



NATIONAL PENSION AND PROVIDENT FUND

SMS Facility - Enquiries

Type LoanBAL <space> A/c No. for Education Loan, Housing Loan Balance Enquiry

Type PFBAL <space> A/c No. for Provident Fund Balance Enquiry

SMS Facility - To Find Your New Account Number

By using NPPF No. - Type NPPFAC <space> NPPF Number

By Using NEW Citizen ID No. - Type NPPFAC <space> Citizen ID Number



Housing Loan



Hotline

Services



139



325168



Vision

"Provide a Sustainable Old-Age Retirement Security System promoting GNH"



Mission

"To provide timely and adequate old-age retirement income to the members to meet their basic needs"

Values

- Quality Service
- Friendliness
- Respect
- Reliability
- Integrity
- Transparency
- Accountability

Reliability
Quality Service
Transparency
Respect
Integrity
Friendliness
Accountability

BOARD OF DIRECTORS



Aum Sangay Zam

Secretary

MINISTRY OF EDUCATION
CHAIRPERSON

DIRECTORS



Dasho Pema Wangda

Secretary

Ministry of Labour & Human Resources



Dasho Chhewang Rinzin

CEO

Druk Green Power Corporation Ltd.



Colonel Rinzin Dorji

Royal Bhutan Army



Mr. Bachu Phub Dorji

Commissioner,

Royal Civil Service Commission



Mr. Choiten Wangchuk

Director General

Department of Public Accounts

Ministry of Finance



Mr. Dubthob Wangchug
Director

National Pension & Provident Fund
Member Secretary

BOARD AUDIT COMMITTEE

Mr. Bachu Phub Dorji

Commissioner, RCSC
CHAIRMAN

Colonel Rinzin Dorji

Royal Bhutan Army

Member

Karma Yangzom Tshering

Head, Internal Audit
NPPF

Member Secretary

TECHNICAL ADVISORY COMMITTEE (TAC)

Mr. Nim Dorji

Joint Secretary
Ministry of Finance
CHAIRMAN

1. Mr. Kapil Sharma, Head,

Public Enterprise Division, Ministry of Finance

Member

2. Mr. Dorji Tshering, Director

Royal Civil Service Commission

Member

3. Mr. Norbu Wangchuk, Dy. Chief Planning Officer

Gross National Happiness Commission

Member

4. Mr. Sangay Dorji, Examining Officer

Royal Monetary Authority

Member

5. Mr. Dubthob Wangchug, CEO,

NPPF

Member Secretary

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Chartered Accounts

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Kolkata 700 017

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Real Estate	General Manager	Mr. Phuntsho Wangdi
Human Resource Management	Head	Mr. Tshewang Dorji
Policy & Strategic Management	Head	Ms. Sayden
Pension & Provident Fund	Head	Mr. Sonam Yeshey
Credit	Head	Mr. Kinga Thinley
Investment	Head	Ms. Tenzin Lhaden
Information Technology	Head	Mr. Kinzang Wangdi
Legal	Head	Mr. Kelzang Thinley
One Stop Solution	Head	Mr. Dechen Tshering
Internal Audit	Head	Mr. Karma Yangzom Tshering
Credit Review Unit	Head	Ms. Tshoki Lhamo

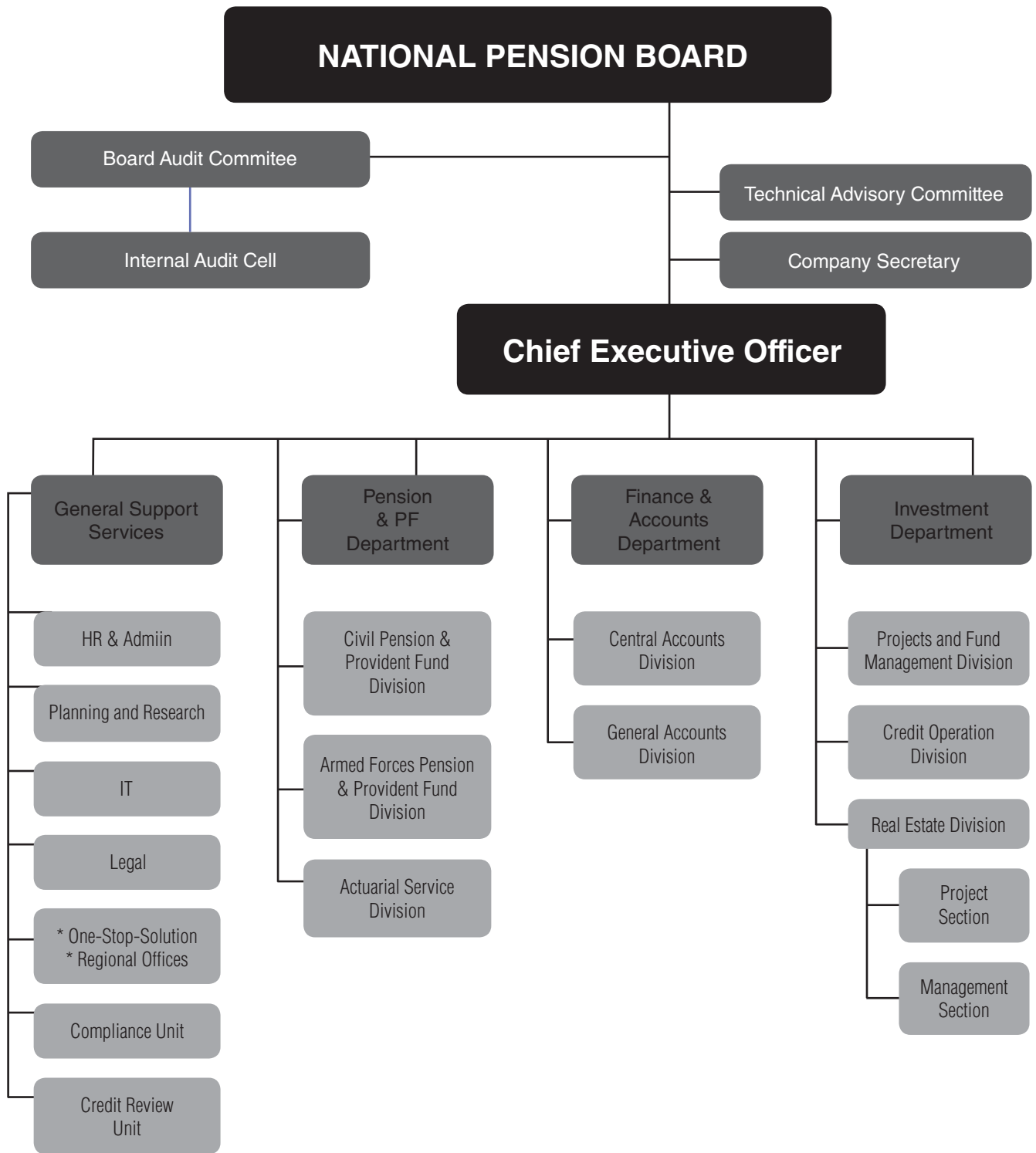
REGIONAL OFFICES

Place	Designation	Name
PHUENTSHOLING	Regional Head	Mr. Tshering Dorji
SAMDRUP JONKHAR	Regional Head	Mr. Chencho
MONGAR	Regional Head	Mr. Jigme Tenzing
GELEPHU	Regional Head	Meera Gurung

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Organogram



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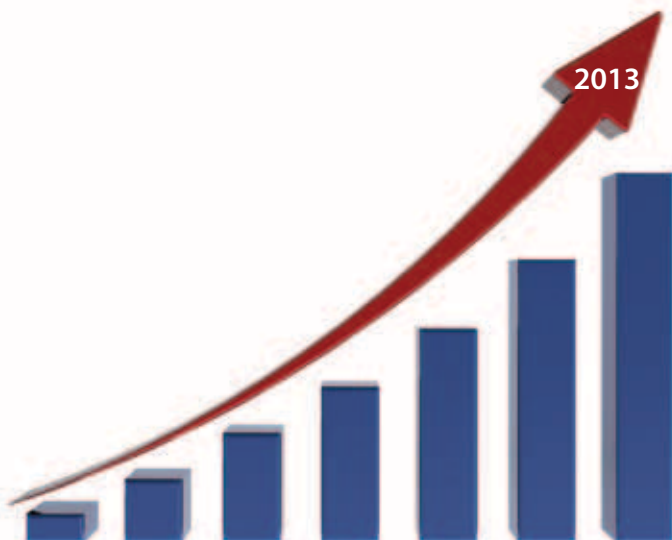


NPPF AT A GLANCE

- Administers the Pension & Provident Fund schemes;
- Grant loans to members for housing, education and student loans ;
- Contributes to the nation's socio- economic development by financing infrastructure projects and industries;
- 48,385 members and 3,833 pension beneficiaries. Loan client base of 9,506 members;
- Collects contribution of over Nu. 1.76 billion per annum
- Delivers services to 401 government and corporate agencies;
- Distributes over Nu. 158.62 million in pension payments per annum;
- Four Regional Offices/service outlets excluding Head Office;
- Over 74 pension delivery points through BOB, BNB, BDBL & Bhutan Post;
- NPPF IT system supports and facilitates services to members and its loan clients;
- 746 tenants in 87 residential buildings in four Dzongkhags. As of today, NPPF is one of the largest providers of affordable house in the country.

NPPF OPERATIONAL HIGHLIGHTS

- **Fund Size:** Fund increased by 16.54% from Nu.12.93 billion in June 2012 to Nu.15.064 billion as on 30 June 2013.
- **Members:** As of 30 June 2013, the plan had a total of 49,885 contributing members, representing about 6.64% of total population. Members increased by 6.11%, from 44,312 members to 49,885 compared to the previous year.
- **Investments:** Overall investment portfolio including real estate investments as of June 30, 2013 was Nu. 13,621 million compared to Nu. 12,463 million in the previous year; achieving a growth rate of 9%. Asset allocation comprised of Equity at 8% and Fixed Income of 92%.
- **Total Revenue:** Revenue increased to Nu. 1,142.64 million for the year which represents a growth rate of 28.58% compared to 28.86% in the previous year.
- **5. Net Surplus:** Net surplus increased by 23.39% during the year. As a result, rate of return increased to 6.70% p.a. against the target rate of 6.50%. p.a.



EXECUTIVE SUMMARY

The National Pension and Provident Fund (NPPF) is a public social security institution with the mandate to provide post-retirement income security to its members. It also contributes significantly to the nation's socio-economic development by promoting savings and investments in the country. Hence, by the very nature of its mandate, the NPPF is an important contributor to the attainment of the national goal of Gross National Happiness by promoting socio-economic development. The NPPF strives not only to recognize and anticipate the needs of our members but to exceed their expectations through consistent efforts to bring about improvement in our efficiency and systems.

The NPPF has adopted a balanced approach in its operations, taking into account both the sustainability of the pension scheme and more importantly the welfare of members of the scheme. As part of a major initiative during the year, the NPPF re-examined the Armed Forces Pension Scheme and made several changes to the scheme. Currently, the Armed Forces Pension Scheme is operated as a partially-funded Pay-Go system with monthly contributions of 24%. Upon retirement, members receive pension benefits equal to 45% of their last pay, provided they have served a minimum of 27 years. The reforms are expected to greatly enhance the sustainability of the Armed Forces Pension scheme.

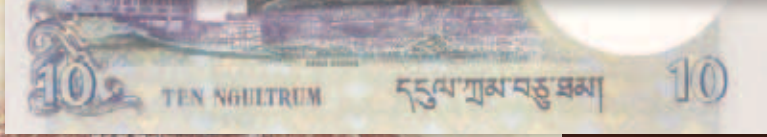
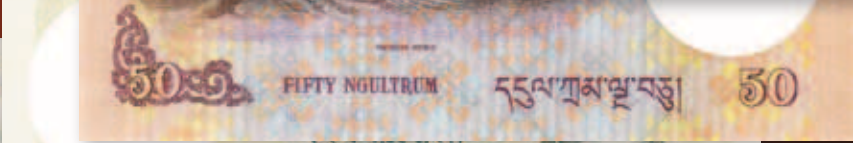
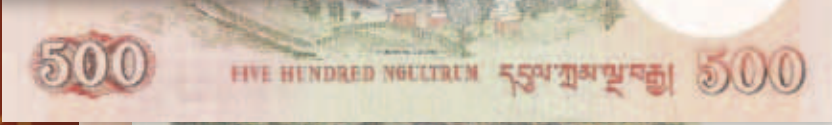
The five year term of the first parliament ended during the year. This resulted in some changes in the NPPF's membership with the Parliament members resigning as well as several civil servants and corporate employees resigning to participate in the elections. However, the overall effect on the NPPF's fund position would be negligible with the next group of Parliament members becoming NPPF members after their election.

A major concern of any pension scheme is to generate a satisfactory rate of return on its assets that would ensure

its sustainability. During the year, because of the adverse balance of payments situation with India and the consequent rupee shortage which was compounded by the tight liquidity position of the financial sector, the Royal Monetary Authority suspended the housing and consumer loans and also increased the NPPF's base rate to 13.19% p.a. These developments had an adverse effect on the NPPF's investment performance during the year. Nevertheless, under the guidance of the Board of Directors, NPPF was able to adapt to the difficult circumstances and remain competitive in its operations. As a result, notwithstanding the unfavorable environment, the NPPF continued to see steady growth and was able to declare a rate of return of 6.6% during the year. The NPPF will continue to review its strategy from time to time and adopt strategies to cope with changing circumstances and needs.

During the year, Dasho Lam Dorji, Finance Secretary who had served as the Chairman of Board of Directors for the last 5 years was replaced by Aum Sangay Zam, Secretary of Ministry of Education. The NPPF takes this opportunity to acknowledge and place on record our sincere gratitude to the outgoing Chairman for his leadership and invaluable guidance that he provided to the National Pension Board. Along with the new Chairperson, we also extend a warm welcome Mr. Choiten Wangchuk, Director General of the Department of Public Accounts to the Board.

Under the direction of its Board, the NPPF's efforts have always been and will continue to ensure the sustainability of the pension schemes and to provide as much value as possible to its members. In this regard NPPF has achieved many milestones and experienced significant growth in all areas of its operations. The NPPF remains committed to working consistently for the benefit of its members in the years ahead.



CHAPTER 1: FINANCIAL PERFORMANCE DURING THE YEAR

The 2012/13 fiscal year was a particularly challenging one for Bhutan's financial sector. Against a backdrop of a severe and chronic deterioration in the balance of payments with India, the monetary and fiscal authorities implemented a number of direct policy measures aimed at reducing aggregate demand by curbing loans and advances by the financial institutions, and restricting non-essential imports. At the same time, the NPPF's own ability for further lending was constrained by the maximum exposure limits to the ten largest borrowers prescribed under the RMA's Prudential Regulations. However, notwithstanding these constraints, the NPPF managed to achieve significant growth in all areas of operations and activities, mainly on account of strong performance of its equity investments and the increasing trend in long-term deposit rates to as high as 8.5% p.a.

During the year, NPPF's gross revenue increased to Nu. 1,142.64 million from Nu. 888.65 million at the end of the previous year. This represents an increase of 28.58% against the target of 18.58%. Income from investments which comprises of interest income from loans, bank deposits and bonds, increased by 19.23%. Dividend income increased by 410.55% which was mainly due to the significant increase in dividend yield from shares of the Bhutan National Bank. However, rental income increased only marginally by 7.73% mainly from annual enhancement of rent.

As a result of strong financial performance, the NPPF's distributable surplus (net of expenditures including provisions) for the year increased to Nu. 906.99 million compared to Nu.735.07 million in the previous year. This reflects a growth of 23.39% as against the target of 23.26%. Translating the surplus into the rate of return, NPPF achieved a return of 6.70% against the target rate of 6.50% for the year. The summary of the NPPF's financial highlights is shown in Table 1.2.

1.1 Financial Performance

Table 1.1 Major Income components (Nu. millions)

Particulars/ Year	2008-09	2009-10	2010-11	2011-12	2012-13
Income from Investment	442.98	510.93	606.36	831.20	991.04
Dividend Income	41.72	48.29	48.56	22.57	115.25
Rental Income	24.93	26.53	30.59	31.75	34.20

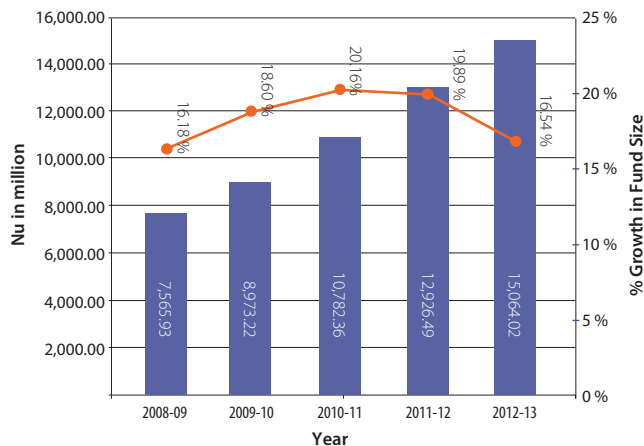
Table: 1.2 Financial Highlights (Nu. millions)

Particular/Year	2008-09	2009-10	2010-11	2011-12	2012-13
Fund Size	7,565.93	8,973.22	10,782.36	12,926.37	15,064.02
Revenue	512.98	587.73	689.64	888.65	1,142.64
Mgt. Expenditure	42.33	48.06	52.81	57.74	50.74
Operating Expenditure	58.12	64.94	94.59	150.52	240.48
% of Non Performing Loan	0.94%	0.25%	0.48%	0.44%	0.70%
Surplus	454.85	522.79	595.05	738.12	906.99
Rate of Return (Actual)	6.71%	6.66%	6.41%	6.57%	6.70%
Rate of Return (Declared)	6.50%	6.25%	6.50%	6.50%	6.60%

1.2 Fund Size

The overall size of the Fund increased to Nu. 15,064.02 million compared to Nu.12,926.49 million last year, reflecting an increase of 16.54% as against the set target of 16.72%. Over the past five years, the fund size grew at an annual average of 18.37% exceeding the set targets, as shown in figure 1.1.

Fig. 1.1 Fund size for last five years



1.3 Expenditure

In spite of the significant increase in its activities, NPPF exercised judicious control over its expenses. Consequently, management expenses were contained at Nu. 50.74 million as compared to Nu. 60.79 million in the previous year and the budget target of Nu. 56.19 million. The ratio of management expense to gross revenue was 4.44% as against 6.84% in 2011-12 as illustrated in figure 1.2.

There was however, a substantial increase in operating expenses brought about mainly by statutory provisions against loans. With the growth in the size of the total loan portfolio, statutory provisions against loans grew from Nu.

74.15 million in 2011-12 to Nu 178.51 million during the year. While the total loan portfolio recorded a growth of 4.67%, the ratio of Non- Performing Loans (NPL) was contained at 0.70% as against 0.44% at the end of 2011-12.

Fig. 1.2 Management expense to revenue

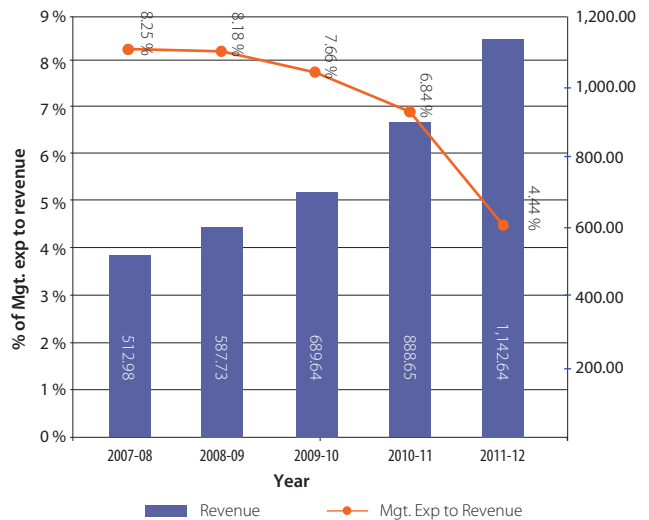
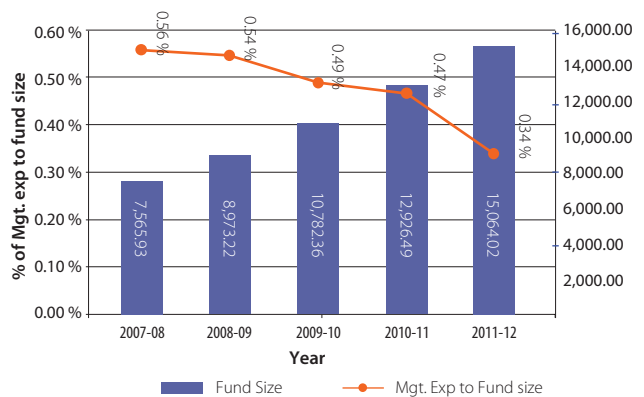


Fig. 1.3 Management expense to fund size



CHAPTER 2: PENSION & PROVIDENT FUND OPERATIONS

Ever since its introduction, pension benefits have played a significant role in sustaining households and ensuring the well-being of the elderly in the country. According to the Bhutan Living Standards Survey 2012, pension income represented 1.29% of the household income. Pension benefits were first paid in July 2002 as a means of providing basic income security after retirement.

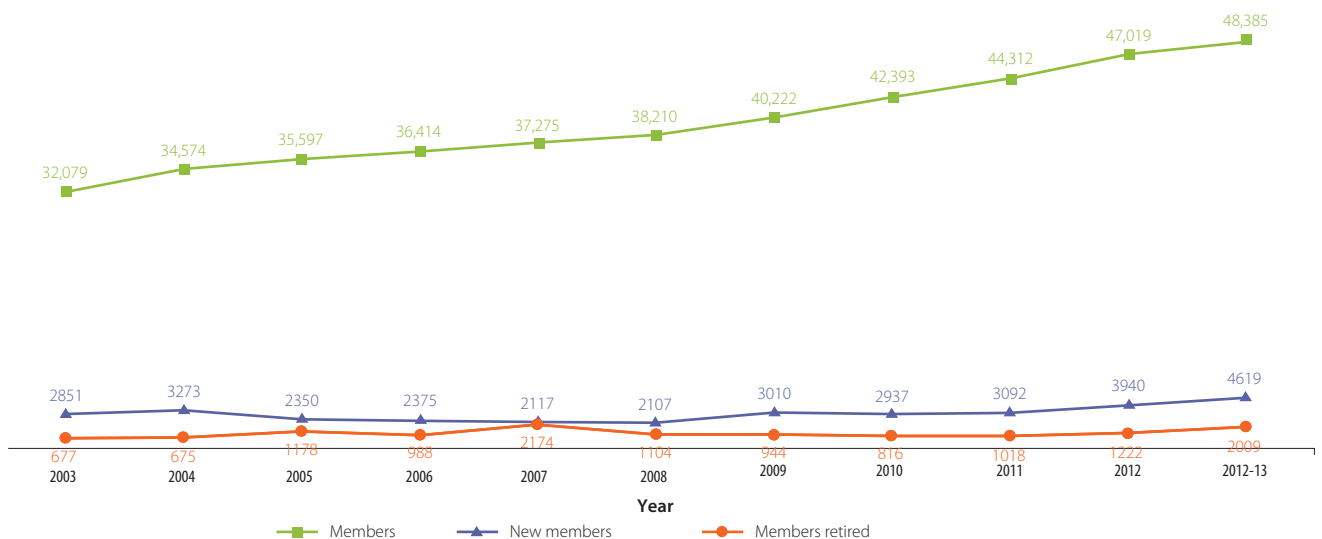
NPPF manages the pension and provident fund schemes of the civil service, public corporations and the Armed Forces. The retirement schemes comprise of Pension (Tier 1); and the Provident Fund (Tier 2). Pension benefits are paid monthly to the members whereas Provident Fund is paid in a lump sum on retirement from service. In the case of civil pension, benefits are paid at 40% of a member's last pay on exit from service after 56 years of age. The Armed Forces members are paid at 45% of the last pay (average of 12 months' salary) on exit from service. The retirement age of armed force personnel vary according to their rank and the same is taken into account while calculating pension.

2.1 Members and Beneficiaries

As of June 30, 2013, the scheme covered 48,385 active members from the civil service, public sector corporations and the armed forces personnel, representing about 6.58% of the entire population. During the year, 4,619 new members joined the scheme while 2,009 members became beneficiaries upon their retirement from service. A large proportion of the new members were from the civil service and public sector corporations. In February 2013, the Bhutan Hydropower Services Ltd. a major public sector corporation joined the scheme. In contrast, there was no increase in the number of members of the armed forces pension scheme.

With the increase in the number of pensioners the ratio of pensioners to active members reached 7.92%. During the year, 73 members of the civil pension scheme retired from service to participate in the Parliamentary elections of 2013.

Fig. 2.1 Number of members and retirees (as on June 30 of every year)



2.2 Contribution Collections

During 2012-2013, total contributions to the pension and provident funds amounted to Nu.1,755.90 million. Contributions are deducted at source from the employee's basic salary with a matching contribution by the employer. All contributions are required to be remitted directly by the employer through a designated bank branch on or before the tenth day of the following month. Late deposit of contribution attracts a penalty of two percent of the contribution amount.

Table 2.1 Annual Contribution Collections

Category	Contribution rate	Total Collection Amount (Nu. million)	
		30.6.13	30.6.12
Civil service & Public Corporations	22% (employee 11% and employer 11%)	1,404.10	1,332.53
Armed Forces	24% (employee 12% and employer 12%)	351.80	346.48
	Total	1,755.90	1,679.02

Overall, contributions by members from the civil service and public sector corporations accounted for 79.96% and the contribution of the members from the armed forces accounted for the balance 20.04%.

2.2.1 Civil Service & Public Corporations

2.2.1.1 Monthly Pension

During 2012-2013, total monthly pension payments to 1,785 pensioners amounted to Nu.101.51 million. Payments to retirees themselves accounted for 82.95% of total payments with the remaining 17.01% of total payments going to the surviving nominees, such as spouse, children, and parents. Pension benefit is adjusted to the annual consumer price index or 5% per annum whichever is lower.

Table 2.2 Monthly Pension Payments

Category	30.06.2013		30.06.2012	
	No. of Pensioners	Amount (Nu. million)	No. of Pensioners	Amount (Nu. million)
Normal Retirement Pension	761	70.80	575	52.45
Early Retirement Pension	187	13.44	145	9.55
Member Disability Pension	6	0.29	6	0.28
Surviving Spouse	112	5.24	82	3.60
Surviving Child	698	11.19	643	9.98
Orphan	19	0.46	19	0.48
Dependent Parent	2	0.09	2	0.09
Total	1,785	101.51	1,472	76.43

2.2.1.2 Provident Fund Benefit

The number of members who retired during 2012/13 increased by 83.33% as compared to the previous year. Provident fund refunds amounted to Nu. 208.17 million while lump sum refunds from pension accounts amounted to Nu. 98.69 million.

During the year, provident fund refunds to 67 members of parliament who resigned at the end of their terms amounted to Nu. 45.18 million.

2.2.2 Armed Forces

2.2.2.1 Monthly Pension

In 2012-2013, the total of monthly pension payments to 2,048 pensioners from the armed forces amounted to Nu. 57.11 million. Of the total, payments to the retirees accounted for 67.70% and payments to surviving family members, which include spouse, children, orphans and dependent parent accounted for 33.30%.

Table 2.3 Monthly Pension Payments

Category	30.06.2013		30.06.2012	
	No. of Pensioners	Amount (Nu. million)	No. of Pensioners	Amount (Nu. million)
Normal Retirement Pension	988	41.97	845	35.19
Early Retirement Pension	378	8.04	337	6.53
Member Disability Pension	-	-	-	-
Surviving Spouse	262	4.95	232	4.55
Surviving Child	400	1.94	386	1.90
Orphan	17	0.14	11	0.08
Dependent Parent	3	0.07	2	0.03
Total	2,048	57.11	1,813	48.28

2.2.2.2 Provident Fund

The number of retirees from the armed forces during the year increased by 5.70% as compared to the previous year. As a result of the increase in retirement age for personnel of the Royal Bhutan Police in terms of the provisions of the RBP Act 2010, the number of retirees from the RBP declined during the year.

In 2012-2013, the Fund paid out Nu. 68.32 million as provident fund benefit and Nu. 3.82 million as a lump-sum refund from pension account to members who contributed for less than 10 years.

2.3 Sustainability of the Pension Scheme

During the year, in order to ascertain their sustainability period, the NPPF re-examined the actuarial valuation of both the civil and armed forces pension schemes. The valuation indicated that the sustainability of the civil pension scheme to be around 30 years while that of the armed forces around 28 years. Assuming that no changes are made to the schemes, the liability of the civil scheme is estimated at Nu. 30.64 billion and that of the armed forces is Nu. 4.68 billion. Since the pension benefits are guaranteed by the Royal Government, the NPPF has reported these liabilities to the Ministry of Finance.

In a major initiative during the year, the NPPF carried out a review of the Armed Forces pension scheme and introduced a number of necessary reforms aimed at ensuring its sustainability for the next twenty-eight years. The civil pension scheme had also been reviewed and reforms initiated in 2010. The NPPF's policy is to review the pension schemes at least once in 3 years. However, if there are major changes in parameters such as a pay increase, demography of the members and economic conditions, then

actuarial valuation is initiated to examine the sustainability of the scheme and to make necessary changes in the policy.

2.4 Initiative on the Service Delivery

Despite the increasing number of members from year to year, the NPPF remains committed to its goal of improving and providing better service delivery to its members. A significant step in this regard was the introduction of a number of facilities through online web-based applications. This will enable members to access a wide range of NPPF's services including online transactions.

To meet the expectations of the growing number of pensioners, the pension delivery system is being constantly reviewed by the NPPF. While monthly pension benefits are delivered through the banks and the Bhutan Postal Corporation, the NPPF constantly monitors the delivery channels in order to ensure that they make timely payments to our pensioners and beneficiaries. Furthermore, in the past it was necessary for members to personally visit NPPF's office to collect bank cheques for their provident fund benefits. However, for the convenience of its members, the NPPF has now introduced a system of directly depositing the provident fund benefits to the respective member's bank savings account so that they do not have to personally visit NPPF.

The NPPF's online application system enables members to easily access their personal account which includes information such as their benefit entitlement, claim processing status, and statement of contributions. In addition, Pension Service Portal under the G2C Project has been introduced to deliver services through the

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Gewog Community Centers which are managed by the Bhutan Postal Corporation. As a part of its ongoing efforts towards facilitating the improvement of service delivery, NPPF participated actively in the training program of

Community Center Operators and Trainers of Community Centers jointly conducted by the G2C Project and the Bhutan Postal Corporation.



CHAPTER 3: CREDIT & INVESTMENT DEPARTMENT

3.1 Investment Department

The main objective of the NPPF's investment strategy is to generate a real rate of return on its investments over the long run so as to not only ensure but also enhance the sustainability of the pension schemes. Accordingly, the annual minimum target rate of return has been set at Consumer Price Index (CPI) +2%. While seeking to achieve the target rate of return, NPPF ensures that risks do not outweigh any potential returns on investments. Since the NPPF's investment funds represent the savings of its members for their old age, it takes care to ensure that investments are in the most productive sectors of the economy that promote the socio-economic development of the country.

Given the need for the NPPF to avoid exposing its investment funds to undue risks while trying to optimize returns, the Royal Government has granted only a limited investment mandate to NPPF. Accordingly, RMA has also licensed the NPPF to engage only in limited credit activities as compared to the other financial institutions.

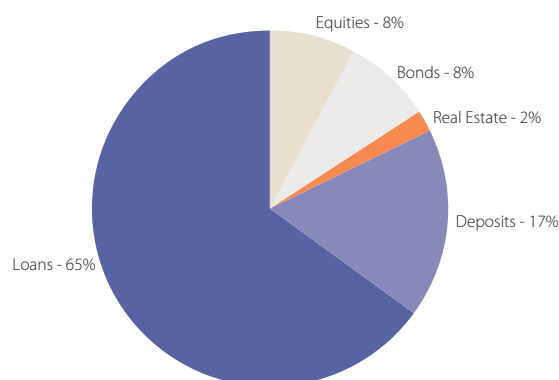
The NPPF is today the third largest institutional investor in Bhutan with a significant fund size which will continue to grow. NPPF's fund size has been growing steadily and as of June 2013, it had reached Nu. 15.06 billion as compared to just Nu. 2.69 billion in 2002. However, presently in order to address the persistent deficit in the balance of payments with India, the RMA has adopted direct monetary policy measures by restricting loans to certain sectors such as housing and vehicles. The restriction on housing loans has had a particularly negative impact on the size of the NPPF's loan portfolio.

Furthermore, the RMA implemented the Base Rate and as a result the NPPF's Base Rate was calculated to 13.19% which is above that of other financial institutions, thereby making it less competitive. At the same time, NPPF's lending capacity has been restricted in view of it nearing the statutory limit of the ten largest borrowers as per the RMA Prudential Regulations. Despite all the challenges, NPPF managed to optimize returns on its investments.

Despite the limited investment avenues and the unanticipated adverse financial situation in the country, the NPPF has been continuously exploring investment avenues in order to generate optimum returns on the fund. As manager of members' savings, NPPF has always been prudent not to take undue risks and has been functioning under a limited investment mandate compared to other financial institutions.

At present, reflecting the underdeveloped state of the equity market in Bhutan, NPPF's equity investments account for just 8 percent of its total assets with loans accounting for 65%. There is, therefore clearly a need for the NPPF to prioritize equity investments in the future. The chart below shows the NPPF's asset allocation as on June 30, 2013:

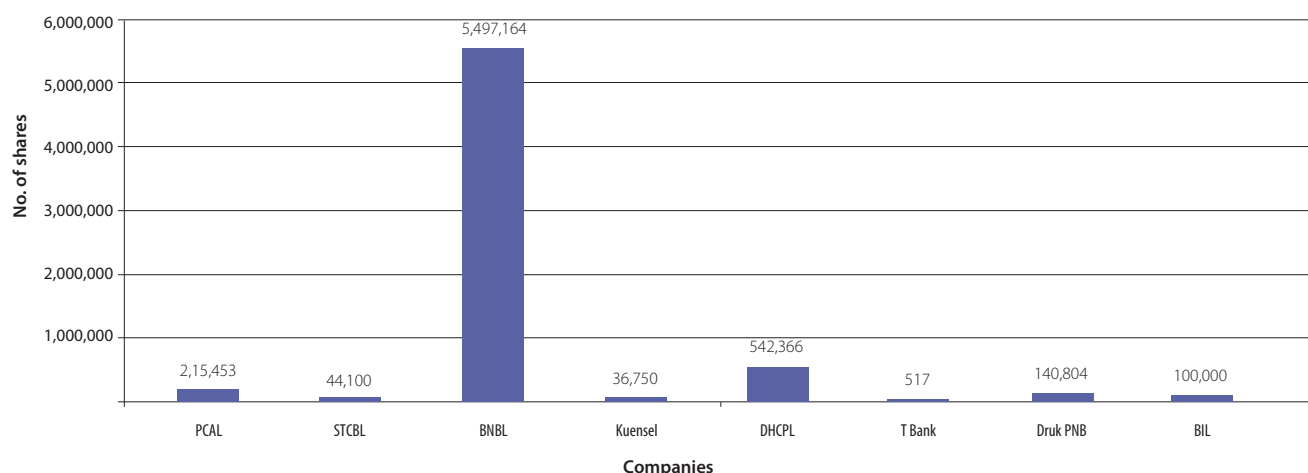
Fig. 3.1 NPPF Assets Allocation as of June 30, 2013



3.1.1 Investment in shares and loans

NPPF's investments in shares increased by 25.65% during the year. NPPF seized the opportunity to participate in the rights issues of Druk Punjab National Bank (DPNB) and Bhutan Insurance and at the same time it continued to make investment in the equity of Dagachhu Hydro Power Corporation. NPPF now holds 3.13 % of DPNB's total shares and 5% of Bhutan Insurance.

Fig. 3.2 NPPF Investments in Shares of Companies



During the year, NPPF provided financing for infrastructure development projects as well as for investments in productive sectors such as the manufacturing and the service sector industries. Among its many investments, the NPPF made significant investments in two major projects, namely the Dagachhu Hydro-Power Corporation and the Dungsum Cement Corporation

3.1.1.1 Dagachhu Hydro Power Corporation

The 126MW (initial capacity of 114MW) Dagachhu Hydro Power Corporation was incorporated in 2008. The project which is being financed with a debt equity ratio of 60:40 was initially expected to be commissioned in April 2013, but this has now been rescheduled to April 2014. The power generated by the project will be purchased by Tata Power Trading Company as per the agreement signed between the DHPCL and TPTCL. The initial cost of the project, which was estimated at Nu. 8.16 billion has now been revised to Nu. 12.23 billion. NPPF holds 15% of the total equity in the project amounting to Nu. 619.8 million, and

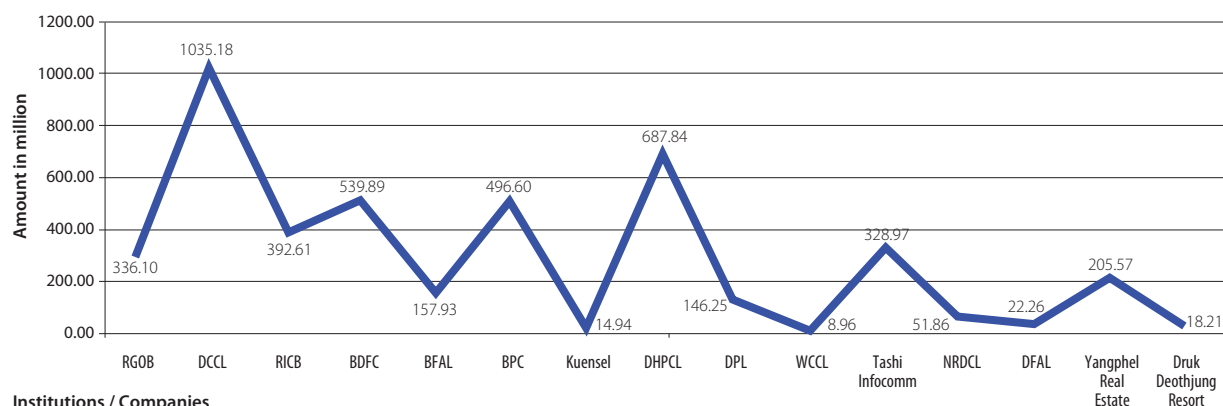
provided a loan of Nu. 600 million at an interest rate of 10% p.a.

3.1.1.2 Dungsum Cement Corporation

Dungsum Cement Corporation is establishing integrated green fields cement plant at Nganglam with an installed annual capacity of one million tons of clinker and 1.36 million tons of cement. The project been in operation since 2009 and has already started producing clinker since May 2013. The project was expected to commence cement production in January 2012 but this has now been rescheduled to September this year. The initial cost of the project was estimated at Nu. 7.17 billion but was later revised to Nu. 10.8 billion, reflecting a cost overrun of Nu. 3.63 billion. The NPPF's exposure in the project is Nu. 1.01 billion in the form of a term loan at an interest rate of 10% p.a.

As shown in the chart below, loans to institutions and projects constitute 26% of total investments against the benchmark of 50%.

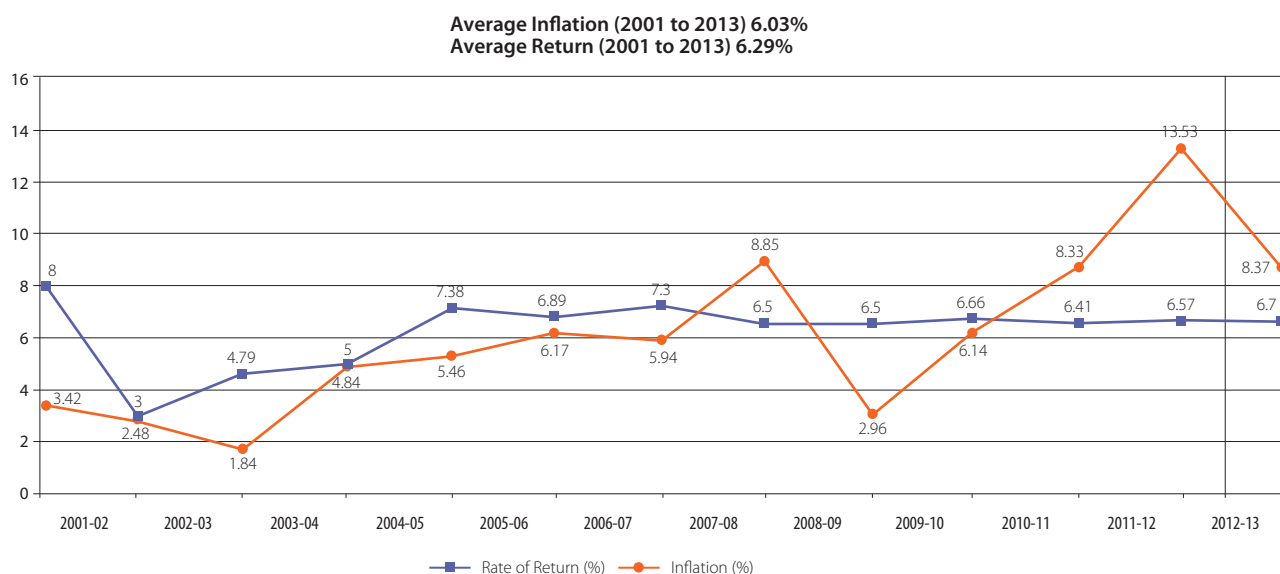
Fig. 3.3 Status of Loan portfolio



Institutions / Companies

RGOB	Royal Government of Bhutan	DHPCL	Dagachhu Hydro Power Corpn. Ltd
DCCL	Dungsum Cement Corpn. Ltd	DPL	Druk Ploymers Ltd
RICB	Royal Insurance Corpn. Ltd	WCCL	Wood Craft Center Ltd
BDFC	Bhutan Development Finance Corporation	NRDCL	Natural Resources Development Corpn. Ltd
BFAL	Bhutan Ferro Alloys Ltd	DFAL	Druk Ferro Alloys Ltd
BPC	Bhutan Power Corporation		

Fig. 3.4 Return Vs. Inflation (2001-2013)



Despite being faced with several challenges in the last 13 years, while the rate of inflation averaged at about 6.03% p.a. the NPPF has been able to generate an average annual rate of return of 6.29% on its funds. The following chart shows the comparison of the rate of return on funds and the inflation rate since inception of the NPPF:

3.2 Credit Operations

As per its mandate, the NPPF's has only limited scope in its credit activities. Its loan products are specifically tailored to cater to the needs of its members and are not open to the general public. Accordingly, the interest rates are kept at reasonable levels to make the loans affordable to the members. Currently, the NPPF provides Housing loans, Education loans and Student loans to its members. These loan products have been well received and are viewed positively by members because of their beneficial impact on them and their families.

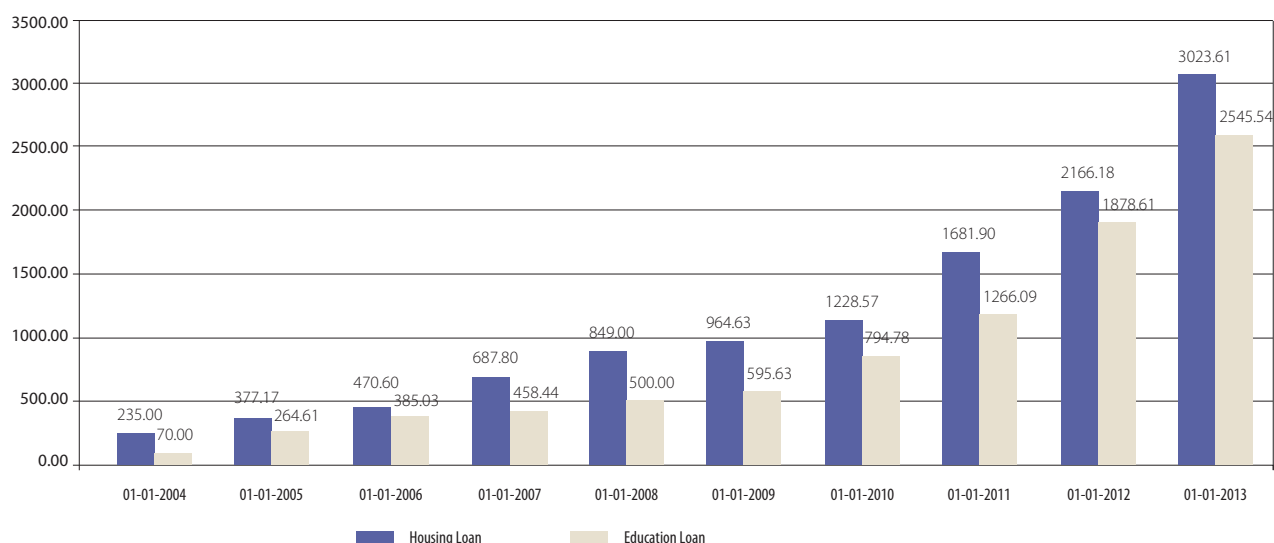
itively by members because of their beneficial impact on them and their families.

3.2.1 Member Housing Loan

The moratorium on housing loans and the revision of the base rate by the RMA adversely affected the performance of the NPPF in 2012/13. The NPPF's base rate was increased twice- to 13% p.a. in September 2012, and again to 13.19% in June 2013. However, despite the increase in the base rate, the RMA permitted the NPPF to continue providing loans to members for purchasing apartments and buildings at an interest rate of 10% p.a.

As of June 30, 2013, the housing loans constituted 20% of the total investment portfolio against the benchmark of 25% of total assets. As at the end of 2012/13, the loan portfolio amounted to Nu. 3,023.61 million, reflecting a growth of 39.6% and covering 637 active clients including eight new clients.

Fig. 3.5 Growth in Loan Portfolio (2004-2013)



With a view to promote home ownership by its members, the NPPF provided financing to Yangphel Real Estate for the construction of 136 apartments at Chamjeykha in Kabesa, Thimphu. It is expected that the project will benefit NPPF members by enabling them to acquire apartments. Towards this purposed goal the NPPF is sanctioning loans up to 75% of the cost of the flat(s) at an interest rate of 10% p.a. The construction of the apartments is expected to be completed by November 2013. As at the end of June 2013, NPPF has sanctioned Nu.15.52 million to nine members for the purchase of the apartment flats under the Home Ownership scheme.

3.2.2 Member’s Education Loan

During the year, the member’s education loan portfolio increased by 35% from Nu. 1,878.61 million to Nu.2,545.54 million, covering 9,608 active clients. The number of clients increased by 854.

The education loan portfolio constitutes 17% of investment against the 20% benchmark. With an annual interest rate of 9%, this loan scheme has been popular among members. However, since the portfolio was close to the maximum exposure limit permitted under the overall policy, and also because of liquidity constraints, the NPPF had to reduce the maximum loan amount to Nu.200,000 per client with effect from December 6, 2011. In view of the improved liquidity position and given the popularity of the product, the NPPF made amendments to the loan product on May 14, 2013. The limit of the loan was revised to

one and a half times the member’s accumulated provident fund balance, subject to a maximum ceiling of Nu.500, 000. Following the amendment, there has been a significant growth in its loan portfolio enhancing the investment of its funds.

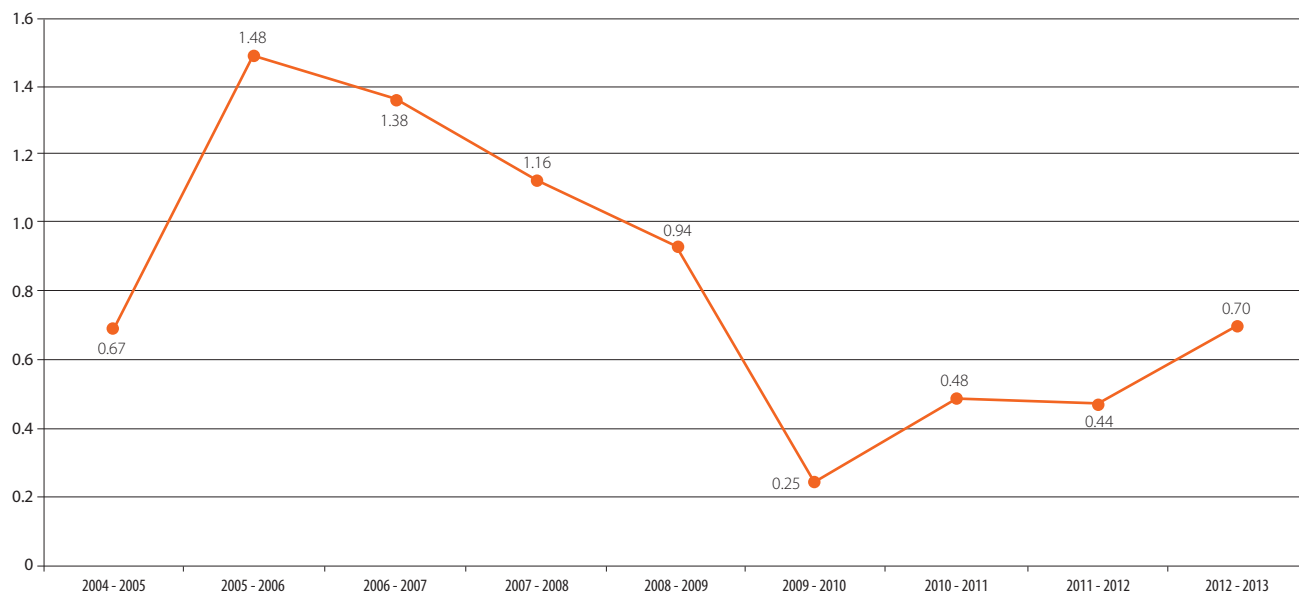
3.2.3 Student Loan

The Student Loan Scheme was introduced to benefit those eligible students who are in need of financial support to pursue further studies. The interest rate has been kept at 8% p.a. until the completion of their studies and 9% p.a. thereafter with the option to liquidate the loan within one year after the completion of his/her studies, or within six months after employment, whichever comes earlier. This product has also been received very positively by members and as of June 30, 2013, the loan portfolio amounted to Nu.59.48 million as compared to Nu. 19.73 million at the end of the previous period. Currently there a total of 189 clients under this loan scheme.

3.2.4 Risk Management policy

The NPPF makes every effort to minimize the risk of default through stringent appraisal procedures and monitoring system. Consequently, despite the increasing number of clients, due to the NPPF’s strict adherence to proper risk control strategies combined with regular recovery efforts, the NPL ratio has remained at 0.70%, which is only slightly above the target limit of 0.50%.

Fig. 3.6 Non Performing Loan (%)



CHAPTER 4: REAL ESTATE MANAGEMENT

NPPF accords high priority to its real estate business as it provides an important avenue for investments. Real estate is seen as one of the asset classes that can provide long-term protection against inflation. It also offers an avenue to achieve portfolio diversification and spread risk across the portfolio. NPPF, therefore, continues to make substantial investment in real estate.

Among the many initiatives taken by the NPPF during the year, the NPPF Housing Management Rules and Regulations were revised to make it consistent with the Tenancy Act. The revised rules and regulations has made the management of real estate properties more effective and transparent. The NPPF also developed parks in its housing colonies in Thimphu and Phuntsholing in order to provide the children engaged place to play during weekends and school breaks.

NPPF continues to accord priority to the Home Ownership Program. As a pilot project, it has been decided to take up the construction of one building in Thimphu as a departmental work under its direct supervision. The aim of this initiative is to explore the feasibility of reducing the cost of construction, thereby making housing units affordable for members. The NPPF will launch the homeownership project if the pilot project proves to be successful. The drawings and designs of the building have already been

approved by the Thimphu Thromde and it is proposed to start the construction in the next financial year.

The construction of an office building at Chubachu, three residential buildings with 20 units each in the NPPF colony in Thimphu and three residential buildings for the Health Ministry in Phuntsholing are currently under progress. The two projects in Thimphu are expected to be completed by December 2013. Under a special arrangement, the NPPF is collaborating with the Ministry of Health to construct residential buildings for the doctors and employees of the Phuentsholing General Hospital. The project has already started and it has achieved 16% progress against the work schedule as of June 2013.

Among the housing projects in the pipeline, NPPF will take up an ambitious housing project in Phuentsholing estimated at Nu. 228 million. The project which comprises of a residential-cum-shopping complex will entail the construction of six separate buildings behind the Norgay cinema hall. It is expected to benefit 160 members upon completion. The consultancy work for the buildings has been completed and the project is expected to commence around December 2013 after the drawings and designs are approved by the Thromde. As soon as approval is received, tendering and construction processes will be taken up by the NPPF.



Proposed residential-cum-shopping complex behind Norgay Cinema, Phuntsholing

4.1 Financial Review

As of 30 June 2013, the value of the housing assets at book value was worth Nu. 394.43 million as against Nu.347.18 million at the end of the previous year. This represents 2.62% of the total Fund. Rental income from the NPPF's real estate operations during the year amounted to Nu. 34.20 million.

Gross income from the real estate operations during the year increased to Nu. 34.20 million as compared to Nu.

31.75 million in the previous year. However, the gross rate of return on investment decreased to 8.67% from 9.15% due to the increase in the asset base. The net return after depreciation, management expenses and maintenance increased to 2.83% from 2.74% in the previous year. This increase can be attributed mainly to the upward revision of rents by 10% from January 2013 as per the Tenancy Act.



CHAPTER 5: ONE STOP SOLUTION

NPPF's goal is to build long-term relationships with its customers by constantly making efforts to improve its services. For the convenience of our clients, a "one-stop-solution" (OSS) was established near the head office to provide a wide range of services in one place. The OSS is also responsible for managing the Hotline, and SMS and Email services. As far as possible, all enquiries regarding loans and pensions are handled through the OSS. The OSS gathers feedback and suggestions from the customers and reviews them so that NPPF can continuously improve its service. It also caters to customer's grievances and assists clients in every possible way.

is addressed promptly. NPPF sets standards to respond to all forms of customer complaints, including phone calls, letters, hot line, e-mails, fax, text messages etc. NPPF has also come up with Service Delivery Standards which has greatly helped in improving its service delivery.

This year, the NPPF took the initiative to carry out customer satisfaction survey with the objective to find out the quality of services it offers and receive feedbacks on improvements required in the pension fund. Once the report is compiled, the NPPF will revisit its strategies and work on the areas that need improvement in the organization.

5.1 Customer complaints & feedbacks

NPPF always reviews and responds to customer complaints by taking them as positive feedbacks so that it can improve its service delivery. It ensures that every complaint





CHAPTER 6: INFORMATION AND COMMUNICATION TECHNOLOGY

Recognizing the importance of ICT, the NPPF has pursued various initiatives and projects that help to improve the functioning of the organization and its service delivery systems. Our ICT initiatives are parallel to the Royal Government's ICT Master Plan so that we can derive the benefit of its ICT infrastructures such as the national fiber optic connectivity network and the G2C services.

During the year, NPPF in partnership with the Bank of Bhutan and Bhutan National Bank customized internet banking facilities for collection of loan repayments and monthly rental collection. A Memorandum of Understanding was signed between the organizations and test cases were conducted. A few members have already availed of the facilities and have started depositing their rental pay-

ments through the internet banking facility. The NPPF will continue its efforts to create awareness among our tenants and members about the availability and convenience of this facility so that more of them will opt for this system.

With the linking of NPPF to the Thimphu Wide Area Networks (TWAN), daily data backup is being maintained at a secure location in the Thimphu Tech Park. The NPPF is also considering a reliable and economically-viable data center (DC) and disaster recovery (DR) in the Government Data Center (GDC), which is scheduled to be established within a year. One officer has been attached with the Department of Information Technology and Telecom (DITT) as a core team member to study the feasibility of establishing DC and DR within the country.

The screenshot shows the NPPF Online Application portal. The header includes the NPPF logo, the text "National Pension & Provident Fund. Thimphu Bhutan.", and the title "Online Application". The navigation menu includes: Online, Personal Details, Benefit Claims, Contribution, Loans, Housing, User Administration, and Logout. The sidebar menu includes: Welcome KUENZANG NORBU, Bank Branches, Import PF Contribution from Agency, Agency Contribution Upload, and View Individual contribution details. The main content area displays the following information:

NPPF No :	17919	Upto Financial Year :	2013-2014
Members :	54917	Employer :	54917
Member Interest :	21960	Employer Interest :	21960
		Total :	153754

There is a link for [PF Statement](#).

The map below the screenshot shows the geographical layout of Bhutan with orange lines connecting Thimphu to other cities: Phuentsholing, Gelephu, Mongar, and Samdrup Jongkhar.

CHAPTER 7: HUMAN RESOURCE MANAGEMENT

The NPPF's guiding principle for human resource management is the promotion of a culture of 'Professionalism and Meritocracy'. As such, constant efforts are made to enhance organizational effectiveness and efficiency by providing a conducive and enabling work environment. Accordingly, recognition to high performers and providing opportunities for education and training programs are part of the strategy.

7.1 Recruitment

With the increase in the overall workload of the employees and the on-going effort to improve service delivery, a total of eight new employees were recruited during the year to cope with increase in the level of its operations. However, NPPF strongly believes in multi-tasking employees to maintain a small and compact human resource strength.

7.2 Capacity Building

As part of its regular program to enhance the professional development of its employees, a total of 51 employees were given trainings in various fields. One slot for long-term studies, 21 slots for short-term ex-country trainings, and 29 slots for short-term in-country training programs have been planned during the next financial year.

7.3 Performance Management System (PMS)

The NPPF's Performance Management System was further strengthened with the adoption of the Balanced Score Card (BSC) system by means of which the organizational performance indicators (Compacts) are aligned with that of individual performance targets. In order to further strengthen the system, it will be gradually automated so that relevant information becomes readily available for easy monitoring and evaluation.



*Participants for the workshop on "Performance Management Systems" held in Thimphu
(Oct. 21 - Oct 22, 2012)*



CHAPTER 8: FUTURE PLANS

The National Pension and Provident Fund remains committed to work for the benefit of its members by continuing to grow and enhance its net worth in the years ahead. However, we expect that there will be major challenges because of the changing times and circumstances and therefore, has adopted strategies and initiatives to address these concerns. These initiatives are expected to take NPPF to greater heights in meeting the expectations of the members.

We will continue to work towards ensuring the sustainability of the pension plan by pursuing investment strategies aimed towards enhancing performance and generating a sustainable rate of return. Meanwhile with the help of the World Bank, we are also working towards developing a dynamic actuarial model to enable us to carry out actuarial valuations based on generally accepted principles for both the civil and the armed forces pension schemes under various scenarios.

As a long term investor, NPPF will only take up investments that are secure and have the potential to generate consistent returns over the long term that would help match the pension fund's long-term liability. In order to achieve a proper asset allocation mix, the Fund is prioritizing investments in equity holdings, land and hydropower projects which would generate high returns over a long period of time. As the financial market is currently facing difficulties, it will review its loan products from time to time and take initiatives to respond proactively to stay competitive.

As a part of its constant efforts to improve its service delivery system, the NPPF initiated the integration of its system with that of other agencies, employers and the

banks to form a single service delivery network, aggressively pursue and promote awareness to help members better understand the pension system, carry out programs so that members increasingly use the Online Services to view and update information as well as print personalized Annual Statement. NPPF will continue to strengthen the central record keeping system and at the same time ensure that the information is secured and protected at all times.

In its efforts to promote home ownership by its members, NPPF will concentrate primarily on its pilot departmental construction project to review viability in reducing the cost of construction. If it proves to be successful, the project will be repeated in other Dzongkhags for the benefit of the members. NPPF also plans to build more residential units to benefit those members that need housing facilities, especially in Samdrup Jongkhar and Phuntsholing. In addition to the construction of residential buildings in Phuntsholing, the NPPF will also be taking up the construction of one class II Type building in its housing colony at Samdrup Jongkhar. Furthermore, given the increasing number of working mothers, there is a growing need for day care centers. The NPPF will therefore, initiate and facilitate the establishment of a day care center in its housing colony in Thimphu for the benefit of the working mothers residing in the colony.

We would like to put on record our gratitude to the Royal Government, the Royal Monetary Authority and the Royal Audit Authority for their guidance and supporting the initiatives of NPPF. We also extend our sincere thanks to all the members and their employers for their unwavering confidence and continued patronage.



Our Reference.....

Date.....

The Board of Directors,
NATIONAL PENSION & PROVIDENT FUND,
THIMPHU, BHUTAN

We have audited the accompanying Balance Sheet of **NATIONAL PENSION & PROVIDENT FUND, (THE FUND)** as at 30th June 2013 and the Revenue Account and Cash Flow Statement of The Fund for the year ended on that date annexed thereto, which we have signed under reference to this report.

Management's Responsibility

The Management is responsible for preparation and fair presentation of the financial statements in accordance with the Generally Accepted Accounting Principles. The responsibility includes maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements and reasonable in the circumstances.

Our Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted the audit in accordance with generally accepted auditing principles. Those standards require compliance with ethical standards and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Scope of Audit

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgement, including the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used as well as evaluating the overall financial statement presentation. We believe that the audit obtained by it is sufficient and appropriate to provide a reasonable basis for our opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the Significant Accounting Policies and Notes on Accounts gives

the information required by National Pension and Provident Fund Rules and Regulations of the Kingdom of Bhutan 2002, in the manner so required and give a true and fair view:

- a) In the case of Balance Sheet, of the state of affairs of the Fund as at 30th June 2013;
- b) In the case of the Revenue Account, of the surplus for the year ended on that date;
and
- c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Other Legal Regulatory Requirements

As directed by the Royal Audit Authority, a statement on Minimum Audit Examination and Reporting Requirements as stipulated in Part II of Schedule XIV of the Companies Act of the Kingdom of Bhutan, 2000 to the extent applicable, is enclosed.

Place : Kolkata
Dated : 01/10/2013

For RAY & CO.
FRN313124E
Chartered Accountants


SUBRATA ROY
(Partner)
(Membership No.051205)



NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN

BALANCE SHEET AS AT 30TH JUNE, 2013

LIABILITIES

	SCHEDULE NO	AS AT 30.06.2013	AS AT 30.06.2012
Non-Current Liabilities			
Member's & Employer's Contribution to PF - Civil	1	2,443,183,930	2,134,961,535
Member's & Employer's Contribution to PF - Armed Forces	1A	946,871,711	853,527,736
Interest Credited to PF Account - Civil	2	1,106,068,457	960,389,420
Interest Credited to PF Account - Armed Forces	2A	495,289,674	436,694,775
Pension Fund - Civil	3	7,358,610,470	6,150,092,004
Pension Fund - Armed Forces	3A	2,384,549,014	2,081,587,887
Reserves	4	133,953,943	124,713,585
Lapsed Fund	5	2,323,778	674,714
Gratuity Liability		12,414,498	11,273,085
Current Liabilities			
Other Liabilities	6	37,431,854	39,017,790
General Provision on Standard Assets		127,962,479	130,643,611
Interest in Suspense		15,356,442	2,914,654
		15,064,016,260	12,926,490,796

ASSETS

Non-Current Assets			
Fixed Assets:			
Gross Block		425,399,671	377,072,262
Less: Accumulated Depreciation	7	117,795,491	107,146,693
Net Block	7	307,604,180	269,925,569
Capital Work in Progress	8	208,298,463	114,087,327
Deferred Revenue Expenditure		3,381,284	5,615,107
Investments in Equity Shares/ Bonds	9	2,512,905,107	2,257,321,483
Other Investments	10	9,018,691,996	9,168,984,992
Gratuity Investment		11,889,887	9,287,663
Current Assets			
Advance and Other Deposits	11	115,105,128	82,632,864
Other Receivables	10	1,128,697,165	436,716,654
Cash and Cash Equivalents	12	1,757,443,050	581,919,137
		15,064,016,260	12,926,490,796
Significant Accounting Policies	20		
Notes forming part of Accounts	21		

The schedules as mentioned above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

Ray & Co
Chartered Accountants

(SUBRATA ROY)
Partner
Membership No. 051205

Kolkata, Dated 11/10/13


DIRECTOR
CHIEF EXECUTIVE OFFICER
National Pension & Provident Fund
Thimphu : Bhutan


CHAIRPERSON

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2013

REVENUE

	SCHEDULE NO.	FOR THE YEAR ENDED 30.06.2013	FOR THE YEAR ENDED 30.06.2012
Income from Investment	13	991,041,149	831,201,773
Rental Income	14	34,204,237	31,750,441
Dividend	15	115,253,933	22,574,300
Other Revenue	16	2,141,937	3,118,608
		1,142,641,256	888,645,123

EXPENSES

Provident Fund Management Expenses	18&19	19,410,222	21,958,095
Pension Management Expenses	18&19	34,555,357	38,829,536
Interest Expense		-	5,065,214
Depreciation	7	13,913,103	13,571,305
Provision for Standard Assets		(2,681,132)	62,587,610
Provision for Sub Standard Assets*		178,506,739	11,561,218
Total Expenses		243,704,289	153,572,978
Surplus		898,936,967	735,072,145
Prior Period Income	17	4,832,413	-
Total Distributable Surplus		903,769,380	735,072,145
Distribution of Surplus			
Return on Member's and Employers contribution to PF (Civil)		212,471,623	178,270,574
Return on Member's and Employers contribution to PF (Armed Forces)		87,299,451	75,817,415
Return on Pension Fund (Civil)		449,558,623	363,958,388
Return on Pension Fund (Armed Forces)		144,954,847	118,895,685
Transferred to General Reserve		9,484,836	8,132,083
		903,769,380	735,072,145
Significant Accounting Policies	20		
Notes forming part of Accounts	21		

* Note: The provision for sub standard assets includes Nu. 8.50 million provision for diminution of share value.

The schedules as mentioned above form an integral part of the Revenue Account

This is the Revenue Account referred to in our report of even date.

Ray & Co.
Chartered Accountants


(SUBRATA ROY)
Partner.
Membership No. 051205

Kolkata. Dated 1/10/13


DIRECTOR

CHIEF EXECUTIVE OFFICER
National Pension & Provident Fund
Thimphu : Bhutan


CHAIRPERSON

NATIONAL PENSION AND PROVIDENT FUND		
THIMPHU, BHUTAN		
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH JUNE 2013		
	Year ended 30th June 2013	Year ended 30th June 2012
Cash Flow from Operating Activities		
Receipts from:		
Interest	847,346,085	683,754,885
Rents	30,090,137	32,047,046
Dividends	115,209,833	22,574,300
Other Income	4,132,592	3,118,608
Payments for:		
Management Expenses	50,970,753	56,085,142
Security Deposit from Suppliers	(31,597)	(84,295)
Security Deposit from Tenants	(18,481)	(9,930)
Land/Home Ownership Scheme	4,788,000	14,628,250
Net Receipts from Operating Activities	941,069,972	670,875,673
Cash Flow from Investing Activities		
Receipts from:		
Repayments of Pension Loans	34,022	194,759
Payment for:		
Increase/(decrease) in Deposits	270,130,420	(686,091,126)
Increase/(decrease) in Loans to entities	10,047,074	994,595,373
Increase/(decrease) in Shares and Bonds	264,390,923	636,637,630
Increase/(decrease) in Member Housing Loan	398,852,754	460,194,077
Increase/(decrease) in Member Education Loan	(140,912,433)	603,522,865
Increase/(decrease) in Vehicle Loan	(801,653)	1,794,724
Increase/(decrease) in Staff Housing Loan	(217,383)	6,978,870
Increase/(decrease) in Student Loan	17,618,752	19,167,387
Increase/(decrease) in Purchase of Fixed Assets (Including Work in Progress)	171,349,291	83,898,436
Net cash flow from Investing Activities	(990,423,743)	(2,120,503,477)
Cash Flow from Financing Activities (Member Transactions)		
Receipts from:		
Contributions to the NPPFP - PF	445,437,676	415,147,136
- Pension	958,708,126	920,895,453
Contributions to the AFPPFS - PF	233,393,612	130,126,804
- Pension	219,194,448	216,278,957
Payments of Refunds and Pensions:		
NPPFP - PF	202,165,538	115,656,189
- Pension	200,195,327	148,467,967
AFPPFS - PF	168,754,189	37,554,734
- Pension	60,741,124	55,264,413
Net Cash Flow from Financing Activities	1,224,877,684	1,325,505,047
Net movement in Cash and Cash Equivalents	1,175,523,913	(124,122,757)
Opening Cash and Cash Equivalents	581,919,137	706,041,894
Closing Cash and Cash Equivalents	1,757,443,050	581,919,137



RECONCILIATION BETWEEN OPERATING SURPLUS AND CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 30th June 2013	Year ended 30th June 2012
Operating Surplus	898,936,967	735,072,145
Non Cash Charges		
Depreciation	13,913,103	13,571,305
Amortization of software	2,626,734	2,695,837
Provision against Loan	175,825,607	74,149,644
Adjustment of Excess Depreciation	(2,841,757)	-
Movement in Accruals		
Revenue Receivable	(147,853,266)	(147,150,283)
Accounts Payable	(1,146,887)	4,643,675
Gratuity Payable	1,141,413	2,427,375
Prior Period income	4,832,413	-
Loss on Assets Disposals/derecognition	373,567	-
Land/home Ownership Scheme	(4,788,000)	(14,628,250)
Security Deposit	50,078	94,225
Net receipts from Operating Activities	941,069,972	670,875,673

Note:

The cash flow statement has been prepared using the direct method

This is the Cash Flow Statement referred to in our report of even date

Ray & Co
Chartered Accountants


(SUBRATA ROY)
Partner.

Membership No. 051205



Kolkata. Dated 1/10/13

 **DIRECTOR**
CHIEF EXECUTIVE OFFICER
National Pension & Provident Fund
Thimphu : Bhutan

 **CHAIRPERSON**

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2013

MEMBERS' & EMPLOYERS' CONTRIBUTION TO PF – CIVIL

PARTICULARS	MEMBERS' CONTRIBUTION	EMPLOYERS' CONTRIBUTION	MEMBERS' CONTRIBUTION	EMPLOYERS' CONTRIBUTION
	AS AT 30.06.2013	AS AT 30.06.2013	AS AT 30.06.2012	AS AT 30.06.2012
	Nu.	Nu.	Nu.	Nu.
Opening Balance	1,523,884,512	1,524,057,793	1,318,065,087	1,318,238,830
Add / (Less): Adjustments	(514,584)	(514,584)	(44,343)	(44,805)
Adjusted Opening Balance	1,523,369,928	1,523,543,209	1,318,020,744	1,318,194,025
Add: Contribution during the Year	221,901,993	221,902,072	205,863,768	205,863,768
Sub Total A	1,745,271,921	1,745,445,281	1,523,884,512	1,524,057,793
Less: Refunds as per last a/c	456,457,930	456,522,840	421,340,435	421,370,630
Refunds during the year	67,276,367	67,276,135	35,117,495	35,152,210
Sub Total B	523,734,297	523,798,975	456,457,930	456,522,840
Net Contribution A-B	1,221,537,624	1,221,646,306	1,067,426,582	1,067,534,953
Grand Total	2,443,183,930		2,134,961,535	

Schedule- 1A

MEMBERS' & EMPLOYERS' CONTRIBUTION TO PF - ARMED FORCES

PARTICULARS	MEMBERS' CONTRIBUTION	EMPLOYERS' CONTRIBUTION	MEMBERS' CONTRIBUTION	EMPLOYERS' CONTRIBUTION
	AS AT 30.06.2013	AS AT 30.06.2013	AS AT 30.06.2012	AS AT 30.06.2012
	Nu.	Nu.	Nu.	Nu.
Opening Balance	548,568,524	548,758,427	483,503,783	483,680,202
Add / (Less): Adjustments	(50,431)	-	(37,755)	(24,271)
Adjusted Opening Balance	548,518,093	548,758,427	483,466,028	483,655,931
Add: Contribution during the Year	66,523,890	66,524,410	65,102,496	65,102,496
Sub Total A	615,041,983	615,282,837	548,568,524	548,758,427
Less: Refunds as per last a/c	121,867,753	121,931,462	109,991,678	110,028,244
Refunds during the year	19,826,947	19,826,947	11,876,075	11,903,218
Sub Total B	141,694,700	141,758,409	121,867,753	121,931,462
Net Contribution A-B	473,347,283	473,524,428	426,700,771	426,826,965
Grand Total	946,871,711		853,527,736	

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2013

INTEREST ON MEMBERS' & EMPLOYERS' CONTRIBUTION TO PF – CIVIL

PARTICULARS	INTEREST ON MEMBERS' CONTRIBUTION	INTEREST ON EMPLOYERS' CONTRIBUTION	INTEREST ON MEMBERS' CONTRIBUTION	INTEREST ON EMPLOYERS' CONTRIBUTION
	AS AT 30.06.2013	AS AT 30.06.2013	AS AT 30.06.2012	AS AT 30.06.2012
	Nu.	Nu.	Nu.	Nu.
Opening Balance	164,841,673	140,914,650	164,842,718	140,915,693
Add / (Less): Adjustments	410,218	410,232	(1,045)	(1,043)
Adjusted Opening Balance	165,251,891	141,324,882	164,841,673	140,914,650
Add: Interest credit as per last a/c	596,396,291	594,844,744	507,261,903	505,708,558
Interest during the Year	106,233,531	106,238,092	89,134,388	89,136,186
Sub Total A	867,881,713	842,407,718	761,237,964	735,759,394
Less: Refunds of interest as per last a/c	281,008,435	255,599,503	258,277,714	232,943,740
Refunds of interest during the year	33,833,250	33,779,786	22,730,721	22,655,763
Sub Total B	314,841,685	289,379,289	281,008,435	255,599,503
Net Contribution A-B	553,040,028	553,028,429	480,229,529	480,159,891
Grand Total	1,106,068,457		960,389,420	

INTEREST ON MEMBERS' & EMPLOYERS' CONTRIBUTION TO PF - ARMED FORCES

Schedule -2A

PARTICULARS	INTEREST ON MEMBER'S CONTRIBUTION	INTEREST ON EMPLOYER'S CONTRIBUTION	INTEREST ON MEMBER'S CONTRIBUTION	INTEREST ON EMPLOYER'S CONTRIBUTION
	AS AT 30.06.2013	AS AT 30.06.2013	AS AT 30.06.2012	AS AT 30.06.2012
	Nu.	Nu.	Nu.	Nu.
Opening Balance	53,839,409	52,703,617	53,848,527	52,710,661
Add/ Less: Adjustments	(34,164)		(9,118)	(7,044)
Adjusted Opening Balance	53,805,245	52,703,617	53,839,409	52,703,617
Add: Interest credit as per last a/c	229,797,760	229,454,283	191,886,030	191,548,598
Interest during the Year	43,641,456	43,653,466	37,911,730	37,905,685
Sub Total A	327,244,461	325,811,366	283,637,169	282,157,900
Less: Refunds of interest as per last a/c	65,175,458	63,924,837	58,267,891	57,056,963
Refunds of interest during the year	14,424,841	14,241,017	6,907,567	6,867,874
Sub Total B	79,600,299	78,165,854	65,175,458	63,924,837
Net Contribution A-B	247,644,162	247,645,513	218,461,711	218,233,064
Grand Total	495,289,674		436,694,775	

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2013

PENSION FUND – CIVIL

PARTICULARS	AS AT 30.06.2013	AS AT 30.06.2012
	Nu	Nu
Opening Balance	6,608,379,559	5,333,527,719
Add: Transfer / Adjustments	(1,142,740)	90,706
Adjusted Opening Balance	6,607,236,820	5,333,618,425
Add: Contribution received during the year	960,297,909	920,804,746
Interest during the year	449,558,623	353,956,388
Sub Total A	8,017,093,352	6,608,379,559
Less: Pension payment as per last account	249,195,385	172,768,234
Pension payment during the Year	101,505,601	76,427,151
Total Pension Payment	350,700,986	249,195,385
Less: Refund from Pension Fund as per last account	209,092,170	137,051,354
Refund from Pension fund during the year	98,689,726	72,040,816
Total Pension Refund	307,781,896	209,092,170
Sub Total B	658,482,882	458,287,555
Grand Total A - B	7,358,610,470	6,150,092,004

PENSION FUND - ARMED FORCES

Schedule - 3A

PARTICULARS	AS AT 30.06.2013	AS AT 30.06.2012
	Nu	Nu
Opening Balance	2,513,958,964	2,178,784,322
Add: Transfer / Adjustments	-	-
Adjusted Opening Balance	2,513,958,964	2,178,784,322
Add: Contribution received during the year	218,747,404	216,278,957
Interest during the year	144,954,847	118,895,685
Sub Total A	2,877,661,215	2,513,958,964
Less: Pension payment as per last account	224,549,822	176,270,190
Pension payment during the Year	56,919,208	48,279,632
Total Pension Payment	281,469,030	224,549,822
Less: Refund from Pension Fund as per last account	207,821,256	200,836,475
Refund from Pension fund during the year	3,821,916	6,984,781
Total Pension Refund	211,643,172	207,821,256
Sub Total B	493,112,201	432,371,077
Grand Total A - B	2,384,549,014	2,081,587,887

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2013

RESERVES

PARTICULARS	AS AT 30.06.2013	AS AT 30.06.2012
	Nu.	Nu
I. General Reserves		
Opening Balance	67,674,020	59,541,937
Add: Transferred from/(To) Revenue Account	9,484,836	8,132,083
Sub Total	77,158,856	67,674,020
Sub Total	77,158,856	67,674,020
II. Unclaimed Contribution/Refund	-	-
Opening Balance	48,407,033	48,407,033
Add: Transferred during the year	137,191	
Sub Total	48,544,224	48,407,033
III. Lapsed Fund	-	-
Opening Balance	7,014,368	7,014,368
Add: Transferred during the year	-	-
Sub Total	7,014,368	7,014,368
IV. Other Unclaimed Monies		
Opening Balance	1,618,164	-
Add: Transferred during the year	52,603	1,618,164
Less: Payment during the year	434,273	-
Sub Total	1,236,494	1,618,164
TOTAL RESERVES (I+II+III+IV)	133,953,943	124,713,585

LAPSED FUND

PARTICULARS	AS AT 30.06.2013	AS AT 30.06.2012
	Nu.	Nu
I. CIVIL		
Opening Balance	442,009	-
Add: Transferred during the Year	1,171,139	442,009
Sub Total	1,613,148	442,009
Less: Transferred to Reserve	-	-
Total	1,613,148	442,009
II. ARMED FORCE	-	-
Opening Balance	232,705	
Add: Transferred during the Year	477,925	232,705
Sub Total	710,630	232,705
Less: Transferred to Reserve	-	-
Total	710,630	232,705
Grand Total (I+II)	2,323,778	674,714

Lapsed Fund consist of employer's contribution of the members who have gone out of the scheme before contributing for twelve months or is terminated from service

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2013

OTHER LIABILITIES

PARTICULARS	AS AT 30.06.2013	AS AT 30.06.2012
	Nu.	Nu
Stale Cheques	971,081	702,800
Interest Received in Advance	201,304	225,451
Unidentified deposit	6,314,047	6,493,767
Earnest Money	168,565	99,364
Security Deposit (Contractor)	6,196,091	10,896,786
Performance Guarantee	292,238	329,842
Security Deposit (Rent)	910,771	915,575
Excess Member Contribution	4,914,592	4,476,848
Outstanding liabilities for Expenses	12,309,741	10,710,231
Security Deposit - Power / Tenant	361,347	363,062
TDS payable	217,584	-
Housing / Education Loan closed A/c - Credit Balance	4,574,503	3,804,065
Total	37,431,864	39,017,790

NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2013

FIXED ASSETS

Particulars	Rate of Depreciation	GROSS BLOCK				DEPRECIATION				Net Block as on 30.06.2013	Net Block as on 30.06.2012
		Original cost as on 01.07.12	Addition during the year	Adj. during the year	Original cost as on 30.06.2013	Accumulated Dep as on 01.07.2012	Dep. during the year	Adj. of Depreciation during the year	Accumulated Depreciation as on 30.06.2013		
R.E.Land	-	32,826,028	43,521,909	-	76,347,937	-	-	-	-	76,347,937	32,826,028
R.E.Building	3%	291,149,727	738,734	1,504,098	290,384,363	74,760,215	8,744,531	367,990	83,136,757	207,247,606	216,389,511
R.E.Furniture & Fixtures	15%	168,877	-	-	168,877	164,975	2,969	-	167,944	933	3,902
R.E.Electrical & Fittings	15%	18,191,572	3,121,730	269,840	21,043,462	16,333,036	1,963,750	2,604,968	15,691,817	5,351,645	1,858,536
R.E.Equipments	15%	1,279,706	-	-	1,279,707	566,288	174,671	7,563	733,397	546,310	713,418
Road/Parking	3%	3,565,890	1,641,101	-	5,206,991	727,110	149,508	256,578	620,039	4,586,952	2,838,780
SUB TOTAL (A)		347,181,800	49,023,474	1,773,938	394,431,337	92,551,624	11,035,429	3,237,099	100,349,953	294,081,383	254,630,177
Office Building	3%	7,468,971	-	-	7,468,971	1,400,231	224,069	-	1,624,300	5,844,671	6,068,740
Office Electricals & Fittings	15%	552,464	-	-	552,464	515,369	37,094	-	552,463	1	37,095
Computer & Office Equipments	15%	16,547,614	996,843	38,000	17,506,457	8,744,919	2,112,514	3,467	10,853,966	6,652,491	7,802,695
Office Furniture & Fittings	15%	3,256,815	44,806	-	3,301,621	2,420,252	255,233	-	2,675,484	626,137	836,563
Telephone/ EPABX/LAN	15%	628,236	6,224	-	634,460	487,453	44,478	23,737	508,194	126,266	140,783
Motor Vehicles	15%	1,273,195	-	-	1,273,195	903,619	190,979	-	1,094,598	178,597	369,576
Carpet	15%	81,245	-	-	81,245	50,601	8,091	-	58,692	22,553	30,644
Curtain/ Upholstery	15%	81,921	68,000	-	149,921	72,626	5,214	-	77,840	72,081	9,295
SUB TOTAL (B)		29,890,461	1,115,873	38,000	30,968,334	14,595,069	2,877,673	27,204	17,445,538	13,522,797	15,295,392
GRAND TOTAL (A+B)		377,072,261	50,139,347	1,811,938	425,399,671	107,146,693	13,913,103	3,264,303	117,795,491	307,604,180	269,925,569
Previous Financial Year		351,869,423	25,202,839	5,446,457	377,072,262	93,575,388	13,571,305	-	107,146,693	269,925,569	

Note* The Cost of Land for Nu. 326,700 and electrical fittings for Nu. 689,124 included under RE Building has been segregated based on technical advice

THIMPHU : BHUTAN

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2013

CAPITAL WORK IN PROGRESS

PARTICULARS	AS AT 30.06.2013	AS AT 30.06.2012
	Nu.	Nu
IT Development	1,236,420	1,409,980
Real Estate Development	207,062,043	112,677,347
Total	208,298,463	114,087,327

DETAILS OF INVESTMENTS IN EQUITY SHARES / BONDS

Schedule-9

PARTICULARS	AS AT 30.06.2013	AS AT 30.06.2012
	Nu.	Nu
QUOTED (AT COST)	-	-
Penden Cement Authority Limited		
215453 Equity Shares of Nu. 100/- each fully paid up including 71818 nos. of bonus shares received in 2008-09.	14,450,563	14,450,563
(Market value Nu.140,044,450)		
State Trading Corporation Limited		
44,100 Equity shares of Nu. 100/- each fully paid up bonus shares including 22,050 bonus share received in 2012-13	490,000	490,000
(Market value Nu. 8,379,000)		
Bhutan National Bank Limited		
5,497,164 Equity shares of Nu. 100 each fully paid up including 3,664,776 bonus share received in 2012-13	583,411,978	583,411,978
(Market value Nu. 1,759,092,480)		
Kuensel Corporation Limited		
36,750 Equity shares of Nu. 100 each fully paid up	3,675,000	3,675,000
(Market value Nu. 4,777,500)		
Druk PNB		
140,804 Equity shares @ Nu. 100 each fully paid up	42,231,200	5,000
(Market value Nu. 49,281,400)		
TBank Limited		
517 Equity shares @ Nu. 100 each fully paid up including 138 right issues of share in 2012-13	51,700	37,900
(Market value Nu. 103,400)		
Bhutan Insurance Limited		
100,000 Equity shares @ Nu. 100 each fully paid up	29,500,000	-
(Market value Nu. 21,000,000)		
Sub Total Quoted	673,810,441	602,070,441
Less: Provision on diminution of share price	8,500,000	-
Total Quoted	665,310,441	602,070,441
UNQUOTED (AT COST)	-	-
Equity Shares	-	-
Dagachu Hydro Power Corporation Limited		
619,800 Equity Share of Nu.1000 each	619,800,000	427,456,375
(Paid up Nu 1,000 per share)		
Bond	-	-
7.50% 421,630 Nos. Druk Air Bond - 2013	427,176,734	427,176,734
7.50% 188,131 Nos. Druk Air Bond - 2014	191,059,416	191,059,416
(Guaranteed by The Royal Government of Bhutan)		
468,108 Nos. of RICBL Bond @ Nu. 1,000/-	498,869,749	498,869,749
104,000 Nos. of Druk PNB Bond @ Nu. 1,000/-	110,688,767	110,688,767
Total unquoted	1,847,594,666	1,655,251,042
Total	2,512,905,107	2,257,321,483

Housing Loan		2,601,092,852	2,448,122,847	152,970,005	2,166,175,531	2,146,470,750	19,704,781
Education Loan		1,771,651,326	1,547,130,712	224,520,614	1,878,607,874	1,776,300,411	102,307,464
Staff Vehicle Loan		8,439,397	6,865,295	1,574,102	9,135,900	8,426,333	709,567
Staff Housing Loan		50,282,047	47,519,479	2,762,567	48,872,690	48,177,006	695,684
Student Loan		39,980,229	39,976,685	3,544	19,728,955	19,728,955	-
Sub Total (II)		4,471,445,850	4,089,615,018	381,830,832	4,122,550,016	3,999,103,454	123,446,562
Total (I+II)		8,914,730,677	7,786,033,512	1,128,697,165	8,517,262,578	8,080,545,924	436,716,654
Less: Provision for Non Performing Loans.		201,798,702	201,798,702	-	31,791,963	31,791,963	-
Total (A)		8,712,931,975	7,584,234,810	1,128,697,165	8,485,470,615	8,048,753,961	436,716,654
Deposits							
Fixed Deposit- Bhutan National Bank Ltd.		720,786,082	720,786,082	-	670,949,815	670,949,815	-
- Druk Punjab National Bank Ltd.		-	-	-	26,842,691	26,842,691	-
- TBank Ltd		102,463,014	102,463,014	-	103,750,000	103,750,000	-
- Bhutan Development Bank Ltd.		611,208,090	611,208,090	-	318,688,525	318,688,525	-
Sub Total (B)		1,434,457,186	1,434,457,186	-	1,120,231,031	1,120,231,031	-
Grand Total (A+B)		10,147,389,161	9,018,691,996	1,128,697,165	9,605,701,646	9,168,984,992	436,716,654

Note -1: Secured by the Book Debts, Land and Investments in Equity Shares.

Note -2: Nu.90 million is unsecured and the balance is secured by mortgage of Land, Fixed deposit and Government Guarantee.

Note -3: The loan is secured by mortgage of the assets of the project and additional collateral of Fixed assets equivalent to 50% of loan.

Note -4: The loan is secured by mortgage of the Land and Building of the Company.

Note- 5: The loan is secured by mortgage of the Land, Factory Building and Plant & Machinery of the Company.

Note -6: The loan is secured by mortgage of the Land and Building of the Company.

Note-7: The loan is secured by mortgage of the Land and Plants and Machinery of the Company

Note-8: The loan is secured by mortgage of the printing machines of the Company.

Note-9: The loan is secured by mortgage of the land and project assets.

Note-10: The loan is secured by mortgage of the land and project assets.

Note-11: The Loan secured by mortgage of project assets

Note-12: The loan is secured by mortgage of the Joinery Unit's assets of the Joinery Units

Note-13: The loan is secured by mortgage of the 220kV double circuit transmission lines

Note-14: The loan is secured by mortgage of the stone crushing machine and support machineries of the project

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE 2013

ADVANCES AND OTHER DEPOSITS

PARTICULARS	AS AT 30.06.2013	AS AT 30.06.2012
	Nu.	Nu
Security Deposit - Power / Rent	331,995	355,995
Security Deposit - Water meter	63,000	63,000
Rent Receivable	6,094,550	1,980,450
Other Receivable	1,092,590	463,858
Advance for Investment- Note-1	78,500,115	12,258,869
Staff Advance	43,323	271,500
Prepaid Expenses	251,556	103,983
Land/Home Ownership- Note- 2	28,728,000	67,135,209
Total	115,105,128	82,632,864

Note 1: The advance for investment includes Nu. 66.50 million for equity participation in Ms Dungsam Polymer Ltd. for which the shares were allotted in July 2013.

Note 2: As at 30.06.2013, NPPF has title of ownership of Land valuing Nu.29.80 million for Thimphu and Nu. 13.39 million for Samdrupjongkhar has been capitalized. The ownership title transfer for land at Bumtha and Paro is under process and the amount is treated as advance payment.

CASH AND CASH EQUIVALENTS

Schedule-12

PARTICULARS	AS AT 30.06.2013	AS AT 30.06.2012
	Nu.	Nu
Cash at Bank	62,105,209	80,916,327
Cash in Hand	17,855	2,810
Cash Equivalents	1,695,319,986	501,000,000
Total	1,757,443,050	581,919,137

Cash and cash equivalent includes cash in hand, cash at NPPF's current accounts maintained with commercials banks and term deposit maturing within three months or less from the date of acquisition

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

SCHEDULE FORMING PART OF THE REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2013

INCOME FROM INVESTMENT

PARTICULARS	FOR THE YEAR ENDED 30.06.2013	FOR THE YEAR ENDED 30.06.2012
	Nu.	Nu.
Manufacturing & Industries		
Interest on Loan to Bhutan Ferro Alloys Limited	17,996,948	22,075,374
Interest on Loan to Druk Ferro Alloys Limited	2,939,852	3,344,259
Interest on Loan to Dagachu Hydro Power Corporation	54,658,920	17,924,603
Interest on Loan to Dungsam Cement Company Ltd	101,000,000	94,319,374
Interest on Loan to Dungsam Polymers Ltd	12,824,980	8,719,038
Interest on Loan to Wood Craft Centre	1,024,629	968,034
	190,445,330	147,350,682
Service & Tourism		
Interest on Loan to Tashi Infocom Limited	34,979,366	29,048,286
Interest on Loan to Bhutan Broadcasting Services Limited	-	902,298
Interest on Druk Air Bond	45,732,076	45,192,076
Interest on loan to Kuensel Corporation	1,688,056	2,121,425
Interest on loan to Druk Doethjung	1,304,795	709,863
Interest on Loan to Yangphel Real Estate	17,298,158	11,602,192
Interest on Loan to Bhutan Power Corporation Ltd.	44,640,726	37,714,073
Interest on Loan to Natural Resource Development Corporation Ltd.	1,857,945	-
	147,501,121	127,290,213
Institutions/RGOB		
Interest on Loan to Bhutan Development Finance Corporation Limited	38,311,096	39,129,041
Interest on Loan to Royal Insurance Corporation of Bhutan Limited	35,808,220	40,705,722
Interest on Loan to Bhutan Insurance Limited	1,356,090	2,734,795
Interest on Loan to RGOB Budget Fund Account	17,635,988	23,499,859
Interest on RICBL Bond	31,363,236	31,363,270
Interest on Druk PNB Bond	7,800,000	6,688,767
	132,274,630	144,121,453
Members and Staff		
Interest on Loan to Members-Housing	222,025,391	187,578,377
Interest on Loan to Members-Education	159,193,437	158,884,491
Interest on Loan to Members - Pension	328	15,979
Interest on Loan to Members - Student Loan	2,381,148	582,542
Interest on Loan to Staff- Vehicle	589,741	476,424
	384,190,045	347,537,814
Deposits		
Interest on Fixed Deposits with Banks	136,630,024	64,901,612
	136,630,024	64,901,612
TOTAL	991,041,149	831,201,773

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

SCHEDULE FORMING PART OF THE REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2013

RENTAL INCOME

Location	FOR THE YEAR ENDED 30.06.2013	FOR THE YEAR ENDED 30.06.2012
-	Nu.	Nu.
Thimphu	19,915,927	18,867,249
Phuentsholing	11,499,310	10,440,735
Samdrup Jongkhar	2,274,750	1,954,182
Samtse	514,250	488,275
Total	34,204,237	31,750,441

DIVIDEND INCOME

Schedule-15

PARTICULARS	FOR THE YEAR ENDED 30.06.2013	FOR THE YEAR ENDED 30.06.2012
	Nu.	Nu.
Bhutan National Bank Ltd	91,472,809	-
State Trading Corporation of Bhutan Ltd	-	294,000
Penden Cement Authority Ltd	21,545,300	21,545,300
Kuensel Corporation Ltd	441,000	735,000
Druk PNB Ltd.	844,824	-
Bhutan Insurance Ltd.	950,000	-
TOTAL	115,253,933	22,574,300

OTHER INCOME

Schedule-16

PARTICULARS	FOR THE YEAR ENDED 30.06.2013	FOR THE YEAR ENDED 30.06.2012
	Nu.	Nu.
Processing Fees on Member loans	940,508	2,559,140
Miscellaneous Income	1,201,429	559,468
TOTAL	2,141,937	3,118,608

PRIOR PERIOD INCOME

Schedule-17

PARTICULARS	FOR THE YEAR ENDED 30.06.2013	FOR THE YEAR ENDED 30.06.2012
	Nu.	Nu.
Excess depreciation charged in the previous year	2,841,757	-
Rent receivable not accounted in 2011-12	2,905,638	-
Less: Variances in distribution of return to members	914,982	-
Total	4,832,413	-

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

**SCHEDULE FORMING PART OF THE REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2013
DETAILS OF COMMON EXPENSES DISTRIBUTED TO PF & PENSION FOR THE YEAR ENDED 30.06.2013**

PARTICULARS	Sr. Mgt Exps	Admin. Exps	Finance Exps	Investment Exps.	IT Expenses	RE Expenses	Grand Total	Pension - 65%	PF - 35%
Pay & Allowance	2,430,699	3,804,771	3,870,712	6,858,396	2,308,892	9,175,273	28,448,743	18,491,683	9,957,060
Consultancy Fees	-	41,118	-	-	-	-	41,118	26,727	14,391
Overseas Training	4,855,564	-	-	-	-	-	4,855,564	3,156,117	1,699,447
Canteen Expenses	131,223	133,239	23,691	25,650	47,140	8,922	369,865	240,412	129,453
Printing & Stationery	14,304	442,481	37,776	126,293	97,342	46,755	764,952	497,219	267,733
Postage	2,995	114,338	-	6,000	900	9,170	133,403	86,712	46,691
Telephone Expenses	91,107	146,072	36,245	48,806	60,787	109,954	492,971	320,431	172,540
Entertainment Expenses	-	33,889	-	-	-	17,500	51,389	33,403	17,986
Rent	-	248,000	66,400	-	-	-	314,400	204,360	110,040
Travelling & Conveyance	91,925	229,841	113,339	231,833	128,897	836,348	1,632,183	1,060,919	571,264
Advertisement	-	447,677	-	23,175	-	15,240	486,092	315,960	170,132
Motor Car Expenses	151,716	-	-	-	-	-	151,716	98,615	53,100
Bank Charges	-	-	60,089	150	-	-	60,239	39,155	21,084
Rates & Taxes	-	-	-	-	-	679,103	679,103	441,417	237,686
Insurance	-	-	-	-	-	363,520	363,520	236,288	127,232
Office/Furniture Maintenance	-	1,080,085	-	-	-	-	1,080,085	702,055	378,030
Seminar /Workshop / Conference	1,019,141	-	-	-	-	-	1,019,141	662,442	356,699
Sitting Fees	633,948	39,510	8,244	14,500	-	-	696,202	452,531	243,671
IT Expenses / AMC	-	-	-	-	1,567,189	-	1,567,189	1,018,673	548,516
Books and Periodicals	18,550	13,700	1,650	1,810	-	-	35,710	23,212	12,499
Subscription and Donation	-	98,235	-	-	-	-	98,235	63,853	34,382
Gifts / Presentations	4,820	2,030	-	-	-	-	6,850	4,453	2,398
Audit fees and Expenses	-	1,349	194,998	-	-	-	196,347	127,625	68,721
Amortization of Deferred Revenue Expenses	-	-	-	-	2,626,734	-	2,626,734	1,707,377	919,357
Miscellaneous Expenses	-	-	(94)	78	-	100	85	55	30
Lease Line rent	-	-	-	-	482,770	-	482,770	313,801	168,970
R E Maintenance	-	-	-	-	-	735,021	735,021	477,764	257,257
Membership Fees	-	268,850	200,000	-	-	-	468,850	304,752	164,097
Loss on sale of assets/ derecognition	-	34,533	-	-	-	339,034	373,567	242,818	130,748
Write-off	-	-	-	111,478	-	-	111,478	72,461	39,017
CIB Report	-	-	-	1,056,300	-	-	1,056,300	686,595	369,705
GRAND TOTAL	9,445,993	7,179,717	4,613,049	8,504,469	7,320,651	12,335,940	49,399,819	32,109,882	17,289,937

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU : BHUTAN**

SCHEDULE FORMING PART OF THE REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2013

DETAILS OF PF & PENSION EXPENSES AFTER ALLOCATION OF COMMON EXPENSES FOR THE YEAR ENDED 30.06.2013

PARTICULARS	PF Mgt. Exps	35% of common		FOR THE YEAR ENDED 30.06.2013	FOR THE YEAR ENDED 30.06.2012	Pension Mgt. Exps		65% of common Exps	FOR THE YEAR ENDED 30.06.2013	FOR THE YEAR ENDED 30.06.2012	FOR THE YEAR ENDED 30.06.2013	FOR THE YEAR ENDED 30.06.2012
		Exps				Exps						
Pay & Allowance	1,928,764	9,957,060	11,885,824	12,783,268	1,024,894	18,491,683	19,516,577	21,260,121	31,402,401	34,043,389		
Consultancy Fees	-	14,391	14,391	-	83,400	26,727	110,127	19,400	124,518	19,400		
Overseas Training	-	1,699,447	1,699,447	2,797,168	-	3,156,117	3,156,117	4,755,738	4,855,564	7,552,906		
Canteen Expenses	280	129,453	129,733	65,941	480	240,412	240,892	139,983	370,625	205,924		
Printing & Stationery	13,492	267,733	281,225	301,586	20,767	497,219	517,986	584,089	799,211	885,675		
Postage	-	46,691	46,691	71,204	-	86,712	86,712	131,301	133,403	202,505		
Telephone Expenses	10,040	172,540	182,580	170,214	15,153	320,431	335,584	316,112	518,164	486,326		
Entertainment Expenses	-	17,986	17,986	103,892	-	33,403	33,403	162,621	51,389	266,513		
Rent	-	110,040	110,040	94,640	-	204,360	204,360	178,352	314,400	272,992		
Travelling & Conveyance	42,710	571,264	613,974	673,094	39,250	1,060,919	1,100,169	1,193,439	1,714,143	1,866,533		
Advertisement	-	170,132	170,132	162,590	7,718	315,960	323,677	317,178	493,810	479,769		
Motor Car Expenses	-	53,100	53,100	46,474	-	98,615	98,615	86,310	151,716	132,784		
Bank Charges	125,000	21,084	146,084	317,655	358,073	39,155	397,228	664,823	543,312	982,478		
Rates & Taxes	-	237,686	237,686	227,732	-	441,417	441,417	422,932	679,103	650,664		
Insurance	-	127,232	127,232	155,823	-	236,288	236,288	289,386	363,520	445,209		
Office/Furniture Maintenance	-	378,030	378,030	296,252	-	702,055	702,055		1,080,085	843,782		
Seminar / Workshop / Conference	-	356,699	356,699	325,301	-	662,442	662,442	624,005	1,019,141	949,305		
Sitting Fees	-	243,671	243,671	177,395	895,741	452,531	1,348,272	374,449	1,591,943	551,844		
IT Expenses / AMC	-	548,516	548,516	610,765	-	1,018,673	1,018,673	1,126,809	1,567,189	1,737,574		
Books and Periodicals	-	12,499	12,499	3,610	-	23,212	23,212	6,705	35,710	10,315		
Subscription and Donation	-	34,382	34,382	56,411	-	63,853	63,853	88,050	98,235	144,461		
Gifts / Presentations	-	2,398	2,398	7,945	-	4,453	4,453	14,755	6,850	22,700		

Audit fees and Expenses	-	68,721	68,721	98,985	-	127,625	127,625	183,828	196,347	282,813
Amortization of Deferred Revenue Expenses	-	919,357	919,357	943,543	-	1,707,377	1,707,377	1,752,294	2,626,734	2,695,837
Miscellaneous Expenses	-	30	30	1	-	55	55	3	85	4
Lease Line rent	-	168,970	168,970	261,002	-	313,801	313,801	484,718	482,770	745,721
R E Maintenance	-	257,257	257,257	231,272	-	477,764	477,764	429,505	735,021	660,777
Membership Fees	-	164,097	164,097	420,000	-	304,752	304,752	1,645,635	468,850	2,065,635
Loss on sale of assets/ derecognition	-	130,748	130,748	-	-	242,818	242,818	-	373,567	-
Write-off	-	39,017	39,017	19,634	-	72,461	72,461	36,463	111,478	56,096
CIB Report	-	369,705	369,705	534,695	-	686,595	686,595	993,005	1,056,300	1,527,700
GRAND TOTAL	2,120,286	17,289,937	19,410,222	21,958,095	2,445,475	32,109,882	34,555,357	38,829,536	53,965,580	60,787,631

Note: 1. Pay & Allowance includes Nu. 1,220,340 Paid to Director (Previous year 1,385,291)

2. Sitting Fees includes Nu. 73,000 paid to Director (Previous year Nu. 68,000)

**NATIONAL PENSION & PROVIDENT FUND
THIMPHU: BHUTAN**

**SIGNIFICANT ACCOUNTING POLICIES FOR THE
YEAR ENDED 30th JUNE 2013.**

1. Basis of preparation of Financial Statements:

The Financial Statements are prepared under the historical cost convention and on accrual basis except for interest on delayed receipt of rent from tenants and contributions for pension & provident fund including penal interest on delayed receipt of contribution from agencies which are accounted for on cash basis.

2. Contribution to Pension & Provident Fund:

The employees and employers contributions to pension and provident fund are accounted for on the basis of the amount deposited by the agencies to the designated branches of Bank of Bhutan Limited up to the end of the financial year. The deposits are transferred to individual member's account based on the recovery schedules along with the receipted copy of the deposit invoice received from the agencies duly reconciled with the deposits received at the bank, effective from the date of original deposit and/or clarification received.

3. Allocation of Common Expenses:

Common expenses between the pension and provident fund are allocated on the basis of each fund size at the beginning of the year.

4. Return to Members:

The return on members' account is decided by the National Pension Board and credited to members' account accordingly.

5. Investment:

Equities are stated at cost or market price whichever is lower. In case of equities in listed securities, market value is given as disclosure. Provision is made on diminution in the value of equity shares. The stated values for all interest bearing assets (loans, bonds, deposits etc.) include interest accrued up to the last date of the Financial Year.

6. Fixed Assets:

(a) Fixed assets transferred from Royal Insurance Corporation of Bhutan Limited (erstwhile managers of GEPPF) are disclosed at original cost and corresponding accumulated depreciation. Land cost is inclusive of the expenses incurred for land development. The other fixed assets are stated at the historical cost and/or at the cost of procurement/acquisition.

(b) The depreciation on fixed assets is provided in accounts on straight line method at the rates and manner as prescribed by the Department of Revenue & Customs, Royal Government of Bhutan, as per the Income Tax Act of the Kingdom of Bhutan 2001.



**NATIONAL PENSION & PROVIDENT FUND
THIMPHU: BHUTAN**

**NOTES FORMING PART OF ACCOUNTS FOR THE
YEAR ENDED 30TH JUNE, 2013**

1. An Executive Order No.MoF/Pension/4841 dated 30th March 2000 issued by Honourable Minister of Finance, subsequent to which a communication No.COM/03/02/787 dated 8th April 2002 was issued by the Cabinet Secretary to inform that NPPF will be formally established through a Government Executive Order and will be governed by Rules and Regulations. An executive order was issued by the Chairman, Lhengye Zhungtshog vide order No.LZ/02/02/15 dated 1st July, 2002 containing various objectives and working rules of NPPF.
2. The status of the organization has been categorized by the Royal Government of Bhutan as an autonomous public organization and is working as a non-profit making organization to serve its members.
3. Pending creation of Gratuity Trust and corresponding transfer of fund, Investment of Gratuity fund Nu. 11,889,887 (Previous Year-Nu.9,287,663) has been shown as Gratuity Investment and Nu. 12,414,498 (Previous Year-Nu. 11,273,085) as Gratuity Liability as on 30th June* 2013. Gratuity Investment includes Interest Receivable on Bank Deposits Nu. 616,803 (Previous Year – Nu. 441,953)
4. In keeping with the accounting policy consistently been followed the Real Estates assets (land & building) are classified as fixed assets instead of investment property and policy will be reviewed and changed within the time frame for implementation of the relevant Bhutanese Accounting Standard (BAS) as prescribed by the Accounting and Auditing Standards Board of Bhutan.
5. The National Pension & Provident Fund is a tax exempted entity and therefore no estimation of tax liability has been ascertained and accounted for.
6. NPPF has the following commitments as on 30 June 2013 :
 - a. Capital Expenditure of Nu. 125.86 million for Real Estate Development.
 - b. Nu.29.24 million loans sanctioned but yet to be disbursed to Druk Doethjung Resort and Dungsam Polymer Limited
 - c. Nu 3.30 million for acquisition of land for Home Ownership Scheme.



7. The loan outstanding against the Board of Directors as on 30th June 2013 amounts to Nu 18.58 million.
8. Royal Government of Bhutan guaranteed the payment of pension to employees by virtue of adoption of National Pension and Provident Fund Plan Rules & Regulations of the Kingdom of Bhutan 2002 (as amended in 2010).
9. Return to the members @ 6.60% (previous year 6.50 %) for the year has been decided by the National Pension Board during the 70th Board meeting held on 25th September, 2013.
10. Previous year figures have been regrouped/rearranged wherever necessary.

Signature to Schedules 1 to 21



CHIEF DIRECTOR OFFICER
National Pension & Provident Fund
Thimphu : Bhutan

CHAIRPERSON

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National Pension and Provident Fund

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Mongar
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