

THIMPHU TECHPARK

ANNUAL REPORT 2022





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THE YEAR IN REVIEW

I am privileged to share the Management's endeavors and experiences of the year 2022 for the Annual Report. I joined as new Chief Executive Officer from 14th January 2022.

Taking over the management of a company is an exhilarating and challenging endeavor that requires strategic planning, effective leadership, and a deep understanding of the organization's dynamics. Assuming the reins of a company comes with immense responsibility and an opportunity to shape its future. The year 2022 indeed was a momentous year for me as I had to take over the leadership transition remotely from 16th Jan 2022 till 3rd week of March 2022 because of nationwide lock down - Covid Pandemic.

Remote management takeover presents unique challenges that require adaptability, effective communication, and innovative strategies in specific to conducting a comprehensive assessment of the company's current state in terms of analysis of its financial health, market position, operational efficiency, human resources, and overall strategic direction. I could briefly orient myself in understanding the company, my coworkers, and the various projects to identify areas of strength, potential weaknesses, and opportunities for growth from 15th February for a short period of 5 days as another nationwide lock down (22nd Feb – 20th March) was imposed. So, as a new leader, I could not execute the following as anticipated upon leadership changeover.

- 1) Setting clear objectives for the management takeover that would have aligned the company's overall vision in terms of setting specific and measurable goals. Failed to put in place a roadmap for success and guide one's decision-making throughout the transition.
- 2) Building a competent and dedicated team to support the vision. Failed to thoroughly evaluate the existing pool of talents and identify key individuals or to address any of the skills gaps.
- 3) Failed to engage with employees, shareholders, clients, and other stakeholders to provide a sense of stability and clarity amidst the change in communicating my vision, strategy, and objectives openly.
- 4) Could not execute transition plan meticulously in prioritizing key initiatives, allocating resources effectively and monitoring the progress of various projects initiated, and
- 5) Fostering an environment that values feedback and empowers employees to contribute ideas for improvement, ensuring the company remains agile and competitive in a dynamic business landscape.

All above happened due to limited face-to-face interaction, no direct exposure to workplace environment, limited visibility into operations and processes, trust-building, communication barriers, and maintaining employee engagement.

Having struggled with the challenges for remotely managing the company, I was further confronted by a very important project called Bhutan Integrated Taxation System (BITS) that was on the brink of failure. As a CEO, I could not revitalize the project to set it on a path to success for the following reasons:

- 1) The thorough assessment of the project's history, including its objectives, scope, timelines, previous management approaches, and competency of international consultant did not help.
- 2) Tight timelines with impending deadlines imposed more challenging for recovery plan.
- 3) Failed to gain support with fresh approach and instilling confidence in the new management as the client have lost their confidence in the project's ability to deliver to its committed milestones.

Thus, the development of BITS was brought to closure upon termination of the project by Ministry of Finance dated 22nd April 2022. The positive outcome of the project was bringing the project to successful closure without any legal litigation with both the international consultant M/s IU Networks, Armenia on 14th July 2022 and Department of Revenue and Custom, MoF on 29th July 2022. The other positive outcome is the lesson learnt on implementing such huge and complex project, and considerable transfer of knowledge and skills to our Bhutanese team.

The other important project TTPL has been assigned with was software development of Electronic Patient Information System (ePIS) for Ministry of Health. Having learnt significant lessons from failed project BITS and to ensure that the project remains on track and allow necessary adjustments, a high-level meeting was called on 29th June 2022 with international consultant Manorama Infosolutions Pvt. Ltd (MIPL) to assess and evaluate the status of project, its progress and identify any potential risks or areas that would require an attention to achieve the desired outcomes. The following were reviewed:

- 1) Revisited project objectives to assess whether they are achievable as per the milestones committed and to address if any changes need to be made based on evolving requirements;
- 2) Identifying any gaps or discrepancies regarding deliverables;
- 3) Identification of risks and issues that may impact project timeline to come up with mitigation strategies;
- 4) Assessing performance and collaboration of the project teams;
- 5) Determining adjustments needed to align with shift in priorities that have arisen since the project started; and
- 6) How client and stakeholders are kept informed about the project's progress and the challenges faced.

By the year end, TTPL made substantial progress with the ePIS project with completion of 8 major modules related to OPD Services.

However, the Company was impacted severely in its financial performance with the loss of BITS project that left huge dent in the annual compact's total revenue. The company could not achieve the financial target revenue of Nu. 320 million as the major portion of the revenue of Nu. 165.10 million could not be realized from the BITS project.

Thus, the overall financial performance of the company decreased when compared to the year 2021. The Company's revenue for the year was Nu. 157,716,361 as compared to Nu. 232,819,814 in 2021, and Profit After Tax of Nu. 3,449,36 as compared to Nu. 84,452,744 in 2021.

The year 2022 also witnessed high attrition rate of 32.98% where TTPL lost in total 31 employees by year end. The high attrition rate can be contributed to various factor such better job opportunities, lack of career growth, inadequate compensation and benefits, lack of recognition and rewards, ineffective management and leadership, negative work environment, lack of challenging work, and mismatch expectations. But the high attrition rate for the year 2022 was mainly triggered by exodus rush to Australia, Canada and United Kingdom to pursue higher education, work and earn.

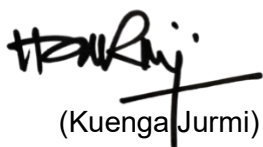
While TTPL lost one of the major projects that greatly impacted our financial performance, we continued strongly with completion of 8 major features of ePIS project, securing Gyalsung MIS: Pre-Enlistment development works, upgradation of eMINES of SMCL and implementation of ERPNext solution for STCBL and Rigsar Construction besides providing unstinted support services to all the clients using TTPL's software and ERP solutions.

The other notable event that took place is establishment of Jigme Namgyel Wangchuck Super FabLab (JNWSFL) at TechPark by DHI, the third ever Super FabLab in the world that is equipped with high-end, state-of-the-art digital fabrication equipment. The JNW Super FabLab was inaugurated by His Royal Highness The Gyalsey Jigme Namgyel Wangchuck.

On the conventional TechPark services, TTPL continued to host and support FDI companies that has significantly contributed to creation of job opportunities and the advancement of technology sector. The foreign companies generate a significant portion of their income from their exported services and employ local talents only.

Finally, I would like to put on record the management's gratitude to all the stakeholders and individuals, especially the DHI and the Board for their steadfast guidance and support, and appreciation to all our valuable Clients and FDI companies at TechPark for their cooperation.

Wishing the year 2023 the very best and success.



(Kuenga Jurmi)

Chief Executive Officer

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THE YEAR IN PICTURE



Figure 1: Joining of New Chief Executive Officer, 14th Jan 2022



Figure 2: Thunder Spike Championship



Figure 3: After successful SAP Skills Program



Figure 4: Recipients of Civil Service Award

1. COMPANY PROFILE

1.1 Background of the company

Thimphu TechPark is the flagship IT development company in the Kingdom of Bhutan. It is the country's first IT Park - promoted by Government Technology Agency then the Department of Information Technology & Telecom supported by the World Bank.

The Thimphu TechPark Limited is a DHI owned company and is located at Thimphu, Bhutan's capital city. The TechPark became operational from 7th May 2012 comprising of 58,000 square feet of IT/ITES office and 10,000 square feet space absorbed by GovTech Agency to house Bhutan Innovation and Technology Centre (BITC).

BITC is an initiative of the Royal Government of Bhutan to promote innovation and entrepreneurship in the country. However, the operation of the BITC is being managed by TechPark. BITC comprises of three pillars: a Business Incubator, a Shared Technology Centre and a Tier 2 Data Center. The objective of BITC is to contribute to the economic and social development of Bhutan by supporting and facilitating high potential individuals and SMEs to grow into successful businesses.

In 2018, the construction of the second building with a built-up area of about 20,000 square feet was started and completed in July 2019.

Since the beginning of operations till the end of 2018, TechPark focused on the following two major roles:

- To own, promote and operate the 58,000 sq ft IT Park as a whole, and
- To manage and operate Bhutan Innovation and Technology Centre.

And successfully progressed in fulfilling objectives of filling up the commercial space by FDIs in IT sector and creating employment opportunities for Bhutanese youth:

However, in line with the DHI Roadmap Into The Next Decade 2.0, the company has taken steps from 2019 onwards to evolve as an IT services provider – catering to companies within DHI Group as well as other clients. The company has since then been focusing on becoming the Centre of Excellence for Software Engineering, and consolidating the Group's IT services and resources (including the Data centers), and replacing all legacy systems and applications with up-to-date applications. It provides IT and IT-enabled services (system development) to all local agencies and also functions as IT Manager to the Group, government agencies, and other independent agencies.

1.2 Vision, Mission and Values

Vision

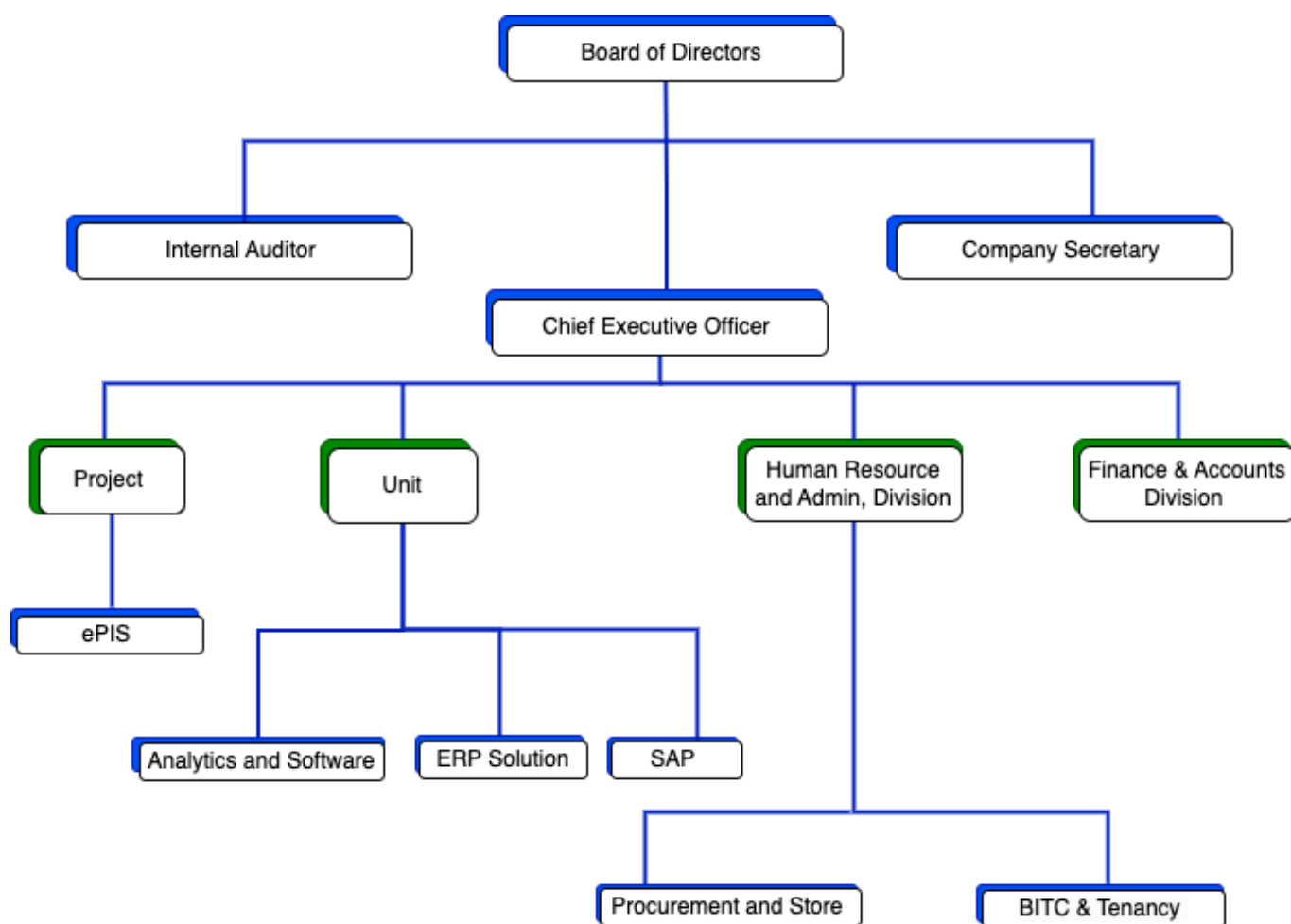
To be a vibrant
Technology Park and the
Centre of
Excellence for
Information Technology
Services



Mission

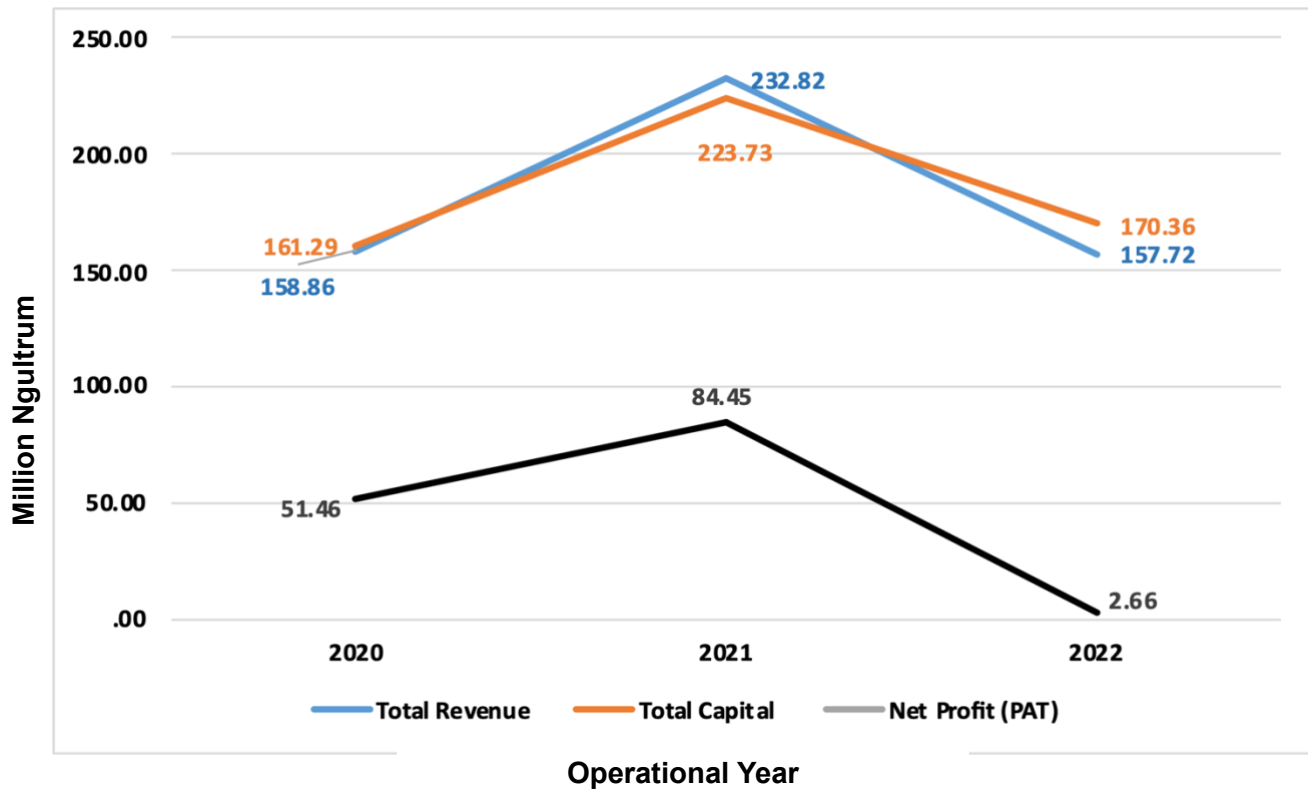


1.3 Organizational Chart



1.4 Financial Performance

Figure 5: Financial Performance (2020-2022)



2. BOARD OF DIRECTORS



Jacques von Benecke, Chairman, since September 2022

Mr. Jacques is serving as the Chief Technology Officer at the Druk Holding & Investments Ltd. He has over 30 years of experience in the area of consulting. He successfully delivered complex programs of work by utilizing his skills and experience to identify problems and matching that with innovative solutions from cross- industry to deliver outstanding business outcomes.



Ujjwal Deep Dahal, Director, since July 2019

Ujjwal D. Dahal is the Chief Executive Officer at the Druk Holding & Investments Ltd. His experience, expertise and interests are in the areas of energy policy & markets, project management, energy system planning & design; strategic technology planning; smart cities; and data driven system designs.



Jigme Tenzing, Director, since April 2022

Jigme Tenzing is the Acting Secretary of Government Technology Agency. He has a Masters in Information and Computer Science from University of Oregon, US. He has more than 19 years of work experience in the field of Strategic Planning, Computer Science and Information Technology.



Phuntsho Namgyal, Director, since April 2022

Phuntsho Namgyal is the Director of the Department of Geology and Mines with Royal Government of Bhutan. He holds a Masters in Environment, Climate Change and Development from the University of Manchester, United Kingdom and a bachelor's degree in civil engineering from the Thammasat University, Bangkok, Thailand. He has more than 19 years of progressive experience in Renewal Energy, Climate Change, Environmental, Geology and Mining sectors at the National and International level.

Changa Dorji, Director, since September 2022



Mr. Changa Dorji is an independent researcher and consultant based in Thimphu. He worked as a researcher at the Royal University of Bhutan for more than 10 years and has been consulting for the last seven years. He provides research-based consulting services in areas of strategic management, organizational development and social inclusion, and supports startup in Bhutan.



Kuenga Jurmi, CEO/Board Director, since January 2022

Mr. Kuenga Jurmi is the Chief Executive Officer of Thimphu TechPark Ltd. For last 26 years demonstrated ability in a broad range of skills and competence involving in maintaining banking related software application (CBS), experiences in implementing operational procedures in IT dependent environment, people management with focus on HR policies and systems including recruitment and performance appraisal coupled with experiences as facilitator and coordinator of workshops and seminars, development of training courses to postgraduate students, in-service civil personnel, local community leaders and representatives. He has Master of Information Technology (MIT) from University of Canberra (UC), Canberra, Australia.

3. MANAGEMENT TEAM



Kuenga Jurmi, Chief Executive Officer, since January 2022

Mr. Kuenga Jurmi is the Chief Executive Officer of Thimphu TechPark Ltd. For last 26 years demonstrated ability in a broad range of skills and competence involving in maintaining banking related software application (Core Banking System), experiences in implementing operational procedures in IT dependent environment, people management with focus on HR policies and systems including recruitment and performance appraisal coupled with experiences as facilitator and coordinator of workshops and seminars, development of training courses to postgraduate students, in-service civil personnel, local community leaders and representatives. He has Master of Information Technology (MIT) from University of Canberra (UC), Canberra, Australia.



Kinley Tshering, Chief Project Manager, ePIS Project

Mr. Kinley Tshering joined Thimphu TechPark Ltd. from January 2020. Prior to joining TTPL, he worked at Druk Holding & Investments Ltd (DHI) and Bhutan Telecom Ltd (BTL), where he led development of in-house Enterprise Resource Planning (ERP) projects for State Mining Corporation Ltd (SMCL), Construction Development Corporation Ltd (CDCL), and Natural Resource Development Corporation Ltd (NRDCL); and eProcurement System. He has a bachelor's degree in information technology from Rochester Institute Technology, NY, USA.



Tandin Tshewang, General Manager, Finance & Accounts

He has Master's Degree in Finance and Business Economics from Adelaide University, South Australia. Before he joined TTPL, he has worked in Samden Group as a General Manager (Finance & Accounts Division). He has completed the training on R programming for econometrics from Data Camp. He is currently serving as the General Manager, Finance & Accounts Division



Tashi Phuntsho, Head HR & Admin

He has bachelor's degree in English (Honors) from Sherubtse College, Royal University of Bhutan. Before he joined TTPL, he worked at Paro College of Education, Royal University of Bhutan for over a decade and half. He is currently serving as the Head of Human Resource & Administration Division.



Lungten Zangmo, ERP SAP

She obtained Bachelor of Business Administration (Major in Accounting) from Gedu College of Business Studies, Royal University of Bhutan. Before she joined TTPL, she worked in Druk Green Power Corporation Limited (DGPC), where she led the ERP SAP project implementation and worked as consultant in various companies under DGPC and DHI. She has successfully completed the SAP Financial Accounting training and is an SAP Certified Application Associate for Financial Accounting and Procurement. She is currently serving as Key Personnel for SAP unit.



Thukten Dendup, ERPNext

He obtained a Bachelor of Science in Computer Science from Sherubtse College, Royal University of Bhutan. Before joining TTPL, he worked for Bhutan Telecom Ltd. as a System Engineer and also led the ERP Project Team for implementation of ERP for NHDCL (National Housing Development Corporation Ltd.) and WCCL (Wood Craft Centre Ltd.) as the Project Manager. He is currently serving as the Key Personnel ERPNext Unit.



Ngawang Zepa, Analytic and Software Development

He obtained Bachelor of Degree in Computer Science from Sherubtse College, Royal University of Bhutan. Before joining TTPL, he worked at SouthTech Bhutan Private Ltd. He is currently serving as a Software Developer and Key Personal in Analytics and Software Development Unit.

4. DIRECTOR'S REPORT

Dear Shareholders,

On behalf of the Thimphu TechPark Board and the Management, the Board is honored to present the annual performance of Thimphu TechPark Limited for the year ending 31st December 2022. The report contains the operational performance highlights along with the key achievements and financial results.

Operational Highlights

Since the shift of the Company's focus to IT services in 2019 in line with the DHI Roadmap 2030, TTPL continued its pursuit towards becoming the Centre of Excellence for IT rapidly scaling up its manpower in the IT Services Department. The Company is currently executing multi-million-dollar project; Electronic Patient Information System (ePIS) for the Ministry of Health in addition to several other projects. TTPL has been undertaking ePIS project in partnership with experienced international companies, but a lot of focus is being given for the technology and knowledge transfer to the TTPL Team to be able to maintain the systems on our own and explore exporting similar software development services in the future.

TTPL has been persistently working towards its objective of being a Centre of Excellence in IT Services providing IT and ITES enabled services to DHI and DHI Companies, as well as to other clients. Some of the projects completed during the year 2022 are as follow:

- 1) ePayment Integration for BTL & Rigsar Construction Pvt. Limited, Smart ERP Upgradation for SMCL and De-Suung Skilling Program, Smart ERP implementation for BLDC, BBPL, MSPCL & Rigsar Construction Pvt. Ltd.
- 2) Under SAP ERP, projects that were executed are ePayment Implementation for DrukAir, Dungsam Cement and Dungsam Polymer, SAP Migration Project for DHI Owned Companies, AMI Integration to SAP ISU system, implementation of SAP ISU Meter Centric to Customer Centric (MCCC) System for BPC and electricity bill adjustment in SAP ISU for BPC (internal offices). Besides, implementation of Asset & Store Management System Automation, SAP Implementation for JNW Super FabLab as a Profit Center in DHI, and SAP Sales & Distribution module for DHPC.
- 3) Regarding analytics and software development, the ASD Unit has designed, developed, and implemented solutions such as Knowledge Management System, Board Directors' Database & Evaluation System, Financial Consolidation Dashboard using Microsoft Power BI tools for DHI, e-Recruitment System for BoBL and Team Appraisal System for DGPC. All these products have been implemented inhouse without involving any third-party. The Unit too has conducted software development training in Java programming using the Spring Boot Framework to IT professionals of DGPC and BPC.
- 4) The project electronic patient information system (ePIS) under digital drukyul flagship program for Ministry of Health has completed the development of prioritized features such as Reception, Doctor's Desk, Pharmacy, Billing, Laboratory Information System (LIS), Radiology Information System (RIS), and Services Management.
- 5) Besides the IT Services, TTPL continued its administration of the IT Park and its efforts to promote innovation and entrepreneurship in the country through Bhutan Innovation and Technology Centre, offering trainings in the field of entrepreneurship and IT. The contract for the operation of Bhutan Innovation & Technology Centre on behalf of the Government Technology Agency (then DITT)

Department of IT & Telecom that ended on 30 June 2021 was renewed from March 2022 to December 2026.

- 6) During the period, BITC provided EDP training to 61 laid off employees of Drayang (entertainment centres) from Thimphu and Paro Dzongkhag. In the incubation centre, BITC had 6 incubates as of first quarter of 2022. Among 6 incubates, Companies such as Bhutan Advantaged Outsourced Solutions, Bhutantive, Blue Dragon, Weyul Pvt limited, and Thinly Animation Studio graduated in 2022. Presently, BITC has two incubates operating from Incubation Center i.e. Gai Technologies and De-Suung Skilling Program.

Financial Position and Key Financial Performance Highlights

The year 2022 has not been great for TTPL as we lost one of the government's flagship programs. For various reasons, the Bhutan Integrated Taxation System (BITS) that was initiated since June 2020 for a period of 3 years was brought to closure by Ministry of Finance. The closure has immensely impacted the overall financial performance of TTPL that subsequently led to failure in achieving the target revenue set in the Company's Compact.

Company generated a total income of Nu. 157.71 million, which is decrease by 32.25% (Nu. 75.1) in comparison to FY 2021, where company generated Nu. 232.81 million. The drop-in revenue was largely due to closure of BITS Project (target revenue Nu. 165.10 million) and deferral of ePIS milestone that amounted to Nu. 47.16 million. On the other hand, total expense incurred for the year was Nu. 155.05 million, which is increased by 5.82% (Nu. 8.54 million). The increase in expense is largely due to increase in IT expense relating to purchase of Microsoft products (Nu. 25 million) and bad debts provisions for accounts receivable by Nu. 2.06 million. As a result, Company could generate profit after tax of Nu. 3.45 million only, substantial decrease by 95.91% (81 million) in comparison to FY 2021.

As of 31st December 2022, balance sheet, Company has cash balance of Nu. 84.53 million and its liabilities mainly constitutes of Inter Corporate Borrowing (ICB) of Nu. 80 million that is payable to State Mining Corporation. TTPL had to avail ICB facility to refund back the payable amount that was finalized upon closure of the BITS Project with DRC, MoF as TTPL did not have enough fund. The other liability is housing loan of Nu. 27 million that was availed for the construction of Building Block II.

Corporate Governance

The Company complied with the CG Code issued by DHI. The Board of Directors led by the Chairman met as often as possible to discuss important issues affecting the operations of the Company, provide guidance and strategic direction to the management and making important decisions on behalf of the Company. The Board led by Chair has already begun the process to confirm Strategic Plan of the Company aimed at formulating a befitting vision, mission and mandates of an IT Company that can be called a Centre of Excellence in Software Engineering.

The Company's Board convened in total eight Board meetings, one Audit Committee meeting, two Board Human Resource Committee meetings and one Board Tender Committee meeting during the year.

By the year end 2022, the Board consisted of six members including the Chief Executive Officer.

Mr. Jacques von Benecke, Chief Technical Officer of DHI, was appointed as the TTPL Board Chair from October upon resignation of Mr. Karma Yonten (former Chair) in August.

Challenges and Outlook for 2023

Despite experiences and lessons learnt from the challenges and uncertainties imposed by COVID-19 pandemic, the Company continues with its struggle to attract and retain skilled IT professionals. The challenge relates to limited professional talents pool in the market that has been further heightened by high attrition rate. The high attrition rate has been triggered by better opportunities available (abroad) especially Australia and TTPL saw in total 31 employees resigning.

The other challenges are staying competitive with the latest trends and technologies, meeting customer expectation especially in understanding their needs, preferences and behaviors and managing growth such as workforce, expanding into new markets and scaling the operations. Besides, attracting foreign companies to Bhutan remains a challenge because of the downfall of the global economy.

As opposed to the initial plan in 2022 to come up with a concrete Corporate Strategic Plan for the Company and restructure itself, the present Board resolved to review the Plan along with OD Exercise during the year 2023 to align with ongoing Business Review of DHI Companies by the Transformation Office as well to sync with revised Into the Next Decade: A Roadmap for DHI and Group 2.0.

Despite challenges confronted, the Company has not lost its focus in ensuring that the Electronic Patient Information System (ePIS) be delivered efficiently within time and budget and build the required local capacity as per the project mandate. In addition, our pursuit to innovate and provide various software development and other IT services for DHI Group as well reach out to state owned enterprises, government offices and other stakeholders remains undeterred.

TTPL too will strive to increase its operations by diversifying its products and services through innovation and reaching out to unreached potential clients. Though the year 2023 is going to be very challenging year in terms of financial target, we see ourselves achieving it and improving the financial position.

Acknowledgement

The Company would like to acknowledge with much appreciation to the invaluable guidance and support received from Druk Holding & Investments, DHI Owned Companies, the Board Directors, the tenant Companies, the TTPL management and the employees, Government Technology Agency, Ministry of Finance, Ministry of Health, and the Royal Government of Bhutan.

We look forward for same support and guidance.

For and on behalf of the Board



(Jacques von Benecke)

Chairman, TTPL Board

5. CORPORATE GOVERNANCE REPORT

TTPL aims to achieve high standards of corporate governance and ensures compliance with the provisions of the Companies Act of Bhutan 2016, Corporate Governance Code and Ownership Policy developed by the Druk Holding and Investments Ltd., and other statutory requirements for the Financial Year 2022.

5.1 Board of Directors

The Board of Directors play an active role in the operations and decisions made by TTPL through contributions of their professional opinions and active participation in discussion. The Board acts as a governing body for the company. TTPL Board constitutes of six members, including the Chief Executive Officer. All the members of the Board are identified and appointed by DHI with subsequent endorsement in the general meetings. The DHI organize and conducts orientation program for the new board members to prepare them on the roles and responsibilities of the board.

Sl. No.	Board Directors	Designation/ Address	Date of Appointment	Director type	Remarks
1	Mr. Karma Yonten	Head, OPM, HMS	Reappointment: April 2022	Independent Director	Resigned: August 2022
2	Ms. Sonam Choiden (PhD)	President, GCBS	Reappointment: April 2022	Independent Director	Resigned: August 2022
3	Mr. Thuji Yonten	Freelance Consultant	Appointment: April 2022	Independent Director	Resigned: August 2022
4	Mr. Jacques von Benecke	Chief Technology Officer, DHI	Appointment: August 2022	Non-Independent Director	Serving 1 st Term
5	Mr. Ujjwal Deep Dahal	Chief Executive Officer, DHI	Appointment: April 2022	Non-Independent Director	Serving 2 nd Term
6	Mr. Jigme Tenzing	Acting Secretary, GovTech Agency	Appointment: April 2022	Independent Director	Serving 1 st Term
7	Mr. Phuntsho Namgyal	Director, Department of Geology & Mines	Appointment: August 2022	Independent Director	Serving 1 st Term
8	Mr. Changa Dorji	Freelance Consultant	Appointment: August 2022	Independent Director	Serving 1 st Term
9	Mr. Kuenga Jurmi	Chief Executive Officer, TTPL	Since 15 th Jan 2022	Non- Independent Director	

5.2 Board Meetings

A total of eight (8) Board Meetings were conducted in the year 2022. The quorum requirements and the gaps between the meetings were maintained in accordance with “The Companies Act of Bhutan 2016” and DHI Corporate Governance Code. The details of the Board Meetings are shown in the table below:

Meeting No.	Board Directors	Attendance
74 th Board Meeting Date: 25 March 2022	Mr. Karma Yonten	Present
	Mr. Karma Pemba	Present
	Ms. Sonam Choiden (PhD)	Present
	Mr. Tenzin Namgay	Apologies
	Mr. Ujjwal Deep Dahal	Present
	Mr. Kuenga Jurmi	Present
75 th Board Meeting Date: 29 April 2022	Mr. Karma Yonten	Present
	Mr. Jigme Tenzing	Present
	Ms. Sonam Choiden (PhD)	Present
	Mr. Phuntsho Namgyal	Present
	Mr. Ujjwal Deep Dahal	Present
	Mr. Thuji Yonten	Present
	Mr. Kuenga Jurmi	Present
76 th Board Meeting Date: 20 June 2022	Mr. Karma Yonten	Present
	Mr. Jigme Tenzing	Present
	Ms. Sonam Choiden (PhD)	Present
	Mr. Phuntsho Namgyal	Present
	Mr. Ujjwal Deep Dahal	Present
	Mr. Thuji Yonten	Present
	Mr. Kuenga Jurmi	Present
77 th Board Meeting Date: 12 July 2022	Mr. Karma Yonten	Present
	Mr. Jigme Tenzing	Present
	Ms. Sonam Choiden (PhD)	Apologies
	Mr. Phuntsho Namgyal	Present
	Mr. Ujjwal Deep Dahal	Present
	Mr. Kuenga Jurmi	Present

Meeting No.	Board Directors	Attendance
78 th Board Meeting Date: 27 July 2022	Mr. Karma Yonten	Present
	Mr. Jigme Tenzing	Apologies
	Ms. Sonam Choiden (PhD)	Present
	Mr. Phuntsho Namgyal	Apologies
	Mr. Ujjwal Deep Dahal	Present
	Mr. Kuenga Jurmi	Present
79 th Board Meeting Date: 12 Sept 2022	Mr. Karma Yonten	Present
	Mr. Jigme Tenzing	Present
	Mr. Phuntsho Namgyal	Present
	Mr. Ujjwal Deep Dahal	Present
	Mr. Jacques von Benecke	Present
	Mr. Changa Dorji	Present
	Mr. Kuenga Jurmi	Present
80 th Board Meeting Date: 26 Oct 2022	Mr. Jacques von Benecke	Present
	Mr. Jigme Tenzing	Present
	Mr. Ujjwal Deep Dahal	Present
	Mr. Phuntsho Namgyal	Present
	Mr. Changa Dorji	Present
	Mr. Kuenga Jurmi	Present
81 st Board Meeting Date: 7 Dec 2022	Mr. Jacques von Benecke	Present
	Mr. Jigme Tenzing	Present
	Mr. Ujjwal Deep Dahal	Present
	Mr. Phuntsho Namgyal	Present
	Mr. Changa Dorji	Present
	Mr. Kuenga Jurmi	Present

5.3 Board Committees

1. Board Audit Committee (BAC)
2. Board Tender Committee (BTC)
3. Board HR Committee (BHRC)

Board Audit Committee

The Board Audit Committee was formed to oversee the company's internal control system and ensure compliance with laws and regulations. BAC is the cornerstone for effective corporate governance.

One Board Audit Committee Meeting was conducted during 2022 and details are as follows:

Meeting No	Member's present	Chairman /Member	Attendance
10 th Board Audit Committee Date: 16th March 2022	Ms. Sonam Choiden (PhD)	Chairman	Present
	Mr. Tenzin Namgay	Member	Present

Board Tender Committee (BTC)

The Board Tender Committee is a standing committee of TTPL Board of Directors whose primary function is to assess the proposals related to any form of tenders and its related issues recommended by the Management for approval or recommendation to the TTPL Board.

One Board Tender Committee Meeting was conducted during 2022 and details are as follows:

Meeting No	Member's present	Chairman / Member	Attendance
12 th Board Tender Committee Date: 22 March 2022	Mr. Ujjwal Deep Dahal	Chairman	Present
	Mr. Karma Pemba	Member	Present
	Mr. Kuenga Jurmi	Member	Present

Board HR Committee (BHRC)

The objective of BHRC is to assist the Board in fulfilling its responsibilities on matters related to human resources development and human resource management by reviewing proposals and taking decisions at its desecration or making recommendations to the Board.

Two Board HR Committee Meetings were conducted during 2022 as follows:

Meeting No.	Member's present	Chairman / Member	Attendance
15 th Board HR Committee Date: 8 April 2022	Mr. Karma Yonten	Chairman	Present
	Mr. Ujjwal Deep Dahal	Member	Present
	Mr. Kuenga Jurmi	Member	Present
16 th Board HR Committee Date: 29 Sept 2022	Mr. Jigme Tenzing	Chairman	Present
	Mr. Ujjwal Deep Dahal	Member	Present
	Mr. Kuenga Jurmi	Member	Present

5.4 Board Remuneration

The Board and CEO's remuneration paid during the financial year 2022 are provided in the following table:

a. Summary of compensation paid to the Chief Executive Officer:	
Particulars	Amount (Nu.)
Salary & Allowances	1,922,807.00
Sitting Fees	72,000.00
Provident Fund Contribution	155,903.00
Training (incl. workshop, seminar, etc.) Expenditures during the year (e.g., <i>Inception Fees, Travel, food/Room & etc.</i>)	-
Other Benefits (LTC, Leave, PBVA & Bonus)	-
Total Amount [in Nu.]	2,150,710.00

b. Summary of compensation paid to Board of Directors (Inclusive of CEO)	
Particulars	Amount (Nu.)
Directors' Sitting Fees (Board & Sub-Board)	528,000.00
Directors' Training (incl. workshop, seminars, etc.) Expenditures during the year (e.g., <i>Inception Fees, Travel, food/ Room & etc.</i>)	-
Directors' DSA	-
Total Amount [in Nu.]	528,00.00

5.5 Annual General Meeting

The 13th Annual General Meeting was held on March 29, 2023, at DHI Board Room and attended by the Shareholder, Board Directors, and the key members of the management team.

The Annual General Meeting transacted the following business items:

- Ratification of the Minutes of the 12th Annual General Meeting.
- Consideration of audited accounts for the financial year ended December 31, 2022 Auditors Report and Directors Report.
- Declaration of remuneration for CEO and Directors Fees.
- Declaration of Dividend
- Retirement and appointment of directors.
- Appointment of auditors.
- Review and assessment of Compact 2022.

5.6 Risk Management System

TechPark uses a comprehensive and systematic approach to identify and manage risks inline with the guidelines provided by DHI.

The Risk Management System is used as a strategic attempt to strengthen Corporate Governance and build institutional capacity. It is being done so by identifying and prioritizing the risk through:

- a) Assessment of the impact and probability,
- b) Seeking mitigation measures,
- c) Assessing the effort and resources required for the measures,
- d) Taking a conscious decision to either accept the impact of the risk or in deploying effort and resources to reduce or eliminate the risk, and
- e) Assigning the responsibility of the identified actions to relevant persons.

5.7 Corporate Social Responsibility

TechPark continued its strong mandate of facilitating youth employment opportunities in 2022 through establishment of FDIs. Besides enabling direct employment opportunities, TechPark also provided EDP training to about 61 laid off employees of Drayang entertainment centers from Thimphu and Paro Dzongkhag through Bhutan Innovation & Technology Centre (BITC).

Additionally, as guided by DHI, the company contributed Nu. 3,936,074.63 million to the National Resilience Fund and the company donated Nu. 10,000 as a part of the Corporate Social responsibility initiative in 2022 to Zhung Drathsang.

5.8 Policies and Practices of CEO and Board Evaluation

The company follows the ownership policy and corporate governance code of DHI for CEO and Board Evaluation.

INDEPENDENT AUDITOR'S REPORT

TITLE SHEET

1. Title	:	Financial Audit Report of the Thimphu TechPark Limited
2. AIN	:	
3. Chairman of the Board	:	Jacques von Benecke (CID No. WPC19-1414101061507852) Email: jacques@dhi.bt
4. Head of the Agency	:	Kuenga Jurmi (CID No. 11306002310) Email: ceo_ttpl@thimphutechpark.bt
5. Drawing & Disbursing Officer	:	Tandin Tshewang (CID No. 11608001660) Email: tandin.tshewang@thimphutechpark.bt
6. Name of Finance Personnel	:	Tandin Wangchuk (CID No. 10310001224) Email : twangchuk@thimphutechpark.bt
7. Period Audited	:	1 January 2022 to 31 December 2022
8. Schedule of Audit	:	Planning: 6 February – 12 February 2023 Field Audit: 8 February – 15 February 2023
9. Composition of Audit Team	:	Team Leader: Damcho Tshering, Audit Manager (CID No.11003000576) Team Member: Thinley Dorji, Audit Associates (CID No. 11510000239) Kunchok Dolma, Audit Associates (CID No.11405001854)
10. Supervising Officer	:	Damcho Tshering, Audit Manager (CID No.11003000576)
11. Overall Supervising Officer	:	Tshechu, FCPA (Aust.), Managing Partner (CID No. 11216003250) Email: tshechu.associates@gmail.com
12. Audit Intimation Letter No.	:	RAA (SA – 31)/COAD/2022/2286 dated 14 December 2022
13. Focal Person	:	Damcho Tshering, Audit Manager (CID No.11003000576)
14. Date of Audit Exit Meeting	:	2 March 2022 (TTPL Conference Hall)

ACRONYMS AND ABBREVIATIONS

AASBB:	Accounting and Auditing Standard Board of Bhutan
FCCA:	Fellow Chartered Certified Accountants
BAS:	Bhutanese Accounting Standards
BFRS:	Bhutanese Financial Reporting Standards
CEO:	Chief Executive Officer
CID:	Citizenship Identity Card
CPA:	Certified Practicing Accountants
DBO:	Defined Benefit Obligation
EPS:	Earnings Per Share
FVTOCI:	Fair Value through Other Comprehensive Income
FVTPL:	Fair Value through Profit & Loss
GAAP:	Generally Accepted Accounting Principles
IFRS:	International Financial Reporting Standards
ISA:	International Standards on Auditing
KMP:	Key Management Personnel
MoF:	Ministry of Finance
NLC:	National Land Commission
Nu.:	Ngultrum
OCI:	Other Comprehensive Income
P&L:	Profit & Loss
PPE:	Property, Plant and Equipment
RAA:	Royal Audit Authority
R&D:	Research & Development
RGoB:	Royal Government of Bhutan
R&M:	Repairs & Maintenance
TDS:	Tax Deducted at Source
TFMR:	Total Fixed Monthly Remuneration
NLCS:	National Land Commission Secretariat
URC:	User Right Certificate



TSHECHU & ASSOCIATES
EMPANELLED with RAA
F - 03, Second Floor, BNB ATM Building,
Jungshina - Taba Expressway, Thimphu

INDEPENDENT AUDITOR'S REPORT

To,
The Members
Thimphu TechPark Limited (TTPL)
Thimphu, Bhutan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Thimphu TechPark Limited ("the Company")**, which comprise the Statement of Financial Position as at 31 December 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, 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 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan and we have fulfilled our ethical requirements 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 following without qualifying our opinion:

We draw attention to the restatement of 2021 and 2020 financial statements, which the descriptions were made in the respective Notes of the Financial Statement. The restatement is due to termination of BITS project, and Change in Druk Holding Investment Group Accounting Policy on Investment Property. The Company initially measured its Investment Property at Fair value, however, during the year it was changed to Cost Model.

Further, in accordance with BFRS 16 – lease, the company had calculated Right of Use of Asset for the land being leased from Thimphu Thromde for 30 years, and lease liability has been

correspondingly reflected in the Statement of Financial Position as of 31 December 2022. Depreciation had been charged for the investment properties and PPE based on the useful and the resulting deferred taxes was accounted retrospectively for 2020 and 2021.

Our opinion is not modified in respect of these matter.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is
- ii) sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;
- iii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the company's internal control;

- iv) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- v) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a Going concern; and
- vi) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

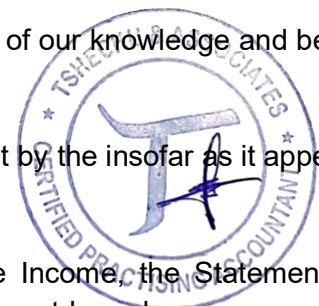
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the insofar as it appears from our examination of the books;
- c) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS; and

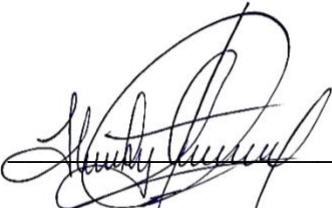


- d) The Company has complied with other legal and regulatory requirements to the extent applicable to the Company.

For Tshechu & Associates

Certified Practising Accountants

Firm Empanelment No.: BH - 07



Tshechu, FCPA (Aust.)

(Membership No. 9798359)

Managing Partner

Place: Thimphu

Dated:



REPORT ON MINIMUM AUDIT EXAMINATION REQUIREMENTS

**MINIMUM AUDIT EXAMINATION AND REPORTING
REQUIREMENTS THIMPHU TECHPARK LIMITED
FOR THE YEAR ENDED 31 December 2022**

As required by Section 266 of the Companies Act of Bhutan, 2016, and on the basis of such checks and test verification of accounts and records as we considered appropriate, and according to the information and explanations given to us, we report, to the extent applicable, that:

1. The Company has maintained proper records of the property, plant & equipment in the assets register maintained in ERP system to show full particulars including quantitative details and situation of the property, plant & equipment. As explained to us, the assets have been not physically verified by the managements during the year in a phased/periodical manner which in our opinion is reasonable having regard to the size of Company and nature of its assets.
2. None of the Property, Plant and Equipment and Investment Properties have been revalued during the year under audit.
3. The Company has inventory pertain to office stationeries amounting Nu. 135,091.00. The management informed us that physical verification was conducted at the year end.
4. With reference to our comment in clause. 3, the said clause in not applicable.
5. With reference to our comment in clause. 3, the said clause in not applicable.
6. The Company has a reasonable system of recording receipts, issues and consumption of office stationeries items commensurate with its size and nature of its business.
7. The said clause is not applicable in view of the nature of business.
8. The said clause is not applicable in view of the nature of business.
9. The said clause is not applicable in view of the nature of business.
10. The said clause is not applicable in view of the nature of business.
11. *The said clause is not applicable in view of the nature of business.*
12. The Company has availed secured term loans from National Pension and Provident Fund. According to the information and explanations given to us, the rate of interest and the other terms and conditions of the loans are prima facie not prejudicial to the interest of the company. The Company has not taken any secured loans during the year.
13. In our opinion and as per information and explanations given to us and on basis of examination of the books of accounts, the company has not granted any loan which is ultra – vires to the Articles of Incorporation and other relevant Acts and regulations.
14. The loans / advances granted by the Company to its officers/staff are as per the provisions of service rules or as per the business requirement. No instance of excessive / frequent advances or accumulation of large advance against particular individual has been noted.
15. According to the information and explanations given to us, the Company has established an adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the rules/regulations and system and procedures. However, there

is a limitation in scope to verify the system of internal control as the audit has been conducted on remote access basis.

16. There is a reasonable system of authorization at proper level and an adequate system of Internal Control commensurate to the size of the Company and the nature of its business on issue and allocation of Stores and Labor to jobs.
17. The Company has reasonable system of obtaining competitive biddings in respect of purchase of fixed assets and services as well as for sale of service that commensurate with the size of the Company and nature of its business. The company is not engaged in manufacturing or trading activities, hence the question of purchasing or selling goods relating to such activities does not arise. However, there is a limitation in scope to verify the above system as the audit has been conducted on remote access basis.
18. (a) As per information and explanation given to us by the management, there are transaction with Company or firms in which the directors are directly or indirectly interested and covered in the Notes to the Financial Statements, which are made at prices which are reasonable having regard to the prevailing market prices for such type of transactions.

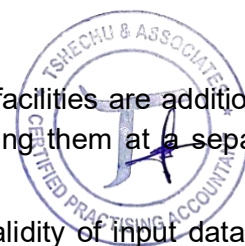
(b) Based on the information and explanation given to us during the course of audit and on our examination of books and records, in course of our audit we have not come across any such transactions entered into by the Company wherein the director(s) are directly or indirectly interested are prejudicial to the interest of other shareholders and the Company.
19. According to the information and explanation given to us, the expenses charged to the Company accounts represent legitimate business expenses and no personal expenses are charged to the Company, other than those payable under the contractual obligation/in accordance with generally accepted practice.
20. *The said clause is not applicable in view of the nature of business.*
21. *The said clause is not applicable in view of the nature of business.*
22. *The said clause is not applicable in view of the nature of business.*
23. *The said clause is not applicable in view of the nature of business.*
24. The Company is regular in depositing its rates and taxes, duties, provident fund and other statutory dues with the appropriate authorities. Further, the corporation tax was found to be adequately computed and deposited timely in accordance with the current applicable taxation laws, and has been appropriately disclosed in the financial statements.
25. There was no undisputed amount payable in respect of rates, taxes, duties, provident funds and other statutory deductions at the yearend.
26. There is a reasonable system of allocating man-hours utilized to the respective jobs, commensurate with the size of the Company and nature of its business.
27. *The said clause is not applicable in view of the nature of business.*
28. The management does not have Credit Policy.
29. *The said clause is not applicable in view of the nature of business.*



30. The company has a reasonable system of continuous follow-up with debtors and other parties for recovery of outstanding amounts. Age-wise analysis of outstanding amounts is carried out by the management as and when required for information and follow-up action.
31. The management of liquid resources particularly cash /bank short term deposit etc. are generally adequate and excessive amount are not lying idle in non – interest bearing accounts expects for the substantially high Bank balance Nu. 64,535,116.00 as at 31 December 2022 maintained with Bhutan National Bank Limited. The company as at 31 December has Bank Balance of Nu. 84,522,146.00 and Cash-at-hand balance Nu. 12,970.00.
32. As explained to us, the activities carried out by the company are lawful and intra vires to the Articles of Incorporation of the Company.
33. There is no investment done during the year so this clause is not applicable.
34. The Company has an adequate and effective budgetary control mechanism.
35. *The said clause is not applicable in view of the nature of business.*
36. Other than the remunerations and sitting fee to the Chief Executive Officer, and sitting fees to other Directors, no other payments in cash or in kind, has been paid to them or any of their relatives, in the nature of remuneration or commission. The remunerations and sitting fees paid to the Chief Executive Officer, and the Directors, are disclosed under Note No. 28.
37. On the basis of examination of books records, generally the directives of the Board have been complied with.
38. The Company is not listed on the Royal Securities Exchange of Bhutan or on any other stock exchange. As per the information and explanations given to us, the officials of the Company have not transmitted any price sensitive information, which are not made publicly available, unauthorized to their relatives / friends /associates or close persons which would directly or indirectly benefit themselves. We have however relied on the management assertion and cannot independently verify the same.
39. The inter unit transaction/services and arrangement for services made with other agencies engaged in similar activities were dealt with proper record.
40. The terms and condition of Contract agreements/ work agreements and leases land agreement are reasonable.

Computerized Accounting Environment:

1. The Company is using an enterprise resource planning software called ERP system. The said software has been customized according to the requirements of the Company.
2. In our opinion the organizational and system development and other internal control are adequate with reference to the size and nature of the computer installations.
3. The Company has adequate safeguard measures and back up facilities.
4. As to the backup facilities and disaster recovery measures, the back – up facilities are additionally kept in Microsoft Cloud Service platform to serve the requirement of storing them at a separate location.
5. The operational controls are found adequate to ensure correctness and validity of input data and output information.



6. The measures taken by the Company to prevent unauthorized access over the computer installation and files are adequate.

Going Concern

Based on the net asset position reflected by the Statement of Financial Position as at 31 December 2022 and audited by us in accordance with the International Standards on Auditing and on the basis of such other tests as we considered necessary in this regard, we have no reason to believe that the Company is not a going concern on the Statement of Financial Position date.

As such we are in the opinion that the Company has no Going Concern issues at this stage

Ratio Analysis

Financial and Operational Resume of the Company has been given in enclosed **Appendix - II** (Ratio Analysis).

Compliance with the Companies Act of the Kingdom of Bhutan

The Companies Act of Bhutan, 2016, governs the audit of the Company conducted by us and the scope of work is limited to the examination and review of the Financial Statements as provided to us by the management. In the course of audit, we have considered the compliance of the provisions of the said Companies Act and its Article of Incorporation. It is not possible for us to comment as regards adherence to all Laws, Rules and Regulations, System, Procedures and Practices by the Company, as comprehensive Compliance Reporting and Recording System of the Company in this regard is currently not in place. However, any non-compliance or departure from accepted practice and approved systems / procedures having effect on financial statements that came to our notice during the course of our audit is properly impacted / disclosed in the accounts.

We have checked the Company's compliances under the Companies Act of Bhutan, 2016 and our observations are highlighted in **Appendix - III A & III B**.

Adherence to laws, Rules and Regulations-

The Company has followed the Corporate Governance, which is in accordance and compliant of the provisions of the Corporate Governance Code and the Ownership Policy developed by the Druk Holding and Investments Ltd., the Companies Act of Bhutan, 2016 and other statutory requirements, to the extent as applicable to the Company.

For Tshechu & Associates
Certified Practising Accountants
Firm Empanelment No.: BH - 07


Tshechu, FCPA (Aust.)

(Membership No. 9798359)

Managing Partner

Place: Thimphu

Dated:



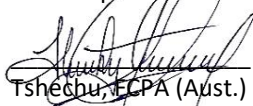
FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 December 2022
(All amounts are in Bhutanese Ngultrum ("Nu.") unless stated otherwise)

Particulars	Note	As at 31 Dec 2022	As at 31 Dec 2021	As at 01 Jan 2021
ASSETS				
NON - CURRENT ASSETS				
Investment Property	7A	216,800,530	224,391,320	235,843,476
Property, Plants & Equipment	7B	70,078,470	75,953,486	69,437,552
Right-of-Use-of Asset	7C	1,140,657	-	-
Total Non - Current Assets		288,019,657	300,344,806	305,281,028
CURRENT ASSETS				
Financial Assets				
Trade & Other Receivables	4	56,903,287	73,515,615	25,466,543
Other Current Assets	6	5,396,718	5,617,516	7,596,052
Consumables & Stock Assets	6	135,091	-	-
Cash and Cash Equivalents	5	84,535,116	198,187,980	173,837,940
Total Current Assets		146,970,212	277,321,110	206,900,535
TOTAL ASSETS		434,989,868	577,665,916	512,181,563
EQUITY AND LIABILITIES				
Equity				
Share Capital		223,090,900	223,090,900	223,090,900
Retained Earnings		(52,733,601)	643,207	(61,798,681)
TOTAL EQUITY		170,357,299	223,734,107	161,292,219
LIABILITIES				
NON -CURRENT LIABILITIES				
Other Non - Current Financial Liabilities	8	24,296,787	27,119,171	37,934,549
Other Non-Current Liabilities	9	92,737,113	94,126,246	94,758,201
Long Term Employee Benefits	10	199,402	2,385,133	1,744,234
Deferred Tax Liabilities	11	6,033,974	6,822,116	6,429,139
Total Non - Current Liabilities		123,267,275	130,452,666	140,866,12
CURRENT LIABILITIES				
Trade & Other Payables	12	15,016,909	32,871,965	34,153,431
Other Current Financial Liabilities	13	84,561,138	4,569,966	5,971,861
Other Current Liabilities	14	40,054,522	185,366,437	169,611,802
Lease Liability	15	1,732,724	-	-
Provision for Income Tax	16	-	670,776	286,128
Total Current Liabilities		141,365,293	223,479,144	210,023,222
TOTAL EQUITY & LIABILITIES		434,989,868	577,665,916	512,181,563

The Accompanying notes form an integral part of the standalone financial statements

For Tshechu & Associates
Certified Practising Accountants
Firm Empanelment No.: BH – 07


Tshechu, FCPA (Aust.)

(Membership No. 9798359)

Managing Partner

Place: Thimphu

Dated:



For Thimphu TechPark Limited



(Jacques von Benecke)

Chairman



(Kuenga Jurmi)

Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**
(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

Particulars	Note	As at 31 Dec 2022	As at 31 Dec 2021	As at 01 Jan 2021
COMPREHENSIVE INCOME				
Revenue from Operations	17	155,469,019	225,629,576	151,811,057
Finance Income	18	1,723,768	6,868,580	5,747,794
Other Income	19	523,514	321,659	1,296,823
Total Income		157,716,361	232,819,814	158,855,673
EXPENSES				
Employee Related Costs	20	57,363,337	65,523,597	44,389,103
IT & IT Services Expense	21	60,025,034	44,310,248	43,244,501
Operation & Maintenance Expenses	22	1,080,592	2,604,347	914,235
Gen. Administration, Expenses	23	18,109,576	17,141,127	11,021,152
Depreciation & Amortization	7	15,128,839	13,761,969	4,133,017
Finance Cost	24	3,347,709	3,173,065	3,411,254
Total Expenses		155,055,088	146,514,352	107,113,262
Profit on Operations before Tax		2,661,272	86,305,462	51,742,411
Current Income Tax Expenses	27	-	(670,776)	(286,128)
Prior Period Tax Expenses	27	-	(788,965)	-
Deferred Tax	27	788,142	(392,977)	3721
Profit on Operations after Tax		3,449,414	84,452,744	51,460,004
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to Profit & Loss</i>				
Actuarial Gain/(Loss) on Post-Employment Benefits	26	1,441,858	458,945	2,679,831
Fair Value Changes on Investment Property, Net	25	-	13,605,929	8,497,830
Income Tax Relating to Items that will not be Reclassified		-	-	-
Other Comprehensive Income for the period, net of tax		1,441,858	14,064,874	11,177,661
PROFIT/(LOSS) FOR THE YEAR		4,891,272	98,517,619	62,637,665
Basic and Diluted Earnings per Share	28	2	38	23

For Tshechu & Associates
Certified Practising Accountants
Firm Empanelment No.: BH – 07



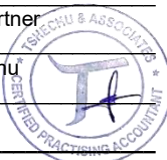
Tshechu, FCPA (Aust.)

(Membership No. 9798359)

Managing Partner

Place: Thimphu

Dated:



For Thimphu TechPark Limited



(Jacques Von Benecke)

Chairman



(Kuenga Jurmi)

Chief Executive Officer

STATEMENT OF CHANGE IN EQUITY FOR THE ENDED 31 DECEMBER 2022

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

Particulars	Share Capital	Retained Earnings	Other Reserves	Total
Balance as of 1 January 2021	223,090,900	(61,798,681)	-	161,292,219
Dividend paid		(22,309,000)		(22,309,000)
Actuarial Gain/(Loss) on Post-Employment Benefits		458,945		458,945
Excess Interest Income for Gratuity Account adjusted		(160,801)		(160,801)
Fair Value Changes in Investment Property			13,605,929	13,605,929
Retrospective Adjustment Due to change in Accounting Policy	-	-	(13,605,929)	(13,605,929)
Profit for the period	-	84,452,744	-	84,839,815
Balance as of 31 December 2021	223,090,900	643,207	-	223,734,107
Dividend paid		(57,602,070)		(57,602,070)
Adjustment for ROU		(564,114)		(564,114)
Adjustment for Loss Allowance for Financial Assets		(101,896)	-	(101,896)
Actuarial Gains(Loss) on Post Employments Benefits		1,441,585		1,441,585
Profit for the period	-	3,449,414	-	3,449,414
Balance as of 31 December 2022	223,090,900	(52,733,601)	-	170,357,299

Details of Shareholders	As at 31 Dec 2022	As at 31 Dec 2021
	% of Holding	% of Holding
Druk Holding & Investments Limited	100%	100%

Reconciliation of Number of Shares				
Particulars	As at 31 December 2022		As at 31 December 2021	
	No of Shares	Amount	No of Shares	Amount
Druk Holding & Investments Limited	2,230,909	223,090,900	2,230,909	223,090,900
Total	2,230,909	223,090,900	2,230,909	223,090,900

In terms of our separate report attached herewith.

Nature of Reserves

1. *Retained Earnings* comprise profit from previous year. Out of these profits, dividend paid for previous year in the current year is adjusted along with other adjustments. The balance amount after these adjustment and the current year's profits are then transferred to the Retained Earnings.
2. *Other Comprehensive Income (OCI)* represents the gain or loss that have not been realized on the fair valuation of Investment other than investment and on Actuarial Valuation of gratuity and leave.

For Tshechu & Associates
 Certified Practising Accountants
 Firm Empanelment No.: BH - 07

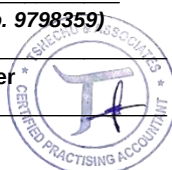

 Tshechu, FCPA (Aust.)

(Membership No. 9798359)

Managing Partner

Place: Thimphu

Dated:



For Thimphu TechPark Limited

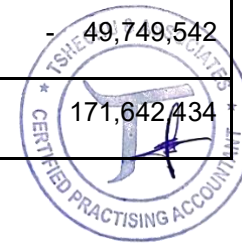

 (Jacques von Benecke)
 Chairman


 (Kuenga Jurni)
 Chief Executive Officer

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

Particulars	As at 31 Dec 2022		As at 31 Dec 2021		As at 01 Jan 2021	
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit/ (Loss) before tax		2,661,272		86,305,462		51,742,411
Adjustments for:						
Depreciation and amortization	15,128,839		13,761,969		4,133,017	
Interest income	- 1,723,768		- 6,868,580		- 5,747,794	
Interest expenses	3,347,709	16,752,781	3,173,065	10,066,454	3,411,254	1,796,477
Operating profit /(loss) before working capital changes		20,139,053		96,371,916		53,538,889
Changes in working capital:						
Adjustments for (increase)/ decrease in operating assets:						
Trade receivables	15,897,327.43		- 48,049,071.93		- 16,338,373.72	
Other current assets	85,707.47		1,978,536.18		- 5,411,566.90	
Adjustments for increase/ (decrease) in operating liabilities:						
Long Term Employee Benefit	- 743,873		1,099,844		932,963	
Other current liabilities	- 145,268,931		15,754,635		165,393,355	
Other Non-Current Liabilities	- 1,389,133		- 631,955		- 1,620,455	
Trade payables	- 17,865,056	- 149,283,958	- 1,281,466	- 31,129,478	32,749,092	175,705,015
Cash generated from operations		- 129,144,905		65,242,437		229,243,904
Net income tax (paid) / refunds		- 670,776		- 1,179,518		1,372,803

Particulars	As at 31 Dec 2022		As at 31 Dec 2021		As at 01 Jan 2021	
Net cash flow from / (used in) operating activities (A)		- 129,815,680		64,062,919		230,616,707
B. CASH FLOW FROM INVESTING ACTIVITIES						
Capital expenditure on Property Plant and Equipment	- 1,594,599		- 12,687,113		- 23,684,260	
Capital expenditure on Investment Property			- 3,861,367		8,711,735	
Lease	- 320,451		-			
Interest received						
- Others	1,723,768		6,868,580		5,747,794	
Net cash flow from / (used in) investing activities (B)		- 191,282		- 9,679,900		- 9,224,731
C. CASH FLOW FROM FINANCING ACTIVITIES						
Repayment of long-term borrowings	77,303,878		- 12,217,272		- 3,153,167	
Increase in Share Capital			-		-	
Dividend declared	- 57,602,070		- 22,309,000		- 2,200,000	
Other Cost - Retrospective Adjustment of Accounting Policy			7,666,357		- 40,985,121	
Finance cost	- 3,347,709		- 3,173,065		- 3,411,254	
Net cash flow from / (used in) financing activities (C)		16,354,099		- 30,032,979		- 49,749,542
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		- 113,652,864		24,350,040		171,642,434



Particulars	As at 31 Dec 2022		As at 31 Dec 2021		As at 01 Jan 2021	
Cash and cash equivalents at the beginning of the year		198,187,980		173,837,940		8,478,890
Cash & cash equivalents at the end of the year		84,535,116		198,187,980		180,121,324
Cash & cash equivalents at the end of the month (Refer Note 5)						
* Comprises:						
(a) Cash on hand		12,970		19,635		27,388
(b) Balances with banks						
(i) Current accounts		64,522,146		168,668,344		53,810,552
(ii) Deposit accounts		20,000,000		29,500,000		120,000,000
		84,535,116		198,187,980		173,837,940

For Tshechu & Associates

Certified Practising Accountants

Firm Empanelment No.: BH – 07



Tshechu, FCPA (Aust.)

(Membership No. 9798359)

Managing Partner

Place: Thimphu

Dated:



For Thimphu TechPark Limited



(Jacques von Benecke)

Chairman

(Kuenga Jigme)
Chief Executive Officer



ACCOUNTING POLICIES & NOTES TO ACCOUNTS

NOTES TO THE FINANCIAL STATEMENT

For the Financial Year ended 31 December 2022

(All amounts are in Bhutanese Ngultrum ('Nu.') unless stated otherwise)

NOTE 1: Accounting policies, judgments and estimates

General Information

Thimphu TechPark Ltd. is a 100% DHI Owned Company. It was initially incorporated on 24 August 2009 as a joint venture between Asset Property Group (APG) of Singapore owning 74% and DHI owning 26%, to Design, Build, Finance, Own, Operate and Transfer (DBFOOT) Bhutan's first IT Park. The IT Park started its commercial operations on 7th May 2012. On 29th October 2014, DHI assumed full ownership of TTPL after APG decided to exit from the partnership and transferred its shares to DHI.

TTPL was established to provide opportunities for innovation and development, and promote the growth of IT industry in Bhutan. Currently, the Park hosts a Data Centre, domestic companies dealing with IT and international IT/ITES companies (Scan Cafe from the USA, ZOOP from Canada, SELISE from Switzerland and Data Scientists from Australia etc.) employing more than 500 people. TTPL has also an Incubation Centre for entrepreneurs with furnished workstation. TTPL also provides with incubation facilities to foreign companies to run a pilot operation to test the opportunities offered by Bhutan.

From 2019 onwards, in line with the DHI Roadmap 2019 – 2030, the company has taken steps to evolve as an IT services provider – catering to companies within DHI Group as well as other clients. The company will focus on becoming the Centre of Excellence for IT, and will consolidate the Group's IT services and resources (including the data centers), and replace all legacy systems and applications with up-to-date applications. As a result, the company has now become the biggest software company in Bhutan with around 100 employees as of the year ending 2022, and we provide IT and IT enabled services (system development) to DHI Companies as well as government agencies, and other independent agencies.

The company is incorporated under the companies Act of Kingdom of Bhutan as a non-listed public limited company. Druk Holding & Investments Limited is the sole owner of the Company.

All significant operations take place within Bhutan. The Company is a limited liability company incorporated and domiciled in Bhutan. The address of its principal place of business is Wangchutaba, Babesa, Thimphu, Bhutan.

Statement of compliance with BAS 2020

The financial statements have been prepared in accordance with Bhutanese Accounting Standard 2020 (BAS 2020)



NOTE 2: Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Thimphu TechPark Limited (a Company) have been prepared in accordance with Bhutanese Accounting Standards (BAS) issued by Accounting and Auditing Standard Board of Bhutan (AASBB) and the relevant provisions of The Companies Act of Kingdom of Bhutan 2016 including the Accounting Standard Rules for Companies in Bhutan, 2012. The said financial statements have been prepared on the accrual basis of accounting with the historical cost convention and going concern basis except as stated otherwise in the Financial Statements.

The preparation of the Financial Statements is in conformity with BAS that requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the DHI Group's accounting policies and the reported amounts of revenue, expenses, assets and liabilities may differ from the estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- **Income:** Revenue is determined on the basis of the percentage of completion of contracts and the likely outcome of the contract.
 - *Rental charges for the tenants, escalated with the terms of the TTPL as per its contract and negotiation.*
 - *Income on training is recognized as and when it is conducted throughout the year.*
 - *Information Technology Service relates to service contracts entered into by TTPL with various companies for providing them service relating to the field of Information Technology.*
- **Fixed Assets:** Fixed assets are depreciated over the estimated useful life. Critical judgments are expected for period of use, condition of the asset, technological advances, regulation, and residual values.
- **Actuarial valuation of employee benefits:** Expected uptake of the gratuities and the discount rate used in the valuation.

The functional currency and presentation are in the Bhutanese Ngultrum.

Critical accounting judgments and key sources of estimation uncertainty

In application of accounting policies as described below, the Company has made judgments and estimations that have significant impact on the amounts stated in the financial statements.

There are following **sources of estimation uncertainties**:

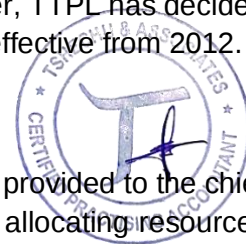
In determining present value of retirement benefits obligations, estimations of future salary levels and discount rates were made by the actuarial while those represent high uncertainty in the conditions of financial market.

Application of standards, interpretations and their amendments in the financial year.

In the financial year 2022, the TTPL applied BFRS 9 Financial Instruments for the first time while, BFRS 16 Lease has been applied retrospectively from 2020. The BAS 40 Investment property was measured through fair value being determined by Construction Development Corporation Limited. However, TTPL has decided to retrospectively apply cost model to measure the value of the Investment properties effective from 2012.

Segment Reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.



Consolidated Financial Statements

The financial statements of a DHI group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity as per BFRS -10. The financial statements of the Group companies are consolidated on a line-by-line basis. Significant intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. These financial statements are prepared by applying uniform accounting policies in use at the Group.

The financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the DHI Group.

Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labour cost, direct financing costs, direct overheads for self-constructed assets, borrowing costs, other direct costs incurred up to the date the asset is ready for its intended use including initial estimate of dismantling and site restoration cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on plant and other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows

Assets Class	Useful Life
Plant & machinery, Motor Vehicle and other equipment	05 – 20 years
Furniture and fixtures	07 - 10 years
Computers, Accessories and office equipment	03 - 07 years
Building & Civil Structure – Permanent	30 - 40 years

The residual value of Plant & Machinery and Motor Vehicle has been assessed as 5%. Other assets are assessed to have no residual value. The assets' useful lives and residual values are reviewed by the company, and adjusted if appropriate, at the end of each reporting period.

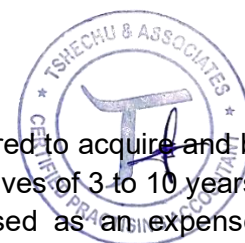
When parts of an item of Property, plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other Income' or 'Other expenses' as the case may be, in the Statement of Comprehensive Income. TTPL currently has no disposals of any Fixed Assets.

Intangible Assets

Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 10 years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.



Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Investment Property

As of 31 December 2021, Investment Properties (Building Block I, Day Care Centre & Part of Building Block II) is rented to generate rental income. Although investment properties were measured at fair value, due to change in DHI group accounting policy, TTPL has also agreed to adopt cost model to measure value of investment properties with retrospective effect from 2012. Consequently, any fair value gains and losses has been derecognized and depreciation has been retrospectively applied.

Therefore, as of 31 December 2022, building block I, II and day care centre has been revalued at cost model.

Date	Particular	Amount (in Nu.)
31-Dec-22	Adoption of cost model from fair value of Investment property has increased depreciation expense of buildings.	7,590,790

Financial Assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's Current Assets comprise 'Trade & Other Receivables', 'Cash and Cash Equivalents' and 'Other Current Assets' in the balance sheet.

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

- The rights to receive cash flows from the asset have been transferred, or
- The company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients (referred to as a pass-through arrangement).
- When the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized.

Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade & other payables and borrowings.

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been

extinguished or transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Company currently has no transaction came out for the offsetting of financial instruments.

Trade and Other Receivables

Trade and other receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment. With implementation of BAS 2020, companies are required to carry out aging analysis and determine expected credit loss for which companies are required to make provision for such losses.

Trade and Other Payables

Trade and other payables are initially recognized at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

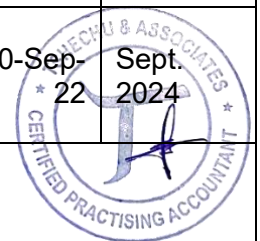
Cash and Bank or Cash and Cash Equivalents

In the Statement of Cash Flows, Cash and cash equivalents include cash in hand, bank balances and deposits, other short-term highly liquid investments with original maturities of three months or less and that are readily convertible to known amount of cash and cash equivalent and which are subject to an insignificant risk of changes in value.

Current and Deferred Income Tax

The Company has three Business operating Licenses under same tax payer number. Out of three licenses, two licenses have been granted an initial tax holiday as a part of incentives by the Department of Revenue and Customs as detail below in table;

SI #	Type	License No	Approval				
			Date	No#	Duration		Extendable till
					From	To	
1	To design, build, finance, own operate and transfer (DBFOOT) and IT Park	1025199	13-Jul-18	RRCO/TH/Tax/ Tax Holiday /Incentives/ 18 /2018/124	1-Jun-18	20-Jun-23	June, 2028
2	IT Enabled Services	1042991	9-Sep-20	RRCO/TH/Tax/ Tax Holiday /Incentives -04 /2020/497	1-Oct-19	30-Sep-22	Sept. 2024
3	Consultancy - Business and Management, Research and Development, Software and Hardware	1032914	No Tax Holiday				



The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

Current tax assets and liabilities for the current period are measured at the amount expected to be recoverable from or payable to the Income tax authority based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date by the Income Tax Authority.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and liabilities on net basis. Management evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation.

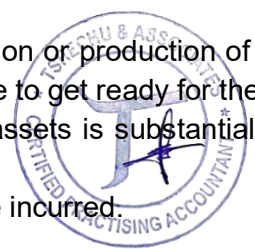
The income tax liabilities are recognized when, despite the Company's belief that its income tax return positions are supportable, the Company believes, it is more likely than not, based on the technical merits, that certain positions may not be fully sustained upon review by income tax authorities. Benefits from tax positions are measured at the single best estimate of the most likely outcome.

At each Statement of Financial Position date, the tax positions are reviewed, and to the extent that new information becomes available which causes the Company to change its judgment regarding the adequacy of existing income tax liabilities, such changes to income tax liabilities are duly recognized in income tax expense in the year in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax charge for the year in which the assessment is completed.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a major capital project, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use.

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



Employee Benefits

a) Retirement Benefits

The costs of retirement benefits and present value of the retirement benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, retirement benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Under 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 separate entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under Defined Benefit Scheme: The Company makes retirement payments based on the final salary and years of service.

The gratuity is accrued on the basis of actuarial valuation. Changes in service and interest cost are charged to Profit or loss under Statement of Comprehensive Income. All actuarial gains and losses arising from the defined benefit plan are recognized in Other Comprehensive Income.

b) Other Benefits

Other benefits such as Leave Travel Concession, Performance Based Variable Allowances and Bonus of the income year are accrued only at year end without actuarial valuation except Leave Encashment which is provided for on the basis of actuarial valuation.

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.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered or goods supplied, stated net of discounts, returns and taxes. The company recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the company.

Services Contract: The Company recognizes the revenue when the entity satisfies a performance obligation identified in the contract by transferring promised services (i.e an asset) to a customer and the amount of revenue can be reliably measured and it is probable that future economic benefits will flow. An asset is assumed to be transferred to customer when (or as) the customer obtains control of the asset. Incremental cost incurred by the company for obtaining as contract with customer is recognized as assets if the recovery of such cost is expected. Such assets are amortized on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

Bilateral contracts between two entities in the same line of business for non-monetary exchange of services facilitate to its customers or potential customers are not accounted for as revenue as per BFRS 15. Any balance against such exchange contract not settled during the same financial year are accounted for as payable/receivable and included under other current assets/liabilities in statement of financial position.

The revenue recognizes, if one of the following criteria as enunciated in **BFRS 15 – Revenue from Contract with Customer** is met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- The entity's performance creates or enhances an asset (for example: Work-in-Progress) that the customer controls as the asset is created or enhanced; or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Earnings on contracts are determined using the percentage-of-completion method. Earnings are not recognized until the outcome can be reliably estimated. The Company uses its professional judgment to assess both the physical completion and the forecast financial result of the contract. Provision is made for estimated future losses on the entire contract from the date it is first recognized that a contract loss may be incurred.

The details provided below in tabular form are the revenue recognition from IT projects executed during the year and was in continuation to previous year.

Rental Discount: In continuation to the Board Approval on the rental discount notice during the 66th Board Meeting held on 16th October 2020 on request from tenants to waive off or to provide rebate on rental fees as their production output have been affected by National Lockdown, a month of January 2022 has been considered.

Rental Waive off: Initially, as per the mail received from InnoTech Department, Druk Holding & Investment for the re-modelling of BITC space, the Incubation space was closed from March to May end 2022. However, due to delay in awarding the contract work and in importing the logistics because of the pandemic, the estimated completion date has been postponed to the end of August 2022. Therefore, due to the closure of Incubation space, Rental waiver for following Incubates was given from March to till end of September 2022. The financial impact for rental waiver for Incubates due to re-modelling work is Nu. 179,300 as details shown below:

Company Name	Actual Rent	% waive-off	Waive-off/month			Total	Remarks
			Jan 2022	Feb 2022	March 2022		
341e Pvt Ltd.	45,000	20%	-	-	9000	9000	Partially operational from home.
Scan Café Pvt Ltd	297,000	20%	-	-	59,400	59,400	
DayCare(ABC ECCD)	10,000	50%	5000	5000	5000	15,000	Fully non-operational
Kunzang Lhaden Restaurant	20,000	50%	10,000	10,000	10,000	30,000	Fully non-operational
Namsa Restaurant	15,000	50%	7,500	7,500	4,500	19,500	30% waive off for March for operating during BITS bubble working mode.
Total Amount financial implication for TTPL						132900	

Expenditure Recognition

The details provided below in tabular form are the expenses recognition from IT projects executed during the year and was in continuation to previous year.



Sl#	Name of Clients	Milestone/ Particulars	% Tied up with Milestone	Payment Breakdown	% Completed	Apportion an advance	Realized from Milestone	Total Expenses
1	M/s. Yogik Technologies	1. Retention	10%					750,000
		2. Go – Live	30%					1,500,000
2	M/s. IU Network LLC	Acceptance of Testing of R1.2	10%	11,358,605.1	20%			10,222,744
		Closure						28,556,883

Interest Income

Interest Income is recognized when the right to receive payment is confirmed. Interest income is one of total, the operating revenue of the Company. The Company recognized the Interest Income from bank on the Short-term Fixed Deposit, interest on subscription of Commercial papers from Royal Security Exchange of Bhutan Limited, government Loan Interest waiver benefits for company on accrual basis and Employees’

Gratuity accounts interest from Royal Insurance Corporation of Bhutan Limited as on closing date. Accordingly, the principle enunciated under **BFRS 15 – Revenue from Contract with Customers** is not applicable to the company.

Foreign Currency Transactions

The functional and presentation currency represent or items included in the Financial Statements of the Company as on 31 December are measured using the currency of the primary economic environment in which the Company operates (‘functional currency’).

The Financial Statements of the Company are presented in Bhutanese Currency (Nu.), which is also the functional and presentation currency of the Company. The transactions and balances with the foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange Gain/(Loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in “Statement of Comprehensive Income”. All other foreign exchange Gain/(Loss) are presented in the Statement of Profit and Loss on a net basis within other income/(expense).

Restatement of Final Accounts

Restatement of an Accounts is done or necessary when it is determined that a previous Financial Statements contained a “Material” inaccuracy, which results from accounting mistakes, misrepresentation, or simple clerical errors etc. It is an act of revising one or more of a company's previous financial statement to correct an error. In 2023, statement of financial position, statement of comprehensive income, statement of cashflow and statement of changes in equity has been restated due change in accounting policy of valuation model of investment property from fair value to cost model, termination of BITS project due to closure of the project, application of right of use of assets policy as introduced in BFRS 16.



Earnings Per Share

The Company presents the basic and diluted EPS data for its ordinary shares. Basic EPS is computed by dividing the net profit for the year attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is computed by adjusting the net profit for the year attributable to the ordinary shareholders and by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Comparative Information

Where necessary certain comparative information has been rearranged, regrouped and reclassified in order to provide a more appropriate basis for comparison.



NOTE 3: INVESTMENT PROPERTY

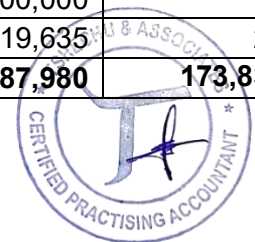
Particulars	As at Dec 31, 2022	As at Dec 31, 2021	As at Jan 01, 2021
BUILDING - Block I: IP	196,055,381	202,765,902	209,286,516
BUILDING - Block II: IP	19,433,766	19,986,188	24,589,883
BUILDING - Day Care ECCD: IP	1,311,384	1,639,230	1,967,076
Total	216,800,530	224,391,320	235,843,476

NOTE 4: TRADE & OTHER RECEIVABLES

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Current			
Trade Receivables, Unsecured, Considered Good	58,972,610	73,515,615	25,466,543
Provision for Loss Allowance	(2,069,323)	-	-
Total	56,903,287	73,515,615	25,466,543

NOTE 5: CASH & CASH EQUIVALENTS

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Balances with Banks			
<i>In Current Accounts</i>			
Bank of Bhutan Ltd (A/c No 100925841)	19,904,324	138,757,474	29,710,131
Bank of Bhutan Ltd (A/c No 202454401)	950	950	950
Bhutan National Bank (A/c No 0100032525001)	40,103,338	25,503,634	23,379,259
Druk PNB Bank Ltd (A/c No 110210004440)	4,513,534	4,406,287	720,211
<i>In Deposit Accounts</i>			
Bank of Bhutan Ltd.			
Account No# 202635715			50,000,000
Account No# 202635737			30,000,000
Bhutan National Bank			
Account No# 7100032525006	20,000,000	20,000,000	20,000,000
Account No# 7100032525007			20,000,000
Account No# 7100032525010		9,500,000	
Cash in Hand	12,970	19,635	27,388
Total	84,535,116	198,187,980	173,837,940



NOTE 6: OTHER CURRENT ASSETS

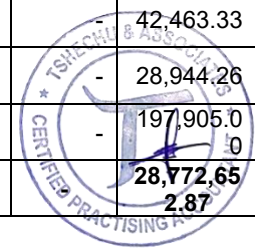
Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Prepaid Expenses	178,378	219,997	704,944
An Advance Payments	5,081,143	4,727,681	
Interest Accrued on FDA	-	601,726	2,845,370
Retention Monies (Assets)	64,310	64,310	
Tax Deducted at Source [TDS] Receivable	72,886	3,802	4,045,739
Consumables & Stock Assets	135,091	-	-
Total	5,531,808	5,617,516	7,596,052

NOTE 7A: INVESTMENT PROPERTY

2022	Gross Block/Cost				Depreciation/Amortization				Net Book Value
	Opening	Additi on	Deletio ns	Closing	Openin g	Additio n	Deletio ns	Closing	
Investment Property									
Building - Block I	268,420,867	-	-	268,420,867	65,654,964	6,710,522	-	72,365,486	196,055,381
Building - Block: II	22,096,870	-	-	22,096,870	2,110,682	552,422	-	2,663,104	19,433,766
Building - Day Care	3,278,461	-	-	3,278,461	1,639,231	327,846	-	1,967,077	1,311,384
Total	293,796,198	-	-	293,796,198	69,404,878	7,590,790	-	76,995,667	216,800,530

NOTE 7B: PROPERTY, PLANT & EQUIPMENT & INTANGIBLE ASSETS

2022	Opening	Addition	Deletions	Closing	Opening	Addition	Deletions	Closing	Net Book Value
Building Block II	55,763,341.00	361,467.92	-	56,124,808.92	2,972,330.00	1,394,083.50	-	4,366,413.50	51,758,395.42
Plant & Machinery	14,391,054.00	-	-	14,391,054.00	10,067,281.02	1,135,407.61	-	11,202,688.63	3,188,365.37
Furniture & Fixture	3,541,582.80	9,000.00	-	3,550,582.80	884,911.78	352,643.86	-	1,237,555.64	2,313,027.16
Office Equipment	7,356,097.00	509,864.25	3,456.00	7,862,505.25	1,780,119.27	1,698,790.85	-	3,478,910.12	4,383,595.13
Computer & Peripherals	9,549,586.44	856,372.00	138,649.00	10,267,309.44	3,667,356.57	2,254,732.97	-	5,922,089.54	4,345,219.90
Motor Vehicle	6,104,643.00	-	-	6,104,643.00	1,685,218.49	610,464.36	-	2,295,682.85	3,808,960.15
Store Room	147,800.00	-	-	147,800.00	32,610.00	9,853.33	-	42,463.33	105,336.67
Waste House	204,514.00	-	-	204,514.00	15,310.00	13,634.26	-	28,944.26	175,569.74
Software	197,905.00	-	-	197,905.00	197,905.00	-	-	197,905.00	-
Total	97,256,523.24	1,736,704.17	142,105.00	98,851,122.41	21,303,042.13	7,469,610.74	-	28,772,652.87	70,078,469.54



NOTE 7C: RIGHT-OF-USE-OF-ASSET

2022	Gross Block/Cost				Depreciation/Amortization				Net Book Value
	Opening	Additio n	Deletion s	Closing	Openin g	Additio n	Deletion s	Closin g	
Right-of-Use-of-Asset									
Right-of-Use-of-Asset	2,053,182	-	-	2,053,182	844,086	68,439	-	912,525	1,140,657
Total	2,053,182	-	-	2,053,182	844,086	68,439	-	912,525	1,140,657

NOTE 7A: INVESTMENT PROPERTY

2021	Gross Block/Cost				Depreciation/Amortization				Net Book Value
	Opening	Additio n	Deletio ns	Closing	Opening	Additio n	Deletio ns	Closing	
Investment Property									
Building - Block I	268,230,959	189,908	-	268,420,867	58,944,443	6,710,522	-	65,654,964	202,765,902
Building - Block: II	26,148,144	-	4,051,274	22,096,870	1,558,261	552,422	-	2,110,682	19,986,188
Building - Day Care	3,278,461	-		3,278,461	1,311,385	327,846	-	1,639,231	1,639,230
Totals	297,657,564	189,908	4,051,274	293,796,198	61,814,088	7,590,790	-	69,404,878	224,391,320

NOTE 7B: PROPERTY, PLANT & EQUIPMENT & INTANGIBLE ASSETS

2021	Gross Block/Cost				Depreciation/Amortization				Net Book Value
	Opening	Addition	Deletions	Closing	Opening	Addition	Deletions	Closing	
Building - Block: II	50,862,456	4,900,885	-	55,763,341	1,598,645	1,373,685	-	2,972,330	52,791,011
Plant & Machinery	14,391,054	-	-	14,391,054	8,988,643	1,078,637	-	10,067,280	4,323,774
Furniture & Fixture	3,313,228	228,355	-	3,541,583	548,711	336,199	-	884,910	2,656,673
Office Equipment	3,359,081	3,997,017	-	7,356,098	785,390	994,731	-	1,780,120	5,575,978
Computer & Accessories	5,988,731	3,560,856	-	9,549,587	1,885,903	1,781,452	-	3,667,356	5,882,232
Motor Vehicles	6,104,643	-	-	6,104,643	1,105,278	579,941	-	1,685,219	4,419,424
Store Room	147,800	-	-	147,800	22,757	9,853	-	32,610	115,190
Waste House/Room	204,514	-	-	204,514	1,676	13,634	-	15,310	189,204
Intangible Asset: Software	197,901	-	-	197,901	194,854	3,047	-	197,901	-
Totals	84,569,409	12,687,113	-	97,256,522	15,131,856	6,171,180	-	21,303,036	75,953,486

NOTE 8: OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Long Term Borrowings:			
Bank of Bhutan Limited	-	-	5,081,606
National Pension & Provident Fund (NPPF)	24,296,787	27,119,171	32,852,943
Total	24,296,787	27,119,171	37,934,549

Note 8A: The term loan from NPPF was availed for a period of 10 years (including 2 years gestation period) from the first date of disbursement at a fixed interest rate of 7.26% pa. In terms of Loan Addendum dated 21-03-2022, the principal and interest of the loan shall be repayable within 10 years in 40 (forty) Equated Quarterly Instalments (EQI) as per the Amortization Schedule of the loan and is secured by the guarantee provided by DHI Ltd. dated 21 May, 2018.

NOTE 9: OTHER NON-CURRENT LIABILITIES

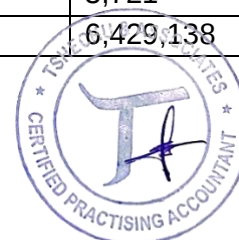
Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Lease Security Deposit	90,133,341	91,288,896	92,444,451
Security Deposit	2,603,772	2,837,350	2,313,750
Total	92,737,113	94,126,246	94,758,201

NOTE 10: LONG-TERM EMPLOYEE BENEFITS

Particulars	As at 31Dec2022	As at 31 Dec 2021	As at 1 Jan 2021
Gratuity Provision [Non-Current Obligation]	8,657,823	10,164,371	7,365,873
Defined Benefits Plan Assets (Gratuity)	(8,458,422)	(7,779,238)	(5,621,638)
Total	199,402	2,385,133	1,744,234

NOTE 11: DEFERRED TAX LIABILITIES

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Opening Deferred Tax Liability	6,822,115	6,429,138	6,425,417
Deferred Tax Expenses During the Year	(788,142)	392,977	3,721
Closing Deferred Tax Liability	6,033,974	6,822,115	6,429,138



NOTE 12: TRADE & OTHER PAYABLES

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Current			
Trade Payable, Unsecured, Considered Good	15,016,909	32,871,965	34,153,431
Total	15,016,909	32,871,965	34,153,431

NOTE 13: OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Lease Security Deposit (Current)	1,155,555	1,155,555	1,155,555
Current Maturities of Long-Term Debt	82,803,338	3,414,411	4,712,921
Corporate Guarantee Fees	602,245	-	103,385
Total	84,561,138	4,569,966	5,971,861

NOTE 14: OTHER CURRENT LIABILITIES

Particulars	As at 31Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Provisions for:			
<i>Employee Benefit</i>	6,658,281	13,782,022	8,653,030
Retention Monies	638,800	2,471,019	467,009
Other deductions	105,868	-	-
Advance from Client	32,651,573	169,113,396	160,491,763
Total	40,054,522	185,366,437	169,611,802

NOTE 15: Lease Liability - ROU

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Lease Liability - ROU	1,732,731	-	-
Total	1,732,731	-	-



NOTE 16: PROVISION FOR INCOME TAX

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Income Tax For:			
<i>Financial Year</i>	-	670,776	286,128
Total	-	670,776	286,128

NOTE 17: REVENUE FROM OPERATIONS

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Commercial Space	16,118,308	15,082,763	14,043,557
BITC Space	2,049,200	1,941,900	2,117,155
Information Technology Service	130,008,783	199,691,761	127,807,116
Power Charges from Tenants	3,625,094	3,202,042	3,176,997
Training & Event Program	2,512,139	4,555,555	3,510,677
Lease Rental income	1,155,555	1,155,555	1,155,555
Total	155,469,079	225,629,576	151,811,057

***¹Power Charges from Tenants:** Bhutan Power Corporation Limited provides Thimphu TechPark with the power (electricity) and in turn the host institute TTPL distributes the power to its' tenants. The payment method we follow is that TTPL pays the bill to the BPC as the expenses and TTPL raise the invoice to its tenants which is booked as the income from the electricity from tenants.

***²Training & Events Program:** Thimphu TechPark conducts trainings, workshops, competitions and seminars as a part of the mandate of Bhutan Innovation and Technology Centre. BITC partners with various stakeholders to conduct the trainings as well as we do the paid trainings bringing in the resource persons from the outside.

During the year, we have got the funding from MOLHR to conduct Entrepreneurship Development Program and we did intensive Basic Entrepreneurship Course for our youth in and around the country.

BITC believes that we make another source of revenue through conducting trainings and other programs.

***³Lease Rental income:** The Royal Government of Bhutan through GovTech, Ministry of Information and Communication have awarded a contract to company to design, Build, Finance, Own, Operate and Transfer (DBFOOT), an Information Technology Park consisting of 50,000 SFT on acres of land at Babesa, Thimphu. The 5 acres of Land is provided by GovTech is on lease for an initial period of 30 years and shall be renewed automatically for two consecutive times for a period of 30 years each.

In terms of the contract awarded by GovTech, out of 50,000 SFT of IT Park, 10,000 SFT of the IT Park will be leased by the company to GovTech for an initial period of 30 years with an automatic renewal for the same tenure up to a maximum of 90 years including initial lease period. The said premises are leased to the Department of Information and Technology for the purpose of establishing an incubation facility, a shared technology center and a data center. Accordingly, the company handed over the aforesaid premises of 10,000 Sq.ft, to the Department of Information and Technology (GovTech) in October 2011. The aggregate fixed

lease amount of USD 2 million (Equivalent to Nu 104,000,000) toward lease of the 10,000 SFT of space has been received from Department of Information and Technology (GovTech) for the above-mentioned total lease period of 90 years and the same has been disclosed as Lease Security Deposit under Non-Current & Current Liabilities. During the year the company has recognized an amount of 11.55 lakhs as rental income on the basis of straight-line apportionment of advance lease rental.

NOTE 18: FINANCE INCOME

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Interest on Deposits			
Interest on Fixed Deposit Account	1,248,000	4,784,140	3,344,004
Interest on Gratuity fund deposit	475,768	574,166	348,049
Interest from subscription of Commercial Paper	-	104,951	
Income from Loan Interest waiver	-	1,405,323	2,055,742
Total	1,723,768	6,868,580	5,747,794

NOTE 19: OTHER INCOME

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Gain/(Loss) on Forex Account	-	(20,098)	59,465
Late Rental & Other Fees	11,311	9,597	46,564
Others	512,202	332,159	1,190,793
Total	523,514	321,659	1,296,823

NOTE 20: EMPLOYEE RELATED COSTS

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Personnel Cost Internship Fees	63,000	109,000	114,887
Personnel Cost Salary	46,434,110	47,009,775	30,997,748
Personnel Cost Provident Fund (<i>Employer's Cont.</i>)	4,849,263	4,799,853	3,036,034
Personnel Cost Employees' Benefits			
a. Employees; Bonus	-	-	-
b. Performance Based Variable Allowance (PBVA)	-	4,085,247	3,141,914
c. Leave Encashment	1,312,247	4,103,971	2,968,435
d. Leave Travel Concession	215,080	1,237,481	757,758
e. Annual Salary Indexation	-	307,920	522,003
f. Gratuity Expenses	2,979,851	3,190,864	2,495,546
g. Transfer Grants Expenses	448,054	239,243	126,496
h. Carriage Charges	609,182	201,000	101,785
i. Travel Allowance	452,549	239,243	126,497

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Total	57,363,337	65,523,597	44,389,103

NOTE 21: IT & IT Service Expense

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
ERPNext Unit Expenses	654,642	3,302,330	1,546,658
ASD Unit Expenses	2,805,074	1,136,375	
SAP Unit Expenses	16,548,157	6,305,478	7,360,054
Projects Expenses	14,905,545	29,760,159	33,027,135
Other IT Services Expenses	25,111,613	3,805,903	1,310,652
Total	60,025,034	44,310,248	43,244,501

NOTE 22: OPERATION & MAINTENANCE EXPENSE

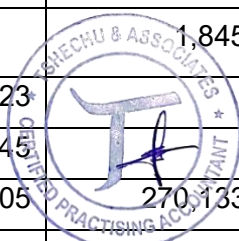
Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2022
Operation & Maintenance Expenses			
Repair & Maintenance (Civil Structure)	238,929.89	1,653,166	453,287
Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2022
Repair & Maintenance (Computers & IT Products)	94,093.00	353,839	110,830
Running & Maintenance (Diesel Generator)	214,457.16	57,476	39,900
Running & Maintenance (Vehicle)	533,112.14	539,866	310,218
Total	1,080,592	2,604,347	914,235



NOTE 23: GENERAL ADMINISTRATION EXPENSES

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2022
A. Administration Expenses			
Audit Fees	-	63,250	83,250
Audit Expenses	70,327	30,280	124,229
Board Director/CS Training Expenses	-	10,500	-
Brand & Management Expenses	1,107,574	591,794	82,317
Consultancy Expenses	-	864,550	134,000
Corporate Social Responsibility	3,936,075	180,000	-
Donations	45,000	97,500	78,300
DSA/TADA	51,554		
Fees & Subscription	2,000	49,349	48,180
Hospitality & Entertainment Expenses	660,107	206,742	137,011
House Keeping Expenses	134,636	330,425	56,364
Land Leased	-	217,800	217,800
Membership Fees	-	52,274	-
Sundry Debtors Write Off	124,829	1,229,275	-
Training & Event Expenses	1,419,484	2,504,238	2,337,467
Branding & Promotion Expenses	-	-	-
B. Board Meeting & Related Expenses			
Board Audit Committee Sitting Fees	-	10,000	24,000
Board HR Committee Sitting Fees	56,000	76,000	42,000
Board Tender Committee Sitting Fees	-	42,000	112,000
AGM/EGM/Compact & Others Meeting Exp.	-	13,776	14,785
AGM/EGM/Compact & Others Sitting Fees.	46,000	66,000	56,000
Board Committee Meeting Expenses	73,166	10,454	15,180
Board Meeting Expenses	-	96,962	150,725
Board Sitting Fees	426,000	396,000	430,000
C. General Insurance			
Building Insurance	237,855	239,478	264,326
Car Insurance	56,004	58,944	39,314
D. Human Resources Development (HRD) Expenses			

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2022
Human Resource Training & Development Expenses	142,955	1,342,467	376,489
Employees' Entry & Exit Exp.	-	76,400	59,497
Employees' Medical Benefits	-	9,600	8,000
Group (Staffs) Personal Accident Insurance	101,487	94,455	54,883
Staffs' Tea Allowance	427,732	362,277	97,462
Office Annual Rimdro		289,753	80,000
Office Annual Picnic Or Retreat (Team Building)	-	387,275	110,180
Staff Uniforms	246,650	243,700	113,840
HRD Adv. Interview, selection & Recruitment	-	63,011	67,411
Management & Staffs Meeting Expenses		83,835	62,417
F. Utility Expenses			
Water & Sewerage Charges	10,187	-	-
Electricity Charges to BPC	4,424,262	3,978,512	4,089,126
Email & Web Hosting	248,578	264,530	145,126
Internet Leased Line Expenses	735,787	613,769	387,800
Internet, Telephone & Fax Charges	13,059	99,645	119,668
G. Office Expenses			
Renewal Fees	11,460	-	-
Gifts & Present	-	53,399	24,050
Delegates, Events & Ceremony Expenses	-	74,355	119,690
Miscellaneous/Unforeseen/Office Expenses	-	210,899	124,316
Office Utensil Procure Exp.	-	131,894	18,000
Postage, Office Supplies, Printing & Stationeries	208,218	302,608	153,372
Tenants/Incubates' Meet-Up (Meeting) Expenses	-		1,845
Programme and other Events Expenses	46,226	601,923	
Zero Waste Management Expenses	129,623	12,545	
TTPL: Unforeseen COVID - 19 Prevention Exp	-	185,805	270,133
H. Travelling & Conveyance Expenses			
Travel Expenses Local	864,524	86,270	64,100
J. Marketing & Promotion			
Advertisement (Domestic)	84,791	111,124	26,500
Advertisement (International Marketing)	-	23,484	



Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2022
K. Impairment Loss on Financial Assets			
Impairment Loss on Financial Assets	1,967,427	-	-
Total	18,109,576	17,141,127	11,021,152

NOTE 24: FINANCE COST

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1Jan 2021
Interest on Borrowings: a) BOBL	-	371,658	1,067,876
b) NPPF	2,550,674	2,318,881	2,236,080
Bank charges	17,470	8,392	3,913
Corporate Guarantee Fees	602,245	474,134	103,385
Finance Cost - Lease	177,321	-	-
Total	3,347,709	3,173,065	3,411,254

NOTE 25: FAIR VALUE CHANGES ON INVESTMENT PROPERTY, NET

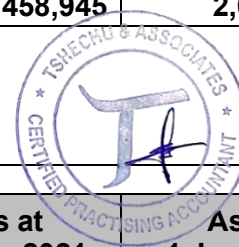
Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Gain/(Loss) on change in Fair Value of Building held under Investment in Properties (As per Valuation Report)	-	13,605,929	8,497,830
Total	-	13,605,929	8,497,830

NOTE 26: ACTUARIAL GAIN/(LOSS) ON POST-EMPLOYMENT BENEFITS

Particulars	As at 31Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Actuarial Gain/(Loss) on Post-Employment Benefits held under Employees benefits (As per Valuation Report)	1,441,858	458,945	2,679,831
Total	1,441,858	458,945	2,679,831

NOTE 27: INCOME TAX EXPENSES

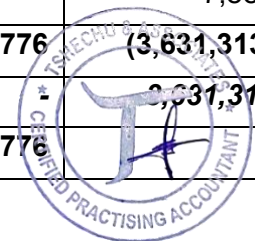
Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Current Income Tax Expenses		670,776	286,128
Prior Period Tax Expenses	-	788,965	
Deferred Tax Expenses/(Income)	(788,142)	392,977	(3,721)



*COMPUTATION OF CURRENT INCOME TAX & DEFERRED TAX

a. Current Income Tax

Particulars	Income Year		
	2022	2021	2020
Sales Declared	155,469,079	246,377,326	158,855,673
A. Net Profit Declared	4,891,272	120,723,764	62,920,072
B. Taxable Income	2,512,139	4,555,555	3,510,677
C. Total Disallowances	45,000	4,971,712	3,220,214
- Prior period expenses	-	788,965	-
Particulars	Income Year		
- Donations	45,000.00	97,500	78,300
- Employees; Bonus	-	-	-
- Performance Based Variable Allowance (PBVA)	-	4,085,247	3,141,914
D. Assessed Net Profit [A+C]	4,936,272	125,695,476	66,140,286
Less: 10% of D or (Bonus/PBVA: Whichever is Less)	-	4,085,247	3,141,914
E. Final Assessed Net Profit	4,936,272	121,610,229	62,998,372
F. Assesses Turnover (Sales)	155,469,079	246,377,326	158,855,673
G. APS [E/F]	3.18%	49.36%	39.66%
H. Net Profit on Taxable Sales [B x G]	79,762	2,248,592	1,392,251
I. Corporate Income Tax [30% of H]	23,929	674,578	417,675
J. Less: Taxes Paid	72,886	3,802	4,056,876
- TDS	72,886	3,802	4,056,876
- Advance Tax	-	-	-
- Provisional Tax	-	-	-
K. Additional CIT Payable [I - J]	(48,958)	670,776	(3,639,201)
- Additional Contractual TDS payable	-	-	7,887
L. CIT Payable/(Receivable)	(48,958)	670,776	(3,631,313)
M. Tax Paid/(Received) (Zero meant for Not Paid)	-	-	3,631,313
N. Net Tax Payable	(48,958)	670,776	-



NOTE 28: EARNING PER SHARE

Particulars	As at 31 Dec 2022	As at 31 Dec 2021	As at 1 Jan 2021
Realized Earning for the year	3,449,414	84,452,744	51,460,004
Weighted Average No. of Equity Shares	2,230,909	2,230,909	2,230,909
Basic EPS from continuing operation for the Year	2	38	23
Diluted EPS from continuing operation for the Year	2	38	23

NOTE 29: EMPLOYEES' FUTURE BENEFITS

Disclosure as per BAS 19, 'Employees Benefit' for defined benefit scheme

A. Defined Contribution Plan – Provident Fund

Qualifying employees are members of a defined contribution plan operated by the National Pension and Provident Fund. The Company matches employee contributions to the fund. The only obligation on the Company is to make the contribution monthly.

Provident Fund	For The year ended of 31Dec 2022	For The year ended of 31 Dec 2021
Total cost of Contributions	4,849,262.96	3,036,034

Actuarial Valuation Reports – Defined Benefit Plans

Valuation in respect of Employees' Gratuity, Annual Leave Liability, Transfer Grant, Travel Allowance and Carriage Charges for the year 2022 has been carried out by independent actuary, M/s. Druk Infinity Consulting (Consultant), Bhutan. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured.

Rationale for actuarial assumptions and professional opinion

As actuarial valuation is a projection of future assets and liabilities, it is heavily reliant on assumptions. Thus, it is critically important that the set of assumptions be scrutinized thoroughly as to represent as far as possible, the most probable fund position in the long run. As per BAS 19, "*actuarial assumptions are an entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits*". Therefore, the ultimate responsibility for ensuring the appropriateness of the assumptions to the Plan is the responsibility of TTPL and has been duly informed to that effect.

We are of the opinion that the assumptions used are neither imprudent nor excessively conservative and mutually compatible as required by paragraphs 74 and 75 of BAS 19



a. Discount rate

BAS 19 stipulates that the rate used to discount post-employment benefit obligations shall be determined by reference to market yields as the end of the reporting period on high quality corporate Bonds. In countries where there is no deep market in such Bonds, the market yields on government Bonds shall be used. The currency and term of Bonds shall be consistent with that of the currency and estimated term of the post-employment benefit.

As there in neither actively traded Bonds in the market nor a long-term yield curve for the economy, the discount rate has been derived considering the Bonds listed in the Royal Securities Exchange of Bhutan Ltd. and deposit rates for 7 – 10 years in the banks. In consultation with TTPL, the above discount rate has been used which is reasonable and consistent with that of other reporting entities.

b. Salary growth rate

As per para 84 of BAS 19, *“estimates of future salary increases take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.”* The assumed salary growth rate reflects expectation of salary increment over the long-term inclusive of annual increment and major salary revision every 3 – 5 years.

c. Increase in cost of transportation

As per paras 75 – 80 and para 88 of BAS 19, *“actuarial assumptions reflect future benefit changes that are set out in the formal terms of a plan (or a constructive obligation that goes beyond those terms) at the end of the reporting period.”* The increase in cost of **Carriage charge** in the future has been made consistent with the inflation expectation for Bhutan in the near future.

d. Mortality rate

As Bhutan does not have a standard mortality table adopted by regulation, we have relied on the Indian Assured Life Mortality (IALM) 2012 – 14 which is the best available proxy.

e. Employee turnover rate

The employee turnover rate used in the valuation was prescribed by TTPL based on their past experience and future expectation.

B. Gratuity

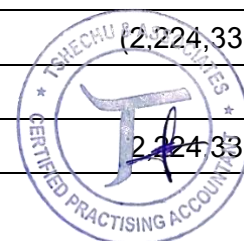
Qualifying employees are members of a defined contribution plan operated by the National Pension and Provident Fund. The Company matches employee contributions to the fund. The only obligation on the company is to make the contribution monthly. Qualifying employees are members of a defined benefit plan sponsored by the Company. A separate fund is maintained to cover the future liability for payments.

RISK EXPOSURES: Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

1. **Discount rate risk:** The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.
2. **Salary growth risk:** As the Gratuity benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.
3. **Employer turnover risk:** Employer turnover experience of TTPL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.
4. **Demographic risk:** In the absence of credible scheme-specific data, the IALM 2006-08 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.
5. **Regulatory risk:** The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Gratuity benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.
6. **Investment risk:** As the Gratuity scheme is funded, there is a risk that the fund's investment is not able to earn the assumed rate of return. In such a situation, the ultimate cost of the plan will be affected.
7. **Asset-liability mismatch risk:** This risk arises from the unavailability of investments suitable and commensurate with the nature of liability, especially in the absence of well-developed capital market.
8. The key valuation results as at 31 December 2022 are summarized in the following tables.

LIABILITY RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION

Nu.	31Dec 2022	31 Dec 2021
Present value of define benefit obligation	8,657,823.13	10,164,370.48
Fair value of plan assets	8,458,421.57	7,940,038.91
Funded status - surplus/(deficit)	(199,401.56)	(2,224,331.57)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(199,401.56)	(2,224,331.57)



EXPENSES RECOGNIZED IN PROFIT & LOSS

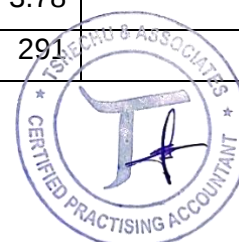
Nu.	31 Dec 2022	31 Dec 2021
Expense recognised in profit or loss	2,309,971.01	2,564,764.99
Expense recognised in other comprehensive income	(2,271,370.53)	(340,433.98)
Defined benefit cost	38,600.48	2,224,331.01

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
<i>Retirement age for contract employees depend on their contract term</i>	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	Reference salary $\times$ service years
Benefit floor	None
Benefit ceiling	None

MEMBERSHIP DATA

		% Change	31-Dec-2022	31-Dec-2021
Members considered for valuation		-21.43%	77	98
Average age (years)		2.92%	32.61	31.68
Monthly salary (Nu.)	Average	-2.97%	30,427.65	
	Total	-23.76%	2,342,929	3,073,166
Past service (years)	Average	7.66%	3.78	3.51
	Total	-15.41%	291	344



ACTUARIAL ASSUMPTIONS

Financial Assumptions

Parameter	31 Dec 2022	31 Dec 2021
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31 Dec 2022	31 Dec 2021
Mortality rate	100% of IALM (2012 - 14)	
Employee turnover rate	5.00%	5.00%

C. Leave Encashment Liability

As per the Service Rule of the company, annual leave exceeding the minimum allowable days not availed at the end of a calendar year shall be carried forward and credited to the annual leave account. Employees shall be allowed to accrue up-to a maximum forty (40) days of annual leave which can be en-cashed during separation at the rate of proportionate Total Fixed Monthly Remuneration (TFMR at the time of separation) per day times the total leave accumulated.

RISK EXPOSURES: Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

- Discount rate risk:** The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.
- Salary growth risk:** As the Earned leave benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.
- Employer turnover risk:** Employer turnover experience of TTPL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.
- Demographic risk:** In the absence of credible scheme-specific data, the IALM 2006-08 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.
- Regulatory risk:** The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations



concerning Earned leave benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.

6. Liquidity risk: Finally, there is a risk that TTPL may not be able to honor the Earned leave payments in the short-run due to liquidity constraints.

7. The key valuation results as at 31 December 2022 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

Nu.	31 Dec 2022	31 Dec 2021
Present value of define benefit obligation	2,639,090.99	4,945,498.32
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(2,639,090.99)	(4,945,498.32)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(2,639,090.99)	(4,945,498.32)

EXPENSES RECOGNIZED IN PROFIT & LOSS

Nu.	31 Dec 2022	31 Dec 2021
Service Cost	(2,306,407.33)	2,018,507.32
Net interest on net defined liability (asset)	266,574.55	71,529.8
Immediate recognition of gains/losses – Other long term employee benefits	3,352,079.81	2,013,934.17
Expense recognised in other comprehensive income	-	-
Define Benefit Cost	1,312,247.03	4,103,971.29

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56, 58 and 60 years*
* Retirement age for contract employees depend on their contract term	
Benefit payable on	Retirement/resignation/death while in service/ once every financial year
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	(Reference salary $\times$ leave balance) / 30
Benefit ceiling	90 days



MEMBERSHIP DATA

		% Change	31-Dec-2022	31-Dec-2021
Members considered for valuation		-21.43%	77	98
Average age (years)		2.92%	32.61	31.68
Monthly salary (Nu.)	Average	-2.97%	30,427.65	31,358.84
	Total	-23.76%	2,342,929	3,073,166
Accrued leave (days)	Average	-22.22%	29.65	38.12
	Total	-38.88%	2,282.9	3,735.36

ACTUARIAL ASSUMPTIONS

Financial assumptions

Parameter	31-Dec-2022	31-Dec-2021
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31-Dec-2022	31-Dec-2021
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)
Employee turnover rate	5.00%	5.00%

D. Travel Allowance Liability

RISK EXPOSURES: Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

- Discount rate risk:** The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.
- Salary growth risk:** As the Travel Allowance benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.
- Employer turnover risk:** Employer turnover experience of TTPL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

4. **Demographic risk:** In the absence of credible scheme-specific data, the IALM 2006-08 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.
5. **Regulatory risk:** The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Travel Allowance benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.
6. **Liquidity risk:** Finally, there is a risk that TTPL may not be able to honor the Travel Allowance payments in the short-run due to liquidity constraints.
7. The key valuation results as at 31 December 2022 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

<i>Nu.</i>	31 Dec 2022	31 Dec 2021
Present value of define benefit obligation	952,939.42	599,982.26
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(952,939.42)	(599,982.26)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(952,939.42)	(599,982.26)

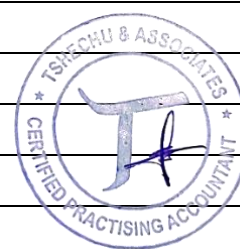
EXPENSES RECOGNIZED IN PROFIT & LOSS

<i>Nu.</i>	31 Dec 2022	31 Dec 2021
Expense recognised in profit or loss	452,549.33	239,242.81
Expense recognised in other comprehensive income	171,326.83	(21,033.55)
Defined benefit cost	623,876.16	218,209.26

BASIS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
* Retirement age for contract employees depend on their contract term	



Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	One month's reference salary
Benefit floor	None
Benefit ceiling	None

MEMBERSHIP DATA

		% Change	31 Dec 2022	31Dec 2021
Members considered for valuation		-21.43%	77	98
Average age (years)		2.92%	32.61	31.68
Monthly salary (Nu.)	Average	-2.97%	30,427.65	31,358.84
	Total	-23.76%	2,342,929	3,073,166
Past service (years)	Average	7.66%	3.78	3.51
	Total	-15.41%	291	344

ACTUARIAL ASSUMPTIONS

Financial assumptions

Parameter	31Dec 2022	31 Dec 2021
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31 Dec 2022	31 Dec 2021
Mortality rate	100% of IALM (2012 - 14)	
Employee turnover rate	5.00%	5.00%

E. Transfer Grants Liability

RISK EPOSURES: Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.



1. **Discount rate risk:** The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.
2. **Salary growth risk:** As the Transfer Grant benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.
3. **Employer turnover risk:** Employer turnover experience of TTPL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.
4. **Demographic risk:** In the absence of credible scheme-specific data, the IALM 2006-08 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.
5. **Regulatory risk:** The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Transfer Grant benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.
6. **Liquidity risk:** Finally, there is a risk that TTPL may not be able to honor the Transfer Grant payments in the short-run due to liquidity constraints.
7. The key valuation results as at 31 December 2022 are summarized in the following tables

Statement of financial position

<i>Nu.</i>	31 Dec 2022	31 Dec 2021
Present value of define benefit obligation	952,939.42	599,982.26
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(952,939.42)	(599,982.26)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(952,939.42)	(599,982.26)

Expenses recognized in PROFIT & LOSS

<i>Nu.</i>	31 Dec 2022	31 Dec 2021
Expense recognised in profit or loss	448,054.11	239,242.81
Expense recognised in other comprehensive income	281,592.05	(21,033.55)
Defined benefit cost	729,646.16	218,209.26

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
* Retirement age for contract employees depend on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	4 years for resignation and none for rest
Service definition	Total service rounded to nearest integer
Benefit formula	One month's reference salary
Benefit floor	None
Benefit ceiling	None

MEMBERSHIP DATA

		% Change	31 Dec 2022	31 Dec 2021
Members considered for valuation		-21.43%	77	98
Average age (years)		2.92%	32.61	31.68
Monthly salary (Nu.)	Average	-2.97%	30,427.65	31,358.84
	Total	-23.76%	2,342,929	3,073,166
Past service (years)	Average	7.66%	3.78	3.51
	Total	-15.41%	291	344

ACTUARIAL ASSUMPTIONS

Financial assumptions

Parameter	31 Dec 2022	31 Dec 2021
Discount rate	8.50%	8.50%
Salary growth rate	10.00%	10.00%

Demographic assumptions

Parameter	31 Dec 2022	31 Dec 2021
Mortality rate	100% of IALM (2012 - 14)	
Employee turnover rate	5.00%	5.00%

F. Employees' Carriage Charges Liability

RISK EXPOSURES: Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

- Discount rate risk:** The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.
- Employer turnover risk:** Employer turnover experience of TTPL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.
- Demographic risk:** In the absence of credible scheme-specific data, the IALM 2006-08 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.
- Regulatory risk:** The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Carriage charge benefit such as increase in ceiling, introduction of floor, change in vesting period or benefit accrual rate would eventually alter the liability.
- Liquidity risk:** Finally, there is a risk that TTPL may not be able to honor the Carriage charge payments in the short-run due to liquidity constraints.
- The key valuation results as at 31 December 2022 are summarized in the following tables.

STATEMENT OF FINANCIAL POSITION

<i>Nu.</i>	31 Dec 2022	31 Dec 2021
Present value of define benefit obligation	1,283,389.07	475,849.14
Fair value of plan assets	-	-
Funded status - surplus/(deficit)	(1,283,389.07)	(475,849.14)
Effect of asset ceiling	-	-
Net defined benefit asset/(liability)	(1,283,389.07)	(475,849.14)

EXPENSES RECOGNIZED IN PROFIT & LOSS

<i>Nu.</i>	31 Dec 2022	31 Dec 2021
Expense recognised in profit or loss	609,182.23	201,000.6
Expense recognised in other comprehensive income	570,705.7	(24,511.46)
Defined benefit cost	1,179,887.93	176,489.14

BASICS OF VALUATION

KEY FEATURES OF THE PLAN

Parameter	Description
Type of plan	Defined benefit
Employee's contribution	Nil
Employer's contribution	100%
Reference salary	Last basic pay
Normal retirement age	56 and 58 years*
* Retirement age for contract employees depend on their contract term	
Benefit payable on	Retirement/resignation/death while in service
Form of benefit	Lump sum
Vesting period	None
Service definition	Total service rounded to nearest integer
Benefit formula	Distance $\times$ Rate per km as per RSTA
Grade	Entitlement
M3 and above	Two truck up to Nu. 55,000
6 – M2	One truck up to Nu. 30,000
Rest	One DCM up to Nu. 20,000

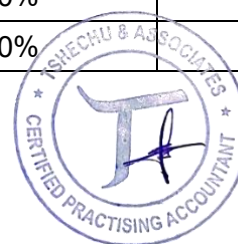
MEMBERSHIP DATA

		% Change	31 Dec 2022	31 Dec 2021
Members considered for valuation		-21.43%	77	98
Average age (years)		2.92%	32.61	31.68
Monthly salary (Nu.)	Average	-2.97%	30,427.65	31,358.84
	Total	-23.76%	2,342,929	3,073,166
Past service (years)	Average	7.66%	3.78	3.51
	Total	-15.41%	291	344

ACTUARIAL ASSUMPTIONS

Financial assumptions

Parameter	31 Dec 2022	31 Dec 2021
Discount rate	8.50%	8.50%
Increase in cost of transportation	5.00%	5.00%



Demographic assumptions

Parameter	31-Dec-2022	31-Dec-2021
Mortality rate	100% of IALM (2012 - 14)	
Employee turnover rate	5.00%	5.00%

NOTE 30: DISCLOSURE

Auditor's Remuneration

For the year ended December, 31

Particulars	2022	2021
Statutory Audit Fees	68,250	63,250
Statutory Local Audit Fees	-	-
Other Audit Expenses	-	30,280
Total Amount [in Nu.]	68,250	93,530

2. Key Management Personnel ('KMP')

KMPs are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any director whether executive or otherwise. Key management personnel of the company for the purpose of disclosure of compensation include the Chief Executive Officer as required by the Companies Act of the Kingdom of Bhutan 2016

a. Summary of compensation paid to the KMP (Chief Executive Officer):

For the year ended 31 December

Particulars	2022	2021
Salary & Allowances	1,922,807	1,829,184
Sitting Fees	72,000	108,000
Provident Fund Contribution	155,903	156,454
Training (incl. workshop, seminar, etc) Expenditures during the year (eg. Inception Fees, Travel, food/Room & etc)	0	0
Other Benefits (LTC, Leave, PBVA & Bonus)	0	281,713
Total Amount [in Nu.]	2,150,710	2,375,351

As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to KMP are not included above.



b. Summary of compensation paid to Board of Directors (Inclusive of CEO)
For the year ended 31 December

Particulars	2022	2021
Directors' Sitting Fees (Board & Sub-Board)	528,000	428,000
Directors' Training (incl. workshop, seminars, etc) Expenditures during the year (eg. Inception Fees, Travel, food/Room & etc)		
Directors' DSA	0	43,750
Total Amount [in Nu.]	528,000	471,750

c. List of Directors

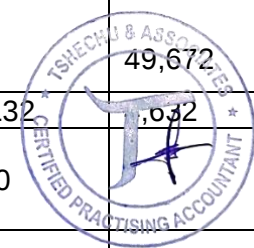
Name of Board Director	Date of Joining	Status
Mr. Jacques von Benecke (Chairman)	Appointment: August 2022	Active Member
Mr. Ujjwal Deep Dahal	Reappointment: April 2022	Active Member
Mr. Jigme Tenzing	Appointment: April 2022	Active Member
Mr. Phuntsho Namgyal	Appointment: April 2022	Active Member
Mr. Changa Dorji	Appointment: August 2022	Active Member
Mr. Kuenga Jurmi	CEO since 15th Jan 2022	Active Member

3. Transaction with Group Companies (Related Party Disclosure)

Sl#	Name of Related Party	Relationship	Nature of Transaction with Related Party	Transaction Amount [in Nu.]	Receivable/ (Payable) in Nu
2	Bank of Bhutan Limited	Fellow Subsidiary	a. Balance (as per Books CD Acc. 100925841)	138,757,474	
			b. Balance (as per Books CD Acc. 202454401)	950	
			c. ePayment Implementation Cost	125,000	
			d. Interest income on deposits	2,810,704	
			e. Service Revenue	5,380,556	5,525,000
			f. Interest on loans paid	371,658	
			g. Bank Charges and fees	8,342	
3	Bhutan Power Corporation Limited	Fellow Subsidiary	a. Electricity Charges payment		(532,022)
			b. Inter Group Miscellaneous Income	-	
			c. Service Revenue	15,368,078	4,045,082
4	Bhutan Telecom Limited	Fellow Subsidiary	a. Communication, internet and telephone charges	536,000	
			b. Inter group Deposit	-	
			c. Project Advance received.	-	



SI#	Name of Related Party	Relationship	Nature of Transaction with Related Party	Transaction Amount [in Nu.]	Receivable/ (Payable) in Nu
			d. Service Revenue	3,541,939	
			e. Rental Income	64,800	
			f. Inter Group Miscellaneous Expenses	-	
5	Construction Development Corporation Limited	Fellow Subsidiary	a. Service Revenue	1,927,268	1,027,268
			b. Inter Group Miscellaneous Income	20,000	
			c. Inter Group Consultancy Fees	35,000	(35,000)
6	Dagachhu Hydro Power Corporation Limited	Fellow Subsidiary	a. Service Revenue	387,376	96,844
7	Dungsam Cement Corporation Limited	Fellow Subsidiary	a. Service Revenue	1,561,356	530,501
8	Dungsam Polymer Limited	Fellow Subsidiary	a. Service Revenue	403,755	330,522
9	Druk Green Power Corporation Limited	Fellow Subsidiary	a. Retention monies receivable		64,310
			b. Service Revenue	12,447,542	3,179,590
			c. Inter Group Miscellaneous Income	92,266	
10	Druk Air Corporation Limited	Fellow Subsidiary	a. Service Revenue	6,262,478	2,707,791
			b. Inter Group Miscellaneous Income	120,000	
11	Druk Holding & Investments.	Holding Company	a. Equity Shares held by DHI	223,090,900	
			b. Inter group Deposit		(590,000)
			c. Intergroup Corporate Guarantee Fees	474,134	(474,134)
			d. Inter group Brand management Fees	591,794	
			e. Service Revenue	10,092,964	3,020,976
			f. Inter Group Miscellaneous Income	15,000	15,000
			g. Dividend payout	22,309,000	
			h. Rental Income	3,414,528	6,766
12	Koufuku International Limited	Fellow Subsidiary	a. Service Revenue	49,672	49,672
13	Natural Resources Development Corporation Limited	Fellow Subsidiary	a. Service Revenue	5,474,132	5,474,132
			b. Purchase Furniture, fixtures, computers and office equipment	119,420	
			c. Inter Group Miscellaneous Expenses	95,860	



SI#	Name of Related Party	Relationship	Nature of Transaction with Related Party	Transaction Amount [in Nu.]	Receivable/ (Payable) in Nu
14	State Mining Corporation Limited	Fellow Subsidiary	a. Service Revenue	3,142,531	144,068
15	State Trading Corporation of Bhutan Limited	Fellow Subsidiary	a. Furniture, fixtures, computers and office equipment (Laptop)	562,741	(128,279)
			b. Running & Maintenance Of Vehicle	148,921	
16	Tangsibji Hydro Energy Limited	Fellow Subsidiary	a. Service Revenue	377,691	184,003
17	Bhutan Hydropower Services Limited	Fellow Subsidiary	a. Service Revenue	387,376	96,844

4. RIGHT-OF-USE-OF-ASSET: In accordance with BFRS 16 lease, TTPL has applied retrospectively with the cumulative effect of initially applying the Standard recognized at the date of initial application. (Adjustment of cumulative impact in retained earnings). Cost model has been applied in measuring the right-of-use-of-asset.

Date	Under BAS 17 Expense in P/L	Closing Lease Liability	Interest in P/L	Dep. Charge P/L	Carrying Amount	Equity Impact
31-12-09	72,600	2,049,021	68,439	22,813	2,030,369	18,653
31-12-10	217,800	2,036,124	204,902	68,439	1,961,929	55,542
31-12-11	217,800	2,021,936	203,612	68,439	1,893,490	54,252
31-12-12	217,800	2,006,329	202,194	68,439	1,825,051	52,833
31-12-13	217,800	1,989,162	200,633	68,439	1,756,611	51,272
31-12-14	217,800	1,970,279	198,916	68,439	1,688,172	49,556
31-12-15	217,800	1,949,506	197,028	68,439	1,619,732	47,667
31-12-16	217,800	1,926,657	194,951	68,439	1,551,293	45,590
31-12-17	217,800	1,901,523	192,666	68,439	1,482,854	43,305
31-12-18	217,800	1,873,875	190,152	68,439	1,414,414	40,792
31-12-19	217,800	1,843,463	187,388	68,439	1,345,975	38,027
31-12-20	217,800	1,810,009	184,346	68,439	1,277,535	34,986
31-12-21	217,800	1,773,210	181,001	68,439	1,209,096	31,640
31-12-22	217,800	1,732,731	177,321	68,439	1,140,657	27,960

As of 31.12.2022, Finance cost of Nu.177,320 and lease liability of Nu.40,479 adjusted from the lease payment and Nu.68,439 has been charged as depreciation for the year. Accumulated depreciation of Nu.844,086 has been adjusted through retained earnings as of 31.12.2021.

5. INVESTMENT PROPERTY: As of 31 December 2021, Investment properties of the company has been valued at fair value. However, after the change in accounting policy to shift from fair valuation model to cost model of the Group Company (DHI), TTPL has also decided to follow the cost model of investment properties. In effect, all the fair value gains and losses have been reversed and depreciation based on the useful life of the properties has been retrospectively applied until end of 31 December 2021 through retained earnings.

However, with effect from 31 December 2022, depreciation expense has been charged to profit and loss account through accumulated depreciation. Details working of the reversion of investment properties at fair value to cost model has been outlined below.

Block I	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Initial Cost	251,962,404.00	251,962,404.00	254,619,219.00	255,196,981.00	263,059,457.00	265,441,881.00	266,036,934.50	266,321,334.50	266,908,534.50	268,230,959.51	268,420,867.01
Additional/(Deletion)during the year		2,656,815.00	577,762.00	7,862,476.00	2,382,424.00	595,053.50	284,400.00	587,200.00	1,322,425.01	189,907.50	-
Transfer from IP to PPE											
Total Cost	251,962,404.00	254,619,219.00	255,196,981.00	263,059,457.00	265,441,881.00	266,036,934.50	266,321,334.50	266,908,534.50	268,230,959.51	268,420,867.01	268,420,867.01
Fair value	251,962,404.00	231,058,474.00	249,637,346.00	269,090,381.00	279,878,777.02	287,205,102.46	294,639,034.26	299,410,021.36	307,799,274.79	320,281,296.13	320,281,296.13
Fair value gain or (loss)	-	(23,560,745.00)	18,001,110.00	11,590,559.00	8,405,972.02	6,731,271.94	7,149,531.80	4,183,787.10	7,066,828.42	12,292,113.84	-
Reserves		(23,560,745.00)	(5,559,635.00)	6,030,924.00	14,436,896.02	21,168,167.96	28,317,699.76	32,501,486.86	39,568,315.28	51,860,429.12	51,860,429.12
Depreciation as per BAS											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Buildings	251,962,404.00	251,962,404.00	254,619,219.00	255,196,981.00	263,059,457.00	265,441,881.00	266,036,934.50	266,321,334.50	266,908,534.50	268,230,959.51	268,420,867.01
Addition during the year	-	2,656,815.00	577,762.00	7,862,476.00	2,382,424.00	595,053.50	284,400.00	587,200.00	1,322,425.01	189,907.50	-
Gross Amount	251,962,404.00	254,619,219.00	255,196,981.00	263,059,457.00	265,441,881.00	266,036,934.50	266,321,334.50	266,908,534.50	268,230,959.51	268,420,867.01	268,420,867.01
Less: Depreciation	6,299,060.10	6,365,480.48	6,379,924.53	6,576,486.43	6,636,047.03	6,650,923.36	6,658,033.36	6,672,713.36	6,705,773.99	6,710,521.68	6,710,521.68
Accumulated Depreciation	6,299,060.10	12,664,540.58	19,044,465.10	25,620,951.53	32,256,998.55	38,907,921.91	45,565,955.28	52,238,668.64	58,944,442.63	65,654,964.30	72,365,485.98
Net Property, Plant and Equipment	245,663,343.90	241,954,678.43	236,152,515.90	237,438,505.48	233,184,882.45	227,129,012.59	220,755,379.23	214,669,865.86	209,286,516.88	202,765,902.71	196,055,381.03
Useful life- Years	40.00										

	2016	2017	2018	2019	2020	2021	2022
Initial Cost	0.00	0.00	0.00	73,333,151.37	36,182,304.16	26,148,143.37	22,096,869.30
Additional during the year				(18,150.00)	25,000.00		
Transfer from IP to PPE				(37,132,697.21)	(10,059,160.79)	(4,051,274.07)	-
Total Cost	-	-	-	36,182,304.16	26,148,143.37	22,096,869.30	22,096,869.30
Fair value	-	-	-	36,182,304.16	27,818,233.24	25,372,553.08	25,372,553.08
Fair value gain or (loss)	-	-	-	-	1,670,089.87	1,605,593.91	-
Reserves			-	-	1,670,089.87	3,275,683.78	3,275,683.78
Depreciation as per BAS							
	2016	2017	2018	2019	2020	2021	2022
Buildings				36,200,454.16	36,182,304.16	26,148,143.37	22,096,869.30
Addition during the year				(18,150.00)	25,000.00	-	-
Transfer to IP					(10,059,160.79)	(4,051,274.07)	-
Gross Amount	-	-	-	36,182,304.16	26,148,143.37	22,096,869.30	22,096,869.30
Less: Depreciation	-	-	-	904,557.60	653,703.58	552,421.73	552,421.73
Accumulated Depreciation	-	-	-	904,557.60	1,558,261.19	2,110,682.92	2,663,104.65
Net Property, Plant and Equipmen	-	-	-	35,277,746.56	24,589,882.18	19,986,186.38	19,433,764.65

	2016	2017	2018	2019	2020	2021	2022
Initial Cost	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75
Additional during the year							
Total Cost	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75
Fair value	3,278,461.75	3,408,695.36	3,415,744.55	3,264,266.52	3,025,178.89	2,733,400.11	2,733,400.11
Fair value gain or (loss)	-	130,233.61	7,049.19	(151,478.03)	(239,087.63)	(291,778.78)	-
Reserves		130,233.61	137,282.80	(14,195.23)	(253,282.86)	(545,061.64)	(545,061.64)
Depreciation as per BAS							
	2016	2017	2018	2019	2020	2021	2022
Buildings	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75
Addition during the year							
Gross Amount	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75	3,278,461.75
Less: Depreciation	-	327,846.18	327,846.18	327,846.18	327,846.18	327,846.18	327,846.18
Accumulated Depreciation	-	327,846.18	655,692.35	983,538.53	1,311,384.70	*1,639,230.88	1,967,077.05
Net Property, Plant and Equip	3,278,461.75	2,950,615.58	2,622,769.40	2,294,923.23	1,967,077.05	1,639,230.88	1,311,384.70
Useful life- Years	10.00						

6. Financial Instrument – Accounts Receivable :) trade receivables of TTPL not carry significant financing component and chooses to measure loss allowance at an amount equal to lifetime. In measuring expected credit losses of a financial instrument, it was ensured that:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

It was ensured that expected credit losses are determined based on the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice. Based on the analysis of trade receivables and modified retrospective application of the standard loss allowance of Nu.101,895 is opening of 2022 and ECL as of 31 December 2022 is determined at Nu.1,967,426.00.

	Amount
31 December Provision balance	-
Amount restated through opening retain earnings	101,895.78
Opening loss allowance as at 1 January 2022	101,895.78
Increase in loss allowance recognized in profit or loss during the year	1,967,426.65
Writeoff	-
Balance as at 31 December 2022	2,069,322.43

7.Changes in Equity

1. STATEMENT OF CHANGE IN EQUITY FOR THE ENDED 31 DECEMBER 2021				
Particulars	Equity Share Capital	Retained Earnings	Other Reserves	Total Equity
Balance as of 1 January 2021	223,090,900	(61,798,681)	-	161,292,219
Dividend paid		(22,309,000)		(22,309,000)
Actuarial Gain/(Loss) on Post-Employment Benefits		458,945		458,945
Excess Interest Income for Gratuity Account adjusted		(160,801)		(160,801)
Fair Value Changes in Investment Property			13,605,929	13,605,929
Retrospective Adj.due to change in Accounting Policy			(13,605,929)	(13,605,929)
Profit for the period	-	84,452,744	-	84,452,744
Balance as at 31 Dec 2021	223,090,900	643,207	-	223,734,107

2. STATEMENT OF CHANGE IN EQUITY FOR THE ENDED 31 December 2020				
Balance as of 1 January 2020	223,090,900	(6,829,195)	32,487,291	248,748,996
Dividend paid		(2,200,000)		(2,200,000)
Actuarial Gain/(Loss) on Post-Employment Benefits		2,679,831		2,679,831
Fair Value Changes in Investment Property - Net			8,497,830	8,497,830

Adjustment of BITS Revenue		(38,815,571)		(38,815,571)
Retrospective Adj. of Deferred Tax Expense		(6,279,663)		(6,279,663)
Restrospective Adj. Due to change in Accounting Policy		(61,814,089)	(40,985,121)	(102,799,210)
Profit for the period	-	51,460,004	-	51,460,004
Balance as at 31 Dec 2020	223,090,900	(61,798,681)	-	161,292,219

3. STATEMENT OF CHANGE IN EQUITY FOR THE ENDED 31 December 2019

Balance as of 1 January 2019	222,904,500	2,275,469	28,454,982	253,634,951
Dividend paid		(8,910,000)		(8,910,000)
Actuarial Gain/(Loss) on Post-Employment Benefits		(2,736,617)		(2,736,617)
Fair Value Changes in Investment Property			4,032,309	4,032,309
Restrospective Adjustment Due to change in Accounting Policy	186,400	-	-	186,400
Profit for the period	-	2,545,674	-	2,545,674
Balance as at 31 Dec 2019	223,090,900	(6,825,474)	32,487,291	248,752,717

4. STATEMENT OF CHANGE IN EQUITY FOR THE ENDED 31 December 2018

Balance as of 1 January 2018	222,904,500	(3,609,502)	21,298,401	240,593,399
Provision for Income Tax for the FY from 2014 to 2017		(3,877,433)		(3,877,433)
Dividend paid				-
Actuarial Gain/(Loss) on Post-Employment Benefits		(897,234)		(897,234)
Fair Value Changes in Investment Property			7,156,581	7,156,581
Profit for the period	-	10,659,638	-	10,659,638
Balance as of 31 Dec 2018	222,904,500	2,275,469	28,454,982	253,634,951



RATIO ANALYSIS

THIMPHU TECHPARK LIMITED

RATIO ANALYSIS

Ratio	Basis	2022	2021
Current Ratio	Current assets/Current liabilities	1.04	1.24
Quick Ratio	Quick assets/Quick liabilities	1.01	1.22
Debtors Turnover Ratio	Sales/Sundry Debtors	2.71	3.07
Total Expense to Total Income Ratio	(Total Expense*100)/Total income	98.00	63.00
Net Profit/(Loss) to Total Income	[Net profit/(loss)*100]/Total income	3%	42%

For Tshechu & Associates
Certified Practising Accountants
Firm Empanelment No. BH - 07

Tshechu, FCPA (Aust.)

(Membership No. 9798359)

Managing Partner

Place: Thimphu

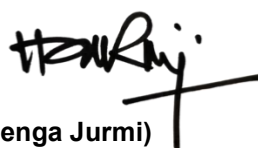
Dated:



For Thimphu TechPark Limited



(Jacques von Benecke)
Chairman

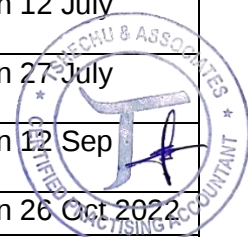


(Kuenga Jurmi)
Chief Executive Officer

COMPLIANCE CALENDAR AND CHECKLIST

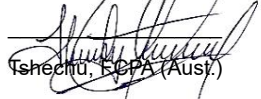
FOR THE YEAR ENDED ON 31 December 2022

SI No.	Activity	The Companies Act of Bhutan 2016	Timeliness	Remarks
1	Submission of Annual Return	267	On or before 31 July	Annual Return for the year 2021 was filed on 21 June 2022.
2	Annual General Meeting	177	On or Before 30 th June	12 th AGM was held on 7 April 2022
3	Notice Calling General Meeting	185	21 days before the AGM	Issued on 29 March 2022 vide letter ref. no. TTPL/Board/AGM/2022/114
4	Payment of Dividend		-	25.82% of total paid up capital amounting Nu. 57,602,070.00 was declared during the 12 th AGM
5	Presentation of B/S, P&L A/c and cash flow statement at every AGM	244	-	YES
6	Filing of documents with Registrar	247	-	Annual Return for the year 2021 was filed on 21 June 2022.
7	Appointment of Auditors	251	-	Auditor for the year ended for the year ended 31 December 2022 was appointed directly by RAA on 14 th December 2022.
8	Consent to Act as a Directors	140	Within 30 days of appointment or reappointment with the registrar.	Mr. Changa Dorji, Mr. Phuntsho Namgyal and Mr. Jigme Tenzing was appointed as new Directors on TTPL during the year.
9	Board Meetings	146 & 149	At least four meetings in a year	74 th BM was held on 25 March 2022
				75 th BM was held on 29 April 2022
				76 th BM was held on 20 June 2022
				77 th BM was held on 12 July 2022
				78 th BM was held on 27 July 2022
				79 th BM was held on 12 Sep 2022
				80 th BM was held on 26 Oct 2022
				81 th BM was held on 7 Dec 2022



SI No.	Activity	The Companies Act of Bhutan 2016	Timeliness	Remarks
10	Appointment of CEO	210		Mr. Kuenga Jurmi was appointed as the new CEO w.e.f from 15 th January 2022 during the 12 AGM.
11	Power of Regulatory Authority to accord approval	412	Approval of Regulatory Authority	YES
12	Appointment of Company Secretary	213	As prescribed by MTI	The Company Secretary was appointed on 7 th Nov 2019 and still continuing.
13	Statutory Record and Inspection	228	All times	YES

For Tshechu & Associates
 Certified Practising Accountants
 Firm Empanelment No.: BH - 07



Tshechu, CPAA (Aust.)

(Membership No. 9798359)

Managing Partner

Place: Thimphu

Dated:



For Thimphu TechPark Limited



(Jacques Von Benecke)

Chairman



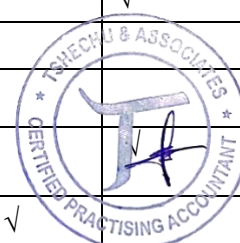
(Kuenga Jurmi)

Chief Executive Officer

Appendix – III B

CHECK LIST FOR COMPLIANCE TO PROVISION OF THE COMPANIES ACT OF BHUTAN, 2016

Page-1					
NAME OF COMPANY: Thimphu TechPark Limited					
REGISTERED NO: U20121219TH10390					
No.	Ss.	INCORPORATION OF A COMPANY& SECURITIES	YES	NO	NA
1	28	Changes to Articles/Approval		√	
2	47	Change of name/Approval		√	
3	123	Increase or consolidation of share capital		√	
4	124	Reduction of share capital		√	
5	82	License Copy and Share Certificate filing	√		
6	107	Public offer of shares & Debentures-ROC Approval			√
		MANAGEMENT & ADMINISTRATION			
7	217	Registered Office of Company (Postal Address & Contact Number)	√		
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	√		
9	241	Financial Year of Companies as of 31 Dec.	√		
	242	Extension up to 15 months - ROC approval		√	
	243	Extension up to 18 months - Authority's approval		√	
	245	Financial Statements to follow BAS	√		
10	267	Annual Return Submission On/before 31 May for listed; others 31 July	√		
11	177	Annual General Meeting (Minutes)	√		
12	180	Extraordinary General Meeting (Minutes)		√	
13	185	Notice for calling general meeting	√		
	187	listed Co. - written as well as in media			√
		Public Co/Private Co. - Written Notice	√		
14	190	Chairman of meeting (CEO cannot chair)	√		
15	192	Representation of corporations at meetings (appointed by Board Directors)			
16	193	Ordinary and special resolutions (Minutes)		√	
17	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195-198)	√		



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No.	Ss.	INCORPORATION OF A COMPANY & SECURITIES	YES	NO	NA
18	199	Declaration and payment of dividend (199-209)	√		
19	232	Books of account to be kept by Company (location & time period)	√		
20		Board's report (signed by Chairman)	√		
21	252	Appointment and removal of Auditors Need to re-appoint annually (251-259)	√		
22	260	Resignation of Auditors from office (Annual Resignation)	√		
23	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	√		
24	133	Number of directors	√		
25	134	One third of all Public Companies shall be independent		√	
	138	(Minimum No & Retirement on Rotation)			√
26	139	Additional directors	√		
27	140	Consent to act as directors	√		
28	141	Certain persons not to be appointed as Directors	√		
29	142	Resignation by a director	√		
30	143	Removal of directors		√	
31	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt.)	√		
32	152	General powers of the board	√		
33	156	Restriction on powers of Board	√		
34	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)	√		
35	414	Appointment of selling or buying agents (govt. Approval obtained or not)			√
36	157	No loans to directors (only for Public Co.)			√
37	53	Inter-corporate investments (investments to be disclosed) apply old rule		√	
38	158	Conflict of Interest Transactions by Board		√	
39	213	Companies to have secretaries	√		
40	161	Standard of care required by directors (Reckless decision)	√		



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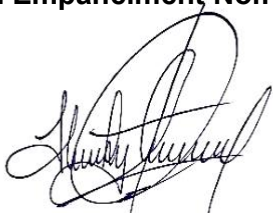
STATUTORY RECORD AND INSPECTION

41	228	Statutory record and inspection	√		
42	(a)	Register of buy-back of shares		√	
43	(b)	Register of transfers		√	
44	(c)	Register of charges		√	
45	(d)	Register of inter-corporate loans		√	
46	(e)	Register of inter-corporate investments		√	
47	(f)	Register of contracts in which directors are interested	√		
48	(g)	Register of directors	√		
49	(h)	Register of directors' shareholding	√		

For Tshechu & Associates

Certified Practising Accountants

Firm Empanelment No.: BH - 07



Tshechu, FCPA (Aust.)

(Membership No. 9798359)

Managing Partner

Place: Thimphu

Dated:



COMPANY REPRESENTATIVE

MANAGEMENT APPRAISAL REPORT

MANAGEMENT APPRAISAL REPORT

This part contains audit memos/observations that are resolved based on the compliances assured to institute necessary controls or remedies by the management, and those issues, which are recommendatory in nature and intended to bring improved compliances through appropriate interventions. It also includes those audit memos/observations resolved in view of recoveries made, replies and related supporting documents and evidences furnished, for future reference.

Overstatement of Income – Nu. 1,300,000.00

The para. 31 of BFRS 15 states “An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised goods or service to a customer.”

However, the audit team on review noted that TTPL accounted for 20% of the project value amounting to Nu. 1,300,000.00 (6,500,000.00*20%), which was received as advance on the date of signing the contract agreement (30th Dec 2022) as income for the year 2022.

The management is requested to review and incorporate necessary changes.

Management's Response:

The observation is duly noted and incorporated into the final accounts.

The Observation was treated as Settled.

In view of the corrections and adjustments to the financials made by the management, the observation is treated as settled.

Compliance to be made by the Management.

The management in the coming years should recognize the revenue as per BFRS 15.

Error in Revenue Recognition

The para. 22 of BAS 11 requires TTPL to recognize contract revenue and contract cost associated with the construction contract shall be recognized as revenue and expenses respectively by referencing to the stage of completion of the contract activity at the end of reporting period.

However, the audit team on review noted that TTPL recognized income on the following contract works on cash basis accounting:

- a. TTPL signed an agreement with the Ministry of Health (MoH) to provide service for the Electronic Patient Information System (ePIS) project in consideration of contract amount Nu. 391,460,368.35. The payment on the project was scheduled against completion of each milestone set in the agreement.

TTPL during the year raised invoice for the third milestone of the first phase of the project amounting Nu. 29,359,527.63 on 24 June 2022 and the invoice amount was recognized as revenue from the project for the year. On further review, the management informed that the invoice was not raised base on the stage of completion of the work and nor was it raised based on the completion of the milestone as per

the contract agreement. In this regard, the management does not have a basis in raising the invoice and accounting it as revenue of the year.

Further the audit team was also informed that the Company during the year had also started the fourth milestone of the first phase. However, in absence of the work progress report maintained by the management, the status of the unbilled works is unknown.

As a result, the stage of the completion for the work that has been performed but unbilled is not clear enough to subsequently account for the cost and revenue associated.

- b. Similarly, the Company had signed a contract agreement with the Bhutan Livestock Development Corporation Limited on 22 November 2021 to provide service on Development and Implementation of ERP system with contract amount Nu. 3,900,000.00.

The audit team learnt that the project was completed during the year 2022, however, the management had accounted only Nu. 585,000.00 as income from the particular project.

As such, the revenue associated to both the contracts were accounted on cash basis accounting approach.

The management is requested to review and account for necessary action.

Management's Response:

From 2023, TTPL shall develop an accounting policy which shall outline the revenue recognition process in relation to its projects for implementation.

The Observation was treated as Settled.

In view of the discussion and decision held during the exit meeting, the observation is treated as settled.

Compliance to be made by the Management.

As discussed, and decided during the exit meeting, the management shall either maintain an authentic work progress report at each closing year or in case if the progress of the work cannot be determined, the management shall outline a reliable measurement basis to account for revenues as per BFRS 15.

