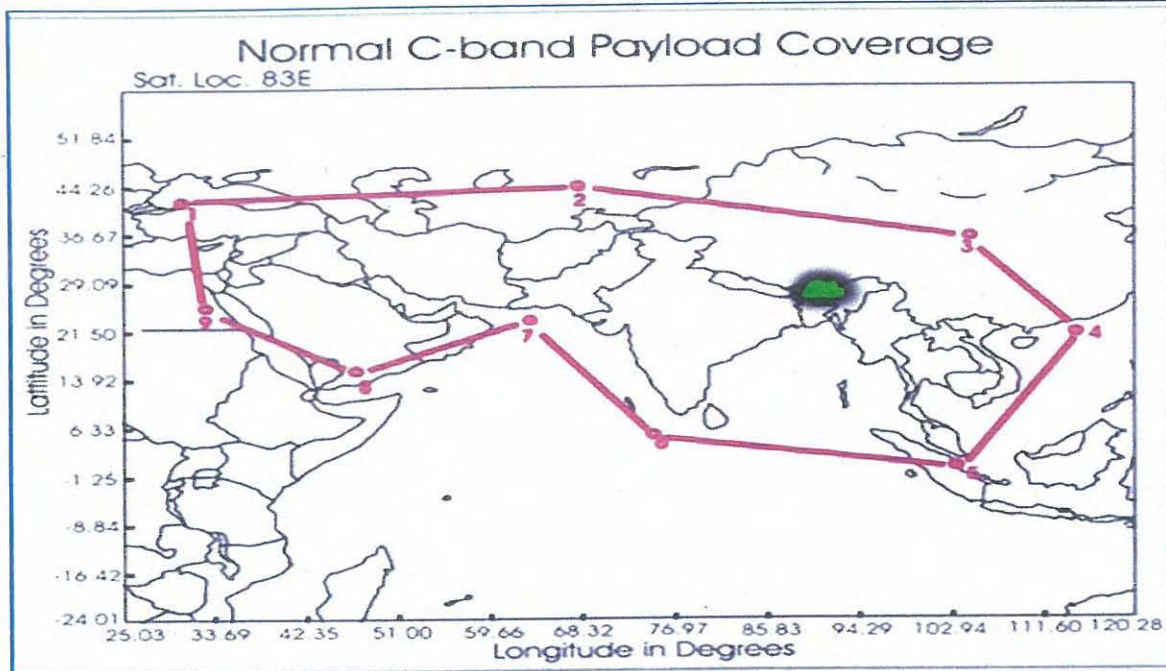
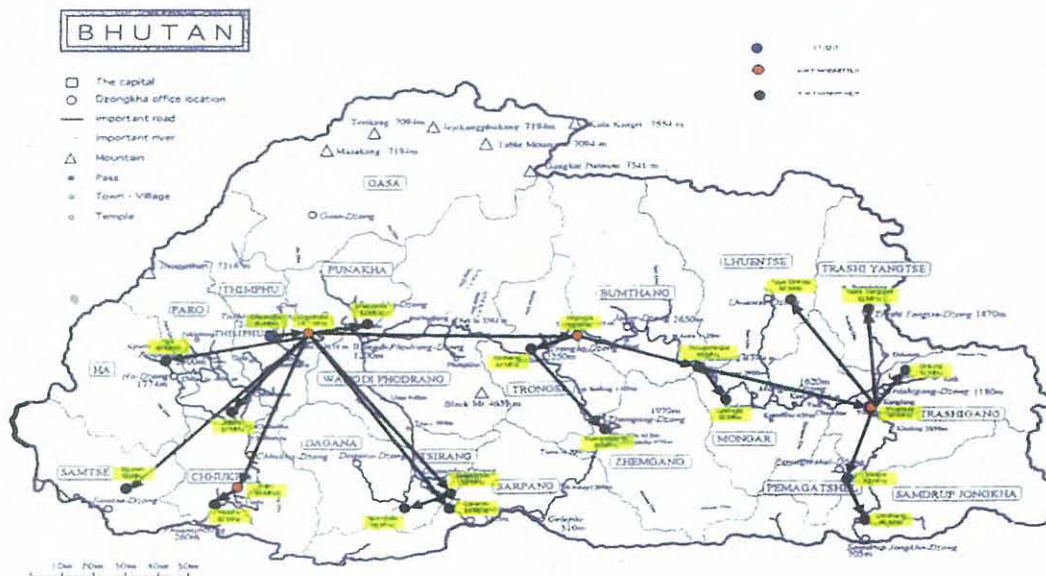


### BBS SATELLITE FOOTPRINT



BBS Satellite Reception	
Satellite	: INSAT 4-A
Location	: 83 Degrees East
Polarization	: Horizontal
Down Link	: 4099 Mhz.
Symbol Rate	: 3.49993 MSPS
FEC	: 3/4
Transponder	: 10

### BBS FM NETWORK



## NATIONAL AUDIENCE SURVEY 2006

### WHAT ROLE OUR AUDIENCE WANTS THE BBS TO PLAY.

<i>Programme</i>	<i>Radio</i>	<i>Television</i>
1. Education	70%	68%
2. Watchdog of the government/people's voice	11%	12%
3. Entertainment	19%	20%

### WHY AUDIENCE LISTENS OR WATCHES BBS.

<i>Programme</i>	<i>Radio</i>	<i>Television</i>
1. News	83%	79%
2. Music/MTV	12%	12%
3. Announcements	3%	3%
4. Programmes	2%	6%

### RECOMMENDATIONS FOR THE RADIO SERVICE



1. Airtime before 7 am, a high listener ship
2. Morning contents should not repeat in the lunch/late afternoon
3. Encourage listening in car and on internet – it is very low at present
4. Proper music library development needed - music listeners strong
5. There is split in urban & rural interests - separate the FM channel for urban listeners
6. Improve programming drastically
7. Minimize use of new words and simplify languages
8. Program package - target audience, format, content and schedule

### RECOMMENDATIONS FOR THE TELEVISION SERVICE

1. Introduce more children programme - less children watch BBS at present
2. Coordinate bulk purchase & sale of TV sets - to help increase viewerships
3. Improve programming drastically
4. Program packaging - target, content, format and schedule
5. Serials on BBS after 9 pm
6. Airtime earlier than 6 pm - better than 10 pm and 11 pm slots
7. Minimize use of new words and simplify languages
8. Avoid repetition of news after 8 pm - mostly same audiences
9. Split in audiences - plan program that will appeal to all audience groups, ie. urban & rural, young & old, illiterate & literate, etc.



**BHUTAN BROADCASTING SERVICE CORPORATION LTD**  
Thimphu, Bhutan

**CASH FLOW STATEMENT**  
For the year ended 31st December, 2005

(Figures in Nu)

PARTICULARS	SCHEDULES	01.01.05 - 31.12.05	01.01.04 - 31.12.04
<b>Net Cash flow from operating activities</b>	5	(11,473,367.06)	5,185,384.34
Return on investment & servicing of finance	1	NIL	NIL
Taxation		NIL	NIL
Capital Expenditure	2	(15,455,044.39)	(14,921,431.85)
<b>Net Cash inflow / outflow before financing</b>		<b>(26,928,411.45)</b>	<b>(9,736,047.51)</b>
Financing	3	18,370,592.00	11,859,212.00
Management of Liquid Resources	4	NIL	
<b>Net Cash inflow / outflow from financing</b>			
Increase/(decrease) in Cash		(8,557,819.45)	2,123,164.49
<b>Increase/(decrease) in Cash</b>			
Cash & Bank Balance(opening)		18,533,042.08	16,409,877.59
Cash & Bank Balance(closing)		9,975,222.63	18,533,042.08
Increase/(decrease) in Cash		<b>(8,557,819.45)</b>	<b>2,123,164.49</b>

Schedules 1 to 5 form part of the Cash Flow Statement  
Signed in terms of our report of even date

For S.N. Mukherji & Co.  
Chartered Accountants

Sudip K. Mukherji  
Partner  
Place: Kolkata

On behalf of the Board

**BHUTAN BROADCASTING SERVICE CORPORATION LTD**

**Schedules Forming Part of the Cash Flow Statement**

(Figures in Nu)

	01.01.2005-31.12.2005		01.01.2004-31.12.2004	
<b>Schedule 1</b>				
<b>Return on investment &amp; servicing of finance</b>				
Interest received	NIL		NIL	
Interest paid	NIL		NIL	
Dividend paid	NIL		NIL	
Dividend received	NIL	NIL	NIL	NIL
<b>Schedule 2</b>				
<b>Capital Expenditure</b>				
Payment to acquire intangible fixed assets	NIL		NIL	
Payment on account of capital work-in-progress	1,840,000.00		NIL	
Payment to acquire tangible fixed Assets	13,615,044.39		14,921,431.85	
Receipts from sale of tangible fixed assets	NIL	15,455,044.39	NIL	14,921,431.85
<b>Schedule 3</b>				
<b>Financing</b>				
Issue of Shares and Debenture	NIL		NIL	
Redemption of Shares and Debentures	NIL		NIL	
Repayment of amount borrowed(other than overdraft)	NIL		NIL	
Payment of expenses or commission on issue of equity share	NIL		NIL	
Capital Grant Received	18,370,592.00	18,370,592.00	11,859,212.00	11,859,212.00
<b>Schedule 4</b>				
<b>Management of Liquid Resources</b>				
Purchase of Treasury bills	NIL		NIL	
Sale of Treasury bills	NIL	NIL	NIL	NIL
<b>Schedule 5</b>				
<b>Net Cash flow from operating activities</b>				
Net Profit/(Loss) before Tax/Operating Profit/(Loss)	(20,452,273.80)		(32,493,645.47)	
Add:				
Depreciation	38,631,964.46		34,767,737.95	
Provision for Doubtful Debts	-		1,275,596.64	
Interest payable	NIL		NIL	
Loss on sale of assets	NIL		NIL	
		18,179,690.66		3,549,689.12
Less:-				
Adjustment of depreciation of earlier years	30,205,814.31		NIL	
Interest receivable	NIL	30,205,814.31	NIL	NIL
(Increase)/decrease in current assets other than cash	359,864.84		1,239,274.67	
Increase/(decrease) in other current liabilities	192,891.75	552,756.59	396,421.03	1,635,695.70
<b>Net Cash flow from operating activities</b>		<b>(11,473,367.06)</b>		<b>5,185,384.82</b>

**LEKI DORJI**  
 CHAIRMAN  
 BBS CORPORATION  
 THIMPHU : BHUTAN

**SCHEDULE: 14****A. Significant Accounting Policies:****1. BASIS OF ACCOUNTING:**

The accounts have been prepared on historical cost convention as a going concern based on the generally accepted accounting principles and mercantile system has been generally followed except as otherwise stated.

**2. REVENUE RECOGNITION:**

- a. Revenue is recognized on completion of work and accounted for net of trade discounts.
- b. Miscellaneous incomes are accounted for on cash basis.

**3. FIXED ASSETS:**

- a. Fixed Assets are stated at historical cost, which consists of purchase price, import duties, other non-refundable taxes and any directly attributable cost for bringing the assets to its present location and working condition for its intended use.
- b. Depreciation is provided at the rates specified in the Annexure II of Rules on the Income Tax Act of the Kingdom of Bhutan 2001, and is computed under straight line method (on Pro-rata basis, from the date of payment).
- c. Work, which is still in progress relating to fixed assets, is accounted for under "capital work-in-progress".
- d. Capitalization of "capital work in progress" has been done on the basis of completion certificate issued by the concerned authority.

**4. INVENTORIES:**

Inventories are valued at cost on weighted average basis. Cost includes import duties, other non-refundable taxes and any directly attributable expenses incurred for bringing the inventories to its present location and condition for its intended use.

**5. GRANTS:**

- a. In accordance with the guidelines issued by the Ministry of Finance, Royal Government of Bhutan, grants received after 30<sup>th</sup> June, 2002 for purchase of fixed assets are treated as Capital Reserve and those received for other purposes are treated as income in the year of receipt.



LEEL DORJI

- b. Amount of depreciation on fixed assets acquired out of grant is credited to Profit & Loss Account by way of transfer from Capital Reserve.
6. **FOREIGN EXCHANGE:**  
Foreign exchange transactions are converted into local currency by using daily exchange rates prevailing on the date of transaction as published by Royal Monetary Authority of Bhutan.
7. **EMPLOYEES' BENEFITS:**  
a. Gratuity is provided for on accrual basis presuming that all employees cease to work as of the year-end.  
b. Leave encashment is accounted for on accrual basis subject to encashment of leave equal to one month's basic pay.
8. **NOTES ON THE ACCOUNTS:**  
8. Bhutan Broadcasting Service (BBS) was renamed from Radio NYAB in 1986. In 1992, by a Royal Decree, BBS was formed as an autonomous corporation and is governed by the Companies Act of the Kingdom of Bhutan, 2000. It became a limited Company since 15.08.1996.
9. The list of assets and liabilities of the BBS Corporation at the close of business of 30<sup>th</sup> June, 2002 have been prepared by a firm of Chartered Accountants with the help of Internal Committee and other departmental staffs and the difference between the assets and liabilities have been shown as Capital Fund where they have reported that they are unable to express an opinion regarding the fairness of values of fixed assets in absence of physical verification report and updated fixed asset register.
10. Grants relating to the period prior to 30<sup>th</sup> June 2002 were not identifiable and as such merged with the Capital Fund.
11. Pending reconciliation of fixed assets purchased out of related capital grants an amount of Nu. 2566190.76 has been transferred from Capital Reserve to Revenue Grants (Profit & Loss Account) being 10% of the Capital Grant (Normal Account) as on 31.12.2005 for depreciation debited to Profit & Loss Account. During the year Nu. 30205814.31, being the excess depreciation provided in earlier years on Radio and Studio equipment has been credited to 'Prior Period Expenses Account'.



12. As the balance confirmation certificates were not available as on 31.12.2005 in respect of sundry debtors, liabilities and creditors, the book balances under the respective heads have been considered for account closing purpose.

13. Land vested in the Corporation at Dochula, Yotongla and Takti are subject to verification and confirmation by the Department of Survey. Valuation of the land at Dochula, Yotongla and Takti and New TV Studio (Chubachu complex) and Yonphula has not been done and have not been entered in the Fixed Assets Register.

14. Contingent Liability:  
Unexecuted capital commitment: Nu. Nil  
Claim against the Corporation not acknowledged as debt: Nu. Nil  
Others: Nu .Nil

15. Profit and loss account includes the following remunerations:

a) Managing Director's remuneration	Current Year <u>Amount (Nu.)</u>	Previous Year <u>Amount (Nu.)</u>
Salary (inc. Allowances)	326211.00	305112.00
LTC	12000.00	Nil
Contribution to superannuation fund	26096.88	12354.00
Foreign travel Expenses	<u>289113.76</u>	<u>189657.00</u>
	<u>653421.64</u>	<u>419318.00</u>
b) Directors Fees	36000.00	81000.00

16. The Global Share Certificate has been received from the Royal Govt. of Bhutan.

17. Previous year's figures have been rearranged and regrouped, wherever necessary.

For S. N. Mukherji & Co.  
Chartered Accountants

On behalf of Board Member

Sudip K. Mukherji  
Partner

Place:

  
Mingbo Duka  
Managing Director

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LEKHI DORJI  
CHAIRMAN  
BBS CORPORATION

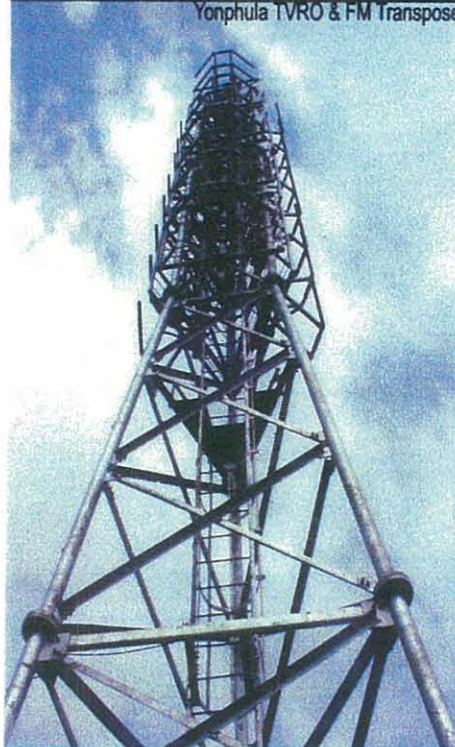
**INFRA-STRUCTURES AT A GLANCE**



Yonphula TVRO & FM Transposer

Trashi Yantse FM Transposer

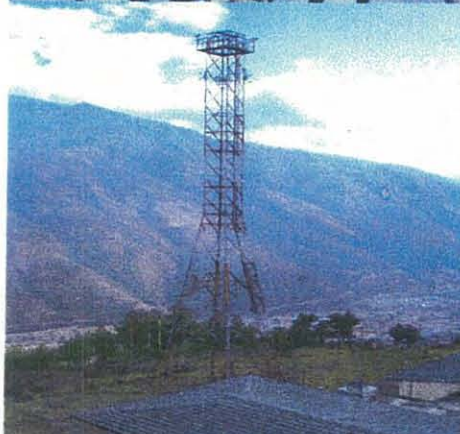
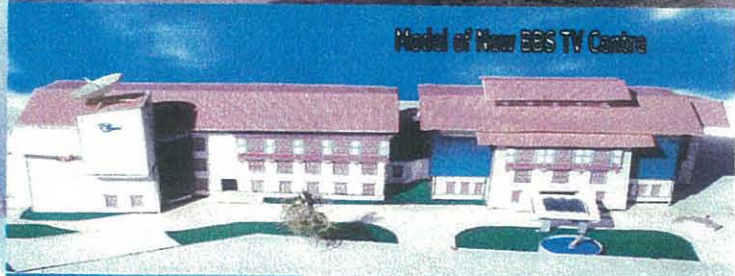
Outdoor Broadcasting



Construction of New BBS TV Centre in progress



Model of New BBS TV Centre



Radio Transmission Tower at Samgaygang



Installation of New 100 KW SW Transposer at Sanggyag



Tsirang FM Transposer



Yongla FM Transposer





**BBSC-COUNTRY'S LARGEST CONTENT PRODUCTION HOUSE**

