1kg	-	198.00	-	198.00	-
	2,343,825.42	19,977,313.00	4,062.36	19,939,010.96	2,378,100.57

ii) Quantitative details of Renewable Natural Resource Inputs for the year 2023

Item	Unit	Opening	Purchase	IntRecpt	Dispatch	Dumped	Sales	Closing
Seeds	Pkt	6,463.00	-	622.00	622.00	2,367.00	329.00	3,767.00
Feeds	Nos	489.00	-	45.00	45.00	-	468.00	21.00
Tools	Nos	725.00	-	260.00	256.00	-	178.00	551.00

iii) Quantitative details of Renewable Natural Resource Products for the year 2023

Items	Unit	Opening	Purchase	Int- Recpt	Dispatch	Dumped /adjusted	Sales	Intran- sit	Closing
Cardamom	Kg	57,318	63,232	69,597	66,225	561	123,361		-
Local Quinoa	Kg	54,220	-	-		13,720	40,500	-	-
Processed Quinoa	Kg	4,981	-	4,600	4,600	83	5,854	2,384	2,384
Rajma Bean	Kg	1,031	-	-	-	1,029	2	-	_
Raw Quinoa	Kg	-	4,705	-	-	-	-	14.84.44.22	3044,705
Leno bags	Pcs	133,017	-	27,200	14,500	14,643	83,7213	.70	47,353
Jute Bags	Pcs	51,892	-	-	-	-	8,85		43,035
Total		302,459	67,937	101,397	85,325	30,036	262,295	2,384	97,477
ने केंद्र						•	18		101

iv Quantitative details of Essential Items for 2023:

Stem H8	Opening Balance	Purchase	Sales	Dumped/ Shortage	Closing Balance
Atial Items	3,238,013.91	33,987,328.00	33,215,705.29	82,867.92	3,926,768.70

h. A shortage amounting to Nu. 4,030,425.66 were detected by the management from our former Warehouse Incharge, Mr. Birkha Bdr. Darjee, at the Mongar Warehouse.

Consequently, the legal action has been taken through court, which has granted him a period of 6 months to fully repay the outstanding balance.

i. 8407.50 MTs of Rice, 337.53 MTs of Pulses, 828.48 MTs of Oil for National Food Security (NFSR) Reserve and 360 MTs of Rice for SAARC Food Security Reserve (SFSR) must be maintained in the FCBL outlets as per the "National Food Security Emergency Action Plan for COVID-19". The year-end actual quantity lying are as follows:

	NFSR	Quantity (MTs) as on 31.12.2023			Mandated Quantity (MTs)			Excess/ (Shortage)		
Sl. No.	Dzongkhag	Rice	Oil	Pulses	Rice	Oil	Pulses	Rice	Oil	Pulses
1	Bumthang	23.86	3.72	2.55	200.83	19.79	8.06	(176.97)	(16.07)	(5.51)
2	Chukha	320.79	35.11	11.51	786.66	77.52	31.58	(465.87)	(42.41)	(20.07)
3	Dagana	21.57	3.14	0.18	286.35	28.22	11.50	(264.78)	(25.08)	(11.32)
4	Gasa				46.60	4.59	1.87	(46.60)	(4.59)	(1.87)
5	Наа	46.79	2.78	0.40	154.74	15.25	6.21	(107.95)	(12.47)	(5.81)
6	Lhuentse	5.23	-	0.29	154.25	15.20	6.19	(149.02)	(15.20)	(5.90)
7	Mongar	76.27	3.89	1.56	405.63	39.97	16.28	(329.36)	(36.08)	(14.72)
8	Paro	69.45	2.01	2.57	550.83	54.28	22.11	(481.38)	(52.27)	(19.54)
9	Pemagatshel	19.03	1.95	1.21	263.52	25.97	10.58	(244.49)	(24.02)	(9.37)
10	Punakha	54.67	1.85	5.09	337.33	33.24	13.54	(282.66)	(31.39)	(8.45)
11	S/jongkhar	147.10	8.32	9.23	392.68	38.70	15.76	(245.58)	(30.38)	(6.53)
12	Samtse	30.31	4.35	3.73	708.85	69.85	28.46	(678.54)	(65.50)	(24.73)
13	Sarpang	193.79	17.00	27.22	545.76	53.78	21.91	(351.97)	(36.78)	5.31
14	Thimphu	310.58	13.36	23.58	1,691.34	166.66	67.90	(1,380.77)	(153.30)	(44.32)
15	Trashigang	214.24	10.29	7.05	491.57	48.44	19.73	(277.33)	(38.15)	(12.68)
16	Trashiyangtse	5.49	3.35	0.88	188.12	18.54	7.55	(182.63)	(15.19)	(6.67)
17	Trongsa	59.59	5.45	1.33	245.35	24.18	9.85	(185.76)	(18.73)	(8.52)
18	Tsirang	8.66	1.55	1.11	261.06	25.73	10.48	(252.40)	(24.18)	(9.37)
19	Wangdue	31.06	5.29	2.70	505.18	49.78	20.28	(474.12)	(44.49)	(17.58)
20	Zhemgang	9.71	2.00	0.80	190.85	18.81	7.66	(181.14)	(16.81)	(6.86)
TO	TAL	1,648.16	125.44	102.97	8,407.50	828.50	337.50	(6,759.34)	(703.06)	(234.53)

The Government should allot adequate funds for maintenance of Food Reserve for NFSR and SFSR.

j. During the physical verification carried out by the Management at the yearend several dumped, damaged products & expired items has been policed, for which Disposal Committee has decided vide Letter No. FCBL/QCU/05/2024/87 dated 05/03/2024 a sum of Nu. 95,116.12 for Food Grain Items have been as damaged items.

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Moreover, damaged and expired Essential items of Nu. 8,217.39 and RNR products of Nu. 132,353.49 have been found as estimated by the Management during the Physical Verification.

- k. Capital Reserves of Nu. 2,335,511.00 is lying for capitalization of owned Land in 2015 and 2016 and Nu. 783,419,695.00 from Royal Government of Bhutan for procurement of goods for National Food Security Reserve.
- l. FCBL has received Nu. 112,447,210.44 from Ministry of Agriculture and Livestock, Royal Government of Bhutan, as fund support for the construction of potato integrated cold storage.
- m. Overdraft account in Bank of Bhutan (Account no. 200015408) for Nu. 150 Million is arranged by Department of Macro-Fiscal and Development Finance (DMDF), Ministry of Finance for a specified period of one year from 01/11/2023 with the FCBL to bear the interest expenses.
- n. As on 31st December 2023, several court cases are pending settlement against the employees for shortage of Inventories and cash embezzlement. Several court cases are still pending against the customers for recovery of their dues. The financial impact, if any, of these court cases is not ascertainable at this stage.
- o. Right of Use Assets and Lease Liabilities:

The right-of-use asset is initially measured at the present value of the lease liability plus initial direct costs. Adjustments are made for lease payments made before or on the commencement date, lease incentives received, and any estimated dismantling and restoration costs.

The lease liability is calculated as the present value of all lease payments not paid at the commencement date, using either the interest rate implicit in the lease or the lessee's incremental borrowing rate if the implicit rate is not determinable.

The right-of-use asset is measured using a cost model under BAS 16 - "Property, Plant and Equipment" and depreciated over the lease term on a straight-line basis, with the depreciation expense recognized in the Profit or Loss. The lease Trabitity is accreted to reflect interest and reduced to account for lease payments made, with interest expense recognized in the Profit or Loss.

p. The deferred tax asset during the year is net off against the deferred tax

<i>M</i>	ó	1	Particulars	Amount (Nu.)
	feri	Ee	Tax Liabilities during the year	863,170
We.	9S:	Á	ljustment of Deferred Tax Asset	(630,738)
***************************************	Ä	5	Total	232,431

q. The company has not provided the provision for the Corporate Income Tax during the year due to the sustained losses incurred for the past three years. The self-assessment Corporate Income Tax is tabulated below:

Tax computation		Amount (Nu.)
	Profit before Tax (1)	25,100,678
In admissible		-
1. Donations		13,266
2. Provision for Bad Debts		35,137,638
Total Disallowances (2)		35,150,904

Less: Admissible	
1. Recovery of Bad Debts during the year 2023	8,266,825
2. Depreciation on maintenance expense capitalised in 2019	224,273
3. Depreciation on maintenance expense capitalised in 2020	8,228
Total Admissible (3)	8,499,326

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Less; Adjustments of Carried forward loss previous years	
1. Carried Forward of loss as per Tax 2020	109,869,266
2. Carried Forward of loss as per Tax 2021	16,442,630
3. Carried Forward of loss as per Tax 2022	54,714,707
	181,026,603

Taxable Profit/Loss	(129,274,347)

- r. The penalty interest receivables from debtors are accounted for on cash basis.
- s. Figures of the previous year have been regrouped and rearranged wherever necessary.

On behalf of FCBL Board

(Mr. Dorji Tashi) **Chief Executive Officer**

CORPORATIO

(Dasho Karma Galey) **Chairman**

Place: Phuentsholing, Bhutan

(Dasho Kinlay Tshering)

Board Director

Date: 09/04/2024

& Associates