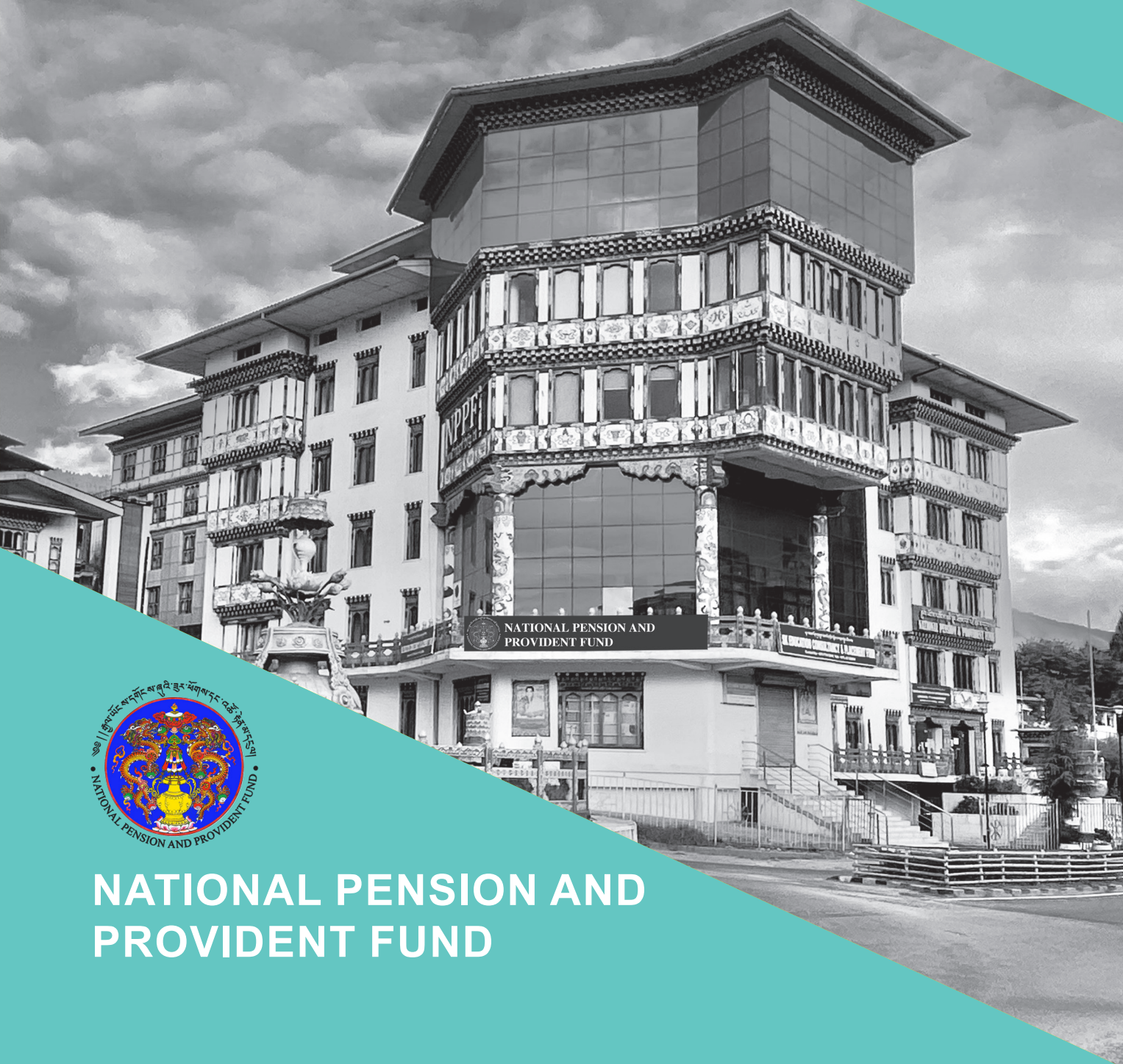


ANNUAL REPORT

2020–2021

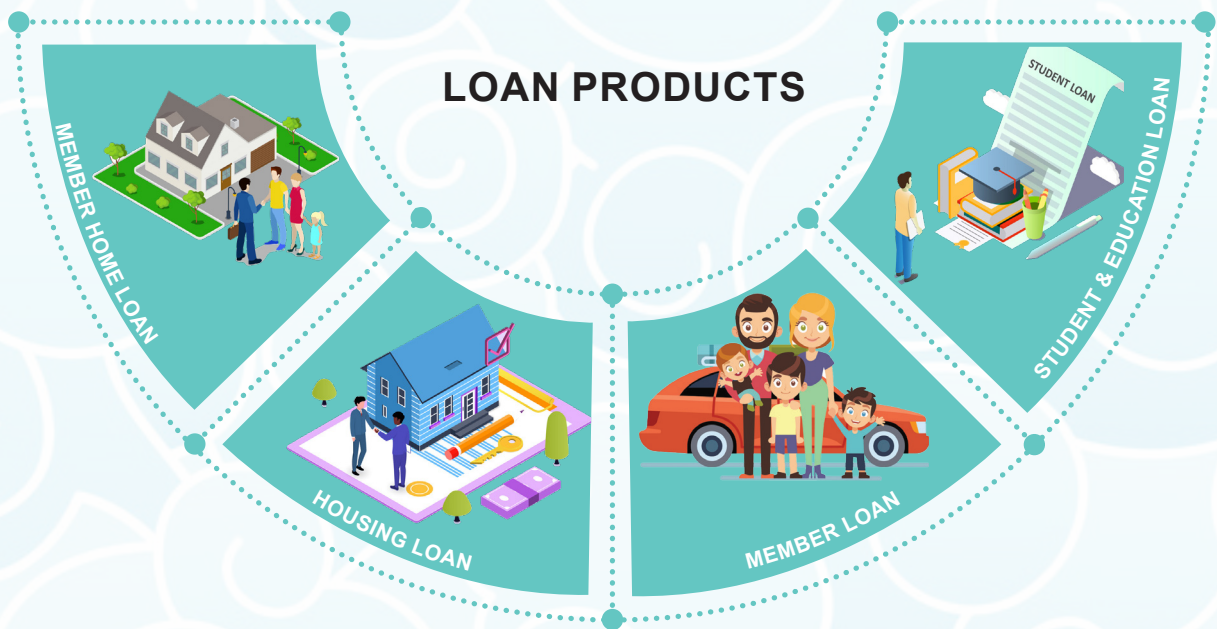
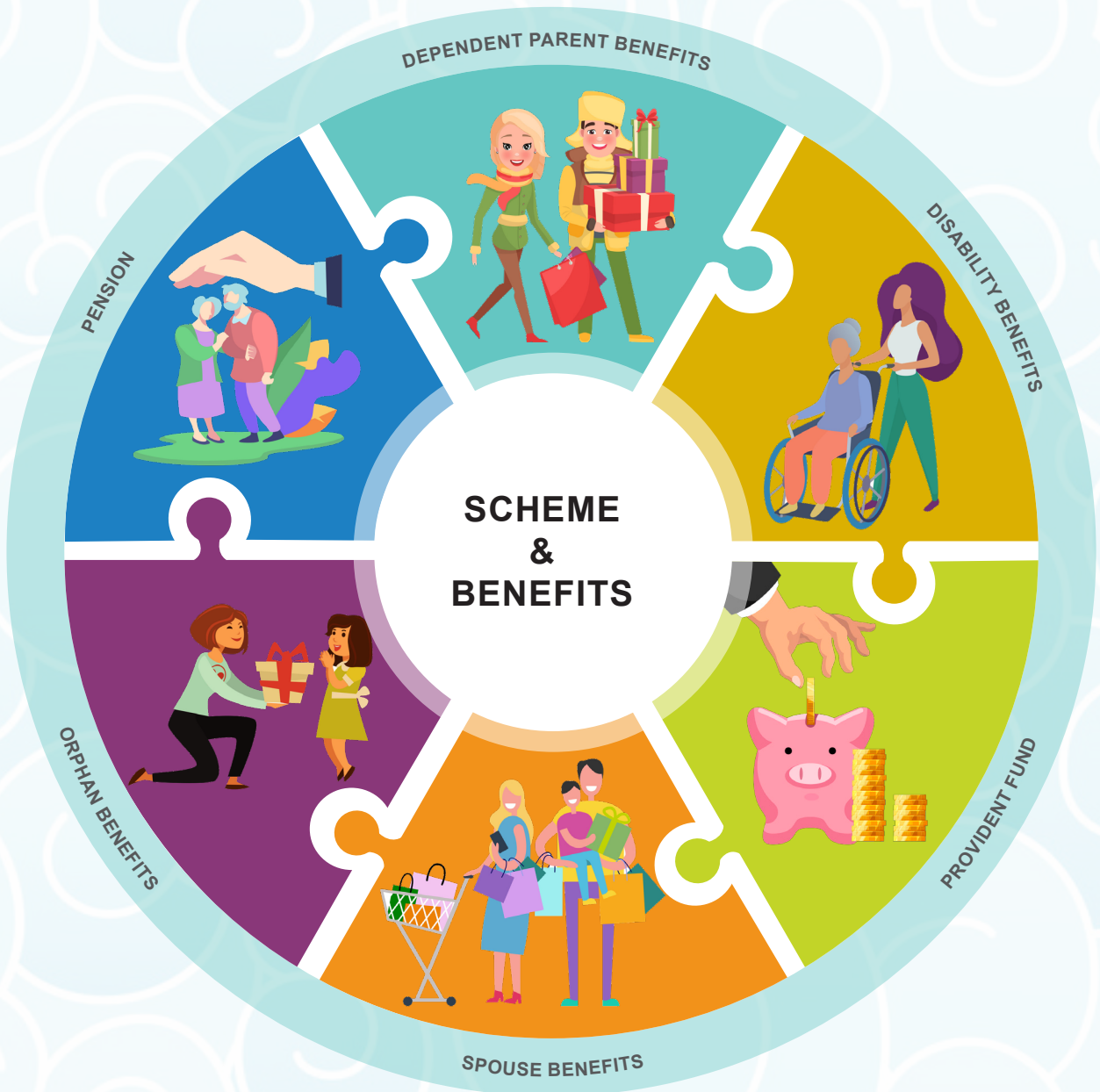


**NATIONAL PENSION AND
PROVIDENT FUND**



NATIONAL PENSION AND
PROVIDENT FUND

ANNUAL REPORT
2020-2021



ANNUAL REPORT
2020-2021

**TABLE OF
CONTENTS**

1	ABOUT NPPF
7	VISION, MISSION AND CORE VALUES
8	NPPF AT A GLANCE 2020-2021
14	BOARD OF DIRECTORS REPORT
14	OPERATIONAL HIGHLIGHTS
20	FINANCIAL HIGHLIGHTS
25	NEW DEVELOPMENTS
31	INDEPENDENT AUDITOR'S REPORT

About NPPF

The foundation of formal retirement income security was initiated in 1962 with a gratuity scheme followed by Government Employees Provident Fund (GEPF) in 1976 that covered all civil servants, corporate employees and members of the Armed Forces.

With modernization and rapid socio-economic development the retirement scheme required further review. Considering the overall welfare of government employees during old age, His Majesty the Fourth Druk Gyalpo issued a Royal Kasho to the Ministry of Finance (MoF) and Royal Civil Service Commission in 1998 to review the existing retirement benefit schemes. Accordingly, the Government Working Committee (GWC) with technical support from UNDP, Asian Development Bank (ADB) and World Bank, carried out the study that resulted in the separation of GEPF operation from Royal Insurance Corporation of Bhutan Ltd.(RICBL) and the establishment of National Pension and Provident Fund (NPPF).

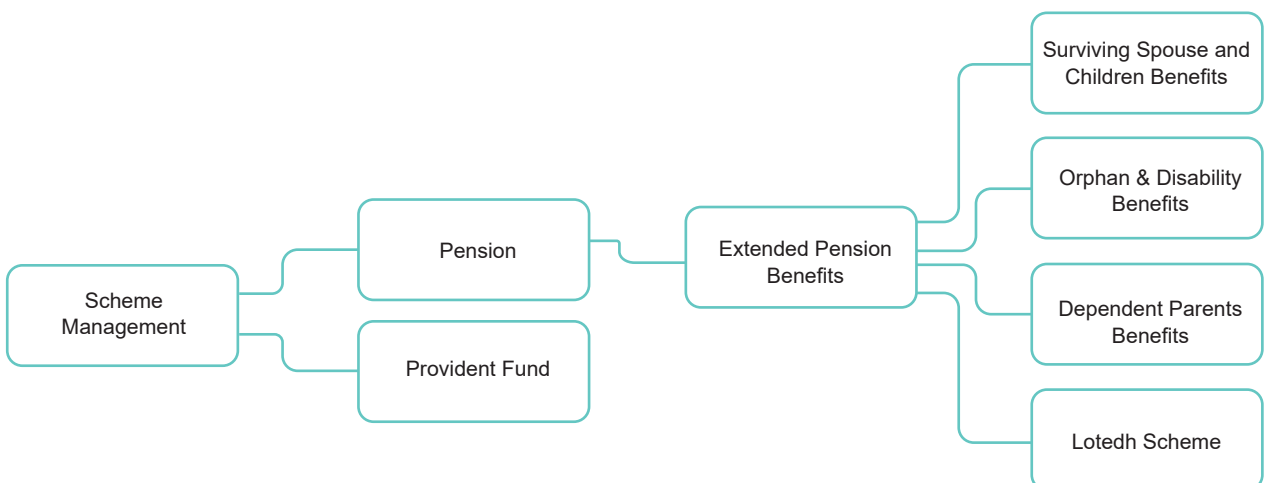
The NPPF was established as an autonomous agency on March 30, 2000, to manage pension and provident fund schemes of civil servants, employees of state-owned corporations and the Armed Forces. On July 1, 2002, the government formally launched the National Pension and Provident Fund Plan (NPPFP) through an Executive Order to provide income security to members on retirement. The Fund also provides extended benefits for surviving spouse, orphan, disability, dependent parent, and for children under 18.

The NPPF, as entrusted by the Executive Order, has two important core business functions:

i) Scheme Administration

The NPPF Schemes were introduced in 2002 as a mandatory retirement saving scheme for civil servants, employees of public corporations and enterprises and members of the Armed Forces to provide income security after retirement.

Both employees and employers make contributions to the pension and provident fund schemes. Pension benefits are paid monthly to members whereas provident fund benefits are paid in lumpsum, with accrued interest, on retirement.



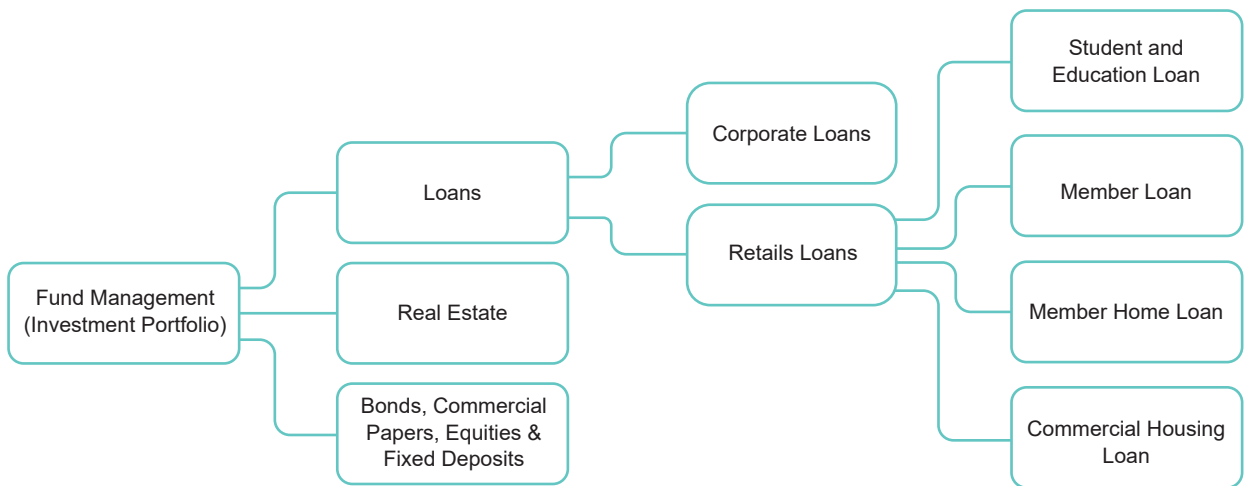
Tier I & II Features

Parameters	Civil	RBA/RBG	RBP
Standard Contribution Rate	26%	30%	24%
Pension	16%	19%	15%
Provident Fund	10%	11%	9%
	(Corporate Agencies contribute 22%, 26% and 30% based on their Pay Revision. 22% : 6% PF and 16% Pension 26% : 10% PF and 16% Pension 30% : 14% PF and 16% Pension		
Type of Funding	Partially funded PAYG	Partially funded PAYG	Partially funded PAYG
Minimum vesting period	Minimum 20 years in service	10 years	10 years
Maximum Contributory years	30 years	33 Years	33 Years
Normal retirement age	56,58 & 60 years	Rankwise retirement age	Rankwise retirement age
Benefit level	40% of last basic pay	45% of 12 months average pay	45% of 12 months average pay
Annual Pension Adjustment	CPI or 5% p.a which ever is lower	CPI or 5% p.a which ever is lower	2% pa
Minimum Pension	40% of the O4 level i.e. Nu. 5,510	45% of maximum salary ceiling of the lowest rank	45% of maximum salary ceiling of the lowest rank
Maximum Pension	40% of maximum salary scale of EX1 level in the civil service	Full pension upto 27 years and 0.5% of full pension upto 33 years	Full pension upto 27 years and 0.5% of full pension upto 33 years
Spouse Pension	50% of deceased member's pension or Nu.3,500 which ever is higher	30% of deceased member's pension prior to 50 years and benefit enhanced to 50% of deceased member's pension or 60% of minimum pension which ever is higher	30% of deceased member's pension prior to 50 years and benefit enhanced to 50% of deceased member's pension or 60% of minimum pension which ever is higher
Eligibility age for spouse	50 years	Benefit paid on the date of contingency	Benefit paid on the date of contingency
Children and Orphan	3 children, less than 18 years at a time Child pension Nu.1,200 Orphan pension Nu. 1,700	3 children less than 18 years at a time Child pension 15% of minimum pension Orphan pension 30% of minimum pension	3 children less than 18 years at a time Child pension 15% of minimum pension Orphan pension 30% of minimum pension
Dependent Parent	50% of deceased member's pension or Nu.3,500 which ever is higher provided parent attained 56 years	50% of deceased member's pension or 60% of minimum pension, whichever is higher, provided parent attained 56 years	50% of deceased member's pension or 60% of minimum pension, whichever is higher, provided parent attained 56 years
Member Permanent Disability	40% of last drawn salary or Nu. 3,500 whichever is higher	30% of member's pension payable under normal retirement scheme or 45% of the maximum ceiling of the salary scale of the lowest rank	30% of member's pension payable under normal retirement scheme or 45% of the maximum ceiling of the salary scale of the lowest rank

ii) Fund Management

Apart from administering the schemes, NPPF has been entrusted with the fiduciary role of making prudent investment of funds. As a major non-banking financial institution, NPPF is a major source of fund contributing to the economic development of the country.

The fund's assets need prudent management to ensure retirees receive promised retirement benefits. To effectively manage the investment of a steadily increasing fund and towards improving the sustainability of the fund and providing better return to PF holders, NPPF carries out prudent management of funds guided by its investment policy. NPPF's investment portfolio comprises Corporate Loans, Equities, Bonds, Treasury Bills, Commercial papers, Member Loans, and Real Estate.

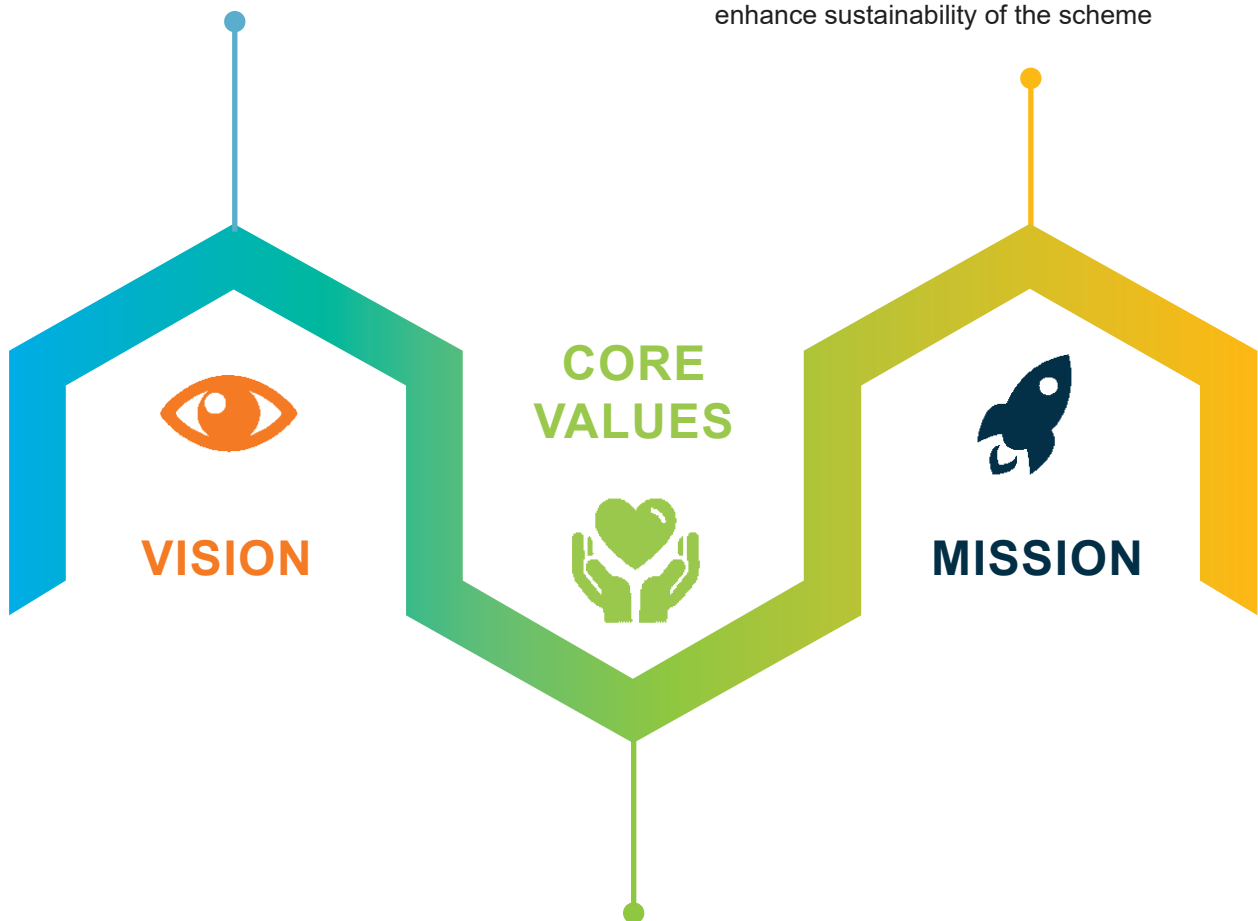


Overall, the dual function has broadened NPPF's operational scope to include retirement planning and loan services in addition to its basic services such as contribution collection, recordkeeping, and benefits payment.

Slogan- Securing Future Together

A premier organization which secures the retirement lives of members through attractive income security

- Managing Retirement schemes, which are inclusive, adequate, innovative, and sustainable
- Managing Funds through prudent investment to enhance sustainability of the scheme



We take ownership and responsibility – Accountability and Integrity

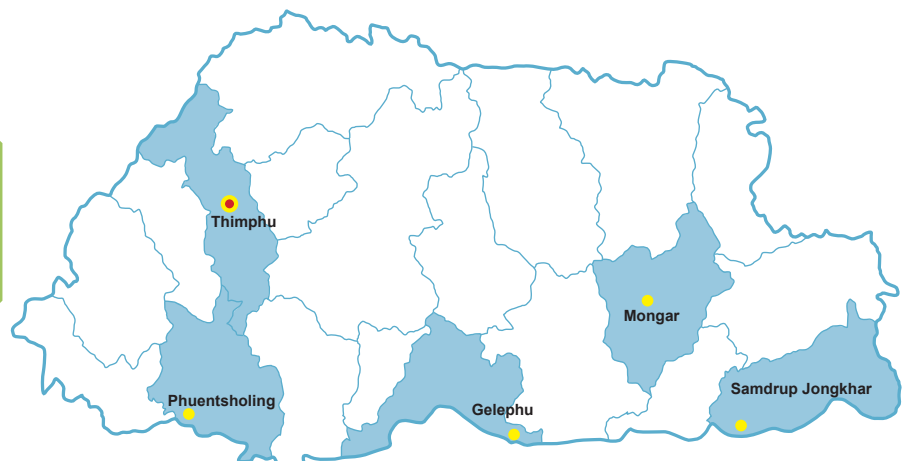
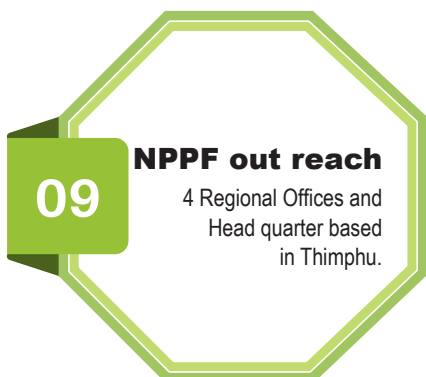
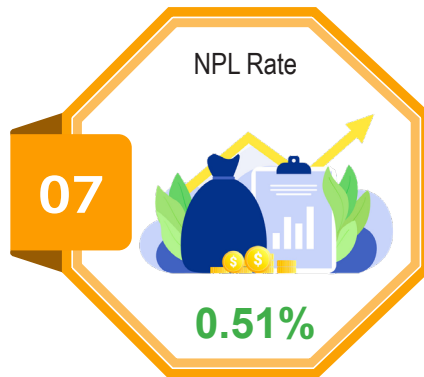
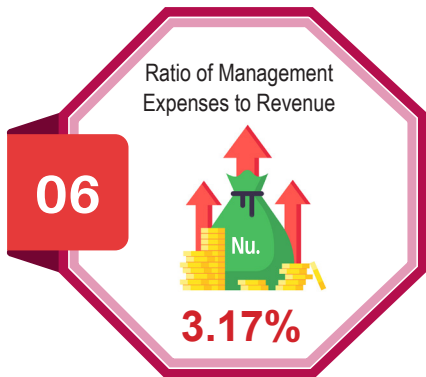
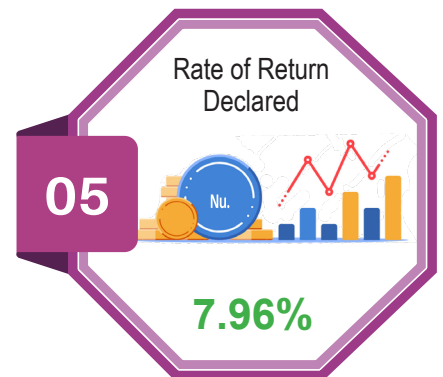
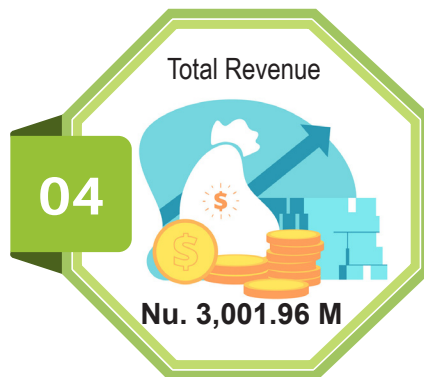
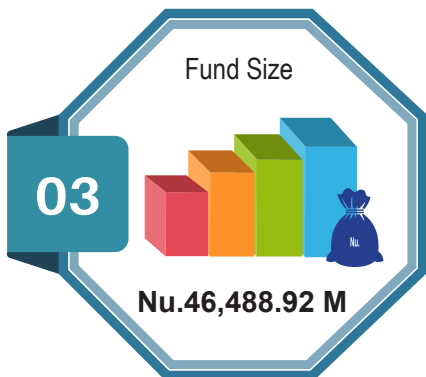
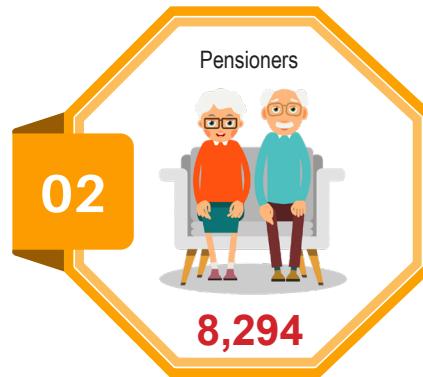
We move fast – Fast service, move ahead with technology and innovation

We are empathetic – Courteous and proactive

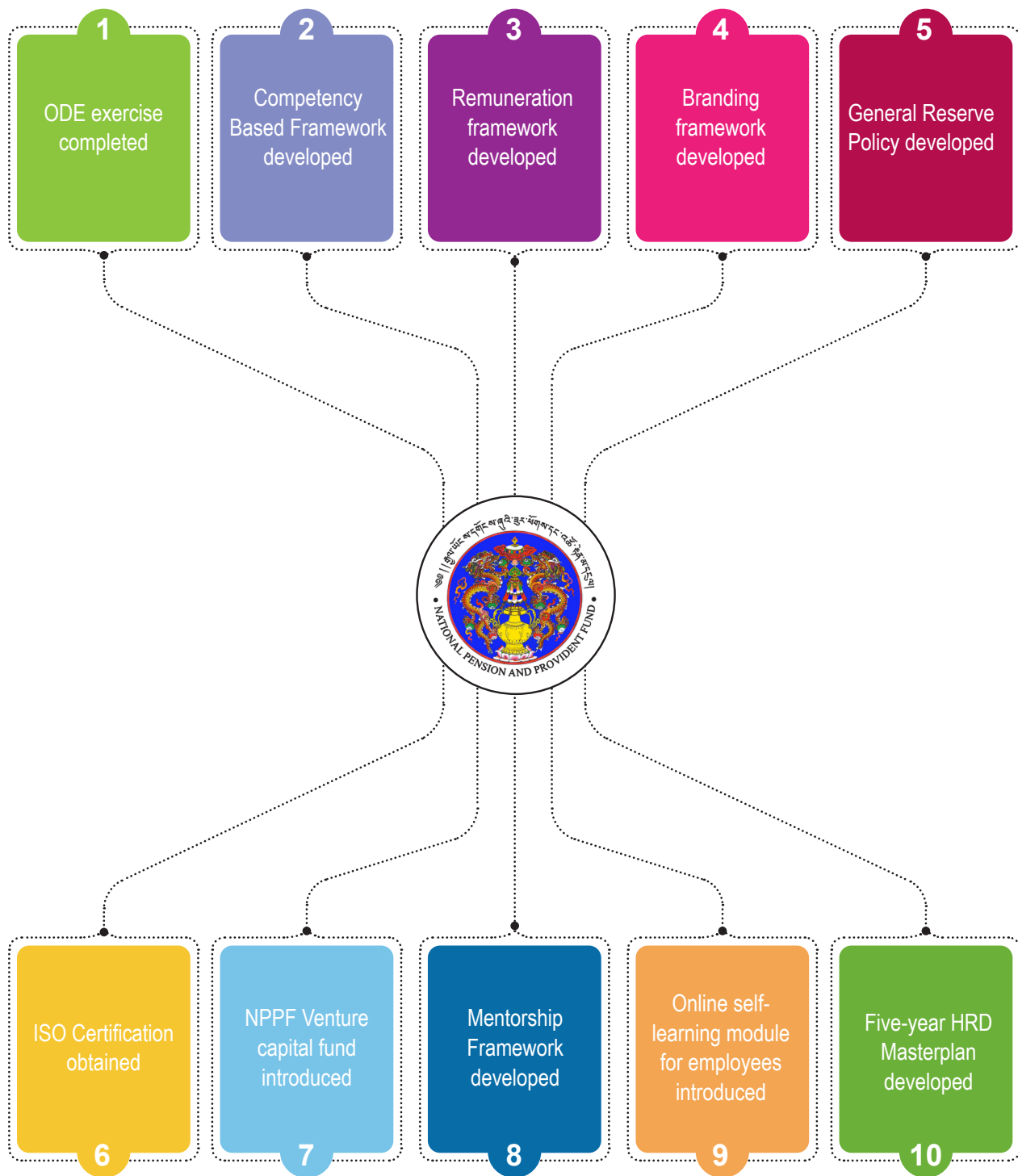
We listen to improve – Open to ideas, feedback and communicate effectively

We take care of our customers and employees – Happy employees lead to happy customers

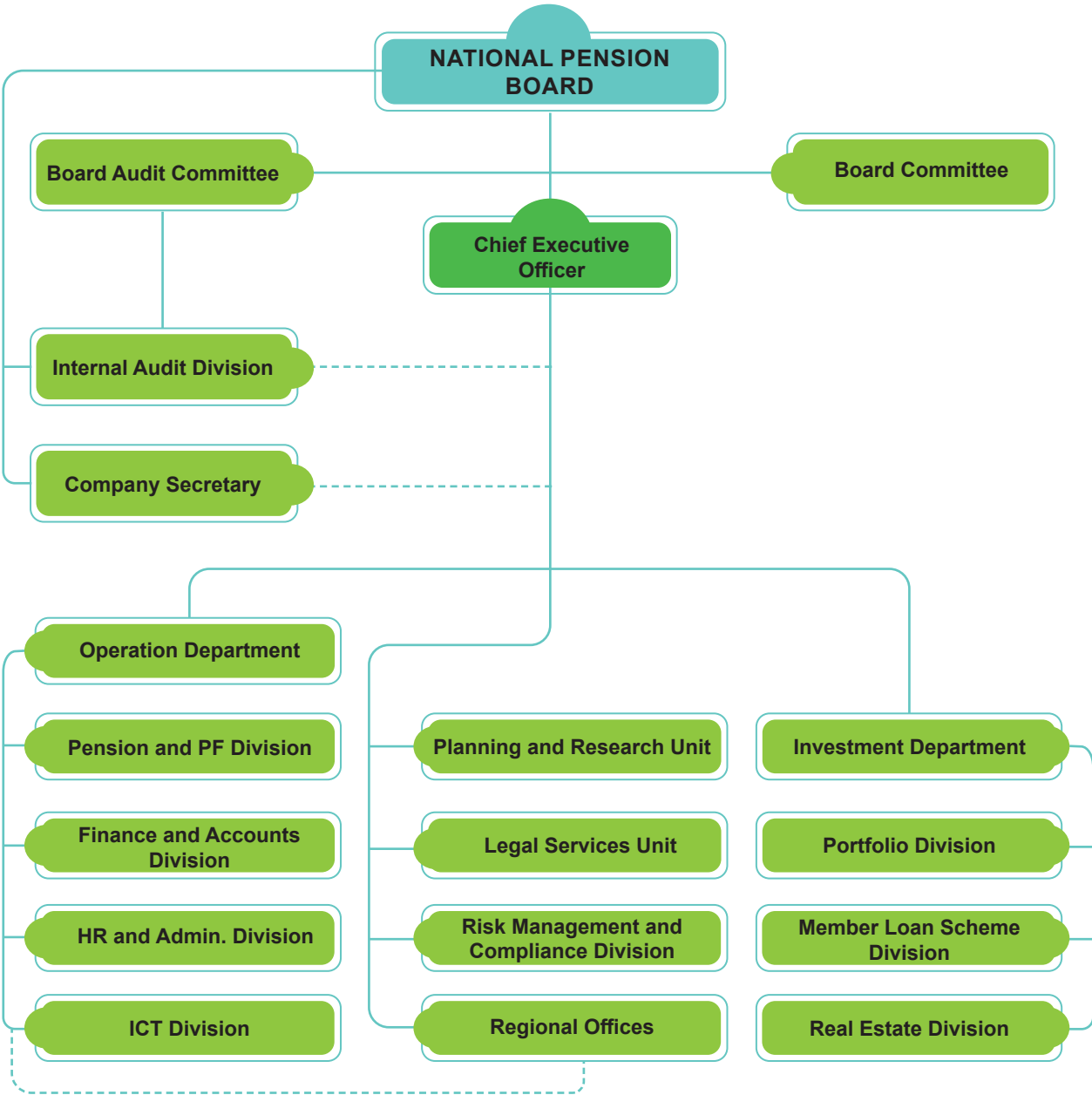
NPPF at a glance 2020-2021



New initiatives and activities



Organogram



Board of Directors



DASHO SONAM WANGCHUK
Chairman
Secretary, MoLHR



YONTEN NAMGYEL
Director
DG, DoI, MoEA



UGYEN NAMGYAL
Director
CEO, Tangsibji Hydro Energy Ltd.



DR. UGYEN TSHEWANG
Director
Commissioner, RCSC



PEMA R. RINCHEN
Zimpon Wom/Director
HOPE Project, His Majesty's
Secretariat



DUNGTU DRUKPA
Member Secretary
Chief Executive Officer, NPPF

Management Staff



DUNGTU DRUKPA
Chief Executive Officer, NPPF



TSHEN NORBU
Director
Operations Department



LEKI WANGMO
Director
Investment Department

REGIONAL OFFICE



MR. DAWA TSHERING
Head,
Gelephu Region



MR. SANGAY KARPO
Head,
P/Ling Region



MR. SANGAY THINLEY
Head,
S/Jongkhar Region



MR. CHENCHO
Head,
Mongar Region

Senior Management



MR. TSHEWANG DORJI
Chief, Customer Care
Division



MR. PHUB DORJI
Chief, Finance &
Accounts Division



MR. TSHERING DORJI C
Chief, Pension & PF
Division



MR. KINZANG WANGDI
Chief, ICT Division



MR. DECHEN DORJI
Chief, Real
Estate Division



MS. KARMA Y TSHERING
Acting Chief,
Internal Audit Division



MS. TSHERING OM
Acting Chief, Member
Loan Division



MR. TSHERING NAMGYA
Acting Chief, HR &
Admin Division



MS. TSHOKI LHAMO
Acting Chief, Planning &
Research Division



MS. TSHERING LHAM
Acting Chief
Portfolio Investment
Division



MS. NAMGAY CHODEN
Officiating Chief
Legal Services Division



MS. DEKI DRUKPA
Head CRU & Consumer
Protection Unit



MS. KINGA DEMA
Company Secretary

Board of Director's Report

To NPPF members and Stakeholders,

As the Chairman of the National Pension Board and on behalf of the Board of Directors and the management, it gives me immense pleasure to present the Board of Directors report for the financial year 2020-2021.

Operational Highlights

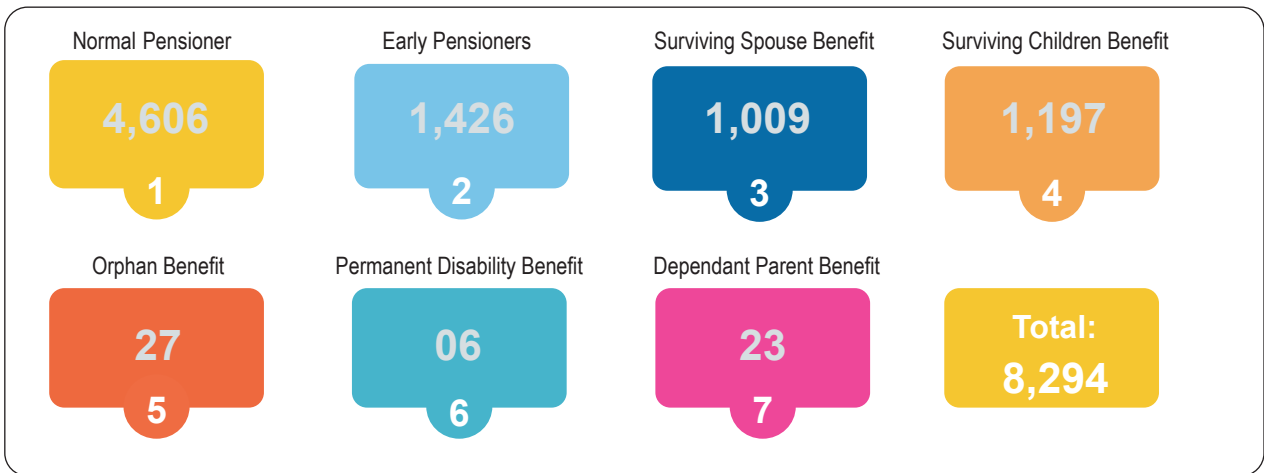
Scheme management being the main function of NPPF, the Board and management has been constantly working to maintain an adequate level of funding to deliver the promised benefits to members and beneficiaries and ensure cost effectiveness of the administration of the schemes.

Like any other pension scheme, maintaining financial sustainability is a key challenge the current scheme is facing. It has now become imperative that we carry out appropriate reforms. As we lack technical experts in-house the National Pension Board, along with the MoF, sought technical assistance of the ADB to carry out reform of the schemes. The proposed reform will focus on structural reforms, legal and regulatory framework, and segregation of assets. The reform is expected to be completed in the next financial year and bring about clarity in the underlying issues with the current scheme and accordingly propose appropriate measures/strategies to improve the current schemes.

Since its establishment, the institutionalization of NPPF to manage formal retirement schemes has played a huge role in promoting savings, investments, and providing retirement benefits to our members forming a social safety net. However, the current scheme's covers only 8.5% of the population and 19.6% of the economically active population. The current economically active population in the country as per the National Labor Force Survey, 2020, is 331,222 and is projected to increase. While the mandatory PF scheme currently covers civil servants, corporate employees and members of the Armed Forces, there is a need to extend voluntary PF scheme to the entire economically active population and those working in the private sector. The labor law requires employers to provide retirement benefits such as gratuity and pension or provident fund to its employees. In line with regulatory requirements and pension being unaffordable and unsustainable in nature, the need to expand the provident fund as the national retirement scheme and to increase coverage has become imminent. While enrolment of private sector has already been initiated with members enrolled from the Build Bhutan Project, the Royal Monetary Authority has recently approved extension of Provident Fund to the private sector and the NPPF is working towards capturing members from the private sector.

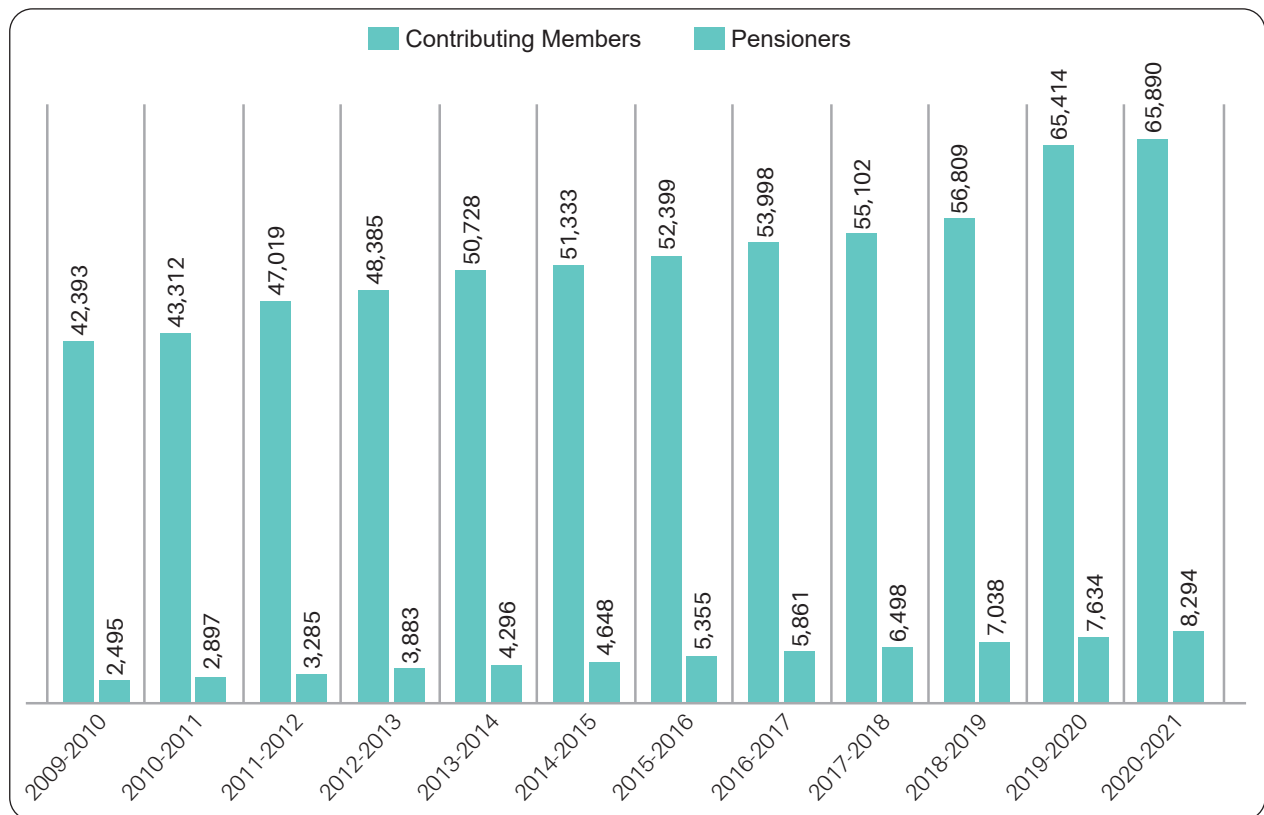
As of 30th June 2020, NPPF had 694 contributing agencies with 65,890 active members from civil service, state-owned enterprises, Armed Forces, and Build Bhutan project.

The number of beneficiaries of pension including its ancillary benefits like orphan, dependent parent, disability, and surviving spouse benefits, reached 8,294 against 7,634 in the previous year, a growth of 8.60%.



Total beneficiaries as on 30th June 2021

The NPPF also enrolled 715 members from the private sector under the Build Bhutan Project as on 30th June, 2021.

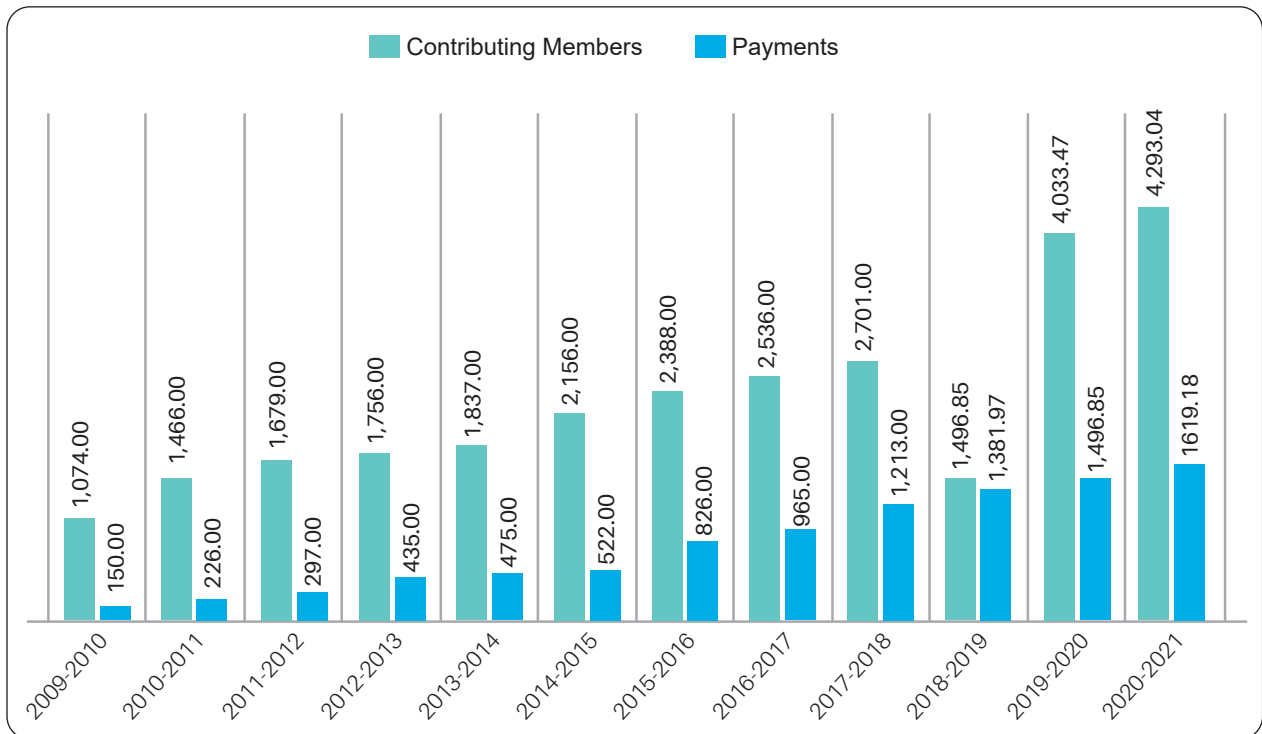


Total contributing members against beneficiaries

Contribution collection and benefits payment

With the increase in total membership, the total contributions received have also increased from Nu. 4,033.47 million to Nu.4,293.04 million from the previous year reflecting a growth of 6.43%.

The pension and provident fund payout also saw an increase with Nu. 709.95 million made as pension payments and Nu. 909.22 million paid out as provident fund and pension contribution refunds. The overall payout was Nu.1,619.18 million against Nu.1,496.85 million from the previous year, a growth of 8.10%.



Contribution collection and benefits payment (Pension and PF refunds)

Plans for the Pension and Provident Fund Operations

The NPPF, established through the benevolence of His Majesty Drugyal Zhigpa, has evolved to become a relevant and important institution in our country. The last 20 years of operation has firmly established the foundation of NPPF and a lot has been achieved during the period. The most important achievement has been streamlining and institutionalizing retirement benefits and contributing towards alleviating poverty in old age.

However, much remains to be done. Currently the pension and provident fund is limited to the civil service, state-owned enterprises and Armed Forces. Approximately 83% of the labor force is excluded from the existing schemes exposing many of them to social vulnerabilities in old age. The conventional defined benefit pension scheme also suffers from inherent sustainability issues. Current demographic trends indicate that eventually there will be more pensioners than contributors leading to exhaustion of funds. The pension and provident fund management is also fragmented with schemes being

administered by various institutions and by the employers without proper governance and regulatory framework. Considering these issues, NPPF has initiated Pension Reforms and, on the initiative of MoF and RMA, a committee representing various authorities is reviewing sectorial reforms on pension. The reforms is expected to be completed in 2022 for submission to the authority concerned for further directives.

In the coming financial year, NPPF will work to complete reform of the schemes and look into expanding member base to the private sector on a larger scale.

Information and Communication Technology

NPPF is one of the pioneers in using information technology for its internal office automation and to facilitate various processes in the management of the fund. Since its inception in 2000, it has computerized management of Fund, investments, loans, rental collections, and financial management. More recently, NPPF has also embraced web technology to host e-services (online facilities) and make information available to all members. Over time, many systems were developed to manage different services which were either standalone or partially integrated. Today, NPPF faces challenges in managing the different systems. Given this scenario, NPPF initiated the ICT integration project. The project, which will aid in seamless interaction and communication between the member agency and the new integrated system, is almost ready for implementation. The new system will ensure ease in delivery of NPPF products and services.

NPPF has also initiated adoption of cyber security standards to overcome cyber threats and obtained ISO 27001:2013 ISMS certification for information security management system and data security.

As part of the digital drive & financial inclusion initiative, the NPPF transferred 1,583 pensioners from Bhutan Post to the banking channel. As of 30th June 2021, only 48 pensioners were waiting to be transferred.

The NPPF also signed an agreement with Tashi InfoComm Ltd. in February 2021, to disburse pension through the eTeeru app as part of NPPF's digital drive and financial inclusion initiative.

Human Resources & Administration

Organizational Development exercise (ODE)

The Organizational Development Exercise was one of the major initiatives undertaken to ensure that NPPF, as an organization, performs at the optimal level and its functions are aligned with the mandates of the executive order. The comprehensive ODE identified issues and provided recommendations based on McKinsey's 7S framework, which looks at strategy, structure, systems, staffs, skills, style and shared values. The recommendations have provided a basis to initiate improvements in the organization to meet the demands of the rapidly changing socio-economic dynamics. The exercise will also serve as pointer to initiate any study to bring about structural and systemic reforms in the organization.

Competency Based Framework

To be successful in the joint pursuit of NPPF's mission, it is important that employees at all levels in the organization, irrespective of position, function or location, demonstrate common values and standards of behavior. The competency-based framework developed seeks to clearly articulate the expected behavioral standards required of NPPF employees and to provide a renewed clarity on the core values that should permeate those behavioral standards. The framework also provides NPPF employees with a common language that facilitates dialogue and links the human resource development processes.

The CBF development would help achieve the following.

- a. Greater role clarity of employees
- b. Establish benchmark for recruitment and career enhancement
- c. Ensure succession planning
- d. Assess performance gaps and plan effective training programs for NPPF employees
- e. Enhance competency and professionalism of NPPF employees

With the CBF in place, NPPF is now approaching training from a competency perspective. Accordingly, NPPF has come up with the annual short-term training calendar for the next 5 years; one LTTP slot each for the next four years, and one open undergraduate scholarship to be implemented in FY 2022-23.

Remuneration framework

As set out in the core values of NPPF i.e., happy employees lead to happy customers, the Board and the management believes that employees form the mainstay of an organization and every employee's role is critical in achieving the organizational mission and vision. The Board has accorded highest priority in ensuring that employees of NPPF are compensated at par with other organizations. Considering that, NPPF developed a comprehensive Remuneration Framework that outlines the types of compensation NPPF employees are entitled to for their services.

Having a proper remuneration framework in place will attract and retain employees, ensure fair and equitable remuneration, and motivate, promote and reward the right behaviors within the organization.

- 1 | Attract and retain talented and competent employees
- 2 | Ensure fair and equitable remuneration within the organization
- 3 | Motivate employees to increase their productivity and continually improve their performance and output
- 4 | Promote and reward the right behavior within the organization that drives a high performing organizational culture

Human Resource Development Masterplan

The changing business dynamics and new business thinking calls for HR business strategies that include recruiting the right people as well as equipping them with the right skills. A well-planned and developed human resources is a means to achieve NPPF's vision. The HRD plan identified the short and long-term required skillset for NPPF and, accordingly, prioritized capacity development programs classified under short term training program and long-term training program with an approved budget Nu. 100.16 million for period of 5 years (LTTP & STTP implementation). This is a testimony of the commitment of the Board and management to make NPPF more attractive to job seekers, promoting employee productivity and overall organizational success through its training programs to build a competitive edge and retain performing employees.

NPPF Undergraduate Scholarship

Apart from the long-term and short-term training programs an Open Undergraduate Scholarship Program was also introduced as part of NPPF Corporate Social Responsibility to harness and tap the enormous potential of Bhutanese at an early age. This program would be a prestigious undergraduate scholarship to develop a critical mass of future leaders for key positions in NPPF by harnessing the best and the brightest talents to further take forward NPPF as a dynamic corporate entity. The undergraduate LTTP will provide a platform to nurture the intellectual and promote creativity and innovation within the NPPF to gain its competitive edge through a competent workforce for the 21st century.

Online self-learning platform for employees

A coherent and self-learning program was introduced in the organization which would allow NPPF employees to learn at their own pace and upgrade their knowledge and skills through various courses offered on online learning platforms.

NPPF Branding Framework

NPPF has existed for over 20 years. However, the customer satisfaction survey reports most members expressing lack of awareness of NPPF products and services. In view of this, the NPPF developed a branding framework to set NPPF apart from its contemporaries and gain strong brand equity in the market in the long run. The framework once implemented is expected to promote recognition, enhance awareness, build identity, and advance trust among our members and stakeholders.

Corporate Social Responsibility (CSR)

NPPF, in partnership with RICBL, initiated the Lotedh Scheme as part of its Corporate Social Responsibility to promote social values and culture. The primary objective of the scheme is to provide semso or financial support to immediate family of a Lotedh member in the event of death. During the year, 44 family members benefited from the scheme with financial payout of Nu.4.40 million. Currently, there are 1,487 Lotedh Scheme members. It is managed by Lotedh Scheme Trustees comprising representatives from pensioners who worked as civil servants and the Armed Forces. Currently Mr. Nima Wangdi, former Health Secretary, is the Chairman of the Lotedh Scheme. NPPF provides secretarial services to Lotedh Scheme Trustees and pays administrative expenses.

Enterprise Risk Management (ERM)

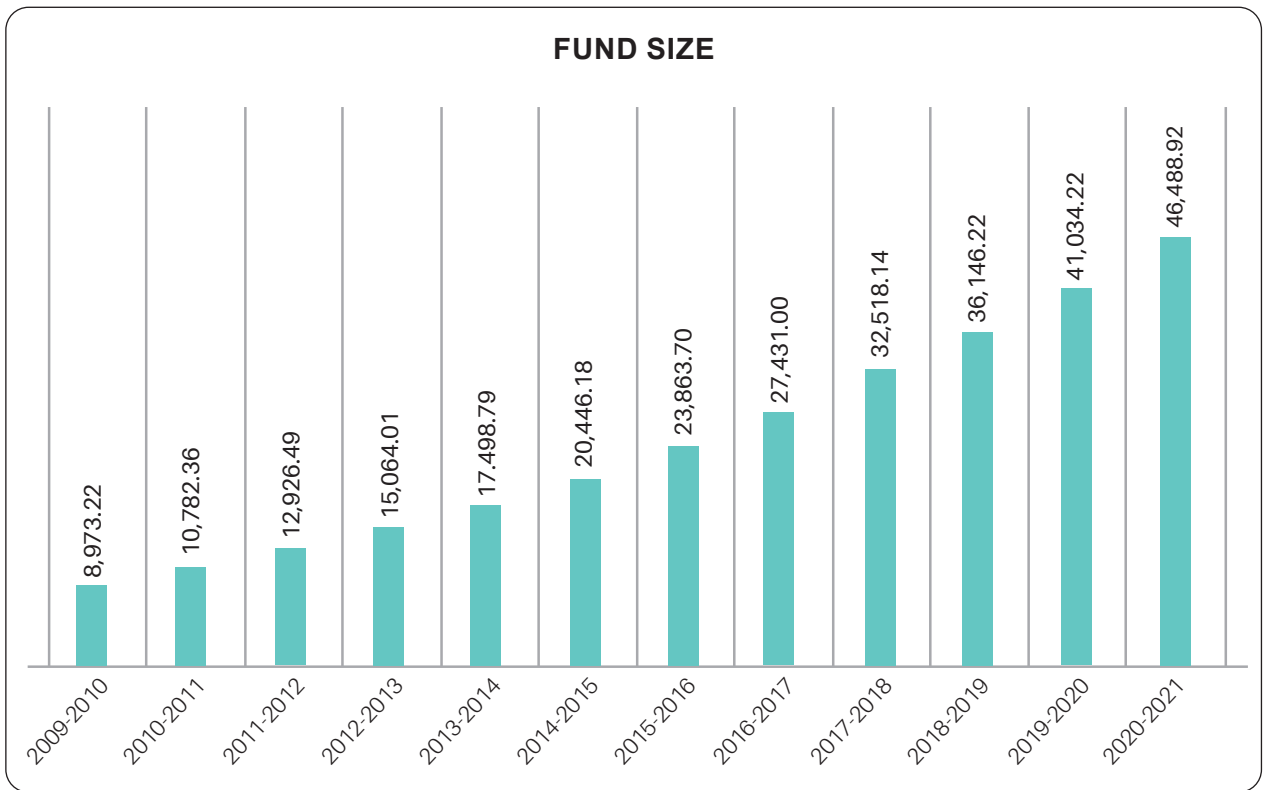
The ERM of NPPF is structured along the three-line defense model in accordance with industry best practices and regulatory requirements. The individual business units form the first line of defense while important regulatory functions like Credit Review Unit, Compliance Unit and Risk Office form the second line of defense. The internal audit division, with full independence and reporting authority to the Board Audit Committee, forms the third and final defense line as far as the structure of the risk management is concerned. NPPF has an enterprise risk management system in place which indicates risk areas and dictates mitigation plans. The risk framework is updated yearly based on the measures put in place.

Financial Highlights

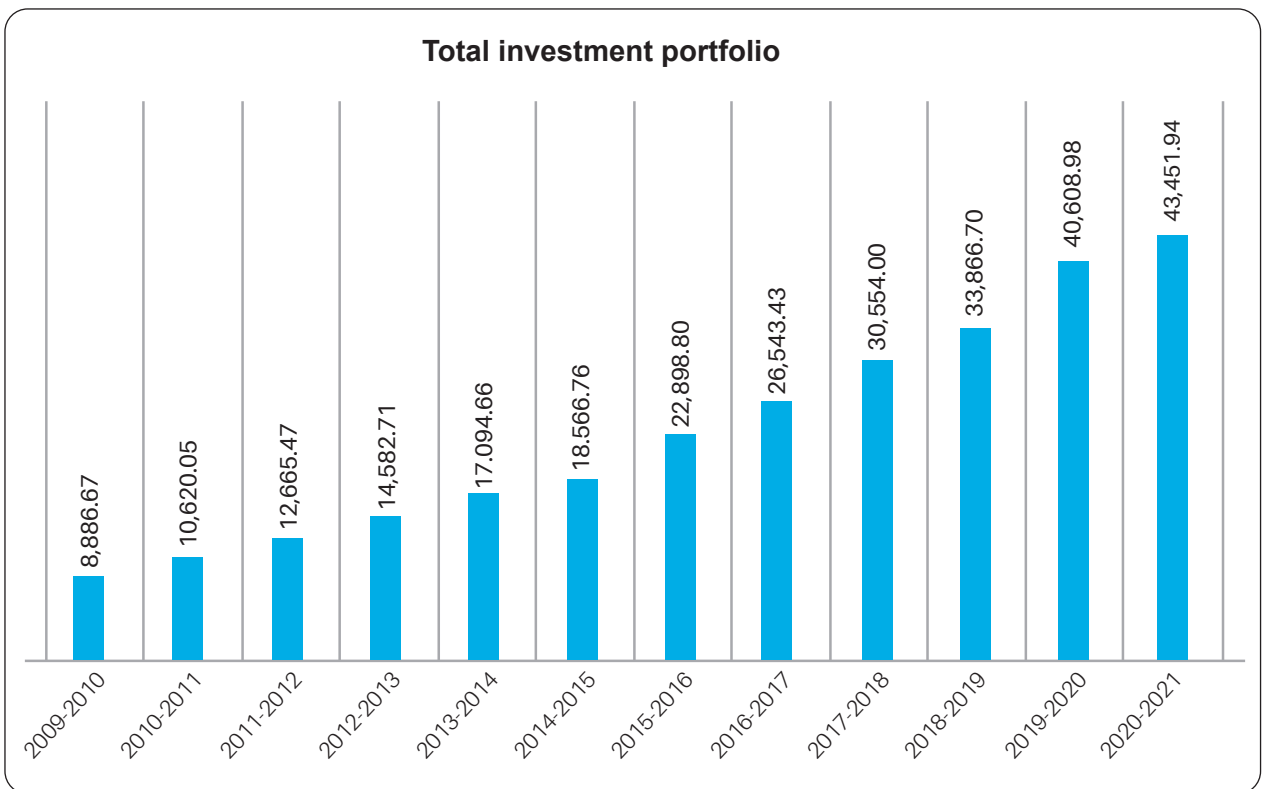
The Covid -19 pandemic has led to a dramatic loss of human life worldwide and presented an unprecedented challenge to public health and the economy. The economic shocks imposed by the pandemic have resulted in labor shortages, closure of workplaces, restricted trade and travel and closed borders leading to complete economic slowdown. Bhutan being no exception, the slowdown has also directly impacted NPPF in terms of not having enough investment avenues, halting of major Real Estate projects and other proposed plans which impeded revenue generation. Despite the economic slowdown, NPPF's investment portfolio grew by 7% reaching Nu. 43,451.94 million against Nu. 40,608.98 million in the previous year.

With the economic slowdown, finding investment opportunities and building a diversified investment portfolio has been increasingly challenging in view of the limited opportunity available in the market.

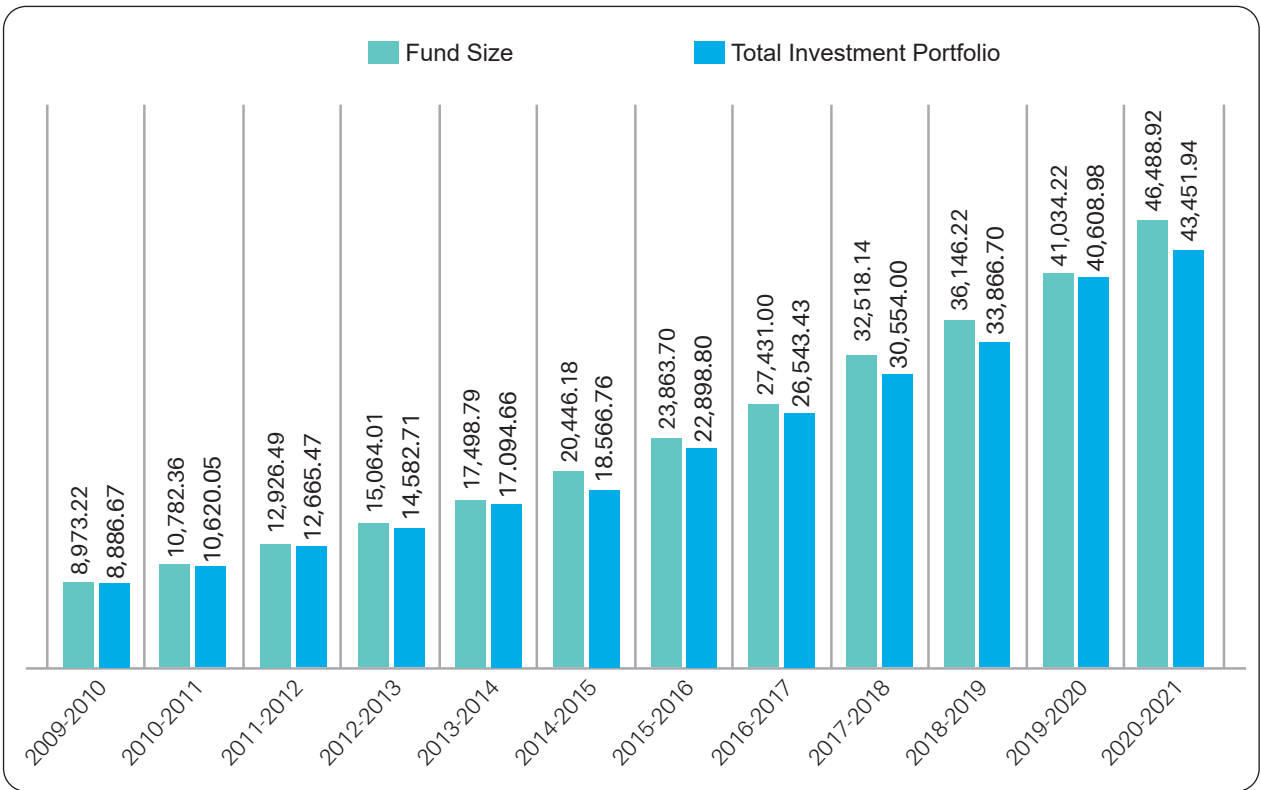
Despite that, NPPF fund grew from Nu. 41,034.22 million to Nu. 46,488.92 million showing a significant increase of 13.29% over the previous year.



Fund size of NPPF (Nu. in million)



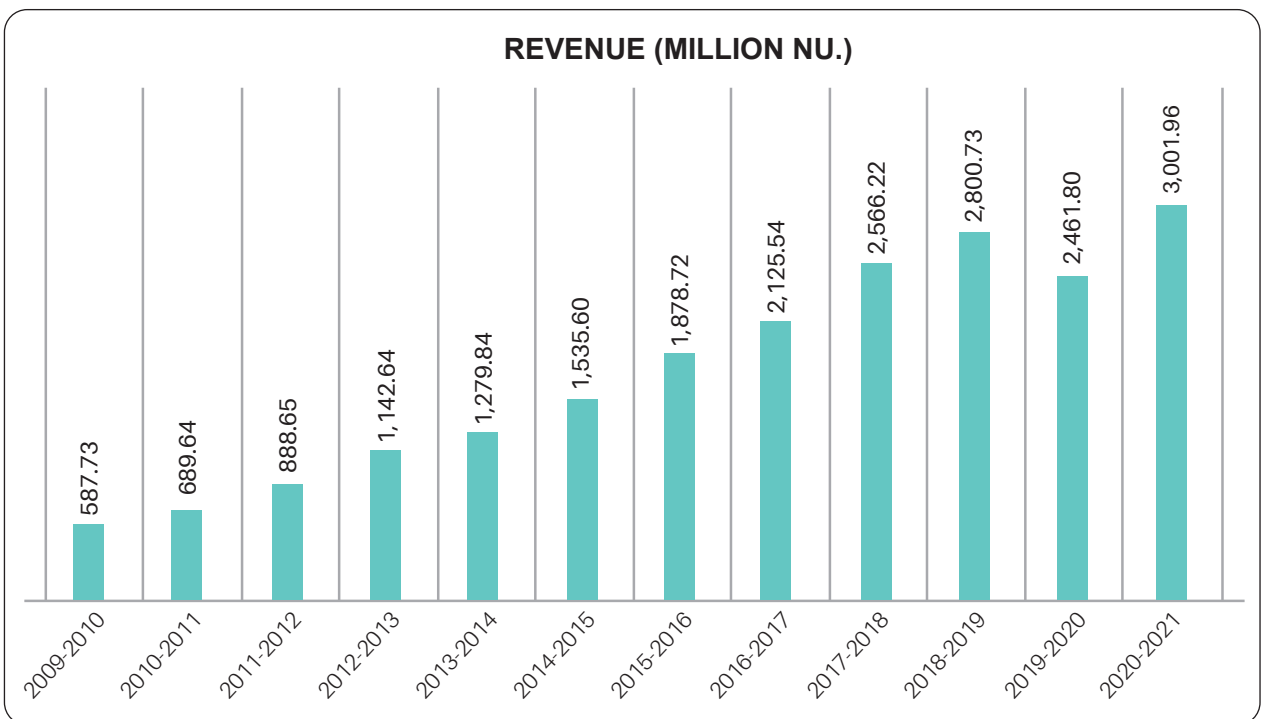
Total investment portfolio (Nu. in million)



Investment Portfolio against fund size (Nu. in million)

Revenue

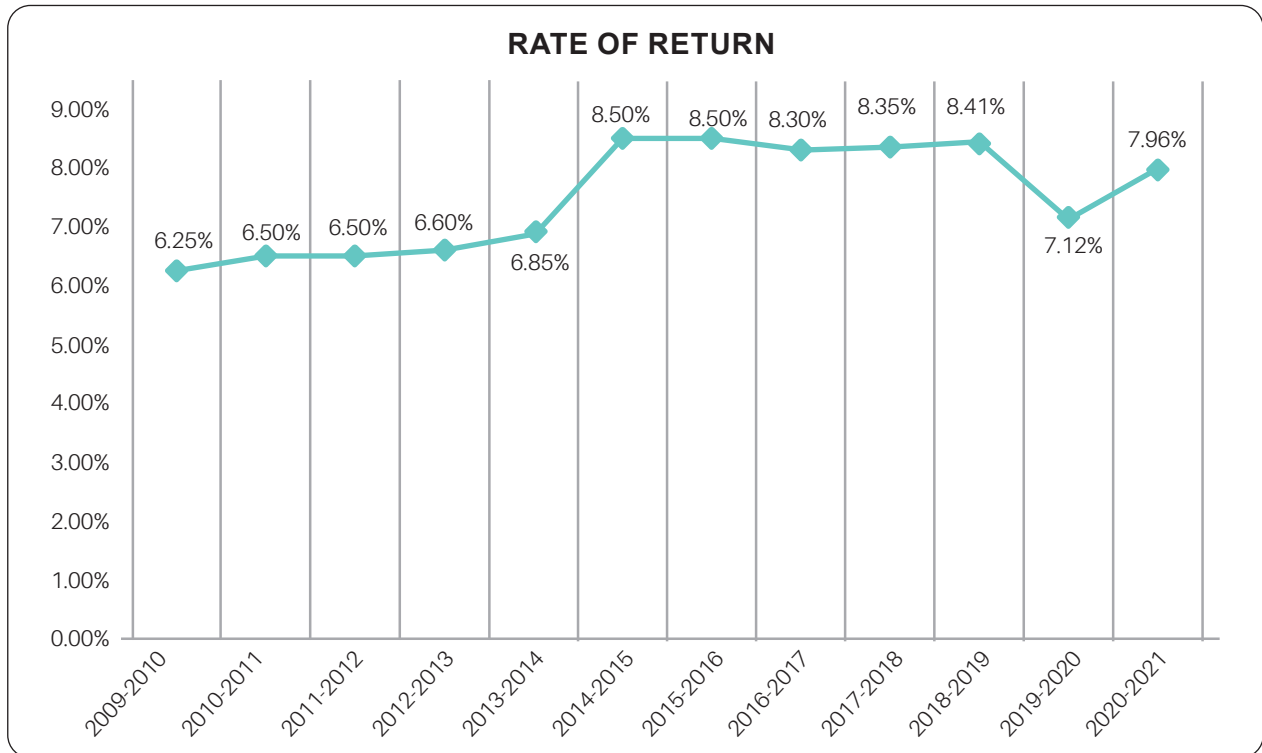
NPPF also registered revenue of Nu. 3,001.96 million (including notional gains and losses), an increase of 21.94 %, from Nu. 2,461.80 million in the previous year.



During the year, the total loan portfolio including corporate and member loans before provision stood at Nu. 17,704.72 million. Bonds and commercial papers portfolio stood at Nu. 2,547.83 million, Gross real estate portfolio at Nu. 954.74 million and Nu. 20,071.56 million in term deposits as of 30th June 2021.

Rate of Return

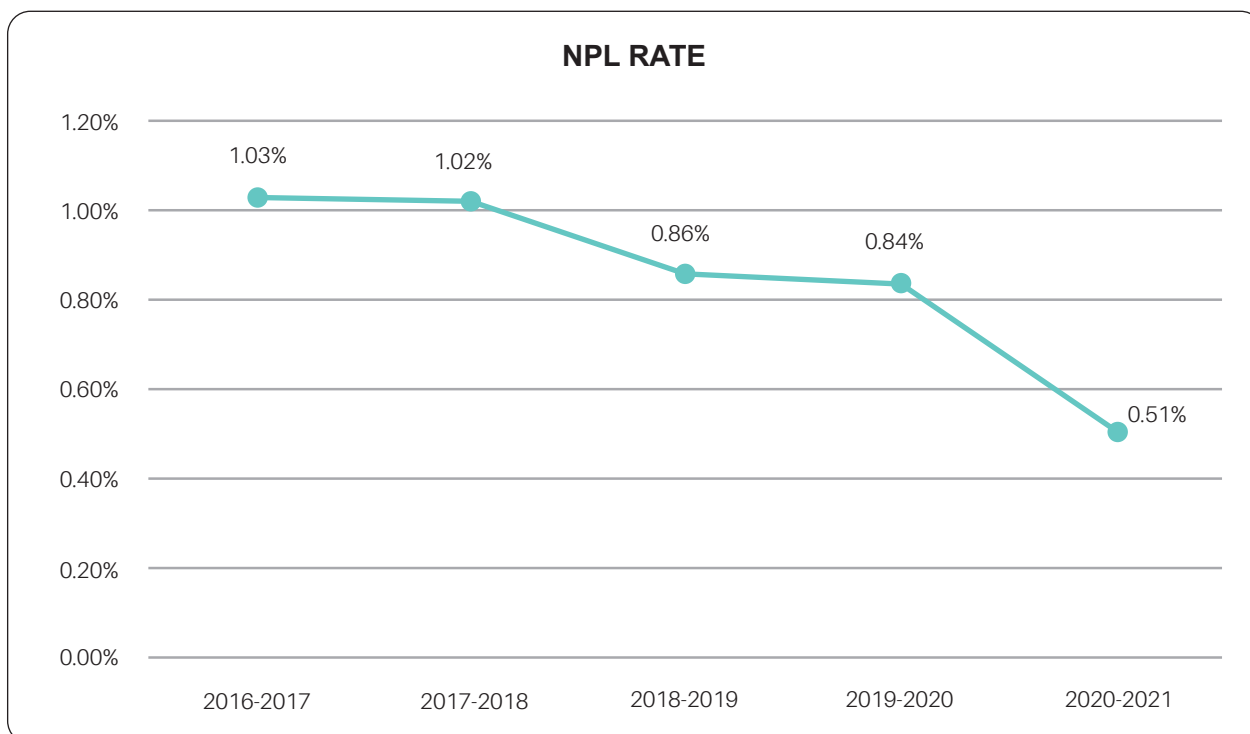
With achievement of record revenue amid the pandemic, NPPF declared return of 7.96% to its members.



Returns declared to members

Credit Quality

The NPPF caters to a limited clientele as mandated in the Executive Order and by regulatory authorities. The clientele of NPPF are members of NPPF, i.e., civil servants, corporate employees, and members of the Armed Forces. The non-performing assets was at a record low of 0.51% against a maximum target limit of 2%. This is considered an excellent achievement despite the adverse economic conditions and the industry standard for NPL being 10%. This achievement also reflects NPPF’s robust appraisal and risk control mechanisms in place within the credit operations.



NPPF Venture Fund

The Board also approved the NPPF venture fund (a ring-fenced fund within NPPF Fund) to invest in innovative and viable start-ups that have potential to expand and grow. The fund will be invested in exchange for a certain equity stake in the selected start-up companies. We believe such investments in potentially viable start-ups would provide NPPF an opportunity to make additional investments in the future, if found commercially scalable and sustainable, apart from providing equity financing platforms to start-ups. Through this fund NPPF will be able to diversify, spot new and emerging innovative investment options and business opportunities that would add long term value not only to NPPF but the overall economy in the long run.

Plans for Fund Management

On the investment front, the environment remains extremely challenging for NPPF. The restricted investment mandate coupled with the underdeveloped capital market in Bhutan makes it extremely difficult to find an appropriate investment opportunity. With the growing fund size and stable cash flow, NPPF is exploring alternate investment avenues and business models that would enable NPPF to mitigate risks associated with the Fund. NPPF has also initiated various Real estate projects. Real estate forms one of the strategic asset class for investment to match the long term pension liability since the sector provides an opportunity for stable rate of return and an appreciation of asset base through inherent inflation hedging characteristics.

In the coming financial year, NPPF will also work to expand its loan products through a Credit Union upon the government's approval. NPPF will also rework the 5 year Corporate Strategic Plan to keep abreast with the changing business dynamics.

New developments

NPPF General Reserve Policy

The Board also approved the General reserve policy wherein the accumulative reserve will be exclusively kept, enhancing the sustainability of the pension plan. This was based on the practices of other countries where the reserve is created for the long-term sustainability of the pension plan. The current reserve has an accumulated fund of Nu. 637.92 million, which shall continue to be held as a reserve and segregated accordingly in the NPPF books of accounts.

Statutory Audit

M/S Karma and Associates and M/S Tsechu and Associates based in Bhutan, appointed by the Royal Audit Authority (RAA), conducted the audit of the NPPF. The NPB is pleased to report that there were no major audit observations in the auditor's report on financial statements, except for the qualification of the audit opinion on non-implementation of BAS 26: Accounting and Reporting by Retirement Benefit Plan.

Corporate Governance

The NPPF adheres to the Royal Monetary Authority's Corporate Governance Rules and Regulations, 2020, and the MoF's Corporate Governance guidelines for the State-Owned Enterprises (SoEs). The NPPF has fully implemented all statutory requirements and board directives. The Board Human Resource Committee, Board Risk Management Committee, Board Audit Committee and Board Tender and Procurement Committee held meetings as and when required. The Board Members of NPPF, comprising 7 Board Directors including the Chief Executive Officer, are appointed by the Ministry of Finance with the RMA conducting the fit and proper test of those nominated to the Board.

1. Board Meetings

Sl#	Name	Directorship Type/Title	Designation & Agency	Number Attended	Directorship in other companies	Total Remuneration (After TDS)
1	Mr. Sonam Wangchuk	Chairperson	Secretary, MoLHR	10	PHPA I & MHPA	78,400
3	Mr. Yonten Namgyel	Director	DG, DoI, MoEA	6	AWP & Dungsam Polymers Ltd.	47,070
4	Mr. Ugyen Namgyal	Independent Director	CEO, THyE	10	AASBB & THyE	78,400
5	Mr. Pema R Rinchen	Director	Zimpon Wom/Director, HOPE, HM's Secretariat, OGZ	9	NHDCL & KBCC	70,560
6	Dr. Ugyen Tshewang	Director	Commissioner, RCSC	10		78,400
7	Mr. Dungtu Drukpa	Director	CEO, NPPF	10	NHDCL, DHPC, & AASBB	78,400

2. Board Audit Committee Meetings

Sl#	Name	Directorship Type/Title	Designation & Agency	Number Attended	Directorship in other companies	Total Remuneration (After TDS)
1	Mr. Ugyen Namgyal	Chairperson	CEO, THyE	4	AASBB & THyE	19,600
2	Dr. Ugyen Tshewang	Member	Commissioner, RCSC	4	---	19,600
3	Ms. Karma Y Tshering	Member Secretary	Acting Chief, IAD NPPF	4	----	9,800

3. Board Human Resource Committee Meetings

Sl#	Name	Directorship Type/Title	Designation & Agency	Number Attended	Directorship in other companies	Total Remuneration (After TDS)
1	Dr. Ugyen Tshewang	Chairperson	Commissioner, RCSC	6		29,400
3	Mr. Dungtu Drukpa	Member	CEO, NPPF	6	NHDCL, DHPC, & AASBB	29,400
4	Mr. Tshen Norbu	Member Secretary, NPPF	Director, Operations	6	FITI	14,700

4. Board Tender Committee Meetings

Sl#	Name	Directorship Type/Title	Designation & Agency	Number Attended	Directorship in other companies	Total Remuneration (After TDS)
1	Mr. Yonten Namgyel	Chairperson	Director General, DoI, MoEA	1	AWP & Dungsam Polymers Ltd.	4,900
2	Mr. Pema R. Rinchen	Member	Zimpon Wom/Director, HOPE, HM's Secretariat, OGZ	2	NHDCL	9,800
3	Mr. Dungtu Dukpa	Member	CEO, NPPF	2	NHDCL, DHPC, & AASBB	9,800
4	Mr. Tshen Norbu	Member Secretary, NPPF	Director, Operations	1	FITI	2,450

5. Board Risk Management Committee Meetings


Sl#	Name	Directorship Type/Title	Designation & Agency	Number Attended	Directorship in other companies	Total Remuneration (After TDS)
1	Mr. Pema R. Rinchen	Chairperson	Zimpon Wom/Director, HOPE, HM's Secretariat, OGZ	1	NHDCL & KBCC	4,900.00
2	Mr. Ugyen Namgyal	Member	CEO, THyE	1	AWP & Dungsam Polymers Ltd.	4,900.00
4	Mr. Dungtu Dukpa	Member	CEO, NPPF	1	NHDCL, DHPC, & AASBB	4,900.00
5	Ms. Kezang Wangmo	Member Secretary	Risk Officer, NPPF	1		2,450.00

As required by the Corporate Governance rules and regulations 2020, the CEO is no more a committee member of the BRMC.

NPPF has successfully discharged its mandated responsibilities over the last 20 years securing the retired life of a portion of our working population and preventing old age poverty through institutionalized mechanisms. While we have and continue to work towards achieving our vision, the need for a thorough review, taking stock of past events have become pertinent today.

Acknowledgement

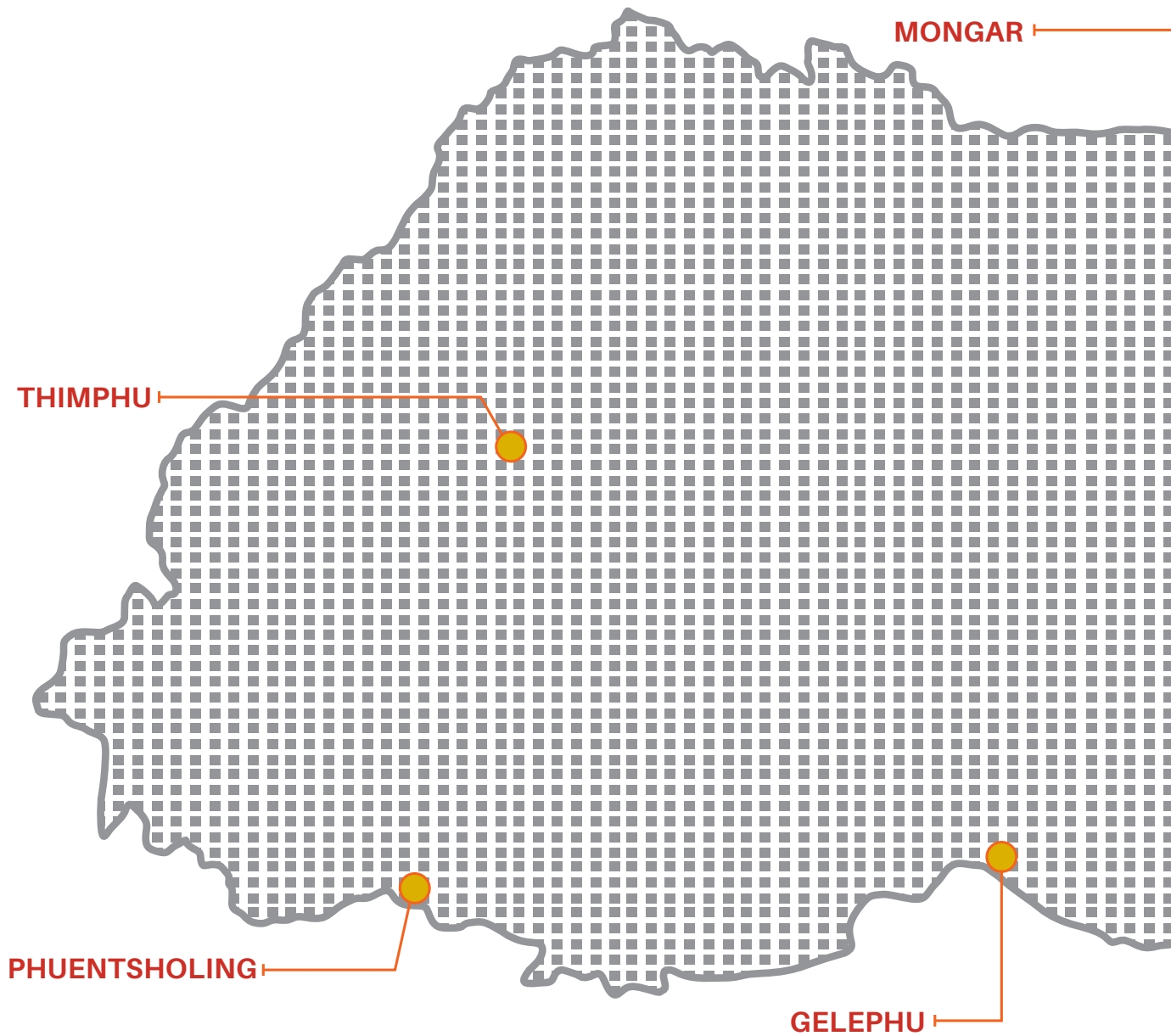
The National Pension Board and management would like to acknowledge Ministry of Finance, Royal Monetary Authority, and all other stakeholders for their continued support.



(Sonam Wangchuk)
Chairperson
National Pension Board

NPPF AND THE WORLD

NETWORKING BEYOND BORDERS





The World Bank



ISSA, Geneva



Social Security Office, Thailand



Government Pension Fund Bangkok, Thailand



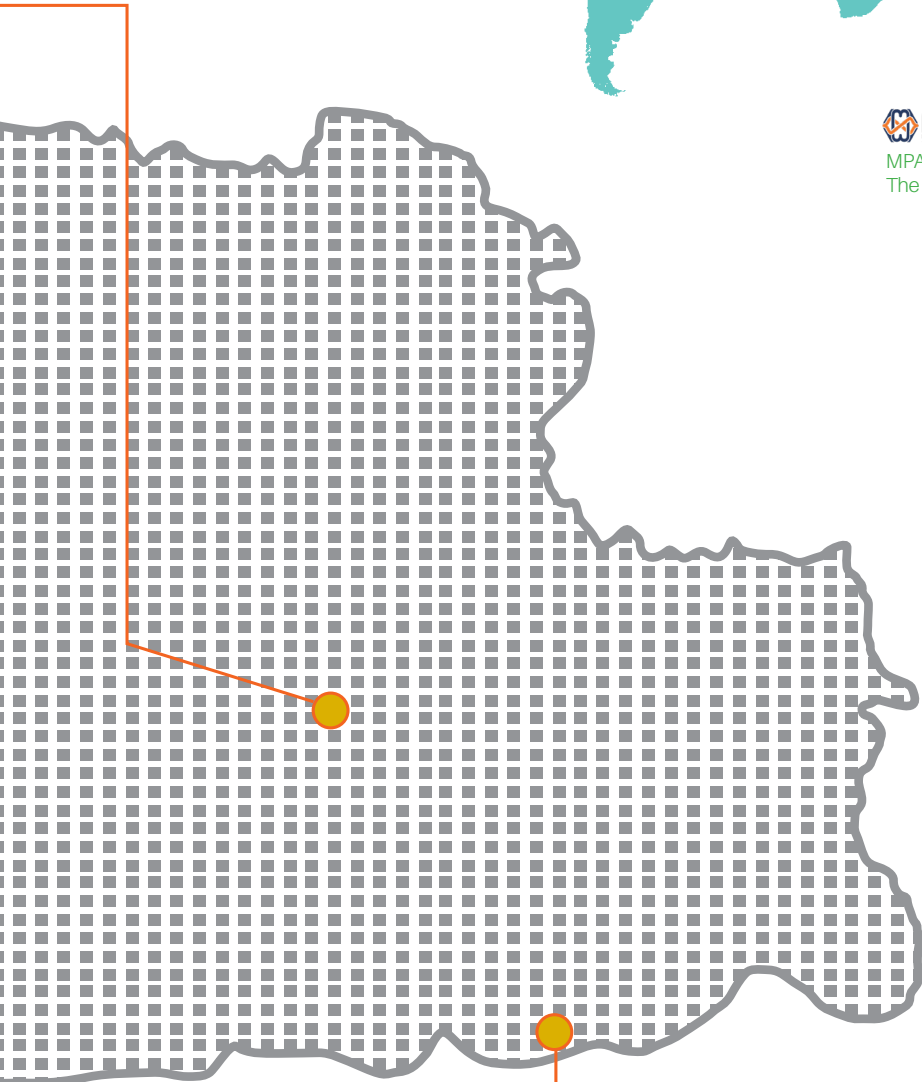
MPAO, The Maldives



ADB, The Philippines



ADFIAP, The Philippines



SANDRUP JONGKHAR

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To

The Members of National Pension & Provident Fund (NPPF)

Thimphu

Qualified Opinion

We have audited the financial statements of **NATIONAL PENSION AND PROVIDENT FUND ("the Fund")**, which comprise the Statement of Financial Position as at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Reserve, and Statement of Cash Flows for the period then ended, and Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, *except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report*, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2021, and its financial performance and its cash flows for the period then ended in accordance with Bhutanese Accounting Standards (BAS/BFRS).

Basis for Qualified Opinion

The NPPF as a reporting entity of retirement benefit plans has not complied with BAS 26 for accounting and reporting to all participants as a group. The effect on the financial statements from such non-compliance is not ascertainable.

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 Fund 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.

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 Fund'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 Fund or cease operations, or has no realistic alternative but to do so.

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

Other Information [or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon"]

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the jurisdiction.



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 sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 Fund to cease to continue as a Going concern; and
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings,



including any significant deficiencies in internal control that we identify during our audit.

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

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


We give in "Annexure A" the minimum audit examination and reporting requirement

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 Fund 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 Reserve and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS; and
- d) The Fund has complied with other legal and regulatory requirements to the extent applicable to the Fund.

For Karma & Associates

For Tshechu & Associates


Chimmi Dorji FCCA
Managing Partner
Place: Thimphu
Date: 9/11/2021




Tshechu CPA (9798559)
Managing Partner
Place: Thimphu
Date: 09/11/2021



Report on minimum audit examination requirements



MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT**1. STATUS OF NPPF:**

The Status of NPPF has been categorized as Autonomous Public Organization and it is non-profit organization of its own.

2. INTERNAL CONTROL:

- 2.1. In our opinion, NPPF requires to strengthen in certain divisions internal controls and to ensure maker checker concept is followed so as to further ensure completeness, accuracy and reliability of records, carrying out the operation in an orderly and efficient manner, to safeguard the assets of NPPF as well as to ensure adherence to rules/regulation and system procedures.
- 2.2. In our opinion there is a system of competitive bidding for items for value Nu. 100,000 and above for procurement of goods & services and Nu. 200,000 and above in respect of work and services, commensurate with size and the nature of its operation for purchase of goods and services including stationary, fixed assets, computers, equipment and other assets.
- 2.3. During the course of our examination of the books of account carried out in accordance with the International Standards on Auditing, we have not come across any personal expenses (other than contractual obligations) which have been charged to Statement of Comprehensive Income, nor have we been informed if any such case by the management.
- 2.4. In our opinion NPPF has reasonable system of recording receipts and issues of consumable stores commensurate with its size and the nature of its operations.
- 2.5. There is a separate Internal Audit Cell supervised by the Audit Committee of the Board. They function in line with the role and responsibilities as defined by the Internal Audit Charter. We also suggest that the Risk Level of the observations should be categorized into (i) High Risk (ii) Medium Risk (iii) Low Risk as per the sensitivity of the rules, regulations, and policies to be followed by NPPF.

3. LIQUID RESOURCES

In our opinion, the management of liquid resources particularly cash, bank and short-term deposits etc. are adequate and that excessive amounts were not generally lying idle in non-interest-bearing accounts except where in certain situations the Banks are having excess funds, they negotiate with the NPPF for the interest and period.



4. FIXED ASSETS

- 4.1. None of the fixed assets have been revalued during the year.
- 4.2. As explained by the Management, the Insurance coverage is only taken up for the buildings and vehicles.
- 4.3. As per the Accounting Policy, grant related to assets received are recognized as deferred income, which is credited in the Statement of Comprehensive Income over the expected useful life of the asset on a basis consistent with the depreciation policy.
- 4.4. Management has shared physical verification Report of Movable Assets and certain fixed assets only. We suggest that the NPPF should have the phase wise physical verification program to cover the entire fixed assets over a period.

5. INVESTMENTS

- 5.1. Decisions regarding investments were made with the approval of the National Pension Board or on the basis of authority delegated by the Board.
- 5.2. During the year, there was an increase in NPPF's investment in equity shares by 1,391,271 shares bought from Bhutan Reinsurance Co. Ltd. (GIC).

6. LOANS AND ADVANCES

Advance released to contractors, employees and other related parties were adjusted accordingly from their next payable amount or monthly salary, and all category of loans were sanctioned as per the RMA's prudential rules and regulations.

7. INTERESTED PARTIES

We observe that housing/education loans, remuneration and sitting fees are given to the members of the National Pension Board, other Committees and their relatives are at prevailing rate of Interest and reported in Note 34 of the Financial Statement.

8. STATUTORY DUES

- 8.1. According to records of NPPF, Provident Fund, Health Contribution, and GIS dues of the NPPF have regularly deposited during the year with the appropriate authorities.
- 8.2. The NPPF has investments in Fixed Deposits as at 30 June 2021 amounting to Nu. 28,460,525.73 (including interest accrued), which is currently allocated for



Gratuity but can also be used for other purpose and the management has not considered in fair value of plan assets for Gratuity valuation from Actuarial.

8.3. Gratuity Liability of Nu. 27,965,092 as at 30 June 2021 (previous year Nu. 25,281,563) is currently less than the corresponding amount of Investment in fixed deposits of Nu. 28,460,525.73.

8.4. Tax deducted at sources from Salary, Pension and Contractors has been regularly deposited to the appropriate authority.

9. RATES, TAXES AND OTHERS

The undisputed amounts payable in respect of rates, taxes, duties, royalties, provident funds, and other statutory deductions are as follows:

Sl. No.	Particular	Amount
1	TDS 2% (for the month of June 2021)	55,096.00
2	TDS on Salary (for the month of June 2021)	146,151.00
3	Health Contribution (for the month of June 2021)	51,809.00
Total		253,056.00

10. MANAGEMENT

10.1. According to the information and explanations given and the records examined by us, in our opinion, activities carried out by the NPPF during the year were lawful and within the Rules and Regulations of the Fund, however, certain matters such as maintenance of Statutory Liquidity Ratio (SLR) is in discussion with Royal Monetary Authority.

10.2. NPPF owns and let-out flats to its members. The Management informed us that Housing Committee considers prevailing market rates for fixation of rents, in respect of Members.

10.3. NPPF has an established and effective budgetary control system.

10.4. NPPF has maintained adequate documents and records for granting Loans and Advances. We suggest that the NPPF should have Central Registry for the documents and records.

10.5. NPPF has timely maintained records in case of transactions in the matter of trading in shares, securities and other investments.



- 10.6. NPPF has maintained reasonable records for funds collected from members and for returns credited and payments made to members.
- 10.7. The details of remuneration and other payments made in cash or kind to the Chief Executive Officer have been disclosed in Key Management Personnel (KMP) in Note 30 of the notes to the financial statements.
- 10.8. As explained by the Management, in our opinion, all the directives of the Board have been complied during the year.
- 10.9. We are neither aware, if the officials of the Fund have transmitted any price sensitive information to their relatives/friends/associates or close persons which would directly or indirectly benefited themselves and prejudicial to the interest of the Fund nor we have been informed of any such case by the management.

11. COMPUTERISED ACCOUNTING ENVIRONMENTS.

- 11.1. NPPF has installed Ascend Banking System (ABS) in Finance and Accounts Division and Member Loan Division it is in full-fledged operation. In our opinion, the organization's system development controls and other internal controls need further strengthening taking into account the size and nature of NPPF operations. Mostly each division for their functions has an independent ERP also and post entries for accounting in ABS ERP.

All the functions of the Portfolio and Investment are done manually and No ERP is implemented in one of the critical division of NPPF. ABS were not set up to suit varying terms and condition of Corporate Loan agreements, particularly in respect of charging interest in terms of monthly rest, quarterly rest, half yearly rest and yearly rest etc. Even Interest on loans to Corporate and Commercial loans are computed manually.

- 11.2. NPPF has adequate safeguard measures and daily back up data at Data Centre at IT Park, Thimphu and Disaster Recovery at Phuentsholing.
- 11.3. Operational controls needs further strengthening to ensure correctness and validity of input data and output information. Specifically, we suggest in Member Loan Division and Pension and Provident Fund Division.



11.4. There are adequate preventive measures against unauthorized access over computer installation and files. We suggest that system audit be introduced in the ICT Division.

For Karma & Associates

For Tshechu & Associates


Chimmi Dorji FCCA
Managing Partner
Place: Thimphu
Date: 9/11/2021




Tshechu CPA (9763359)
Managing Partner
Place: Thimphu
Date: 09 NOV 2021
CERIFIED PRACTISING ACCOUNTANT

Financial Statements

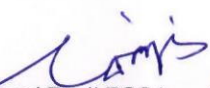


Statement of Financial Position as at 30 June 2021

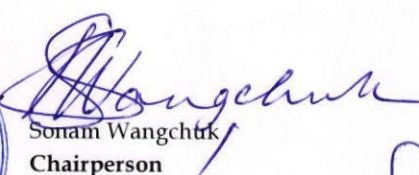
Particulars	Note	30-Jun-21	30-Jun-20
Assets			
Cash and cash equivalents	4	2,700,580,290	142,329,530
Trade receivables	5	8,582,789	13,308,466
Term deposits	6	20,071,568,346	16,324,392,081
Investments in bonds and commercial papers	7	2,547,838,540	3,140,730,981
Loans	8	17,622,785,029	17,741,076,183
Investments in equity shares	9	2,442,551,674	2,668,538,774
Inventories	10	774,263	717,162
Investment property	11	767,195,528	734,241,124
Property plant and equipment	12	147,034,766	156,484,710
Intangible assets	13	64,377,558	39,697,824
Other receivables	5	1,374,370	1,371,130
Other assets	14	114,261,574	71,337,378
Total Assets		46,488,924,727	41,034,225,342
Liabilities			
Trade and other payables	15	188,324,108	231,012,510
Other liabilities	16	253,056	14,958
Employee benefit obligations	17	36,970,277	33,578,099
Grant liability		953,958	1,907,915
Lapsed fund	18	12,053,916	11,469,768
Total Liabilities		238,555,314	277,983,250
Net assets for member's		46,250,369,413	40,756,242,092
Member Fund			
Net Member's Defined Contribution(DC) plan	19	10,153,371,388	8,473,599,039
Net returns credited to Member's DC plan	20	5,884,104,778	5,037,424,655
Net Member's Defined Benefit (DB) plan	21	29,198,669,060	25,944,602,318
Reserve		1,014,224,187	1,300,616,082
Total Member's Fund		46,250,369,413	40,756,242,092


For Statutory Auditors

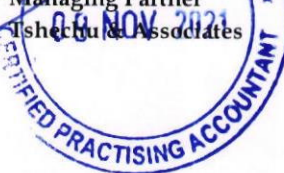
For National Pension & Provident Fund

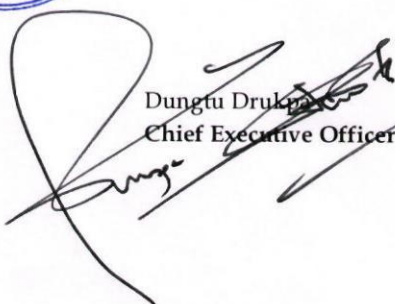

Chimmi Dorji FCCA
Managing Partner
Karma & Associates





Sonam Wangchuk
Chairperson


Tshetchu CPA
(Membership No. 9798359)
Managing Partner
Tshetchu & Associates




Duntu Drukpa
Chief Executive Officer


Phub Dorji
Chief
F&A Division

Statement of Comprehensive Income for the year ended 30 June 2021

Particulars	Note	30-Jun-21	30-Jun-20
Income			
Income from term deposits and treasury bills	22	1,438,014,604	1,128,437,920
Income from loans	23	1,498,976,133	1,344,196,698
Income from bonds	24	252,834,015	303,677,433
Rental income	25	70,061,144	67,174,735
Dividend income	26	-	9,996,442
Other income	27	7,414,916	8,165,906
Gain/(loss) from changes in fair value of investment in equity instrument	27	(265,338,888)	(399,846,989)
Total Income		3,001,961,923	2,461,802,145
Operating expenses			
DC management expenses	28b	49,682,806	46,950,390
DB management expenses	28b	89,069,472	91,259,515
Depreciation	11&12	30,783,929	28,412,188
Amortization of intangible assets	13	5,115,409	5,303,585
50% Interest waiver for 3 months		-	180,168,365
1% interest rebate on regular loan payment		44,139,220	-
Impairment charges for loans	29	(38,942,952)	9,400,019
Total operating expenses		179,847,884	361,494,062
Surplus for the year		2,822,114,038	2,100,308,083
Other Comprehensive Income			
Remeasurements of post-employment benefit obligations	30abc		
DC		(446,049)	454,554
DB		(856,529)	931,037
Total Other Comprehensive Income		(1,302,578)	1,385,591
Total Comprehensive Income for the year		2,820,811,460	2,101,693,674

For Statutory Auditors

For National Pension & Provident Fund

Chimmi Dorji FCCA
Managing Partner
Karma & Associates



Sorani Wangchuk
Chairperson

Tshechu CPA
(Membership No. 9798339)
Managing Partner
Tshechu & Associates



Dungta Drukpa
Chief Executive Officer

Rhub Dorji
Chief
F&A Division

Statement of Cash Flows for the year ended 30 June 2021

Particulars	30-Jun-21	30-Jun-20
Cash Flow from Operating Activities		
Receipts from:		
Interest from term deposits	1,147,629,993	1,023,654,358
Interest from loans	1,396,805,785	1,399,402,929
Income from bonds	294,112,620	320,735,582
Rental income	72,617,696	66,600,745
Dividend income	-	9,996,442
Other Income	6,112,338	9,551,497
Payments for:		
DC & DB management expenses	(149,471,705)	(303,424,722)
Security deposit (to)/from suppliers	6,347,166	416,551
Security deposit (to)/from tenants	1,788,377	1,882,051
Net Receipts from Operating Activities	2,775,942,269	2,528,815,433
Cash Flow from Investing Activities		
Payments for:		
(Increase)/decrease in deposits	(3,455,000,000)	(1,876,000,000)
(Increase)/decrease in loans to entities	795,811,723	(2,895,327,281)
(Increase)/decrease in equity shares	(39,351,788)	-
(Increase)/decrease in bonds and commercial papers	551,677,224	911,343,353
(Increase)/decrease in member loan scheme	(585,220,447)	(1,196,779,966)
(Increase)/decrease in purchase of fixed assets (Including Capital work in progress)	(108,729,188)	(226,130,777)
Net Cash Flow from Investing Activities	(2,840,812,475)	(5,282,894,672)
Cash Flow from Financing Activities (Member Transactions)		
Receipts from:		
Contributions to the NPPFP - DC	1,706,079,715	1,592,419,023
- DB	1,740,931,875	1,681,733,104
Contributions to the AFPPFS - DC	266,868,367	309,603,225
- DB	521,006,958	453,264,401
Contributions to the Private PF - DC	7,416,525	-



Statement of Cash Flows for the year ended 30 June 2021

cont/-

Particulars	30-Jun-21	30-Jun-20
Payments of refunds and pensions:		
NPPFP - DC	(513,677,978)	(452,425,457)
- DB	(780,427,206)	(748,634,200)
AFPPFS - DC	(99,964,229)	(95,768,144)
- DB	(225,062,628)	(200,018,071)
Refund of Private PF - DC	(50,434.00)	
Net Cash Flow from Financing Activities	2,623,120,965	2,540,173,881
Net movement in cash and cash equivalents	2,558,250,759	(213,905,358)
Opening cash and cash equivalents	142,329,530	356,234,889
Closing cash and cash equivalents	2,700,580,290	142,329,530

For Statutory Auditors

For National Pension & Provident Fund

Chimmi Dorji FCCA
Managing Partner
 Karma & Associates



Sonam Wangchuk
Sonam Wangchuk
Chairperson

Tshechu CPA
Tshechu CPA
 (Membership No. 9798359)
Managing Partner
 Tshechu & Associates



Dungtu Drukpa
Dungtu Drukpa
Chief Executive Officer

Phub Dorji
Phub Dorji
Chief
F&A Division

Statement of Changes in Reserve for the year ended 30 June 2021

Particulars	Reserve					Total
	Lapsed Fund ¹	Remeasurement of employee benefit gains/(loss)	Assets Foreclosure reserve ²	Valuation reserve ²	General reserve ³	
Balance as at 1st July 2020	21,590,133	512,921		640,588,192	637,924,836	1,300,616,082
Transferred during the year (Note 32)	2,656,063		1,560,530	(284,404,170)	-	(280,187,577)
Adjustment during the year (provision adjustment) (Note 32)					(4,901,740)	(4,901,740)
Items of other comprehensive income						-
Remeasurements of post-employment benefit obligation (Note 32)		(1,302,578)				(1,302,578)
Balance as at 30th June 2021	24,246,196	(789,657)	1,560,530	356,184,022	633,023,096	1,014,224,187
Balance as at 1st July 2019	19,130,313	(872,670)		1,066,410,577	561,199,509	1,645,867,729
Transferred during the year (Note 32)	2,459,820			(425,822,385)		(423,362,565)
Adjustment during the year (Note 32)					76,725,327	76,725,327
Items of other comprehensive income						-
Remeasurements of post-employment benefit obligation (Note 32)		1,385,591				1,385,591
Balance as at 30th June 2020	21,590,133	512,921		640,588,192	637,924,836	1,300,616,082

Note:

- Lapsed fund consist of employer's contribution of the members who have gone out of the scheme before contributing for twelve months or terminated from service. The amount is transferred to lapsed fund reserve after lapsed of three years reckoned from the date of transfer to the lapsed fund account.
- Valuation reserve consist of gains or loss on the fair valuation of equity investment and EIR value of other financial instruments.
- General reserve consists of surplus retained prior to 30th June 2019 for the purpose of smoothing the distribution of return to the members in the event of low performance. From the financial year 2018-19, the actual returns earned from the investment after adjusting the operation cost are distribution to the members without retaining any surplus into the general reserve.
- Asset foreclosure was created to decongest the financial statements of the financial institutions by temporarily transferring the NPLs as assets pending foreclosure under other assets and specific provision to assets foreclosure reserve, as per the RMA guidelines on the transfer of non-performing loan assets 2020.

For Statutory Auditors

For National Pension & Provident Fund

Chimmi Dorji FCCA
 Managing Partner
 Karma & Associates
 * Chartered Accountants *

Tshechu & Associates
 Managing Partner
 Tshechu & Associates
 09 NOV 2021
 CERTIFIED PUBLIC ACCOUNTANT

(Signature)
 Sonam Wangchuk
 Chairperson

(Signature)
 Dungtse Drukpa
 Chief Executive Officer

(Signature)
 Phub Dorji
 Chief, F&A Division

1. General information

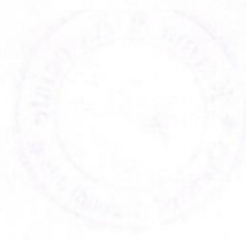
The National Pension & Provident Fund (NPPF) was established in March 2000 to manage and administer the National Pension and Provident Fund Plan program (NPPFP). It was formed vide Executive Order No.MoF/Pension/4841 dated 30th March, 2000 issued by Hon'ble Minister of Finance, subsequent to which a communication No.COM/03/02/787 dated 8th April, 2002 was issued by the Cabinet Secretary, that the NPPF would be formally established through a Government Executive Order. The 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.

The main function of the NPPF is to assure a minimum level of income to the civil servants, members of the Armed Forces and State-owned Enterprises who are aged, disabled as well as pay benefits to the surviving families. NPPF manages the partially funded Defined-Benefit Pay-As-You-Go Pension System and fully funded Defined Contribution (Provident Fund). 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).

The employee of civil servants and some corporate sector contributes 11% and 15% contribution by the employer and some of the corporate sector contribute 15% and matching contributions by the employer. Of the total contribution 16% is allocated towards Defined Benefit (DB) plan and the rest to Defined Contribution (DC) Plan. The Armed Forces excluding Royal Bhutan Police (RBP) contribute 15% each by employee and employer. Of the 30%, 11% is allocated to DC plan and the 19% to the DB plan. The RBP contributes 12% each by employee with matching contribution by the employer. Of the 24%, 9% is allocated to DC plan and 15% to DB plan.

Lhengye Zhungtshog vide order no. C-3/66/2020/618 dated 3rd July 2020 has approved to extent Provident Fund Scheme to Private sector to be piloted with the employees under Build Bhutan Project.

The NPPF provides retail credits to its members for housing, education, and member loan. It also provides project loans to entities. NPPF participates in bonds and equity shares in the domestic market. Any excess fund is parked in term deposits with the commercials banks to earn returns.



NPPF is one of the biggest real estate developers in the country. It deals with the construction of residential buildings and rent out to its members. It also has commercial buildings which are rented out for office and business premises.

NPPF is a non-profit making autonomous public organization, domiciled in Bhutan and is a tax exempted organization.

The Head Office is located at Chubachu, Thimphu and has regional office in Phuentsholing, Samdrup Jongkhar, Gelephu and Mongar.

2. Basis of preparation of Financial Statements

i. Compliance with BAS/BFRS

These financial statements have been prepared in accordance with Bhutanese Accounting Standards (BAS)/Bhutanese Financial Reporting Standards (BFRS) wherever applicable, except for,

BAS 26 - Accounting and Reporting by Retirement Benefit Plans. NPPF has deferred the implementation of BAS 26 for want of clarifications from the Regulatory Authority. The actuarial liability has been disclosed as a note (refer note 21) to the financial statements.

ii. Historical cost convention and going concern convention

The financial statements are prepared under the going concern convention and historical cost basis except for the following-

- For those the financial assets and liabilities -measured at fair value
- Employee benefit plans - measured as per the actuarial valuation

iii. Presentation of financial statements

NPPF presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 31.



iv. Accrual basis

The financial statements are prepared on accrual basis. Interest on delayed receipt of rent from tenants and penal interest on delayed receipt of contribution from agencies are recorded when it becomes probable that such payments are going to flow.

v. Critical estimates, judgements, and errors

The preparation of financial statements in conformity with BAS/BFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- a) *Property, plant and equipment/Intangible assets:* Accounting estimates are used to determine the useful life of property, plant and equipment/intangible assets based on various factors such as the present condition of asset, technological advances, regulation, and the past experience of using similar assets.

The recoverable amount of property, plant and equipment is based on estimates and assumptions, in particular the expected market outlook and future cash flows associated with any changes in these assumptions may have a material impact on the measurement of the recoverable amount resulting in impairment.

- b) *Actuarial valuation of employee benefits:* Employee benefit obligations pertaining to gratuity, leave encashment and terminal benefits are measured on the basis of actuarial assumptions concerning future developments in discount rates, the rate of increase in salary and the inflation rate.
- c) *Apportionment of common expenses:* Accounting estimates have been used to apportion the common expenses incurred in the operation based on the members' fund (net members' DC plan, net members' DB plan and net returns credited to members' DC plan) at the beginning of the financial year. For the year ended June 2021, 66% of the expense incurred has been debited to DB plan and the remaining 34% has been debited to DC plan.
- d) *Fair valuation of equity shares:* The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. NPPF uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs



to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for discount rates, income earning potential, etc. Refer note 3(c).

- e) *Impairment of assets:* Incurred loss method is used to determine whether provision should be made on financial assets (for detailed refer note 3(c)). For non-financial assets, cash flow projections based on forecasts and industry reports are used to test any impairment loss. Refer note 3(p).

3. Significant Accounting Policies

a. Foreign currency translation

i) *Functional and presentation currency*

These financial statements are presented in Bhutanese Ngultrum (BTN) which is NPPF's functional currency.

ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses 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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

b. Defined contribution plan and defined benefit plan

The employers' and employees' contribution to DC plan and DB plan are accounted from the date of deposit of the contribution to the designated NPPF bank accounts maintained with the commercial banks up to the last date of the financial year.



c. Investment and other financial assets

i. Initial recognition

At initial recognition, financial assets are measured at its fair value plus, in the case of a financial asset not at fair value through statement of comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through statement of comprehensive income are expensed in statement of comprehensive income.

ii. Subsequent measurement

The subsequent measurement of financial asset depends on the classification of financial asset. NPPF holds financial assets in the form of debt and equity instruments.

Debt instruments- Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government, and corporate bonds.

Equity instruments- Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

Classification - the financial assets are classified in the following categories:

- financial assets at fair value through profit or loss (FVPL), or
- financial assets at fair value through other comprehensive income (FVOCI), or
- amortized cost.

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- (a) business model for managing the asset; and
- (b) the cash flow characteristics of the asset.

Based on these factors, the debt instruments are classified into following measurement category:



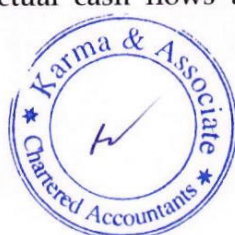
Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by incurred credit loss allowance recognized and measured as described in 'impairment of financial assets'. Interest income from these financial assets is included in 'interest income' using the Effective Interest Rate (EIR) method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in statement of comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of comprehensive income. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in statement of comprehensive income and presented in the statement of comprehensive income. Interest income from these financial assets is included in 'interest income' using the EIR method.

Business model: The business model reflects how NPPF manages the assets in order to generate cash flows. That is, whether NPPF's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by NPPF in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, NPPF assesses whether the financial



instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, NPPF considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through statement of comprehensive income.

The debt investments are reclassified when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

Equity instruments

Equity investments are subsequently measured at fair value through statement of comprehensive income, except where the management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to statement of comprehensive income, including on disposal. Dividends, when representing a return on such investments, continue to be recognized in statement of comprehensive income as other income when right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'Other income/ (loss)' in the statement of comprehensive income.

iii. Impairment of financial assets

Provisions on loans are recognized based on the incurred loss model. The interest outstanding on non-performing loans are credited to interest suspense accounts.

Reversal of impairment

If, in a subsequent period, the amount of the impairment loss decreases as computed based on prudential norms, the reversal of the previously recognized impairment loss is recognized in statement of comprehensive income.



iv. Modification of loans

NPPF sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, NPPF assesses whether or not the new terms are substantially different to the original terms.

If the terms are substantially different, the original financial asset is derecognized and recognizes a 'new' asset at fair value and recalculates a new EIR for the asset. Differences in the carrying amount are also recognized in statement of comprehensive income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the management recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in statement of comprehensive income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

v. Derecognition of financial assets

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) NPPF transfers substantially all the risks and rewards of ownership, or (ii) NPPF neither transfers nor retains substantially all the risks and rewards of ownership and NPPF has not retained control.

d. Financial liabilities

i) *Initial and subsequent measurement*- All financial liabilities are measured initially at their fair value. Financial liabilities are classified as subsequently measured at amortized cost, except for:

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial asset did not qualify for derecognition, a financial liability is recognized for the consideration received for the transfer. In subsequent periods, NPPF recognizes any expense incurred on the financial liability, when continuing involvement approach applies



- Financial guarantee contracts and loan commitments
- ii) *Derecognition*-Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled, or expires).

e. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position 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 legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of NPPF or the counterparty.

f. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Property, plant and equipment are recognized from the date when the particular asset has been put to use or from the date on which the asset has been deemed completed its construction or development. Land cost is inclusive of the expenses incurred for land development.

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 NPPF and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of comprehensive income during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition is recognized in the statement of comprehensive income in the year the asset is derecognized.



An item of property, plant and equipment is componentized and is depreciated using straight-line method on their depreciable amount over their estimated useful life as follows:

Asset class	Useful life (Years)
1. Building (Permanent structure)	
a. Civil structure	50
b. Timber	12
c. CGI	20
d. Electrical wiring	20
e. Equipment	10
2. Building (Semi permanent structure)	
a. Civil structure	25
b. Timber	12
c. CGI	20
d. Electrical wiring	20
e. Equipment	10
3. Diesel generator (Electrical)	20
4. Road network	5
5. Retention wall	30
6. Computer and accessories	5
7. High end server	8
8. Other office equipment	5
9. Furniture	10
10. Communication equipment	7
11. Motor vehicle	10 years with 20% residual value
12. Carpet	5

The depreciation for the property, plant and equipment purchased/constructed during the year is pro-rated based on the calendar days from the date an asset has been put to use or from the date of its completion.

The residual values of property, plant and equipment are estimated at nil value except vehicles. The useful life has been estimated based on the expected usage of the assets and expected wear and tear. The assets residual values and useful lives are reviewed at the end of each reporting period.



Capital work in progress is stated at cost incurred including provision for outstanding bills up to the date of the statement of financial position.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of comprehensive income.

The assets (except furniture) valuing up to Nu. 1,500 is considered as consumables and charged off to Statement of comprehensive income during the incurrence period.

g. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by NPPF, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to NPPF and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Capital work in progress is stated at cost incurred including provision for outstanding bills up to the date of the statement of financial position.

An item of investment property is depreciated using straight line method on their depreciable amount over their estimated useful life as mentioned in note 3(f).

h. Intangible assets

Intangible assets consist of application software procured of the shelf and application designed and developed by the NPPF and other software. An intangible asset is recognized when it is probable that future economic benefit associated with the asset will flow to the NPPF and the cost of the asset can be measured reliably. Recognized intangible assets are measured at cost less accumulated amortization. The subsequent maintenance costs are expensed to the Statement of comprehensive income as and when incurred.



Intangible assets are written off when no future economic benefits are expected from their use. The loss on the write off of the intangible assets is recognized in the Statement of comprehensive income in the period the asset was derecognized.

Intangible assets are amortized using the straight-line method to write down the cost over their useful economic lives. The useful lives of intangible assets has been considered at from 3 to 5 years. The useful economic lives of the intangible assets are reviewed at least at each reporting date.

The IT development work in progress is stated at cost incurred including provision for outstanding bills up to the date of the statement of financial position. Amortization of the asset begins when development is complete, and the asset is available for use.

i. Inventory

Inventories are valued at lower of cost or net realizable value. Cost includes purchase price and cost incurred in bringing the inventories to their present location and condition. First In First Out (FIFO) method as prescribed under BAS 2 is used to measure the cost of inventories.

j. Government grants

Grants are recognized at their fair value when there is reasonable assurance that the grant will be received and the NPPF will comply with the conditions attached with the grant.

(i) Grants related to assets

Grants related to assets are recognized as deferred income which is credited in the statement of comprehensive income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

(ii) Grants related to income

Grants related to income are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate and presented within other income.



k. Employees benefits*(i) Short-term obligations*

Liabilities for wages and salaries, provident fund contribution, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income.

The obligations are presented as current liabilities in the statement of financial position if the NPPF does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

NPPF operates post-employment schemes, such as gratuity and terminal benefits for the employees of the NPPF.

Gratuity obligations

The liability or asset recognized in the statement of financial position in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the



reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in reserve and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in statement of comprehensive income as past service cost.

Terminal benefit obligations

NPPF also provides terminal benefits to its employee i.e. carriage allowance and transfer grant & travelling expense which can be availed at the time of termination of employment. It is considered as defined benefit obligation and is unfunded. The obligation is recognized as per the actuarial valuation report.

1. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the NPPF.

(i) Interest income

Interest income is calculated by applying the EIR to the gross carrying amount of financial assets. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR.

(ii) Other fee and income

Income earned from the provision of services is recognized as revenue as the services are provided.



(iii) Dividends

Dividends are recognized in statement of comprehensive income only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to NPPF, and the amount of the dividend can be measured reliably.

m. Cash and cash equivalents

Cash and cash equivalent include cash in hand, cash at current accounts maintained with the commercial banks and term deposit maturing within three months or less from the date of acquisition.

n. Provisions, contingent liabilities

Provisions are recognized when NPPF 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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of NPPF. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of management/ independent experts. These are reviewed at each reporting date and are adjusted to reflect the current management estimate.

o. Leases***As a lessee***

Leases in which a significant portion of the risks and rewards of ownership are not transferred to NPPF are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of



comprehensive income on a straight-line basis over the period of the lease.

As a lessor

Leases in which significant portion of risks and rewards of ownership are not transferred from NPPF to the lessees are classified as operating leases. The income from operating leases where the NPPF is a lessor is recognized in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature and depreciated over their useful life.

p. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

q. Return to Members'

The actual surplus earned during the year is distributed to the Members' DC and DB account after adjusting notional gains/loss from financial assets.

4 Cash and cash equivalents

Particulars	30-Jun-21	30-Jun-20
Cash at bank	700,578,556	142,318,542
Cash in hand	1,734	10,989
RGOB Treasury Bills	2,000,000,000	-
Total	2,700,580,290	142,329,530



5 Trade and other receivables

Particulars	30-Jun-21	30-Jun-20
<i>Trade receivable</i>		
Rent receivable	1,331,002	3,887,553
Other receivable	7,251,788	9,420,913
	8,582,789	13,308,466
<i>Other receivables</i>		
Security deposit (power/rent)	1,311,370	1,308,130
Security deposit (water meter)	63,000	63,000
	1,374,370	1,371,130

6 Term Deposits

Particulars	30-Jun-21	30-Jun-20
<i>Term Deposits with</i>		
Bhutan National Bank Ltd.	11,308,583,689	7,858,283,464
TBank Ltd	400,000,000	600,000,000
Bhutan Development Bank Ltd.	2,134,348,281	2,334,440,899
Bank of Bhutan Ltd.	2,810,000,000	2,610,000,000
Druk PNB Ltd.	2,260,000,000	2,060,000,000
Micro Finance Bhutan Private Ltd.	5,000,000	-
Interest accrued but not due on deposits	1,153,636,376	861,667,718
Total	20,071,568,346	16,324,392,081

Note: Term deposits includes Nu. 28,460,526 as on 30th June 2021 (previous year Nu. 26,605,483) with various commercial banks to be used towards the payment of gratuity obligation of the NPPF employees and can be used for general operations pending the creation of gratuity trust fund. As such it is not considered as the plan assets for NPPF gratuity valuation Note 30a.



7 Investments in bonds and commercial papers

Particulars	Coupon rate	No. of Scrips	30-Jun-21	No. of Scrips	30-Jun-20
Investment in Bonds					
Druk Air Corporation Bond Series I	9.00%	98,754	74,065,959	98,754	98,755,082
Druk Air Corporation Bond Series II	9.00%	143,019	114,415,600	143,019	143,019,102
Druk Air Corporation Bond Series III	8.50%	815,254	652,203,200	815,254	815,253,798
Royal Insurance Corporation of Bhutan Ltd. Bond Series III	9.50%		-	500,000	500,000,000
Royal Insurance Corporation of Bhutan Ltd. Bond Series IV	9.50%	879,795	879,795,000	879,795	879,795,000
Dungsam Cement Corporation Ltd. Bond Series II	9.00%	350,000	350,000,000	350,000	350,000,000
Tashi Air Pvt. Ltd. Bond Series I	9.00%	125,000	125,000,000	125,000	125,000,000
RSA Pvt. Ltd. Bond series I	9.35%	34,400	34,400,000	34,400	34,400,000
T Bank Ltd.(subordinated term debt)	9.00%	55,000	55,000,000	55,000	55,000,000
Royal Government of Bhutan Bond series I	6.50%	164,666	164,666,000		
Investment in Commercial papers			-		-
Interest accrued but not due					
On bonds and commercial papers			98,292,782		139,507,998
Total			2,547,838,540		3,140,730,981



8 Loans

Particulars	30-Jun-21	30-Jun-20
Loan to manufacturing & industries sector		
Bhutan Ferro Alloys Ltd. ¹	193,403,112	220,967,323
Dagachu Hydro Power Corporation Ltd. ²	-	253,949,555
Dungsam Cement Corporation Ltd. ³	1,671,856,972	1,672,179,347
Dungsam Polymers Ltd. ⁴	59,429,044	70,548,548
State Mining Corporation Ltd. ⁵	60,959,889	59,435,999
Druk Metallurgy Ltd. ⁶	656,700,875	632,374,531
Penden Cement Authority Ltd. ²²	286,133,510	128,714,635
Koufuku International Ltd. ²³	11,427,623	12,012,131
Total loan to manufacturing & industries sector	2,939,911,024	3,050,182,068
Loan to service & tourism sector		
Tashi Infocom Ltd. ⁷	700,484,655	677,715,000
Kuensel Corporation Ltd. ⁸	14,297,172	14,156,000
Druk Doethjung Resort ⁹	55,266,910	53,322,544
Bhutan Power Corporation Ltd. ¹⁰	1,635,821,428	2,116,070,769
Natural Resource Development Corporation Ltd. ¹¹	78,309,088	77,834,838
Bhutan Hydro Service Ltd. ¹²	593,229,360	581,267,200
Legphel Hotel Pvt. Ltd. ¹³	39,871,293	38,344,095
Bhutan Telecom Ltd. ¹⁴	25,906,817	34,239,098
Druk Air Corporation Ltd. ¹⁵	2,779,775,613	2,707,844,622
DGPC-Nikachu ATS ¹⁶	508,134,268	450,450,987
Thimphu Tech Park Ltd. ¹⁷	32,278,956	32,521,840
State Trading Corporation of Bhutan Ltd. ¹⁸	105,035,110	81,202,913
Total loan to service & tourism sector	6,568,410,671	6,864,969,907
Loan to institutions		
Bhutan Development Bank Ltd. ¹⁹	230,514,805	336,367,728
Total loan to institutions	230,514,805	336,367,728
Loan to housing		
Ministry of Health ²⁰	13,416,658	25,914,411
National Housing Development Corporation Ltd. ²¹	768,699,441	852,921,517
Total loan to housing	782,116,099	878,835,928
Loan to members		
Housing	1,794,694,466	1,905,272,772
Education	2,770,614,666	2,863,477,120
Student loan	62,491,689	78,880,769
Staff Incentive loan	81,519,275	78,462,974
Member loan	2,474,451,619	1,807,151,210
Total loan to members	7,183,771,715	6,733,244,845
Total loans	17,704,724,315	17,863,600,477
Impairment charges for loans (Note 29 of the notes to Financial Statements)	(81,939,286)	(122,524,294)
Loans after provision	17,622,785,029	17,741,076,183



Notes

- 1 The loan is secured by company assets
- 3 The loan is secured by company assets
- 4 The loan secured by company assets
- 5 The loan is 100% guaranteed by Druk Holding and Investments (DHI)
- 6 The loan is secured by company assets including movable assets
- 7 The loan is secured by company assets, additional collateral of property (Land) and personal guarantee of the promoters
- 8 The loan is secured by office building and machineries
- 9 The loan is secured by company assets and additional collateral of property (Land and building).
- 10 The loan is secured by mortgage of the 220kV double circuit transmission lines and DHI Guarantee.
- 11 The loan is secured by Land and Building of the company and with DHI Guarantee.
- 12 The loan is secured by company assets
- 13 The loan is secured by company assets
- 14 The loan is secured by the company property plant and equipment
- 15 The loan is 100% guaranteed by DHI
- 16 The Loan is secured by Powerhouse- Plant and Machinery- Runners of Chukha Hydro Power Plants
- 17 The loan is 100% guaranteed by DHI
- 18 The loan is secured by trade and accounts receivables
- 19 The current loan is 100% guaranteed by the Government and the earlier loan was fully repaid.
- 20 The loan is 100% guaranteed by the Government
- 21 The loan is 100% guaranteed by the Government
- 22 The loan is secured by project assets and inventory
- 23 The loan is 100% guaranteed by the DHI



Note to Financial Statements

(All amount in BTN, unless otherwise stated)

9 Investment in equity shares

Particulars	30-Jun-21			30-Jun-20		
	No. of shares	Face value	Fair value	No. of shares	Face value	Fair value
1. Quoted						
Penden Cement Authority Ltd.	2,154,530	10	66,934,031	2,154,530	10	132,611,321
State Trading Corporation of Bhutan Ltd.	441,000	10	12,332,848	441,000	10	12,458,250
Bhutan National Bank Ltd.	92,352,348	10	1,369,773,859	92,352,348	10	1,640,177,701
Kuensel Corporation Ltd.	367,500	10	16,852,378	367,500	10	15,710,625
Druk PNB Ltd.	3,611,717	10	75,377,872	3,611,717	10	78,157,556
TBank Ltd.	10,345	10	149,661	10,345	10	115,967
Bhutan Insurance Ltd.	1,500,000	10	43,340,409	1,500,000	10	42,885,000
Dungsam Polymers Ltd.	591	10	7,990	591	10	8,995
GIC-Bhutan Reinsurance Co. Ltd.	1,391,271	10	38,896,910			
Total quoted			746,337,462			1,922,125,416
2. Unquoted						
Dagachu Hydro Power Corporation Ltd.	619,800	1000	619,800,000	619,800	1000	454,220,430
Credit Information Bureau	17,500	100	1,750,000	17,500	100	5,726,000
Financial Institutions Training Institute Ltd.	1,200,000	10	11,997,000	1,200,000	10	12,384,000
Dungsam Cement Corporation Ltd.	6,156,400	100	615,640,000	6,156,400	100	274,082,928
Total unquoted			1,249,187,000			746,413,358
Total investments in equity share			1,995,524,462			2,668,538,774

10 Inventories

Particulars	30-Jun-21	30-Jun-20
	Consumables and spares	774,263
Total	774,263	717,162



Note to Financial Statements

(All amount in BTN, unless otherwise stated)

11 Investment property

Particulars	Gross block		Accumulated depreciation		Net block	
	01-Jul-20	Additions during the year	Adjustments	Depreciation during the year	30-Jun-21	30-Jun-20
RE land	76,985,937	32,215,377	-	-	109,201,314	76,985,937
RE building	571,265,348	-	(3,335,693)	14,778,556	392,227,601	409,646,095
RE building(Semi-Permanent Structure)	4,121,604	-	4,121,604	166,483	3,161,380	3,327,863
Site Development	14,303,582	280,928	2,876,006	798,479	6,576,289	4,875,362
Capital work in progress	239,405,867	48,393,546	(31,770,469)	657,527	256,028,944	239,405,867
Total	906,082,338	80,889,850	(32,230,156)	15,743,518	767,195,528	734,241,124

Note 1: The NPPF building property including semi-permanent structures are fully insured.

Note 2: On the date of reporting, NPPF has 49.50 acres of land in different parts of the country.

(i) Fair value of investment property carried at cost

Particulars	30-Jun-2021	30-Jun-2020
Fair value of Land	2,970,980,000	2,571,000,000
Fair value of Landed property	1,067,976,000	1,039,484,000
Total Fair value of investment property	4,038,956,000	3,610,484,000

Estimation of fair value

NPPF obtains independent valuations for its investment properties on regular basis. Valuation has been done using the following approach;

- Market approach:* Estimate value based on instances of sales/ quotes of similar assets in the market
- Cost approach:* Estimate values based on the replacement cost of an asset of equivalent utility and depreciation including obsolescence
- Income approach:* Estimate values based on expectation of present value of its projected future benefits.



Note to Financial Statements

(All amount in BTN, unless otherwise stated)

(ii) Amounts recognized in statement of comprehensive income for investment properties

Particulars	30-Jun-21	30-Jun-20
Rental income	65,865,634	65,765,084
Direct operating expenses from property that generated rental income	(8,056,499)	(6,264,480)
	57,809,135	59,500,604

Note: The rental income in note 25 includes Nu. 4,195,510.00 earned from renting of NPPF corporate office space, which is being categorized as Property Plant and Equipment under note 12. The above rental income is excluding the rental income earned from NPPF corporate office.

(iii) Leasing arrangements

Some of the investment properties are leased to tenants under operating leases with rentals payable monthly. All such leases are cancellable at the option of lessor or the lessee. The lease arrangements of residential investment properties are renewed after every 2 years.

12 Property Plant and Equipment

Particulars	Gross block		Accumulated depreciation		Net block	
	01-Jul-20	30-Jun-21	01-Jul-20	30-Jun-21	30-Jun-21	30-Jun-20
Office building	182,727,156	182,738,276	52,245,302	59,997,605	122,740,671	130,481,854
Diesel Generator (Electrical)	3,310,518	3,310,518	1,206,080	1,362,424	1,948,094	2,104,438
Road network	677,255	677,255	2,902	677,253	2	2,904
Retention wall	1,465,060	1,465,060	317,272	48,925	1,098,863	1,147,788
Computer & accessories	24,661,843	15,052,179	20,030,274	1,476,115	3,632,288	4,631,569
High end server	1,304,165	1,304,165	1,198,472	16,500	89,193	105,693
Other office equipment	16,794,868	27,307,870	12,389,719	2,925,580	21,618,202	4,405,149
Furniture	10,420,699	857,703	5,440,796	803,194	5,789,135	4,979,903
Communication equipment	749,135	236,587	654,261	29,286	139,811	94,875
Motor vehicles	8,463,969	8,463,969	1,946,410	846,397	2,792,807	6,517,559
Carpet	383,345	282,800	278,281	28,908	114,144	105,064
Sub total (A)	250,958,013	251,627,761	96,381,217	14,086,454	146,080,809	154,576,795
Capital grant						
Integrated data center	7,631,660	7,631,660	5,723,746	953,958	6,677,703	1,907,914
Sub total (B)	7,631,660	7,631,660	5,723,746	953,958	6,677,703	1,907,914
Total (A+B)	258,589,673	259,259,421	102,104,963	15,040,412	147,034,766	156,484,710

Note: The NPPF office building and the motor vehicles are fully insured. Other assets are not insured since the net block of the uninsured assets are not material.



13 Intangible assets

Particulars	Application software	Other software	Development in progress	Total
Cost				
Opening as at 1st July 2020	25,201,554	20,321,996	23,780,892	69,304,442
Additions	-	206,000	29,589,143	29,795,143
Capitalization of development in progress	-	-	-	-
Closing as at 30th June 2021	25,201,554	20,527,996	53,370,034	99,099,585
Accumulated amortization				
Opening as at 1st July 2020	23,696,451	5,910,167	-	29,606,618
Amortization for the year	1,218,520	3,896,889	-	5,115,409
Closing as at 30th June 2021	24,914,971	9,807,056	-	34,722,027
Net carrying amount as at 30th June 2021	286,583	10,720,940	53,370,034	64,377,558
Cost				
Opening as at 1st July 2019	25,201,554	2,728,429	4,017,867	31,947,850
Additions	-	17,593,567	19,763,025	37,356,592
Capitalization of development in progress	-	-	-	-
Closing as at 30th June 2020	25,201,554	20,321,996	23,780,892	69,304,442
Accumulated amortization				
Opening as at 1st July 2019	22,081,149	2,221,884	-	24,303,033
Amortization for the year	1,615,302	3,688,283	-	5,303,585
Closing as at 30th June 2020	23,696,451	5,910,167	-	29,606,618
Net carrying amount as at 30th June 2020	1,505,103	14,411,829	23,780,892	39,697,824

14 Other Assets

Particulars	30-Jun-21	30-Jun-20
Prepaid expenses	2,553,237	2,980,694
Unamortized employee cost	19,728,019	17,715,915
Advance	90,419,787	50,640,769
Asset pending foreclosure*	1,560,530	-
Total	114,261,574	71,337,378

Note: *Disclosure on assets pending foreclosure

Number of Accounts	Loan Outstanding
3	1,560,530



15 Trade and other payables

Particulars	30-Jun-21	30-Jun-20
Stale cheque	1,158,482	1,690,688
Interest received in advance	479,239	25,089
Unidentified deposit	2,674,510	3,341,703
Earnest money	238,473	1,685,301
Security deposit (contractor)	17,225,167	9,793,007
Performance guarantee deposit	9,700,340	1,906,346
Security deposit (rent)	14,425,609	12,607,731
Excess member contribution	1,455,213	2,706,643
Security deposit - power / tenant	453,986	480,247
Housing / education loan closed A/c - credit balance*	66,860,955	25,941,308
Unclaimed contribution	-	48,462,218
Other payables	73,652,131	122,372,227
Total	188,324,108	231,012,510

Note: *Includes 1% interest rebate for regular loan repayment amounting to Nu. 41,976,306 as on 30th June 2021 to be credited to client's account in July 2021. This rebate is calculated in line with the RMA SOP for the implementation phase II monetary measure 2020.

16 Other liabilities

Particulars	30-Jun-21	30-Jun-20
Tax deducted at source (TDS) payable	253,056	14,958
Total	253,056	14,958

17 Employee benefit obligations

Particulars	30-Jun-21	30-Jun-20
Gratuity liability	27,965,092	25,281,563
Leave encashment	5,083,729	4,685,779
Terminal benefits	3,921,456	3,610,757
Total	36,970,277	33,578,099



18 Lapsed Fund*

Particulars	Civil	Armed Force	Total
As at 1st July 2020	6,112,980	5,356,788	11,469,768
Addition during the year	1,671,861	1,568,350	3,240,211
Transferred to other Income	(1,840,432)	(815,631)	(2,656,063)
As at 30th June 2021	5,944,409	6,109,507	12,053,916
As at 1st July 2019	3,967,855	5,246,587	9,214,442
Addition during the year	3,238,294	1,476,852	4,715,146
Transferred to other Income	(1,093,169)	(1,366,651)	(2,459,820)
As at 30th June 2020	6,112,980	5,356,788	11,469,768

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



19. Net Member's Defined Contribution (DC) plan

Particulars	Civil		Armed Forces		Private Provident Fund		Total
	Member's Contribution	Employer's Contribution	Member's Contribution	Employer's Contribution	Member's Contribution	Employer's Contribution	
Accumulated contribution							
As at 1st July 2020	4,187,779,277	4,563,793,442	1,340,988,823	1,341,229,678	-	-	11,433,791,220
Adjustment of scheme	(265,488)	(363,167)	(13,113,364)	(13,113,367)	-	-	(26,855,386)
Adjusted opening balance	4,187,513,789	4,563,430,275	1,327,875,459	1,328,116,311	-	-	11,406,935,834
Contribution during the year	675,795,248	1,081,892,853	146,141,919	146,141,919	2,472,175	4,944,350	2,057,388,464
As at 30th June 2021 (A)	4,863,309,038	5,645,323,128	1,474,017,377	1,474,258,230	2,472,175	4,944,350	13,464,324,298
Accumulated refund							
As at 1st July 2020	1,167,765,419	1,171,715,058	310,313,762	310,397,943	-	-	2,960,192,182
Refunds during the year	143,713,681	156,085,179	25,455,717	25,455,717	11,548	38,886	350,760,728
As at 30th June 2021 (B)	1,311,479,100	1,327,800,237	335,769,479	335,853,660	11,548	38,886	3,310,952,910
Net contribution as at 30th June 2021 (A-B)	3,551,829,938	4,317,522,891	1,138,247,898	1,138,404,570	2,460,627	4,905,464	10,153,371,388
Accumulated contribution							
As at 1st July 2019	3,581,211,494	3,581,384,776	1,186,238,273	1,186,479,128	-	-	9,535,313,671
Adjustment of scheme							
Adjusted opening balance	3,581,211,494	3,581,384,776	1,186,238,274	1,186,479,128	-	-	9,535,313,672
Contribution during the year	606,567,782	982,408,666	154,750,550	154,750,550	-	-	1,898,477,548
As at 30th June 2020 (A)	4,187,779,277	4,563,793,442	1,340,988,823	1,341,229,678			11,433,791,221
Accumulated refund							
As at 1st July 2019	1,040,562,475	1,040,664,469	285,808,392	285,892,573	-	-	2,652,927,909
Refunds during the year	127,202,944	131,050,589	24,505,370	24,505,370	-	-	307,264,273
As at 30th June 2020 (B)	1,167,765,419	1,171,715,058	310,313,762	310,397,943			2,960,192,182
Net contribution as at 30th June 2020 (A-B)	3,020,013,858	3,392,078,384	1,030,675,061	1,030,831,735			8,473,599,039



20. Net returns credited to Member's Defined Contribution (DC) Plan

Particulars	Civil		Armed Forces		Private Provident Fund		Total
	Member's Contribution	Employer's Contribution	Member's Contribution	Employer's Contribution	Member's Contribution	Employer's Contribution	
Accumulated returns credited							
As at 1st July 2020	2,519,238,380	2,505,902,547	955,160,241	953,901,041	-	-	6,934,202,209
Adjustment of scheme	-	-	-	-	-	-	-
Adjusted opening balance	2,519,238,380	2,505,902,547	955,173,454	953,914,252	-	-	6,934,228,633
Returns credited during the year	389,232,731	434,322,535	143,443,253	142,484,176	34,306	68,612	1,109,585,613
Total accumulated returns credited as at 30th June 2021 (A)	2,908,471,111	2,940,225,082	1,098,616,706	1,096,398,428	34,306	68,612	8,043,814,245
Accumulated returns refund							
As at 1st July 2020	743,816,289	718,375,032	218,100,490	216,485,743	-	-	1,896,777,554
Refund during the year	106,568,188	107,310,930	24,530,306	24,522,489	-	-	262,931,913
Total accumulated returns refund as at 30th June 2021 (B)	850,384,477	825,685,962	242,630,796	241,008,232	-	-	2,159,709,467
Net returns credited as at 30th June 2021 (A-B)	2,058,086,634	2,114,539,120	855,985,910	855,390,196	34,306	68,612	5,884,104,778
Accumulated returns credited							
As at 1st July 2019	2,212,943,368	2,187,545,395	841,542,570	840,249,587	-	-	6,082,280,920
Adjustment of scheme	-	-	-	-	-	-	-
Adjusted opening balance	2,212,943,368	2,187,545,395	841,542,570	840,249,587	-	-	6,082,280,920
Returns credited during the year	306,295,012	318,357,152	113,617,671	113,651,454	-	-	851,921,289
Total accumulated returns credited as at 30th June 2020 (A)	2,519,238,380	2,505,902,547	955,160,241	953,901,041	-	-	6,934,202,209
Accumulated returns refund							
As at 1st July 2019	646,791,117	621,228,280	194,718,553	193,110,276	-	-	1,655,848,226
Refund during the year	97,025,172	97,146,752	23,381,937	23,375,467	-	-	240,929,328
Total accumulated returns refund as at 30th June 2020 (B)	743,816,289	718,375,032	218,100,490	216,485,743	-	-	1,896,777,554
Net returns credited as at 30th June 2020 (A-B)	1,775,422,091	1,787,527,515	737,059,751	737,415,298	-	-	5,037,424,655



21. Net Member's Defined Benefit (DB) plan

Particulars	Civil	Armed Forces	Total
Accumulated contributions and returns credited			
As at 1st July 2020	24,118,666,869	7,287,217,411	31,405,884,279
Adjustment of scheme	89,914	26,200,308	26,290,222
Adjusted opening balance	24,118,756,783	7,313,417,718	31,432,174,501
Contribution during the year	1,740,841,961	494,806,651	2,235,648,612
Returns credited during the year	1,545,120,148	452,497,595	1,997,617,742
As at 30th June 2021 (A)	27,404,718,892	8,260,721,964	35,665,440,856
Accumulated pension payments			
As at 1st July 2020	2,203,440,972	1,140,012,760	3,343,453,732
Pension payment during the year	495,467,683	214,491,247	709,958,930
As at 30th June 2021 (B)	2,698,908,655	1,354,504,007	4,053,412,662
Accumulated pension fund refund			
As at 1st July 2020	1,836,087,812	281,740,418	2,117,828,230
Refund from pension fund during the year	284,959,523	10,571,381	295,530,904
As at 30th June 2021 (C)	2,121,047,335	292,311,799	2,413,359,134
Net accumulated contributions and returns credited as at 30th June 2021 (A-B-C)	22,584,762,902	6,613,906,158	29,198,669,060
Accumulated contributions and returns credited			
As at 1st July 2019	21,202,531,643	6,473,331,100	27,675,862,743
Adjustment of scheme	-	-	-
Adjusted opening balance	21,202,531,643	6,473,331,100	27,675,862,743
Contribution during the year	1,681,733,104	453,264,400	2,134,997,504
Returns credited during the year	1,234,402,122	360,621,910	1,595,024,032
As at 30th June 2020 (A)	24,118,666,869	7,287,217,411	31,405,884,279
Accumulated pension payments			
As at 1st July 2019	1,787,719,660	950,107,737	2,737,827,397
Pension payment during the year	415,721,312	189,905,023	605,626,335
As at 30th June 2020 (B)	2,203,440,972	1,140,012,760	3,343,453,732
Accumulated pension fund refund			
As at 1st July 2019	1,503,174,924	271,627,370	1,774,802,294
Refund from pension fund during the year	332,912,888	10,113,048	343,025,936
As at 30th June 2020 (C)	1,836,087,812	281,740,418	2,117,828,230
Net accumulated contributions and returns credited as at 30th June 2020 (A-B-C)	20,079,138,085	5,865,464,233	25,944,602,318

Note: Based on the actuarial valuation report as at 30th June 2019;

1. The past service liability on the date of valuation for Civil Pension Scheme was Nu. 38,576 million against the plan assets of Nu. 20,208 million leaving a funding deficit of Nu. 18,368 million.
2. The past service liability on the date of valuation for Armed Forces Pension Scheme was Nu. 16,124 million against the plan assets of Nu. 5,925 million leaving a funding deficit of Nu. 10,199 million.



22. Income from term deposits

Particulars	30-Jun-21	30-Jun-20
Bhutan National Bank Ltd.	805,584,972	636,046,886
TBank Ltd	41,852,053	42,500,029
Bhutan Development Bank Ltd.	191,029,938	215,439,460
Bank of Bhutan Ltd.	237,055,024	124,401,343
Druk PNB Ltd.	162,278,304	110,050,202
Microfinance Bhutan Ltd.	150,925	-
RGOB Treasury Bills	63,389	-
Total	1,438,014,604	1,128,437,920

23. Income from loans

Particulars	30-Jun-21	30-Jun-20
A. Interest income from loan to manufacturing & industries sector		
Bhutan Ferro Alloys Ltd.	18,533,630	17,189,320
Dagachu Hydro Power Corporation Ltd.	8,450,447	43,536,233
Dungsam Cement Corporation Ltd.	133,740,043	120,587,679
Dungsam Polymers Ltd.	6,449,756	7,193,542
State Mining Corporation Ltd.	4,073,010	4,759,444
Druk Metallurgy Ltd.	65,018,714	50,283,813
Penden Cement Authority Ltd.	20,111,437	866,874
Total	256,377,038	244,416,903
B. Interest Income from loan to service & tourism sector		
Tashi Infocom Ltd.	60,858,065	64,110,975
Kuensel Corporation Ltd.	1,130,920	1,134,040
Druk Doethjung Resort	5,196,846	5,242,972
Bhutan Power Corporation Ltd.	155,603,398	179,446,424
Natural Resource Development Corporation Ltd.	5,426,732	6,023,162
Bhutan Telecom Ltd.	2,361,620	3,247,414
Bhutan Hydro Service Ltd.	48,178,727	48,311,628
Legphel Hotel Pvt. Ltd.	4,081,851	3,649,101
Druk Air Corporation Ltd.	192,255,038	91,823,254
DGPC-Nikachu ATS	37,469,825	27,382,566
Thimphu Tech Park Ltd.	2,328,054	2,055,572
State Trading Corporation of Bhutan Ltd.	7,039,068	4,381,331
Koufuku International Ltd.	863,873	12,131
Total	522,794,017	436,820,570



Income from loans

Continued

Particulars	30-Jun-21	30-Jun-20
C. Interest income from loan to institutions/RGOB		
Bhutan Development Bank Ltd.	18,615,219	25,647,518
Ministry of Health	1,675,948	2,554,488
National Housing Development Corporation Ltd.	58,308,977	62,457,504
Total	78,600,143	90,659,510
D. Interest income from loan to members		
Housing	177,619,763	180,184,888
Education	271,753,100	269,969,358
Student loan	5,899,260	7,387,424
Staff Incentive Loan	4,932,508	6,831,214
Member Loan	181,000,303	107,926,830
Total	641,204,934	572,299,715
Total (A+B+C+D)	1,498,976,133	1,344,196,698

24. Income from bonds and commercial papers

Particulars	30-Jun-21	30-Jun-20
Dungsam Cement Corporation Ltd.	31,565,925	50,883,562
Druk Air Corporation Ltd.	83,729,391	102,258,179
Tashi Air Ltd.	11,276,113	11,250,000
Royal Insurance Corporation of Bhutan Ltd.	109,889,479	131,080,525
RSA Pvt. Ltd.	3,235,493	3,216,400
T Bank Ltd.	4,961,490	2,807,260
RGOB Bond	8,176,124	-
Commercial papers	-	2,181,507
Total	252,834,015	303,677,433

Note: Income from term deposits (note 22), income from loans (note 23) and income from bonds and commercial papers (note 24) are from financial assets measured at amortized cost.

25. Rental income

Location	30-Jun-21	30-Jun-20
Thimphu	43,615,594	41,941,315
Phuentsholing	20,220,410	19,271,045
Samdrup Jongkhar	5,477,500	5,248,990
Samtse	747,640	713,385
Total	70,061,144	67,174,735



26. Dividend income

Particulars	30-Jun-21	30-Jun-20
State Trading Corporation Ltd.	-	661,500
Bhutan National Bank Ltd.	-	6,372,312
Kuensel Corporation Ltd.	-	551,250
TBank Ltd.	-	11,380
Bhutan Insurance Ltd.	-	2,400,000
Total Income from dividend	-	9,996,442

Note: Dividend income are from financial assets measured at fair value through Statement of Comprehensive Income.

27. Other income/(Loss)

Particulars	30-Jun-21	30-Jun-20
Other Income		
Loan Processing fees	752,100	1,139,800
Transferred from lapsed Fund (3 years or more)	2,656,063	2,459,820
Miscellaneous income	4,006,753	4,566,286
	7,414,916	8,165,906
Gain/(loss) from changes in fair value of investment in equity instrument		
Gain/ (loss) on financial assets measured at fair value through Statement of Comprehensive Income	(265,338,888)	(399,846,989)



28. DC and DB management expenses

a. Apportionment of common expenses to DC and DB management expenses

Particulars	Sr. Mgt. expenses	Admin. Expenses	Finance expenses	Investment expenses	IT expenses	RE expenses	Grand Total	DB - 66%	DC - 34%
Employee remuneration & benefits									
Salaries and wages	5,710,074	13,074,545	3,480,705	8,907,222	3,801,268	9,583,896	44,557,710	29,299,550	15,258,161
Defined contribution(PF)	623,590	1,377,962	416,814	1,058,829	444,436	955,989	4,877,620	3,207,348	1,670,272
Ex-gratia	-	27,210,026	-	-	-	-	27,210,026	17,892,336	9,317,690
Long term employee benefit(gratuity)	-	1,673,913	-	-	-	-	1,673,913	1,100,705	573,208
Terminal benefit	(750)	3,732,538	-	-	-	-	3,732,538	2,454,383	1,278,155
Medical expenses	-	146,032	-	-	-	-	145,282	95,532	49,750
Leave encashment	-	3,937,746	-	-	-	-	3,937,746	2,589,320	1,348,426
Leave travel concession	-	1,505,716	-	-	-	-	1,505,716	990,105	515,611
Other employee benefits	-	755,573	-	126,149	-	-	126,149	82,951	43,198
HRD expenses	-	-	-	-	-	-	755,573	496,837	258,735
Sub total (A)	6,332,914	53,414,051	3,897,519	10,092,200	4,245,704	10,539,885	88,522,274	58,209,067	30,313,206
Other operating expenses									
Communication/information charges	157,807	883,832	17,462	128,646	4,384,049	138,259	5,710,054	3,754,727	1,955,328
Books and periodicals	-	49,837	-	-	-	-	49,837	32,771	17,066
Travelling expenses	1,94,716	274,073	-	372,796	194,848	418,804	1,455,237	956,912	498,325
Office maintenance	-	2,105,739	-	-	-	177,889	2,283,629	1,501,632	781,997
RE routine maintenance	-	-	-	-	-	8,056,499	8,056,499	5,297,665	2,758,835
Office rent	-	262,680	-	-	-	-	262,680	172,729	89,951
IT expenses/AMC	-	676,589	-	-	7,436,456	5,200	8,118,245	5,338,266	2,779,979
Audit fees & expenses	-	-	240,984	-	-	-	240,984	158,462	82,521
Bank charges	-	-	31,584	-	-	-	31,584	20,769	10,816
Membership fees and subscription	1,656,562	356,071	-	108,400	-	-	2,121,034	1,394,716	726,318
Consultancy charges	762,950	2,091,519	70,000	-	1,532,000	-	4,456,469	2,930,414	1,526,055
Sitting fees and expenses	1,013,345	-	-	13,240	-	-	1,026,585	675,045	351,540
Hospitality expenses	223,984	524,716	31,435	80,847	57,004	93,701	1,011,687	665,249	346,438
Printing and stationery	212,831	781,657	73,735	166,122	127,661	150,640	1,512,645	994,661	517,984
Advertisement	-	746,487	-	6,600	-	95,120	848,207	557,750	290,456
Rates and taxes	-	50,407	-	-	-	2,631,518	2,681,925	1,763,538	918,388
Amortization of prepaid expenses	-	-	-	-	-	349,188	349,188	229,614	119,575
CIB report expenses	-	1,637,092	-	-	-	-	1,637,092	1,076,493	560,599
Miscellaneous expenses	60,990	-	35	-	-	-	61,025	40,128	20,897
Loss on sale of assets/derecognition	-	47,045	-	-	-	-	47,045	30,935	16,110
Write-off of loans	-	-	-	62,843	-	-	62,843	41,324	21,520
Sub Total (B)	4,283,185	10,487,744	465,235	939,494	13,732,018	12,116,819	42,024,495	27,633,798	14,390,697
Total (A+B)	10,616,099	63,901,795	4,362,754	11,031,694	17,977,722	22,656,704	130,546,769	85,842,866	44,703,903





Note to Financial Statements

(All amount in BTN, unless otherwise stated)

DC and DB management expenses

continued

b. DC and DB management expenses after allotment of common expenses

Particulars	DC Management expenses		DB Management expenses		Total expenses	
	30-Jun-21		30-Jun-21		30-Jun-2021	
	DC Mgt. expenses	34% of common expenses	DB Mgt. expenses	66% of common expenses	For the year ended 30-Jun-2020	For the year ended 30-Jun-2020
Employee remuneration & benefits						
Salaries and wages	4,418,772	15,258,161	2,034,033	29,299,550	27,036,180	51,010,515
Defined contribution (PF)	489,599	1,670,272	227,580	3,207,348	2,598,808	5,594,799
Ex-gratia	-	9,317,690	-	17,892,336	16,502,780	27,210,026
Long term employee benefit (gratuity)	-	573,208	-	1,100,705	2,672,452	1,673,913
Terminal benefit	-	1,278,155	-	2,454,383	833,684	3,732,538
Medical expenses	-	49,750	-	95,532	397,208	145,282
Leave encashment	-	1,348,426	-	2,589,320	2,724,810	3,937,746
Leave travel concession	15,000	515,611	-	990,105	1,137,082	1,520,716
Other employee benefits	-	43,198	-	82,951	345,069	513,540
HRD expenses	-	258,735	-	496,837	1,253,000	755,573
Sub total (A)	4,923,371	30,313,206	2,261,613	58,209,067	55,501,074	85,898,152
Other operating expenses						
Communication/ information charges	8,702	1,964,030	30,863	3,754,727	2,881,133	5,749,619
Books and periodicals	-	17,066	-	32,771	6,330	49,837
Travelling expenses	36,330	498,325	11,846	956,912	1,538,652	1,503,413
Office maintenance	-	781,997	-	1,501,632	1,245,630	2,833,775
RE routine maintenance	-	2,758,835	-	5,297,665	4,209,370	8,056,499
Office rent	-	89,951	-	172,729	171,184	262,680
IT expenses / AMC	-	2,779,979	-	5,338,266	4,363,876	8,118,245
Audit fees & expenses	-	82,521	-	158,462	523,040	240,984
Bank charges	-	10,816	-	20,769	623,771	531,584
Membership fees and subscription	-	726,318	-	1,394,716	4,266,885	2,121,034
Consultancy charges	-	1,526,055	-	2,930,414	6,806,614	4,456,469
Sitting fees and expenses	-	351,540	-	675,045	833,679	1,026,585
Hospitality expenses	10,500	346,438	-	665,249	842,990	1,132,785
Printing and stationery	-	517,984	-	994,661	1,303,350	1,824,332
Advertisement	-	290,456	-	557,750	1,047,612	848,207
Rates and taxes	-	918,388	-	1,763,538	2,137,035	2,681,925
Amortization of prepaid expenses	-	119,575	-	229,614	703,903	349,188
CIB report expenses	-	560,599	-	1,076,493	1,754,811	2,611,550
Miscellaneous expenses	-	20,897	-	40,128	2,198	61,025
Loss on sale of assets/ derecognition	-	16,110	-	30,935	210,613	47,045
Write-off of loans	-	21,520	-	41,324	285,765	62,843
Sub total (B)	55,532	14,390,697	964,994	27,633,798	35,758,441	43,045,020
Total (A+B)	4,978,903	44,703,903	3,226,607	85,842,866	91,259,515	138,752,278
		46,950,390		89,069,472		138,209,905



29. Provision for loans

Particulars	Provision charged to Loans	Provision charged to Statement of Comprehensive Income	Interest suspense charged to Interest Income from loans
A. Provision on Non-Performing Loan			
Provision as at 1st July 2020	106,781,217		
Provision as at 30th June 2021	67,838,265		
Charged to Statement of Comprehensive Income		(38,942,952)	
B. Interest suspense			
Interest suspense as at 1st July 2020	15,743,077		
Interest suspense as at 30th June 2021	14,101,021		
Charged to Interest Income			(1,642,056)
Total as on 30th June 2021	81,939,286	(38,942,952)	(1,642,056)
A. Provision on Non-Performing Loan			
Provision as at 1st July 2019	97,505,524		
Provision as at 30th June 2020	106,781,217		
Charged to Statement of Comprehensive Income		9,400,019	
B. Interest suspense			
Interest suspense as at 1st July 2019	11,278,566		
Interest suspense as at 30th June 2020	15,743,077		
Charged to Interest Income			4,464,511
Total as on 30th June 2020	122,524,294	9,400,019	4,464,511

Reconciliation of Provision between RMA Prudential Regulation and Bhutanese Accounting Standards

Particulars	30-06-2021	30-06-2020
Provision as per RMA Prudential Regulation (PR)	275,076,996	318,921,688
Adjustment of Standard provision as per RMA PR	(171,854,019)	(175,967,467)
Adjustment of additional provision as per RMA PR	(35,384,713)	(36,173,004)
Provision as per Bhutanese Accounting Standards	67,838,265	106,781,217



30. (a) Disclosure as per BAS 19: "Employee benefit" as regards defined benefit scheme (Gratuity)

A Movement in present value of Defined Benefit Obligation	30-06-2021	30-06-2020
1 DBO at end of prior year	25,281,563	22,689,950
2 Current service cost	2,731,330	2,566,291
3 Past service cost	-	60,152
3 Interest cost	1,904,066	1,778,865
4 Benefits paid by the plan	-	-
4 Benefits paid directly by the employer	(2,961,483)	(908,263)
5 Actuarial (gain)/loss due to plan experience	1,009,616	(905,432)
6 Actuarial (gain)/loss - demographic assumptions	-	-
7 Actuarial (gain)/loss - financial assumptions	-	-
DBO at end of the year	27,965,092	25,281,563
B Statement of Profit & Loss	30-06-2021	30-06-2020
1 Current service cost	2,731,330	2,566,291
2 Past service cost	-	60,152
2 Net interest cost on net defined benefit liability / (asset)	1,904,066	1,778,865
Net Cost for the year recognized in P&L	4,635,396	4,405,308
C Other Comprehensive Income (OCI)	30-06-2021	30-06-2020
1 Actuarial (gain)/loss due to liability experience	1,009,616	(905,432)
2 Actuarial (gain)/loss due to liability assumption changes	-	-
3 Return on plan assets (greater)/less than discount rate	-	-
Remeasurement (Gain) or Loss Recognized in OCI at year end	1,009,616	(905,432)
D Development of Net Financial Position	30-06-2021	30-06-2020
1 Defined Benefit Obligation (DBO)	(27,965,092)	(25,281,563)
2 Fair Value of Plan Assets (FVA)	-	-
2 Funded Status (Surplus/(Deficit))	(27,965,092)	(25,281,563)
Net Defined Benefit Asset/(Liability)	(27,965,092)	(25,281,563)
E Reconciliation of Net Balance Sheet Position	30-06-2021	30-06-2020
1 Net defined benefit asset/ (liability) at end of prior year	25,281,563	22,689,950
2 Amount recognized in Profit & Loss	4,635,396	4,405,308
3 Amount recognized in OCI	1,009,616	(905,432)
4 Contributions paid into the plan	-	-
4 Benefit paid by the employer	(2,961,483)	(908,263)
Net defined benefit asset/ (liability) at end of the year	27,965,092	25,281,563



F	Expected benefit payments for the year ending	30-06-2021	30-06-2020
1	Less than a year	7,187,237	5,131,539
2	Between 1- 2 years	2,275,368	4,083,467
3	Between 2-5 years	9,823,898	9,155,746
4	Over 5 years	26,754,448	21,734,918

- i. Expected employer expense for the year ending 30 June 2022 is Nu. 5,080,800
- ii. Weighted average duration of defined benefit obligation is 13.66 years (30 June 2020- 13.57 years)
- iii. Risk Exposure

Through its defined benefit plans, NPPF is exposed to a number of risks, the most significant of which are detailed below. The actuarial valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such NPPF is exposed to various risks as follows;

- a) *Salary Increase*: Actual salary increase will increase NPPF's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- b) *Discount Rate*: Reduction in discount rate in subsequent valuations can increase NPPF's liability
- c) *Mortality Rate*: Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

- iv. Significant estimates: actuarial assumptions and sensitivity

a	Discount Rate	30-Jun-21	30-Jun-20
	Discount Rate	8.00%	8.00%
	Effect on DBO due to 0.5% increase in discount rate	(1,116,425)	(1,054,417)
	Effect on DBO due to 0.5% decrease in discount rate	1,202,838	1,136,662
b	Salary escalation rate	30-Jun-21	30-Jun-20
	Salary escalation rate	7%	7%
	Effect on DBO due to 0.5% increase in salary escalation rate	1,289,983	1,212,362
	Effect on DBO due to 0.5% decrease in salary escalation rate	(1,207,559)	(1,133,877)
c	Attrition rate	30-Jun-21	30-Jun-20
	Attrition rate	5%	5%
	Effect on DBO due to 0.5% increase in attrition rate	(320,078)	(300,262)
	Effect on DBO due to 0.5% decrease in attrition rate	340,583	319,756



30. (b) Disclosure as per BAS 19: "Employee benefit" as regards defined benefit scheme (Carriage charges)

A Movement in present value of Defined Benefit Obligation		30-Jun-21	30-Jun-20
1	DBO at end of prior year	1,246,959	1,285,828
2	Current service cost	187,657	177,561
3	Past service cost		
3	Interest cost	75,322	95,985
4	Benefits paid by the plan	-	-
4	Benefits paid directly by the employer	(305,429)	(172,043)
5	Actuarial (gain)/loss due to plan experience	139,305	(140,372)
6	Actuarial (gain)/loss - demographic assumptions	-	-
7	Actuarial (gain)/loss - financial assumptions	-	-
	DBO at end of the year	1,343,814	1,246,959
B Statement of Profit & Loss		30-Jun-21	30-Jun-20
1	Current service cost	187,657	177,561
2	Past service cost	-	-
2	Net interest cost on net defined benefit liability / (asset)	75,322	95,985
	Net Cost for the year recognized in P&L	262,979	273,546
C Other Comprehensive Income (OCI)		30-Jun-21	30-Jun-20
1	Actuarial (gain)/loss due to liability experience	139,305	(140,372)
2	Actuarial (gain)/loss due to liability assumption changes	-	-
4	Return on plan assets (greater)/less than discount rate		
	Remeasurement (Gain) or Loss Recognized in OCI at year end	139,305	(140,372)
D Development of Net Financial Position		30-Jun-21	30-Jun-20
1	Defined Benefit Obligation (DBO)	(1,343,814)	(1,246,959)
2	Fair Value of Plan Assets (FVA)	-	-
2	Funded Status (Surplus/(Deficit))	(1,343,814)	(1,246,959)
	Net Defined Benefit Asset/(Liability)	(1,343,814)	(1,246,959)
E Reconciliation of Net Balance Sheet Position		30-Jun-21	30-Jun-20
1	Net defined benefit asset/ (liability) at end of prior year	1,246,959	1,285,828
2	Amount recognized in Profit & Loss	262,979	273,546
3	Amount recognized in OCI	139,305	(140,372)
4	Contributions paid into the plan	-	-
4	Benefit paid by the employer	(305,429)	(172,043)
	Net defined benefit asset/ (liability) at end of the year	1,343,814	1,246,959



F	Expected benefit payments for the year ending	30-Jun-21	30-Jun-20
1	Less than a year	624,196	485,331
2	Between 1- 2 years	278,537	446,853
3	Between 2-5 years	948,490	920,547
4	Over 5 years	1,690,703	1,444,204

- i. Expected employer expense for the year ending 30 June 2022 is Nu. 296,666
- ii. Weighted average duration of defined benefit obligation is 9.53 years (30 June 2020- 9.49 years)
- iii. Significant estimates: actuarial assumptions and sensitivity

a	Discount Rate	30-Jun-21	30-Jun-20
	Discount Rate	8.00%	8.00%
	Effect on DBO due to 0.5% increase in discount rate	(40,215)	(38,743)
	Effect on DBO due to 0.5% decrease in discount rate	43,042	41,465
b	Carriage growth rate	30-Jun-21	30-Jun-20
	Carriage growth rate	5%	5%
	Effect on DBO due to 0.5% increase in carriage inflation rate	48,320	46,130
	Effect on DBO due to 0.5% decrease in carriage inflation rate	(45,538)	(43,452)
c	Attrition rate	30-Jun-21	30-Jun-20
	Attrition rate	5%	5%
	Effect on DBO due to 0.5% increase in attrition rate	8,978	8,887
	Effect on DBO due to 0.5% decrease in attrition rate	(9,426)	(9,323)



30. (c) Disclosure as per BAS 19: "Employee benefit" as regards defined benefit scheme (Transfer grant and travelling expenses)

A	Movement in present value of Defined Benefit Obligation	30-Jun-21	30-Jun-20
1	DBO at end of prior year	2,363,797	2,616,972
2	Current service cost	316,242	294,338
3	Past service cost		
3	Interest cost	171,982	193,316
4	Benefits paid by the plan		
4	Benefits paid directly by the employer	(428,037)	(401,042)
5	Actuarial (gain)/loss due to plan experience	153,657	(339,787)
6	Actuarial (gain)/loss - demographic assumptions	-	-
7	Actuarial (gain)/loss - financial assumptions	-	-
	DBO at end of the year	2,577,641	2,363,797
B	Statement of Profit & Loss	30-Jun-21	30-Jun-20
1	Current service cost	316,242	294,338
2	Past service cost		
2	Net interest cost on net defined benefit liability / (asset)	171,982	193,316
	Net Cost for the year recognized in P&L	488,224	487,654
C	Other Comprehensive Income (OCI)	30-Jun-21	30-Jun-20
1	Actuarial (gain)/loss due to liability experience	153,657	(339,787)
2	Actuarial (gain)/loss due to liability assumption changes	-	-
3	Return on plan assets (greater)/less than discount rate		
	Remeasurement (Gain) or Loss Recognized in OCI at year end	153,657	(339,787)
D	Development of Net Financial Position	30-Jun-21	30-Jun-20
1	Defined Benefit Obligation (DBO)	(2,577,641)	(2,363,797)
2	Fair Value of Plan Assets (FVA)	-	-
2	Funded Status (Surplus/(Deficit))	(2,577,641)	(2,363,797)
	Net Defined Benefit Asset/(Liability)	(2,577,641)	(2,363,797)
E	Reconciliation of Net Balance Sheet Position	30-Jun-21	30-Jun-20
1	Net defined benefit asset/ (liability) at end of prior year	2,363,797	2,616,972
2	Amount recognized in Profit & Loss	488,224	487,654
3	Amount recognized in OCI	153,657	(339,787)
4	Contributions paid into the plan	-	-
4	Benefit paid by the employer	(428,037)	(401,042)
	Net defined benefit asset/ (liability) at end of year	2,577,641	2,363,797



F	Expected benefit payments for the year ending	30-Jun-21	30-Jun-20
1	Less than a year	1,068,125	869,022
2	Between 1- 2 years	419,764	620,560
3	Between 2-5 years	1,466,090	1,383,171
4	Over 5 years	2,962,160	2,504,545

- i. Expected employer expense for the year ending 30 June 2022 is Nu. 523,035
- ii. Weighted average duration of defined benefit obligation is 10.54 years (30 June 2020- 10.56 years)
- iii. Significant estimates: actuarial assumptions and sensitivity

a	Discount Rate	30-Jun-21	30-Jun-20
	Discount Rate	8.00%	8.00%
	Effect on DBO due to 0.5% increase in discount rate	(82,386)	(78,359)
	Effect on DBO due to 0.5% decrease in discount rate	88,350	84,054
b	Salary escalation rate	30-Jun-21	30-Jun-20
	Salary escalation rate	7%	7%
	Effect on DBO due to 0.5% increase in salary escalation rate	96,673	91,358
	Effect on DBO due to 0.5% decrease in salary escalation rate	(91,011)	(85,950)
c	Attrition rate	30-Jun-21	30-Jun-20
	Attrition rate	5%	5%
	Effect on DBO due to 0.5% increase in attrition rate	3,012	3,327
	Effect on DBO due to 0.5% decrease in attrition rate	(3,081)	(3,399)

31. Additional information

The status of current/non-current assets/liabilities in the statement of financial position on the basis of residual maturity is as follows:

Assets

Particulars	30-06-2021	30-06-2020
Current Assets		
Cash and cash equivalents	2,700,580,290	142,329,530
Trade receivables	8,582,789	13,308,466
Term deposits	1,112,665,763	997,999,930
Investments in bonds and commercial papers	314,636,135	355,851,351
Loans	193,733,120	1,262,951,932
Inventories	774,263	717,162
Other assets	96,479,924	55,508,029
Total current assets	4,427,452,283	2,828,666,401



Assets

Particulars	30-06-2021	30-06-2020
Non- current assets		
Term deposits	18,958,902,583	15,326,392,151
Investments in bonds and commercial papers	2,233,202,406	2,784,879,630
Loans	17,429,051,909	16,478,124,250
Investments in equity shares	2,442,551,674	2,668,538,774
Investment property	767,195,528	734,241,124
Property plant and equipment	147,034,766	156,484,710
Intangible assets	64,377,558	39,697,824
Other receivables	1,374,370	1,371,130
Other assets	17,781,650	15,829,349
Total current assets	42,061,472,443	38,205,558,942
Total assets	46,488,924,727	41,034,225,342

Liabilities

Particulars	30-06-2021	30-06-2020
Current Liabilities		
Trade and other payables	188,324,108	231,012,510
Employee benefit obligations	1,946,370	1,886,566
Other assets	953,958	-
Other liabilities	253,056	14,958
Net Member's Defined Contribution(DC) plan*	1,706,627,736	1,106,712,785
Net returns credited to Member's DC plan*	588,989,376	626,513,890
Net Member's Defined Benefit (DB) plan*	1,230,158,779	2,708,872,868
Total current liabilities	3,717,253,381	4,675,013,576
Non- current liabilities		
Employee benefit obligations	35,023,907	31,691,533
Grant liability	-	1,907,915
Lapsed fund	12,053,916	11,469,768
Net Member's Defined Contribution(DC) plan*	8,446,743,652	7,366,886,253
Net returns credited to Member's DC plan*	5,295,115,402	4,410,910,765
Net Member's Defined Benefit (DB) plan*	27,968,510,282	23,235,729,449
Total non-current liabilities	41,757,447,159	35,058,595,684
Total liabilities	45,474,700,540	39,733,609,260

*The current portion (settled within 12 months) are provided based on the current contribution received and payout since exact contribution and settlement within 12 months cannot be determined.



32. Distribution of Surplus

Particulars	30-Jun-21	30-Jun-20
Return on member's DC plan -Civil	823,555,266	624,652,164
Return on member's DC plan -Armed Forces	285,927,429	227,269,125
Return on member's DC plan -Private	102,918	-
Return on member's DB plan -Civil	1,545,120,148	1,234,402,122
Return on member's DB plan -Armed Forces	452,497,595	360,621,910
Transferred to general reserve (retained earning)	-	-
Transferred to lapsed fund reserve	2,656,063	2,459,820
Transferred to fair valuation reserve	(284,404,170)	(425,822,385)
Transferred to general reserve (adjustment of provision)	(4,901,740)	76,725,327
Transferred to actuarial gains/(loss) reserve on NPPF employee benefit	(1,302,578)	1,385,591
Transferred to asset pending foreclosure reserve	1,560,530	-
Total	2,820,811,460	2,101,693,674

33. Fair value measurements**Financial instruments by category**

Particulars	30-Jun-21			30-Jun-20		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Cash and cash equivalents			2,700,580,290			142,329,530
Term deposits			20,071,568,346			16,324,392,081
Trade receivables			8,582,789			13,308,466
Investments in equity shares	2,442,551,674			2,668,538,774		-
Investments in bonds and commercial papers			2,547,838,540			3,140,730,981
Loans			17,622,785,029			17,741,076,183
Other receivables			1,374,370			1,371,130
Total financial assets	2,442,551,674	-	42,952,729,365	2,668,538,774	-	37,363,208,371
Financial liabilities						
Stale cheque			1,158,482			1,690,688
Interest received in advance			479,239			25,089
Unidentified deposit			2,674,510			3,341,703
Earnest money			238,473			1,685,301
Security deposit (contractor)			17,225,167			9,793,007
Performance guarantee deposit			9,700,340			1,906,346
Security deposit (rent)			14,425,609			12,607,731
Excess member contribution			1,455,213			2,706,643
Security deposit - power / tenant			453,986			480,247
Housing / education loan closed A/c - credit balance			66,860,955			25,941,308
Unclaimed contribution			-			48,462,218
Other payables			73,652,131			122,372,227
Total financial liabilities	-	-	188,324,108	-	-	231,012,510

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, NPPF has classified its financial instruments into the three levels prescribed under the accounting standard.



Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3

(ii) *Valuation technique used to determine fair value*

Specific valuation techniques used to value financial instruments include:

- The fair value of the financial instruments other than equity shares is determined using discounted cash flow analysis.
- The fair value of financial instruments in the form of investment in equity shares is determined using multiple valuation techniques by independent valuer.

(iii) *Financial assets and liabilities measured at fair value - recurring fair value measurements*

Particulars	As at 30 June 2021			As at 30 June 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>Investments in equity shares</i>						
Penden Cement Authority Ltd.	-	66,934,031	-	-	132,611,321	-
State Trading Corporation of Bhutan Ltd.	-	12,332,848	-	-	12,458,250	-
Bhutan National Bank Ltd.	-	1,369,773,859	-	-	1,640,177,701	-
Kuensel Corporation Ltd.	-	16,852,378	-	-	15,710,625	-
Druk PNB Ltd.	-	71,613,915	-	-	78,157,556	-
TBank Ltd.	-	149,661	-	-	115,967	-
Bhutan Insurance Ltd.	-	43,340,409	-	-	42,885,000	-
Dungsam Polymers Ltd.	-	9,112	-	-	8,995	-
GIC-Bhutan Reinsurance Co. Ltd.	-	38,896,910	-	-	-	-
Dagachu Hydro Power Corporation Ltd.	-	550,883,446	-	-	454,220,430	-
Credit Information Bureau	-	6,229,172	-	-	5,726,000	-
Financial Institutions Training Institute Ltd.	-	11,863,633	-	-	12,384,000	-
Dungsam Cement Corporation Ltd.	-	253,672,300	-	-	274,082,928	-
	-	2,442,551,674	-	-	2,668,538,774	-

(iv) *Fair value of financial assets and liabilities measured at amortized cost*

- a) Fair value of corporate loans, term deposit and investments is approximately equal to the carrying amount as the interest rate charged is approximately same as the market rate of interest at reporting date.



- b) NPPF cannot reliably determine the fair value of member loans hence it has not been disclosed. It is process of developing its system to incorporate the disclosure in future.
- c) The carrying amounts of all other financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.
- d) NPPF obtains independent valuations for its equity shares on regular basis. Valuation of equity shares in done on the following basis;

- *Market approach-market price:* The best evidence of fair value is determined by considering the market price of the company based on movement of share prices on stock exchange where the company's shares are most frequently traded.
- *Market approach-comparable companies:* The value is determined based on market multiples of publicly traded comparable companies engaged in same or similar line of business as the subject companies
- *Asset approach-net asset value:* Total value is based on the sum of net asset value as recorded on the statement of financial position.

The fair value of equity shares was on the basis of inputs used by a certified valuer and other financial instruments were calculated based on cash flows discounted using current market rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. NPPF uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see 33(ii) above.

34. Financial Risk management

The NPPF's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risk which NPPF is exposed to and how it manages the risk and the impact of it in the financial statements. The National Pension Board (NPB) oversees the governance structure, control and management system and risk mitigation measures. The NPPF identifies risks that it might be exposed to and has built risk mitigation procedures to minimize the risks



(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. NPPF is exposed to credit risk from its operating activities including deposits with banks and financial institutions, loans to members and corporates and renting of properties to members.

1) Loans (incl. loan commitments)

The estimation of credit exposure for risk management purpose is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and passage of time. The Investment Department is responsible for establishing credit risk management policies and monitoring the quality of credit assets. NPPF has different Division for catering to different categories of loan i.e. corporate loan and member loan (retail loan). It has system in place for post-lending monitoring and policy for credit approval.

Pre-lending evaluations is done by NPPF's Investment Department based on internal rating criteria and assessing the risks with respect to the loan. NPPF through its membership in Credit Information Bureau (CIB) assesses the credit worthiness of the applicant. Income level, credit history, and repayment ability of the applicant is also used for determining the loan to be given. Credit approvals are granted based on the NPPF's Delegation of Authority and also on the basis of credit report and rating of the customer. Any adverse events that may significantly affect a borrower's repayment ability are reported timely.

To mitigate risks, NPPF requires the customers to provide collateral and guarantees for the loan given. NPPF monitors borrowers' repayment ability, the status of collateral and any changes to collateral value. Once a loan becomes overdue, it starts the recovery process according to recovery procedures.

Particulars	30-Jun-21	
	Loan outstanding at the end of reporting period	Collateral received for the loan sanctioned*
Loan to manufacturing & industries sector	2,939,911,024	25,664,496,000
Loan to service & tourism sector	6,568,410,671	13,671,536,000
Loan to institutions	230,514,805	521,300,000
Loan to housing (corporate)	782,116,099	965,060,000
Loan to members	7,183,771,715	8,480,498,453
Net exposure of the loan	17,704,724,315	49,302,890,453



Particulars	30-Jun-20	
	Loan outstanding at the end of reporting period	Collateral received for the loan sanctioned*
Loan to manufacturing & industries sector	3,050,182,068	33,744,246,000
Loan to service & tourism sector	6,864,969,907	14,447,536,000
Loan to institutions	336,367,728	521,300,000
Loan to housing (corporate)	878,835,928	965,060,000
Loan to members	6,733,244,845	8,604,474,797
Net exposure of the loan	17,863,600,477	58,282,616,797

* Value as on the date of sanction

Maximum credit risk exposure

In respect of the financial assets recognized in the statement of financial position, the maximum exposure to credit risk is represented by the carrying amount after deducting for any impairment allowance. The maximum exposure to credit risk as at the end of the reporting period without taking into consideration any collateral held or other credit enhancement is in note 8. For exposure relating to off-balance sheet commitment refer note 36.a.

Loans to customers analyzed by sector concentrations is reflected in note 8. The loan is categorized in following categories;

- Corporate loan
 - a) Loan to manufacturing & industries sector
 - b) Loan to service & tourism sector
 - c) Loan to institutions
 - d) Loan to housing (Corporate)
- Retail loan
 - e) Loan to member

Particulars	30-Jun-21		30-Jun-20	
	Loan amount	Provision	Loan amount	Provision
Total corporate loan	10,520,952,600		11,130,355,632	
Total member loan	7,183,771,715	67,838,265	6,733,244,845	106,781,217
Interest suspense		14,101,021	-	15,743,077
Total	17,704,724,315	81,939,286	17,863,600,477	122,524,294

Aging analysis of loans

The following aging analysis is carried by NPPF for regularly monitoring the loan recoveries.



Loan category	Not due	< 30 days	31 - 60 days	61 - 90 days	More than 90 days	Total as at 30 June 2021
Housing Loan	1,653,942,093	47,910,465	18,557,347	2,662,191	71,622,370	1,794,694,466
Education Loan	2,735,253,682	19,540,408	1,978,238	1,295,224	12,547,113	2,770,614,666
Members Loan	2,444,398,628	21,898,191	3,926,883	1,044,682	3,183,234	2,474,451,619
Staff Incentive loan	81,519,275	-	-	-	-	81,519,275
Student Loan Scheme	57,709,753	1,337,698	1,747,366	814,566	882,307	62,491,689
Manufacturing/Industry	2,939,911,024	-	-	-	-	2,939,911,024
Service & Tourism	6,568,410,671	-	-	-	-	6,568,410,671
Housing-Corporate	782,116,099	-	-	-	-	782,116,099
Institutional Loans	230,514,805	-	-	-	-	230,514,805
Grand Total	17,493,776,030	90,686,763	26,209,834	5,816,663	88,235,024	17,704,724,315

Loan category	Not due	< 30 days	31 - 60 days	61 - 90 days	More than 90 days	Total as at 30 June 2020
Housing Loan	1,636,815,883	110,990,862	45,332,528	11,708,592	100,424,906	1,905,272,772
Education Loan	2,738,416,030	65,880,227	21,087,337	8,485,206	29,608,319	2,863,477,120
Members Loan	1,735,248,896	40,716,257	14,517,456	5,545,808	11,122,794	1,807,151,210
Staff Incentive loan	71,253,888	4,017,749	3,191,337	-	-	78,462,974
Student Loan Scheme	60,489,093	5,905,916	4,244,535	4,212,860	4,028,366	78,880,769
Manufacturing/Industry	3,050,182,068	-	-	-	-	3,050,182,068
Service & Tourism	6,864,969,907	-	-	-	-	6,864,969,907
Housing-Corporate	878,835,928	-	-	-	-	878,835,928
Institutional Loans	336,367,728	-	-	-	-	336,367,728
Grand Total	17,372,579,421	227,511,011	88,373,193	29,952,466	145,184,385	17,863,600,477

Impairment of loan

The loan outstanding which are overdue for more than 90 days are considered for impairment. For impairment recognized as at the reporting period, please refer note 29.

Concentration of credit risks

NPPF proactively adopted a series of measures to prevent large exposure concentration risk, including further tightening lending criteria, adjusting business structure, etc. controlling the credit granting.

Particulars	30-Jun-21		30-Jun-20	
	Amount	%	Amount	%
% of 10 largest loan exposure to fund size	9,833,887,797	21.15%	10,290,731,242	25.21%

2) Term deposits, bonds, cash and cash equivalents and other receivables

NPPF is required to invest the members' contribution as per the investment policy formed by the Board. As per the investment policy of NPPF, 30% of the investment can be in equity shares and 70% in fixed income investments. The investment policy framed by the Board is reviewed regularly.

Credit risk from balances with banks and financial institutions is managed by the NPPF's Portfolio Investment Department. Investments of member contributions are made only with approved counterparties in accordance with the NPPF's policy. The



counterparties are accordingly governed by the regulatory authorities to mitigate financial loss during failure to make payment.

The NPPF evaluates the risk as low since majority of the investments in the form of term deposits, bonds and CPs are made in government-controlled banks and entities. Other receivables are considered to be of good quality and there is no significant credit risk.

Industry Analysis

Particulars	Manufacturing & industries sector	Service & tourism sector	Housing Corporate	Institutions/RGOB	Members
Bonds	384,400,000	1,020,684,759		1,044,461,000	
Commercial paper	-				
Loans (gross)	2,939,911,024	6,568,410,671	782,116,099	230,514,805	7,183,771,715
Investment in equity share	871,498,889	29,185,226		1,541,867,559	
Bank balances and term deposits				21,618,512,260	

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The consequence may be the failure to meet obligations to repay members and creditors.

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. The current ongoing obligations are met through contributions from members, rental income from investment property and interest income from funds invested in loans, deposit and bonds.

The National Pension and Provident Fund Plan is comprised of two funds: (1) Pension fund, and (2) Provident fund.

1. A member of pension fund who has made 240 monthly contributions shall be entitled to a monthly pension on his/her retirement, or on his/her permanent disability. On his/her death, a monthly benefit shall be payable to his/her surviving children and surviving spouse.
2. A member of provident fund shall be paid accumulated contributions credited to provident fund account along with returns credited thereon.

Management monitors rolling forecasts of NPPF's liquidity position and cash and cash equivalents on the basis of expected cash flows through preparation of monthly "fund gap analysis". In addition, NPPF's liquidity management policy involves projecting



cash flows on monthly basis and considering the level of liquid assets necessary to meet the creditors and obligations towards members.

Further payment of pension obligations to members are guaranteed by Royal Government of Bhutan.

Maturities of financial liabilities

The tables below depict NPPF's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 30 June 2021	Less than 1 year	Total
Stale cheque	1,158,482	1,158,482
Interest received in advance	479,239	479,239
Unidentified deposit	2,674,510	2,674,510
Earnest money	238,473	238,473
Security deposit (contractor)	17,225,167	17,225,167
Performance guarantee deposit	9,700,340	9,700,340
Security deposit (rent)	14,425,609	14,425,609
Excess member contribution	1,455,213	1,455,213
Security deposit - power / tenant	453,986	453,986
Housing / education loan closed A/c - credit	66,860,955	66,860,955
Other payables	73,652,131	73,652,131
Total financial liabilities	188,324,108	188,324,108

Contractual maturities of financial liabilities 30 June 2020	Less than 1 year	Total
Stale cheque	1,690,688	1,690,688
Interest received in advance	25,089	25,089
Unidentified deposit	3,341,703	3,341,703
Earnest money	1,685,301	1,685,301
Security deposit (contractor)	9,793,007	9,793,007
Performance guarantee deposit	1,906,346	1,906,346
Security deposit (rent)	12,607,731	12,607,731
Excess member contribution	2,706,643	2,706,643
Security deposit - power / tenant	480,247	480,247
Housing / education loan closed A/c - credit	25,941,308	25,941,308
Unclaimed contribution	48,462,218	48,462,218
Other payables	122,372,227	122,372,227
Total financial liabilities	231,012,510	231,012,510



(C) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates. NPPF gives loans at fixed interest rate and floating rate (reset after 5 years) hence, it is not exposed to interest rates risks on loans. Further other financial instruments invested in term deposits, bonds and CPs, are also at fixed rate of interest.

The NPPF's fixed rate financial assets are carried at amortized cost. They are therefore not subject to interest rate risk as defined in BFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(D) Price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The company's exposure to equity securities price risk arises from investments held by the company in equity securities and classified in the statement of financial position as at fair value through statement of comprehensive income. The table below summarizes the impact of increases/decreases of the prices of respective securities on company's equity and total other comprehensive income for the period. The analysis is based on the assumption that the market price of the respective securities had increased by 5% or decreased by 5%:

Particulars	Impact on total comprehensive income	
	30-Jun-21	30-Jun-20
Increase by 5%	122,127,584	133,426,939
Decrease by 5%	(122,127,584)	(133,426,939)

(E) Foreign currency risk

NPPF has foreign currency exposure only in INR, however the value of Ngultrum is constantly equal to Indian rupee (INR). Hence NPPF is not exposed to any foreign currency risk relating to receivable/payable in INR on the date of reporting.

35. Capital management

NPPF's schemes were introduced as a mandatory retirement savings scheme for civil servants, employees of public corporations and the Armed Forces. NPPF in entrusted



with the responsibility of administering the social security plan and fiduciary duty of managing funds in the form of portfolio investments, real estate investments and member (retail) loans. To manage these objectives of NPPF, it takes following risk management measures:

Statutory Liquidity Ratio

As provided by the Prudential Regulations, every non-banking financial institution shall, at all times, maintain minimum liquidity in the form of quick assets at 10% of total liabilities excluding capital fund and liabilities to the Royal Monetary Authority (RMA).

The RMA has considered waiver of SLR requirement on the condition that the institution segregate its assets and maintain sufficient fund to cover all payments it is obliged to make for both defined benefit and defined contribution schemes. The relaxation will continue till the time RMA comes up with Pension and Provident Fund Rules and Regulations.

Limit on single largest and ten largest borrowers

As required by Royal Monetary Authority, NPPF shall not extend its credit to a single borrower exceeding 30% of total loan portfolio and to ten largest borrowers exceeding 30% of the fund size.

Restrictions on investment

NPPF has formed an investment policy by virtue of which it is explicitly restricted from making investments not more than 15% with any one issuer.

Asset Allocation

NPPF has framed an asset allocation policy based on risk appetite of the fund and the available investment opportunities. The assets will broadly be allocated according to the most appropriate mix as determined by the Board of the NPPF from time to time. This allocation shall be subject to thorough review as and when necessary. Keeping in view of the present market conditions, the overall asset allocation by asset class aimed at 30:70 - equities vs. fixed income. NPPF invests the members' contribution as per the investment policy approved by the Board.



36. Other disclosure**a) Commitments**

Particulars	30-Jun-21	30-Jun-20
Capital expenditure for Real Estate development.	424,695,095	424,695,095
For acquisition of land for Home Ownership Scheme	-	1,240,000
Loan	545,844,500	246,188,306

b) Operating leases-as lessee

NPPF has taken property under cancellable operating leases expiring within two years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Rental expense relating to operating leases		
Particulars	30-Jun-21	30-Jun-20
Total rental expense relating to operating leases	262,680	254,760

c) Operating lease-as lessor

NPPF has given a portion of office building under cancellable operating leases expiring within five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Rental Income relating to operating leases		
Particulars	30-Jun-21	30-Jun-20
Total rental income relating to operating leases	4,195,510	4,296,060

37. Related party disclosure

NPPF was formed by Royal Government of Bhutan for administering the social security plans in Bhutan by managing funds in the form of portfolio investments, real estate investments and retail loans.



Transactions with related parties

The following transactions occurred with related parties:

Nature of transaction with related party	30-Jun-21	30-Jun-20
Loans to related parties and key management personnel		
Beginning of the year	18,714,066	12,844,635
Loans disbursed during the year	3,580,000	16,684,039
Loan repayment received	3,552,964	11,990,183
Interest charged	2,226,500	1,207,489
End of the year	20,967,602	18,745,980

Terms and conditions

Loan given to related party are on same terms and conditions that are applied to other borrower. These loans are secured and repaid as per the contractual repayment schedule.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. As such Key management personnel of the company for the purpose of

disclosure of compensation includes NPB's executive and non-executive directors and their close family members.

Particulars	30-Jun-21	30-Jun-20
Short- term employee benefits	6,751,432	5,503,844
Post- employment benefits (PEB)	643,036	529,619
Other long- term benefits (OLTB)	411,557	279,478
Total	7,806,024	6,312,941



Ratio Analysis



Significant Ratio

Sl.No.	Ratios	2020-21	2019-20
	Funded ratio		
1	% of Equity investment to fund size	5.25%	6.50%
2	% of Fixed Income to fund size	88.21%	92.42%
3	% Growth in revenue	21.94%	-0.87%
4	% of increase in fund size	13.29%	13.10%
5	% of management expense to revenue	4.62%	5.61%
6	% of non-performing loan	0.51%	0.86%
7	% Growth in Surplus	34.37%	-14.27%
8	% of Rate of return	7.96%	7.12%
9	% of pension payment to annual DB Contribution	31.76%	28.37%
10	% increase in pension payout	17.23%	15.29%





NATIONAL PENSION AND PROVIDENT FUND

P.O. Box: 1046, Thimphu : Bhutan

Telefax: 324140/325758/337064, **Toll Free No.:** 1039

Web: www.nppf.org.bt