United Power Generation & Distribution Company Ltd.

Report and consolidated financial statements as at and for the period ended 30 June 2019

KPMG

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Independent Auditor's Report
to the shareholders of United Power Generation & Distribution Company Ltd.

Report on the Audit of the Consolidated Financial Statements

Qualified opinion

We have audited the consolidated financial statements of United Power Generation & Distribution Company Ltd. ("the Company" or "UPGDCL") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

Management has adopted the Business Combination Under Common Control (BCUCC) concept referred to in IFRS 3: *Business Combinations* for accounting for the acquisition of United Energy Ltd (UEL) by UPGDCL as explained in Note 49A. Under this arrangement, results of UEL and United Ashuganj Energy Ltd (UAEL) have been consolidated with the Company's results as if the group structure as at 30 June 2019 has always been in place.

Reported net profit of the Group for the year includes a gain of BDT 790,793,430 arising from the disposal of UPGDCL shares by UEL in October 2018. As the group structure as at 30 June 2019 is taken to have always been in place due to application of the BCUCC concept, this gain arising during the year ought to have been eliminated upon consolidation. Instead of adjusting net profit for the year, management has directly adjusted retained earnings and non-controlling interest as at 30 June 2019 to exclude this gain. Consequently, net profit for the year remains overstated by BDT 790,793,430. However, retained earnings and non-controlling interests at 30 June 2019 are not affected.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report (Continued)

1. Expiry of contract between United Energy Ltd (subsidiary) and Bangladesh Power Development Board (BPDB)

See note 1.2.1 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Contract for Supply of Electricity on Rental Basis between BPDB and United Energy Ltd relating to its 53 MW plant expired on 22 June 2019. Negotiations for contract extension are under process. No electricity is being demanded from the plant by BPDB in the meantime. Timely outcome of contract extension negotiations will affect the future cash flows and profitability of the Group.	Our substantive procedures in this area included: - Reviewing application made to BPDB for extension of the said contract. - Assessment of likelihood of contract renewal based on inquiry with management and review of correspondence with relevant authorities.

2. Additional charges claimed by the gas suppliers to the Company

See note 42.2 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Based on a decision of the Ministry of Power, Energy and Mineral Resources with regard to gas rates applicable for gas based power plants, the gas suppliers of the Company have claimed additional amounts of BDT 1,087,826,071 and BDT 491,063,484 for Dhaka Export Processing Zone (DEPZ) and Chittagong Export Processing Zone (CEPZ) plants, respectively. The Group initiated legal proceedings against this decision. Current uncertainty in outcome of this litigation inherently affects the amount and timing of potential cash outflows.	Our substantive procedures in this area included: - Reviewing of legal documents pertaining to the case. - Inquiry with management regarding probable outcome of the case. - Obtaining legal opinion from the Company's external legal counsel with regard to the outcome of the case. - Reviewing contingent liability disclosures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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.

Independent Auditor's Report (Continued)

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

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 and made due verification thereof;

b) in our opinion, proper books of accounts as required by law have been kept by the Group so far as it appeared from our examination of these books;

c) the consolidated statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and

d) the expenditure incurred was for the purposes of the Group's business.

The engagement partner on the audit resulting in this independent auditor's report is Adeeb H. Khan.

Dhaka, 01 AUG 2019

United Power Generation & Distribution Company Ltd.
Consolidated statement of financial position

In Taka	Note	30 June 2019	30 June 2018 Restated	1 July 2017 Restated
Assets				
Property, plant and equipment	5	**20,242,083,450**	21,469,475,758	22,506,885,134
Prepaid lease rent	6	**199,341,333**	219,613,333	239,885,333
Investment in associate	7	**-**	8,579,744,929	8,493,417,857
Non-current assets		**20,441,424,783**	30,268,834,020	31,240,188,324
Inventories	8	**1,096,323,223**	1,301,468,516	1,109,236,648
Trade and other receivables	9	**2,769,811,250**	2,239,697,657	1,667,965,794
Receivable from related party	10	**14,060,279,622**	7,021,772,161	7,882,888,186
Advances, deposits and prepayments	11	**238,254,531**	267,173,742	282,221,500
Investment in marketable securities	12	**126,872,487**	81,507,659	256,089,786
Cash and cash equivalents	13	**3,299,042,119**	2,297,488,160	2,105,925,890
Current assets		**21,590,583,232**	13,209,107,895	13,304,327,804
Total assets		**42,032,008,015**	43,477,941,915	44,544,516,128
Equity				
Share capital	14	**4,790,870,000**	3,992,391,670	3,629,446,980
Share premium	15	**2,046,000,000**	2,046,000,000	2,046,000,000
Revaluation reserve	16	**58,131,275**	58,803,268	59,475,260
Retained earnings	17	**22,704,577,678**	20,174,102,182	17,067,168,273
Equity attributable to the owners of the Company		**29,599,578,953**	26,271,297,120	22,802,090,513
Non-controlling interests	18	**488,158,794**	401,910,337	536,192,906
Total equity		**30,087,737,747**	26,673,207,457	23,338,283,419
Liabilities				
Borrowings	19	**7,061,776,681**	8,044,889,721	8,837,734,738
Security money received	20	**700,000**	700,000	700,000
Non-current liabilities		**7,062,476,681**	8,045,589,721	8,838,434,738
Trade and other payables	21	**298,470,517**	192,101,573	4,871,700,936
Accrued expenses	22	**66,930,430**	55,909,456	27,057,316
Borrowings	19	**1,071,451,367**	1,060,593,755	1,024,399,759
Payable to related party	23	**3,260,790,726**	7,289,311,636	6,375,558,324
Provision for income tax	24	**184,150,547**	161,228,317	69,081,636
Current liabilities		**4,881,793,587**	8,759,144,737	12,367,797,971
Total liabilities		**11,944,270,268**	16,804,734,458	21,206,232,709
Total equity and liabilities		**42,032,008,015**	43,477,941,915	44,544,516,128

The annexed notes 1 to 51 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

Auditor

Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

Dhaka, 01 AUG 2019

United Power Generation & Distribution Company Ltd.
Consolidated statement of profit or loss and other comprehensive income

In Taka	*Note*	For the year ended 30 June 2019	30 June 2018 Restated
Revenue	*25*	**11,253,361,366**	11,305,489,436
Cost of sales	*26*	**(4,132,336,855)**	(4,177,008,374)
Gross profit		**7,121,024,511**	7,128,481,062
General and administrative expenses	*27*	**(99,346,659)**	(154,595,998)
Other income	*28*	**810,969,524**	783,317,329
Operating profit		**7,832,647,376**	7,757,202,393
Finance income	*29*	**627,870,566**	731,845,409
Foreign exchange gain/(loss)	*30*	**(84,026,708)**	(279,221,472)
Finance expense	*31*	**(495,422,540)**	(461,797,078)
Profit before tax		**7,881,068,694**	7,748,029,252
Income tax expense	*24*	**(26,040,669)**	(103,171,759)
Profit		**7,855,028,025**	7,644,857,493
Other comprehensive income		**-**	-
Total comprehensive income		**7,855,028,025**	7,644,857,493
Total comprehensive income attributable to:			
Owners of the Company		**7,704,616,834**	7,496,345,662
Non-controlling interests	*18*	**150,411,191**	148,511,831
Total comprehensive income		**7,855,028,025**	7,644,857,493
Earnings per share	*32.1*	**16.08**	15.65

The annexed notes 1 to 51 form an integral part of these financial statements.

Managing Director | Director | Company Secretary

As per our report of same date.

Dhaka, 01 AUG 2019

Auditor
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

United Power Generation & Distribution Company Ltd.
Consolidated statement of changes in equity

In Taka	Attributable to the owners of the Company			Revaluation reserve	Minority Interest	Total
	Share capital	Share premium	Retained earnings			
Restated balance at 30 June 2017	3,629,446,980	2,046,000,000	13,366,432,263	59,475,260	536,192,906	19,637,547,409
Merger reserve	-	-	3,700,736,010	-	-	3,700,736,010
Restated balance at 1 July 2017	3,629,446,980	2,046,000,000	17,067,168,273	59,475,260	536,192,906	23,338,283,419
Restated balance at 1 July 2017	3,629,446,980	2,046,000,000	17,067,168,273	59,475,260	536,192,906	23,338,283,419
Profit for the year	-	-	7,496,345,662	-	148,511,831	7,644,857,493
Cash dividend paid during the year	-	-	(326,700,045)	-	-	(326,700,045)
Issue of bonus shares	362,944,690	-	(362,944,690)	-	-	-
Depreciation on revalued assets	-	-	671,992	(671,992)	-	-
Dividend from subsidiary	-	-	-	-	(282,794,400)	(282,794,400)
Merger reserve	-	-	(3,700,439,010)	-	-	(3,700,439,010)
Restated balance at 30 June 2018	3,992,391,670	2,046,000,000	20,174,102,182	58,803,268	401,910,337	26,673,207,457
Restated balance at 1 July 2018	**3,992,391,670**	**2,046,000,000**	**20,174,102,182**	**58,803,268**	**401,910,337**	**26,673,207,457**
Profit for the year	-	-	**7,704,616,834**	-	**150,411,191**	**7,855,028,025**
Cash dividend paid during the year	-	-	**(3,593,152,504)**	-	-	**(3,593,152,504)**
Issue of bonus shares	**798,478,330**	-	**(798,478,330)**	-	-	-
Depreciation on revalued assets	-	-	**671,992**	**(671,992)**	-	-
Dividend paid to subsidiary	-	-	-	-	**(56,254,800)**	**(56,254,800)**
Merger reserve	-	-	**(297,000)**	-	-	**(297,000)**
Adjustment of gain on disposal from sale of subsidiary under common control	-	-	**(782,885,496)**	-	**(7,907,934)**	**(790,793,430)**
Balance at 30 June 2019	**4,790,870,000**	**2,046,000,000**	**22,704,577,678**	**58,131,275**	**488,158,794**	**30,087,737,747**

The annexed notes 1 to 51 form an integral part of these financial statements.

RAHMAN RAHMAN HUQ KPMG ★ DHAKA ★

United Power Generation & Distribution Company Ltd.
Consolidated statement of cash flows

In Taka	For the year ended 30 June 2019	30 June 2018 Restated
Cash flows from operating activities		
Cash received from customers	**10,726,402,772**	10,736,548,177
Cash received from other sources	**91,077,603**	117,524,271
Cash paid to suppliers and others	**(2,579,777,152)**	(3,018,268,999)
Tax paid	**(10,121,389)**	(15,419,121)
Financial charges paid	**(495,422,541)**	(5,272,404,358)
Net cash generated from operating activities	**7,732,159,293**	2,547,979,970
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(85,563,935)**	(270,329,000)
Investment in subsidiary company	**(297,000)**	(55,963,559,890)
Sale proceeds of subsidiary company	**60,842,895,809**	-
Cash paid for related party loan	**(1,229,090,959)**	1,487,000,000
Investment in marketable securities	**(37,699,999)**	159,100,499
Dividend received from associate company	**-**	701,082,008
Dividend received from subsidiary companies	**-**	6,381,182,616
Net cash generated from/(used in) investing activities	**59,490,243,916**	(47,505,523,767)
Cash flows from financing activities		
Dividend paid	**(357,911,041)**	(6,990,524,562)
Cash paid for related party loan	**(64,804,578,425)**	53,178,466,686
Long term loan paid	**(1,058,364,134)**	(1,039,058,911)
Net cash generated from/(used in) financing activities	**(66,220,853,600)**	45,148,883,213
Net increase in cash and cash equivalents	**1,001,549,609**	191,339,416
Opening cash and cash equivalents	**2,297,488,160**	2,105,925,890
Effect of movements in exchange rates on cash held	**4,350**	222,854
Cash and cash equivalents as at 30 June	**3,299,042,119**	2,297,488,160

The annexed notes 1 to 51 form an integral part of these financial statements.

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Notes to the consolidated financial statements

1 Reporting entity

1.1 Company profile

United Power Generation & Distribution Company Ltd. (UPGDCL) (hereinafter referred to as "the Company"), a public limited company, was incorporated in Bangladesh on 15 January 2007 under the Companies Act (#18) 1994 under registration no. C-65291(2783)/07 with its corporate office at Gulshan Center Point, Road No. 90-91, House No. 23-26, Gulshan-2, Dhaka-1212, Bangladesh. The Company was initially registered as a private limited company, formerly known as Malancha Holdings Ltd. (MHL) and subsequently converted into a public limited company on 22 December 2010.

The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chattogram Stock Exchange Limited (CSE).

1.2 Investment in subsidiaries

The consolidated financial statements of the Group as at and for the year ended 30 June 2019 comprise the financial statements of the Company and those of its subsidiaries (together referred to as "the Group").

Subsidiaries

Subsidiaries are the entities controlled by the Company. The Company controls an entity when it has power over the entity and is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary companies are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The following are the subsidiaries controlled by the Company:

1.2.1 United Energy Ltd.

United Energy Ltd. (UEL), (formerly Shajahanullah Power Generation Company Limited) is a public limited company incorporated in Bangladesh. The authorised capital of UEL is Tk. 100,000,000 divided into 10,000,000 ordinary shares of Tk. 10 each. UEL developed a power plant of 28 MW capacity at Sylhet in order to produce and supply electricity. The plant came into commercial operational on 21 October 2013.

UEL also acquired a power plant of 53 MW capacity through amalgamation with United Ashuganj Power Limited (UAPL) from 1 July 2016 in order to produce and supply electricity.

On 22 June 2019, the Contract for Supply of Electricity on Rental Basis between Bangladesh Power Development Board (BPDB) and United Energy Ltd relating to its 53 MW plant expired. Prior to the expiry, on 4 August 2018 the Company filed an application with BPDB for a 5 year extension of the contract.

Negotiations for extension of the contract with BPDB are under process and management believes that BPDB will agree to the extension. No electricity is being demanded from the plant by BPDB in the meantime. Necessary market disclosures in this regard were given by the Company on 23 June 2019.

1.2.2 United Ashuganj Energy Ltd.

United Ashuganj Energy Ltd. (UAEL) was incorporated in Bangladesh as a private company limited by shares under Companies Act (Act XVIII) 1994 on 30 January 2013. The authorised share capital of UAEL is Tk. 5,000,000,000 only divided into 500,000,000 ordinary shares of Tk. 10 each.

The principal activity of UAEL is power generation and sale of such power to Bangladesh Power Development Board (BPDB). UAEL is a gas fired power plant with a capacity of 195 MW (net) located at Ashuganj, Brahmanbaria which started its commercial operation on 8 May 2015.

Details of holding structure in subsidiaries are described in Note 49A.

RAHMAN RAHMAN HUQ KPMG DHAKA

1.3 Nature of the business

The principal activity of the Company is to generate electricity by gas fired power plants, at Dhaka Export Processing Zone (DEPZ) with 86 MW capacity and Chattogram Export Processing Zone (CEPZ) with 72 MW capacity and to sell electricity to the export processing industries located inside DEPZ and CEPZ with the provision of selling surplus power outside the Export Processing Zones (EPZs) after fulfilling their requirement. The Company is also supplying electricity to Dhaka PBS-1 of Bangladesh Rural Electrification Board (BREB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ) and other private sector companies.

1.4 Power plant

The natural gas fired power plants of Dhaka EPZ and Chattogram EPZ consist of Wartsila, Rolls Royce and MTU engine generators with 30 years expected useful life, which forms the major part of the power generation companies.

DEPZ power plant came into commercial operation on 26 December 2008 with a capacity of 41 MW at DEPZ premises. In 2013, the Company increased its capacity from 41 MW to 86 MW and installed 2 heat recovery boilers to produce 8 ton/h of steam for sale to other customers. At DEPZ, there are four gas fired engines with a capacity of 8.73 MW each, five gas fired engines with a capacity of 9.34 MW each and two gas fired engines with a capacity of 2 MW each for generation of electricity.

CEPZ power plant came into commercial operation on 12 August 2009 with a capacity of 44 MW at CEPZ premises. In 2013, the Company increased its capacity from 44 MW to 72 MW and installed 3 heat recovery boilers to produce 12 ton/h of steam for sale to other customers. At CEPZ, there are five gas fired engines with a capacity of 8.73 MW each and three gas fired engines with a capacity of 9.34 MW each.

The principal activity of the Group is to generate and supply electricity. Operational details of the Group are as follows:

Name of entity	Location	Plant capacity (MW)	Operation starting date	End of contract year
United Power Generation & Distribution Company	DEPZ	86	26 December 2008	2038
	CEPZ	72	12 August 2009	2039
United Energy Ltd	Ashuganj	53	22 June 2011	Expired. Negotiation in progress
	Sylhet	28	21 October 2013	8 May 2043
United Ashuganj Energy Ltd	Ashuganj	195	8 May 2015	7 May 2030

2 Basis of accounting

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Details of the Group's accounting policies are included in Note 49.

2.2 Date of authorisation

The financial statements were authorised for issue by the Board of Directors on 01 AUG 2019.

2.3 Reporting period

The current financial period of the Group covers one year from 1 July 2018 to 30 June 2019 and it is followed consistently.

RAHMAN RAHMAN HUQ KPMG DHAKA

3 Functional and presentation currency

These consolidated financial statements have been presented in Bangladeshi Taka (Taka/Tk/BDT), which is both the functional and presentation currency of the Group. All financial information presented in Taka have been rounded off to the nearest integer, unless otherwise indicated.

4 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

4.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 5 and 49B	Property, plant and equipment
Note 8 and 49C	Inventories
Note 9 and 49D	Trade and other receivables
Note 24 and 49J	Provision for income tax
Note 40, 42, and 49H	Contingent assets and Contingent liabilities

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liabilities that are not based on observable market data

The Group, on regular basis, reviews the inputs and valuation judgements used in measurement of fair value and recognises transfers between level of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

4.2 Changes in significant accounting policies

The Group has applied IFRS 15: *Revenue from Contracts with Customers* and IFRS 9: *Financial Instruments* from 1 July 2018.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. It replaces IAS 18: *Revenue*, IAS 11: *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement. However, adoption of IFRS 15 does not have any significant impact in recognition of revenue for the Group.

IFRS 9 Financial Instruments
IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.* However, adoption of IFRS 9 does not have any significant impact on the financial statements of the Group.

Other new standards that are also effective from 1 January 2018 do not have a material impact on these financial statements either.

5 Property, plant and equipment

See accounting policy in Note 49B

Reconciliation of carrying amount

In Taka	Plant and machinery	Gas line	Building and civil construction	Land and development	Office equipment	Furniture and fixture	Motor vehicle	Total
Cost								
Restated balance at 1 July 2017	26,459,002,602	354,484,321	746,189,551	279,952,125	15,515,714	11,295,631	75,903,715	27,942,343,658
Additions	122,230,245	125,823,736	4,600,699	-	252,119	37,200	17,385,000	270,328,999
Disposals/transfers	-	-	-	-	-	-	-	-
Restated balance at 30 June 2018	26,581,232,847	480,308,057	750,790,250	279,952,125	15,767,833	11,332,831	93,288,715	28,212,672,657
Restated balance at 1 July 2018	**26,581,232,847**	**480,308,057**	**750,790,250**	**279,952,125**	**15,767,833**	**11,332,831**	**93,288,715**	**28,212,672,657**
Additions	**87,403,720**	**1,997,455**	**239,820**	-	**365,344**	**726,571**	**2,230,000**	**92,962,910**
Disposals/transfers	**(7,419,563)**	-	-	-	-	-	-	**(7,419,563)**
Balance at 30 June 2019	**26,661,217,004**	**482,305,512**	**751,030,070**	**279,952,125**	**16,133,177**	**12,059,402**	**95,518,715**	**28,298,216,004**
Accumulated depreciation								
Restated balance at 1 July 2017	5,069,990,712	94,558,629	144,398,490	98,851,921	9,478,229	3,681,758	14,498,785	5,435,458,524
Depreciation for the year	1,233,294,554	12,696,682	40,558,266	9,387,678	2,326,838	1,123,550	8,350,808	1,307,738,375
Disposals/transfers	-	-	-	-	-	-	-	-
Restated balance at 30 June 2018	6,303,285,266	107,255,311	184,956,756	108,239,599	11,805,067	4,805,308	22,849,593	6,743,196,899
Restated balance at 1 July 2018	**6,303,285,266**	**107,255,311**	**184,956,756**	**108,239,599**	**11,805,067**	**4,805,308**	**22,849,593**	**6,743,196,899**
Depreciation for the year	**1,235,795,512**	**14,796,757**	**40,607,337**	**9,387,678**	**1,855,077**	**1,169,711**	**9,344,171**	**1,312,956,244**
Adjustment for disposal/transfers	**(20,589)**	-	-	-	-	-	-	**(20,589)**
Balance at 30 June 2019	**7,539,060,189**	**122,052,068**	**225,564,093**	**117,627,277**	**13,660,144**	**5,975,019**	**32,193,764**	**8,056,132,554**
Carrying amounts								
Restated balance at 30 June 2018	20,277,947,581	373,052,746	565,833,494	171,712,526	3,962,766	6,527,523	70,439,122	21,469,475,758
Balance at 30 June 2019	**19,122,156,815**	**360,253,443**	**525,465,977**	**162,324,847**	**2,473,033**	**6,084,383**	**63,324,951**	**20,242,083,450**

Allocation of depreciation

In Taka	*Note*	2019	2018 Restated
Cost of sales	26	**1,304,621,962**	1,299,480,783
General and administrative expenses	27	**8,334,282**	8,257,592
		1,312,956,244	1,307,738,375

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6 Prepaid lease rent

See accounting policy in Note 49Q

In Taka	*Note*	30 June 2019	30 June 2018 Restated
Prepaid lease rent - non current		**199,341,333**	219,613,333
Prepaid lease rent - current	*11.3*	**20,272,000**	20,272,000
		219,613,333	239,885,333

A land lease agreement was signed between Ashuganj Power Station Company Ltd. (APSCL) and United Ashuganj Energy Ltd. on 27 October 2013. The area of land is 6.48 acres and the value of the lease is Tk. 304,080,000. The lease rent is to be amortised over the period of the Power Purchase Agreement.

7 Investment in associate

In Taka	30 June 2019	30 June 2018 Restated
Khulna Power Company Limited	-	8,493,417,857
add: Profit for the year	-	787,409,080
	-	9,280,826,937
less: Dividend received during the year	-	701,082,008
	-	8,579,744,929

8 Inventories

See accounting policy in Note 49C

In Taka	*Note*	30 June 2019	30 June 2018 Restated
Spare parts	*8.1*	**1,022,385,629**	1,142,628,560
Lube oil and chemicals	*8.2*	**38,646,977**	31,245,451
Materials in transit		**35,290,617**	127,594,505
		1,096,323,223	1,301,468,516

Movement in inventories

8.1 Spare parts

In Taka	30 June 2019	30 June 2018 Restated
Opening balance	**1,142,628,560**	998,433,634
Purchase during the year	**699,106,414**	782,944,320
Transfer during the year	**(11,530,045)**	-
Consumption during the year	**(807,819,300)**	(638,749,394)
	1,022,385,629	1,142,628,560

8.2 Lube oil and chemicals

In Taka	30 June 2019	30 June 2018 Restated
Opening balance	**31,245,451**	52,984,884
Purchase during the year	**87,061,503**	81,761,436
Transfer during the year	**8,601,231**	-
Consumption during the year	**(88,261,208)**	(103,500,869)
	38,646,977	31,245,451

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9 Trade and other receivables

See accounting policy in Note 49D

In Taka	*Note*	30 June 2019	30 June 2018 Restated
Trade receivables	*9.1*	**2,763,864,677**	2,236,907,053
Other receivables	*9.4*	**5,946,573**	2,790,604
		2,769,811,250	2,239,697,657

9.1 Trade receivables

In Taka	*Note*	30 June 2019	30 June 2018 Restated
BREB	*9.2*	**256,175,103**	242,689,429
BPDB	*9.3*	**1,886,818,846**	1,483,777,844
BEPZA		**323,346,582**	284,808,480
Other private customers		**297,524,146**	225,631,300
		2,763,864,677	2,236,907,053

9.2 Out of total receivable with BREB, an amount of BDT 177,171,835 for the period from 2009 to 2012 was under arbitration in Bangladesh Energy Regulatory Commission (BERC) for determination. In May 2018, the arbitration panel awarded in favor of BREB. The Company has filed a writ petition with the Honorable High Court Division of the Supreme Court of Bangladesh against the arbitration award as management continues to believe the amount is recoverable. This is supported by external legal opinion.

9.3 Out of total receivable with BPDB, an amount of BDT 128,900,233 is disputed by BPDB dating back to the period 2009 to 2012. The Company will pursue this amount upon satisfactory resolution of the above matter, but is confident of recovery.

9.4 Other receivables

In Taka	30 June 2019	30 June 2018 Restated
Wartsila Bangladesh Ltd	**5,171,525**	-
Bergen Engine BD (Pvt.) Ltd	**442,974**	-
Interest on FDR	**185,012**	2,264,604
Dividend receivable	**-**	526,000
Samuda Power Ltd	**139,739**	-
Others	**7,323**	-
	5,946,573	2,790,604

10 Receivable from related party

See accounting policy in Note 49D

In Taka	30 June 2019	30 June 2018 Restated
United Enterprises & Co. Ltd	**7,520,341,623**	7,020,001,361
United Mymensingh Power Ltd	**6,530,346,076**	-
United Jamalpur Power Ltd	**133,889**	-
United Anowara Power Ltd	**9,080,642**	-
United Engineering and Power Services Ltd	**-**	1,770,800
United Lube Oil Ltd	**377,392**	-
	14,060,279,622	7,021,772,161

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11 Advances, deposits and prepayments

See accounting policy in Note 49D

In Taka	Note	30 June 2019	30 June 2018 Restated
Advances	11.1	**56,811,414**	65,555,059
Deposits	11.2	**25,192,701**	25,214,689
Prepayments	11.3	**156,250,416**	176,403,994
		238,254,531	267,173,742

11.1 Advances

In Taka	30 June 2019	30 June 2018 Restated
Advance against salary and allowances	**500,000**	500,000
Advance income tax	**16,677,644**	8,172,685
Advance against LC charges	**769,832**	-
Advance against C&F bill	-	330,000
Advance against expenses	**38,863,938**	56,552,374
	56,811,414	65,555,059

11.2 Deposits

In Taka	30 June 2019	30 June 2018 Restated
Karnaphuli Gas Distribution Company Limited	**17,448,825**	17,448,825
Bank guarantee margin	**5,850,000**	5,850,000
BEPZA	**1,112,519**	1,112,519
Balance in BO account	**76,357**	98,345
Central Depository Bangladesh Limited	**500,000**	500,000
BPDB	**205,000**	205,000
	25,192,701	25,214,689

11.3 Prepayments

In Taka	30 June 2019	30 June 2018 Restated
Finnvera premium	**115,095,009**	-
Land lease rent	**20,272,000**	20,272,000
Insurance premium	**18,468,590**	13,875,148
Bank guarantee commission	**1,737,871**	1,766,193
BERC license fees	**676,946**	284,000
Prepaid Finnvera Premium	-	140,206,653
	156,250,416	176,403,994

Premium has been paid to Finnvera in order to obtain syndicated international loan. It will be charged to the statement of profit or loss throughout the financing period.

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12 Investment in marketable securities

See accounting policy in Note 49D

In Taka	30 June 2019	30 June 2018 Restated
Cash available for share purchase	12,684,697	22,653
Financial assets classified as fair value through profit and loss	114,187,790	81,485,006
	126,872,487	81,507,659

12.1 Financial assets classified as fair value through profit and loss

Name of the company	No. of shares	Rate per share	Market value at 30 June 2019	Market value at 30 June 2018	Cost price	Changes in fair value
BRAC Bank Limited	251,045	70.90	16,594,075	-	17,799,989	(1,205,914)
BSCCL	338,422	161.65	44,671,704	-	54,705,315	(10,033,611)
National Polymer Ltd	277,333	94.71	30,534,363	-	26,267,091	4,267,272
Shahjalal Islami Bank Limited	723,580	24.97	18,523,648	-	18,065,677	457,971
Singer BD Ltd	20,000	179.97	3,864,000	-	3,599,312	264,688
Square Pharmaceuticals Ltd	12,500	293.10	-	3,663,750	-	-
The ACME Laboratories Ltd	60,000	99.90	-	5,994,000	-	-
Active Fine Chemicals Ltd	250,000	28.80	-	7,200,000	-	-
Bank Asia Limited	112,500	17.20	-	1,935,000	-	-
BRAC Bank Limited	11,000	71.20	-	783,200	-	-
Delta Life Insurance Company Ltd	3,000	100	-	300,000	-	-
Dhaka Bank Limited	168,750	14.20	-	2,396,250	-	-
Fareast Islami Life Insurance Company Ltd	23,500	66.80	-	1,569,800	-	-
GPH Ispat Ltd	40,400	36.70	-	1,482,680	-	-
IFIC Bank Limited	504,000	12.70	-	6,400,800	-	-
Islami Bank Bangladesh Ltd	240,000	23.80	-	5,712,000	-	-
MJL Bangladesh Limited	30,890	101.90	-	3,147,691	-	-
NCC Bank Limited	275,000	14.70	-	4,042,500	-	-
Prime Bank Limited	357,500	16.10	-	5,755,750	-	-
Pubali Bank Limited	131,250	23.10	-	3,031,875	-	-
SAIF Powertec Limited	129,000	24.50	-	3,160,500	-	-
Shahjalal Islami Bank Limited	657,800	23.20	-	15,260,960	-	-
Southeast Bank Limited	172,500	15.70	-	2,708,250	-	-
Titas Gas Transmission & Distribution Company Limited	50,000	40.00	-	2,000,000	-	-
Uttara Bank Limited	200,000	25	-	4,940,000	-	-
			114,187,790	81,485,006	120,437,383	(6,249,593)

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13 Cash and cash equivalents

See accounting policy in Note 49D

In Taka	*Note*	30 June 2019	30 June 2018 Restated
Cash in hand	*13.1*	**140,534**	214,372
Fixed deposits	*13.2*	**55,503,502**	51,947,261
Cash at bank	*13.3*	**3,243,398,083**	2,245,326,527
		3,299,042,119	2,297,488,160

13.1 Cash in hand

In Taka	30 June 2019	30 June 2018 Restated
Cash in hand	**140,534**	214,372
	140,534	214,372

13.2 Fixed deposits

In Taka	30 June 2019	30 June 2018 Restated
Dhaka Bank Limited	**55,503,502**	51,947,261
	55,503,502	51,947,261

13.3 Cash at bank

In Taka	30 June 2019	30 June 2018 Restated
Dhaka Bank Limited	**2,611,539,043**	1,803,750,940
Dutch Bangla Bank Limited	**570,352,584**	395,661,919
Shahjalal Islami Bank Limited	**928,860**	930,510
Eastern Bank Limited	**79,187**	81,326
Jamuna Bank Limited	**6,616,493**	21,042,814
Trust Bank Limited	**985,369**	1,966,392
Brac Bank Limited	**13,116,290**	12,805,671
Brac Bank Limited - Dividend distribution account 2013 and 2014	**1,400,987**	1,404,039
The City Bank Limited - Dividend distribution account 2016	**5,959,588**	4,109,624
Dhaka Bank Limited - Dividend distribution account 2017	1,045,838	1,277,074
The Hongkong and Shanghai Banking Corporation Ltd	**29,178,640**	-
Standard Chartered Bank	**1,364,709**	1,366,377
The City Bank Limited	**309,909**	407,144
Pubali Bank Limited	**520,586**	522,696
	3,243,398,083	2,245,326,527

14 Share capital

See accounting policy in Note 49N

In Taka	30 June 2019	30 June 2018 Restated
Authorised		
800,000,000 ordinary shares of Tk. 10 each	**8,000,000,000**	8,000,000,000
200,000,000 redeemable preference shares of Tk. 10 each	**2,000,000,000**	2,000,000,000
	10,000,000,000	10,000,000,000
Ordinary shares issued, subscribed and paid up		
Opening balance	**3,992,391,670**	3,629,446,980
Bonus shares issued	**798,478,330**	362,944,690
Closing balance	**4,790,870,000**	3,992,391,670

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Particulars of shareholding

In Taka	30 June 2019 No. of shares	30 June 2019 Value (Tk)	30 June 2018 No. of shares	30 June 2018 Value (Tk)
United Mymensingh Power Ltd	**431,170,994**	**4,311,709,940**	-	-
United Energy Ltd	**-**	**-**	359,309,162	3,593,091,620
Investment Corporation of Bangladesh	**13,086,748**	**130,867,480**	8,136,283	81,362,830
General investors	**34,829,258**	**348,292,580**	31,793,722	317,937,220
	479,087,000	**4,790,870,000**	399,239,167	3,992,391,670

14.1 Percentage of shareholdings

Name of shareholders	30 June 2019	30 June 2018
United Mymensingh Power Ltd	**90.00%**	-
United Energy Ltd	**-**	90.00%
Investment Corporation of Bangladesh	**2.73%**	2.04%
General investors	**7.27%**	7.96%
	100%	100%

14.2 Classification of shareholders by holding

Range of holding in number of shares	30 June 2019 No. of shareholders	30 June 2019 No. of shares	30 June 2018 No. of shareholders	30 June 2018 No. of shares
01 to 5000 shares	**6,029**	**3,338,906**	4,956	2,519,442
5,001 to 20,000 shares	**340**	**3,411,089**	310	3,028,731
20,001 to 50,000 shares	**95**	**2,936,301**	97	2,989,387
50,001 to 1,000,000 shares	**81**	**14,889,798**	84	13,837,409
1,000,001 to 10,000,000 shares	**8**	**23,339,912**	6	17,555,036
over 10,000,001 shares	**1**	**431,170,994**	1	359,309,162
	6,554	**479,087,000**	5,454	399,239,167

15 Share premium

In Taka	30 June 2019	30 June 2018 Restated
Share premium	**2,046,000,000**	2,046,000,000
	2,046,000,000	2,046,000,000

This represents premium of Tk. 62 per share of 33,000,000 ordinary shares of Tk. 10 each.

16 Revaluation reserve

In Taka	30 June 2019	30 June 2018 Restated
Revaluation reserve	**58,131,275**	58,803,268
	58,131,275	58,803,268

17 Retained earnings

In Taka	30 June 2019	30 June 2018 Restated
Opening balance	**20,174,102,182**	17,067,168,273
Net profit for the period	**7,704,616,834**	7,496,345,662
	27,878,719,016	24,563,513,935
Cash dividend for the year 2017-18	**(3,593,152,504)**	-
Stock dividend for the year 2017-18	**(798,478,330)**	-
Cash dividend for the year 2016-17	**-**	(326,700,045)
Stock dividend for the year 2016-17	**-**	(362,944,690)
Depreciation on revalued assets	**671,992**	671,992
Merger reserve	**(297,000)**	(3,700,439,010)
Adjustment of gain on disposal from sale of subsidiary under common control	**(782,885,496)**	-
	22,704,577,678	20,174,102,182

18 Non-controlling interests

In Taka	30 June 2019	30 June 2018 Restated
Opening balance	**401,910,337**	536,192,906
Dividend from subsidiary company	**(56,254,800)**	(282,794,400)
Profit during the year	**150,411,191**	148,511,831
Adjustment of gain on disposal from sale of subsidiary under common control	**(7,907,934)**	-
	488,158,794	401,910,337

19 Borrowings

See accounting policy in Note 49D

Non-current liabilities

In Taka	30 June 2019	30 June 2018 Restated
Investment Promotion and Financing Facility (IPFF) loan	**3,908,131,854**	4,308,345,927
Syndicated International Loan	**3,153,644,827**	3,736,543,794
	7,061,776,681	8,044,889,721

Current liabilities

In Taka	30 June 2019	30 June 2018 Restated
Investment Promotion and Financing Facility (IPFF) loan	**455,070,825**	449,687,285
Syndicated International Loan	**616,380,542**	610,906,470
	1,071,451,367	1,060,593,755

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19.1 Terms and repayment schedule

The following loans were obtained by UAEL under Investment Promotion and Financing Facility (IPFF) and Syndicated International Loan (SIL) facility for procurement of capital machineries, civil construction and local procurement related to power plant assets.

Nature of loan	Lender	Limit	Interest	Tenure	Year of maturity	Repayment terms
IPFF loan	Dhaka Bank Limited	USD 21,940,000	6 month USD LIBOR + 0.3% (IPPF margin) + 1.75% (PFI's margin)	12 years	2027	40 equal quarterly instalments
IPFF loan	Trust Bank Limited	USD 21,940,000	6 month USD LIBOR + 0.3% (IPPF margin) + 1.75% (PFI's margin)	12 years	2027	40 equal quarterly instalments
IPFF loan	Mutual Trust Bank Limited	USD 14,620,000	6 month USD LIBOR + 0.3% (IPPF margin) + 1.75% (PFI's margin)	12 years	2027	40 equal quarterly instalments
SIL loan	International Finance Corporation	USD 20,500,000	3 month USD LIBOR + 4% margin	10 years	2026	37 equal quarterly instalments
SIL loan	DEG	USD 20,500,000	3 month USD LIBOR + 4% margin	10 years	2026	37 equal quarterly instalments
SIL loan	Standard Chartered Bank	USD 20,780,900	3 month USD LIBOR + 0.9% per annum	7 years	2024	29 equal quarterly instalments

The IPFF loan is secured by:

i. Registered hypothecation (first charge) on machinery, plant, equipment, furniture, fixture and all other assets, both present and future, of the borrower along with notarised IGPA to sell the same

ii. Registered hypothecation (first charge) over all floating assets, both present and future, of the borrower along with notarised IGPA to sell the same

iii. Sponsors' undertaking to inject necessary equity funds to finance any cost overrun of the project

iv. Personal guarantees by the personal guarantors

v. Corporate guarantees by the corporate guarantors

The Syndicated International Loan is secured by:

i. Standby letter of credit no. 130BG0000317 dated 12 January 2017 amounting to USD 5,000,000 issued by the City Bank Limited in lieu of funding the Debt Service Reserve Account with the Debt Service amount in place.

ii. Standby letter of credit no. 130BG0000417 dated 12 January 2017 amounting to USD 3,500,000 issued by the City Bank Limited in lieu of funding the Hedging Reserve Account with the Hedging Reserve amount in place.

iii. Standby letter of credit no. 130BG0001418 dated 4 April 2018 amounting to USD 3,000,000 issued by the City Bank Limited in lieu of funding the Major Maintenance Account with the Major Maintenance amount in place.

iv. Corporate guarantee by the corporate guarantors.

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20 Security money received

See accounting policy in Note 49D

In Taka	30 June 2019	30 June 2018 Restated
Lilac Fashion Wear Ltd	**700,000**	700,000
	700,000	700,000

Security deposit received comprises of an amount equal to two months minimum charge received from Lilac Fashion Wear Ltd.

21 Trade and other payables

See accounting policy in Note 49D

In Taka	Note	30 June 2019	30 June 2018 Restated
Trade payables	21.1	**215,635,613**	174,468,834
Other payables	21.2	**82,834,904**	17,632,739
		298,470,517	192,101,573

21.1 Trade payables

In Taka	30 June 2019	30 June 2018 Restated
Gas bill	**215,635,613**	174,468,834
	215,635,613	174,468,834

21.2 Other payables

In Taka	30 June 2019	30 June 2018 Restated
Dividend payable	**56,254,800**	-
Share application money	**6,452,280**	6,481,080
Unclaimed dividend	**7,348,961**	5,890,072
Service charge on gas bill	**7,375,825**	3,297,008
Other operating expenses	**985,051**	326,773
TDS payable	**1,947,289**	1,577,821
Payable to Wartsila Bangladesh Ltd	**521,761**	-
Bergen Engine Bangladesh Ltd	**691,705**	-
CC Engineering Ltd	**1,050,000**	-
Payable against C&F bill	**207,232**	59,985
	82,834,904	17,632,739

22 Accrued expenses

See accounting policy in Note 49D

In Taka	30 June 2019	30 June 2018 Restated
Interest expense payable	**27,427,983**	29,771,420
Provision for expenses	**10,967,221**	9,486,869
Service charge on gas bill	**3,337,015**	3,000,000
VAT payable	**13,647,904**	3,557,516
Other operating expenses	**3,115,234**	4,122,932
Directors' remuneration	**1,000,000**	2,400,000
C&F bill	**-**	734,717
Audit fees	**2,120,000**	1,851,250
Utility bill	**650,253**	564,450
Security expenses	**359,880**	348,923
Medical expenses	**50,280**	50,235
Welfare fund	**16,760**	16,745
Environmental expenses	**15,400**	4,400
Agency fee payable	**4,222,500**	-
	66,930,430	55,909,456

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23 Payable to related party

See accounting policy in Note 49D

In Taka	30 June 2019	30 June 2018 Restated
United Engineering & Power Services Ltd	**27,008,153**	22,495,830
United Enterprises & Co. Ltd	**-**	6,726,815,806
United Mymensingh Power Ltd	**3,233,782,573**	-
Neptune Commercial Ltd	**-**	540,000,000
	3,260,790,726	7,289,311,636

24 Provision for income tax

See accounting policy in Note 49J

In Taka	30 June 2019	30 June 2018 Restated
Opening balance	**161,228,317**	67,361,323
Provision during the year	**26,040,669**	103,171,759
Paid during the year	**(3,118,439)**	(9,304,765)
	184,150,547	161,228,317

No provision is required for income tax on UPGDCL's profit as it has received exemption from all such taxes from the Government of Bangladesh for 15 years from commencement.

No provision is required for income tax on the business income of United Energy Ltd. (UEL) and United Ashuganj Energy Ltd. (UAEL) as the companies have received exemption from income from power generation under the private sector power generation policy for a period of 15 years from the start of their commercial operation, vide SRO ref: 211-Law/Income Tax/2013-Income Tax ordinance (#36) 1984 dated 1 July 2013. Such exemption of UEL (Sylhet power plant) and UAEL (Ashuganj 195 MW power plant) will expire on 2028 and 2030 respectively. The Ashuganj 53 MW power plant being rental power plant is liable for TDS at 4% which is borne by the BPDB. However provision has been made on the non-business income of UEL and UAEL.

25 Revenue

See accounting policy in Note 49F

In Taka	*Note*	30 June 2019	30 June 2018 Restated
Electricity supply	*25.1*	**11,223,446,341**	11,280,781,853
Steam supply	*25.2*	**29,915,025**	24,707,583
		11,253,361,366	11,305,489,436

25.1 Electricity supply

In Taka	30 June 2019	30 June 2018 Restated
BPDB	**5,178,269,856**	5,462,432,797
BEPZA	**4,161,471,744**	4,082,381,550
BREB	**696,076,469**	472,888,797
Other private customers	**1,187,628,272**	1,263,078,710
	11,223,446,341	11,280,781,853

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25.2 Steam supply

In Taka	30 June 2019	30 June 2018 Restated
Gunze United Ltd	**22,643,385**	19,603,507
Global Labels (Bangladesh) Ltd	**4,840,629**	3,944,305
Croydon-Kowloon Designs Ltd	**602,739**	-
Talisman Ltd	**120,310**	-
Regency Garments Limited	**1,707,962**	1,159,771
	29,915,025	24,707,583

26 Cost of sales

In Taka	30 June 2019	30 June 2018 Restated
Fuel and energy	**1,452,256,965**	1,607,587,288
Spare parts and lube oil	**864,822,628**	742,250,263
Depreciation	**1,304,621,962**	1,299,480,783
Minimum load charge	**61,466,823**	123,412,153
Direct overhead	**261,782,756**	245,670,444
Repair and maintenance	**67,200,714**	54,635,644
Entertainment	**12,404,302**	9,336,298
Utility bill	**9,183,001**	5,992,516
Security expense	**5,878,848**	2,851,220
Carrying charge	**1,999,820**	2,298,100
Land lease rent	**2,331,584**	2,292,184
Advertisement expense	**745,750**	-
Travelling and conveyance	**1,198,662**	943,520
Labour and wages	**844,639**	918,037
Vehicle running and maintenance	**1,529,726**	1,356,184
Environmental expenses	**601,064**	213,180
Printing and stationery	**571,730**	541,095
Site office expense	**798,851**	732,725
Telephone, mobile and internet	**492,583**	480,094
BERC license and others	**1,133,488**	674,805
Worker welfare fund	**201,616**	-
Postage and courier	**97,580**	97,801
Automation and IP expense	**87,284**	86,550
Insurance premium	**58,814,614**	54,608,546
Amortisation of lease rent	**20,272,000**	20,272,000
Gardening and beautification	**969,565**	243,158
Computer maintenance	**28,300**	33,786
	4,132,336,855	4,177,008,374

26.1 The Group signed agreements for all its operation, maintenance and management (O&M) services with United Engineering and Power Service Ltd (UEPSL). It provides all technical support related to operation and management of the power plants. UEPSL raises invoice for actual cost and a service charge per month.

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27 General and administrative expenses

In Taka	30 June 2019	30 June 2018 Restated
Directors' remuneration	**24,272,500**	33,832,500
Office maintenance	**10,890,000**	10,890,000
Advertisement	**6,838,056**	4,688,723
Depreciation	**8,334,282**	8,257,592
AGM expenses	**2,521,774**	1,880,720
Vehicle running expenses	**514,671**	761,134
Bank charge and commission	**3,208,540**	1,816,112
Office rent	**2,760,000**	4,260,000
Office expenses	**321,865**	405,741
Board meeting fees	**2,896,658**	4,318,750
Consultancy fees	**489,500**	1,348,977
Auditor's fee	**2,172,500**	1,753,750
Entertainment	**298,100**	1,360,223
Traveling and conveyance	**455,797**	529,427
Postage, telephone and telex	**76,808**	140,606
Printing and stationery	**80,050**	107,932
VAT on audit fee	**120,000**	172,500
Trade license and others	**3,419,706**	2,075,780
Overseas travelling	**211,250**	259,018
RJSC expenses	**260,170**	254,660
CDBL and listing fee	**25,014,204**	19,141,214
Legal expense	**1,500,000**	260,250
Share transfer fees	**2,611,279**	55,506,135
Donation	**-**	500,000
Subscription fees	**78,949**	74,254
	99,346,659	154,595,998

28 Other income

In Taka	30 June 2019	30 June 2018 Restated
Realised gain from marketable securities	**13,914,422**	8,558,157
Unrealised loss from marketable securities	**(6,249,593)**	(24,039,785)
Sale of used lube oil and drums	**6,399,357**	5,300,560
Scrap sale	**6,111,908**	4,445,317
Dividend income	**-**	1,644,000
Gain on disposal of subsidiary	**790,793,430**	-
Profit from associate company	**-**	787,409,080
	810,969,524	783,317,329

29 Finance income

See accounting policy in Note 49M

In Taka	30 June 2019	30 June 2018 Restated
Interest on related party loan	**548,226,878**	625,883,975
Interest on short term deposits	**59,869,123**	23,318,497
Interest on FDR	**19,774,565**	82,642,937
	627,870,566	731,845,409

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30 Foreign exchange gain/(loss)

See accounting policy in Note 49I

In Taka	30 June 2019	30 June 2018 Restated
Foreign exchange loss - unrealised	**(72,231,156)**	(261,089,132)
Foreign exchange loss - realised	**(11,799,902)**	(18,355,194)
Foreign exchange gain on USD account	**4,350**	222,854
	(84,026,708)	(279,221,472)

31 Finance expense

See accounting policy in Note 49M

In Taka	30 June 2019	30 June 2018 Restated
Interest on IPFF loan	**222,585,748**	186,944,438
Interest on syndicated international loan	**231,617,430**	239,909,381
Finnvera premium	**25,111,644**	25,111,644
Bank guarantee commission	**1,890,322**	1,890,500
Agency and services fee	**8,536,775**	-
Syndication fee	**2,737,503**	2,912,130
Monitoring fee	**2,567,000**	3,468,922
Bank charges	**376,118**	1,560,063
	495,422,540	461,797,078

32 Earnings per share

See accounting policy in Note 49O

32.1 Basic earnings per share

In Taka	30 June 2019	30 June 2018 Restated
Profit attributable to the ordinary shareholders	**7,704,616,834**	7,496,345,662
Weighted average number of shares outstanding	**479,087,000**	479,087,000
Earnings per share	**16.08**	15.65

33 Net asset value per share

	Note	30 June 2019	30 June 2018 Restated
Net assets	*33.1*	**30,087,737,747**	26,673,207,457
Weighted average number of shares outstanding		**479,087,000**	479,087,000
Net asset value per share		**62.80**	55.68

33.1 Net assets

In Taka	30 June 2019	30 June 2018 Restated
Total assets	**42,032,008,015**	43,477,941,915
Total liabilities	**11,944,270,268**	16,804,734,458
Net assets	**30,087,737,747**	26,673,207,457

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34 Net operating cash flow per share

	30 June 2019	30 June 2018 Restated
Net cash generated from operating activities	7,732,159,293	2,297,488,160
Weighted average number of shares outstanding	479,087,000	479,087,000
Net operating cash flow per share	**16.14**	4.80

35 Reconciliation of net profit with cash flow from operating activities

In Taka	30 June 2019	30 June 2018 Restated
Profit for the year	**7,855,028,025**	7,644,857,493
Adjustment for:		
Depreciation	**1,312,956,244**	1,307,738,375
Amortisation of lease rent	**20,272,000**	20,272,000
Unrealised loss from marketable securities	**6,249,593**	24,039,785
Realised gain from marketable securities	**(13,914,422)**	(8,558,157)
Foreign exchange loss - unrealised	**72,231,156**	261,089,132
Foreign exchange loss - realised	**13,873,199**	21,095,904
Interest on related party loan	**(548,226,878)**	(625,883,975)
Gain on disposal of subsidiary	**(790,793,430)**	-
Dividend income	-	(787,409,080)
Changes in:		
Inventories	**205,145,292**	(160,921,475)
Trade and other receivables	**(530,113,592)**	(571,731,864)
Advances, deposits and prepayments	**28,919,209**	(16,262,636)
Trade and other payables	**46,835,015**	(4,665,613,234)
Accrued expenses	**14,992,381**	14,683,514
Provision for income tax	**22,922,230**	92,146,681
Payable to related party	**15,783,271**	(1,562,495)
Net cash generated from operating activities	7,732,159,293	**2,547,979,970**

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36 Related party transactions

During the period, the Group carried out a number of transactions with related parties. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of IAS 24: *Related party disclosures*.

A Transactions with key management personnel

i. Loans to directors

During the period, no loan was given to the directors of the Group.

ii. Key management personnel compensation comprised the following:

In Taka	30 June 2019	30 June 2018
Directors' remuneration	**24,272,500**	33,832,500
Board meeting fees	**2,896,658**	4,318,750
	27,169,158	38,151,250

The Group's key management personnel includes the directors. Compensation includes directors' remuneration and meeting attendance fees.

B Other related party transactions

	Transaction value during the year ended 30 June		Balance outstanding as at 30 June	
	2019	2018	2019	2018
United Power Generation & Distribution Company Ltd.				
Sale of goods and services				
Gunze United Limited	**22,643,385**	19,603,506	**4,826,023**	5,687,309
Purchase of services				
United Engineering & Power Services Ltd	**106,204,604**	95,224,727	**9,870,923**	6,989,504
Loans				
United Enterprises & Co. Ltd			**-**	4,759,627,601
Loan disbursed during the period	**-**	11,353,000,000		
Loan repaid during the period	**4,759,627,601**	10,250,000,000		
United Mymensingh Power Ltd			**6,528,674,556**	-
Loan disbursed during the period	**9,049,674,556**	-		
Loan repaid during the period	**2,521,000,000**	-		
Transfer of inventory (spare parts)				
United Mymensingh Power Ltd	**567,903**	-	**567,903**	-
United Anowara Power Ltd	**7,257,473**	-	**7,257,473**	-
United Lube Oil Ltd	**377,392**	-	**377,392**	-
United Jamalpur Power Ltd	**68,114**	-	**68,114**	-
United Engineering & Power Services Ltd.	**2,340,800**	-	**2,340,800**	-

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	Transaction value during the year ended 30 June		Balance outstanding as at 30 June	
	2019	2018	2019	2018
United Energy Ltd				
Purchase of services				
United Engineering & Power Service Ltd	**36,630,197**	35,076,071	**2,641,394**	2,233,703
Loan				
United Mymensingh Power Ltd			**3,233,782,573**	-
Loan disbursed	**64,649,744,929**	-		
Loan repaid	**67,883,527,502**	-		
United Enterprises & Co. Ltd			**7,520,341,623**	1,852,912,500
Loan disbursed	**9,539,278,243**	310,000,000		
Loan repaid	**3,871,849,120**	-		
United Engineering & Power Service Ltd			-	1,770,800
Loan disbursed	-	37,238,410		
Loan repaid	**1,770,800**	37,238,410		
Neptune Commercial Ltd			-	540,000,000
Loan disbursed	-	-		
Loan repaid	**540,000,000**	-		
United Enterprises & Co. Ltd			-	58,989,966,686
Loan disbursed	**59,593,466,686**	223,000,000		
Loan repaid	**603,500,000**	53,401,466,686		
United Ashuganj Energy Ltd				
Purchase of services				
United Engineering & Power Service Ltd	**113,527,934**	115,369,646	**696,730,702**	15,506,326
Loan				
United Enterprises & Co. Ltd			-	407,461,260
Loan disbursed	-	866,935,233		
Loan repaid	**407,461,260**	3,500,000,000		
Inventory				
United Jamalpur Power Ltd.	**65,775**	-	**65,775**	-
United Mymensingh Power Ltd	**1,103,617**	-	**1,103,617**	-
United Anowara Power Ltd	**1,823,169**	-	**1,823,169**	-

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37 Financial instruments - Fair values and risk management

Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2019

		Carrying amount							Fair value			
In Taka	*Note*	Fair value-hedging instruments	Mandatorily at FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value												
Investment in marketable securities	*12*	-	126,872,487	-	-	-	-	126,872,487	126,872,487	-	-	126,872,487
		-	126,872,487	-	-	-	-	126,872,487	126,872,487	-	-	126,872,487
Financial assets not measured at fair value												
Trade and other receivables	*9*	-	-	-	-	2,769,811,250	-	2,769,811,250	-	-	-	-
Receivable from related party	*10*	-	-	-	-	14,060,279,622	-	14,060,279,622	-	-	-	-
Cash and cash equivalents	*13*	-	-	-	-	3,299,042,119	-	3,299,042,119	-	-	-	-
		-	-	-	-	20,129,132,991	-	20,129,132,991	-	-	-	-
Financial liabilities not measured at fair value												
Borrowings	*19*	-	-	-	-	-	8,133,228,048	8,133,228,048	-	-	-	-
Security money received	*20*	-	-	-	-	-	700,000	700,000	-	-	-	-
Trade and other payables	*21*	-	-	-	-	-	298,470,517	298,470,517	-	-	-	-
Accrued expenses	*22*	-	-	-	-	-	66,930,430	66,930,430	-	-	-	-
Payable to related party	*23*	-	-	-	-	-	3,260,790,726	3,260,790,726	-	-	-	-
		-	-	-	-	-	11,760,119,721	11,760,119,721	-	-	-	-

30 June 2018

		Carrying amount								Fair value			
In Taka	*Note*	Held-for-trading	Designated at fair value	Fair value-instruments	Held to maturity	Loans and receivables	Available for sale	Other liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value													
Investment in marketable securities	*12*	81,507,659	-	-	-	-	-	-	81,507,659	81,507,659	-	-	81,507,659
		81,507,659	-	-	-	-	-	-	81,507,659	81,507,659	-	-	81,507,659
Financial assets not measured at fair value													
Trade and other receivables	*9*	-	-	-	-	-	2,239,697,657	-	2,239,697,657	-	-	-	-
Receivable from related party	*10*	-	-	-	-	-	7,021,772,161	-	7,021,772,161	-	-	-	-
Cash and cash equivalents	*13*	-	-	-	-	-	2,297,488,160	-	2,297,488,160	-	-	-	-
		-	-	-	-	-	11,558,957,978	-	11,558,957,978	-	-	-	-
Financial liabilities not measured at fair value													
Borrowings	*19*	-	-	-	-	-	-	9,105,483,476	9,105,483,476	-	-	-	-
Security money received	*20*	-	-	-	-	-	-	700,000	700,000	-	-	-	-
Trade and other payables	*21*	-	-	-	-	-	-	192,101,573	192,101,573	-	-	-	-
Accrued expenses	*22*	-	-	-	-	-	-	55,909,456	55,909,456	-	-	-	-
Payable to related party	*23*	-	-	-	-	-	-	7,289,311,636	7,289,311,636	-	-	-	-
		-	-	-	-	-	-	16,643,506,141	16,643,506,141	-	-	-	-

38 Financial risk management

The Group has exposure to the following risks from its use of financial instruments.

A Credit risk
B Liquidity risk
C Market risk

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Group. The Board is assisted in its oversight role by the Audit Committee. Internal audit, under the purview of Audit Committee, undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

A Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Management monitors the exposure to credit risk on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position.

i) Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

In Taka	*Note*	30 June 2019	30 June 2018
Trade and other receivables	*9*	**2,763,864,677**	2,236,907,053
Receivable from related party	*10*	**14,060,279,622**	7,021,772,161
Investment in marketable securities	*12*	**126,872,487**	81,507,659
Cash and cash equivalents (excluding cash in hand)	*13*	**3,298,901,585**	2,297,273,788
		20,249,918,371	11,637,460,661

ii) Ageing of trade and other receivables

In Taka	30 June 2019	30 June 2018
Not past due	**903,457,699**	926,166,624
Past due 0-30 days	**525,357,559**	580,704,185
Past due 31-60 days	**474,897,864**	356,475,218
Past due 61-90 days	**419,469,532**	24,283,729
Past due 91-120 days	**19,699,011**	19,774,075
Past due 121-365 days	**91,454,071**	2,598,024
Past due 365+ days	**329,528,939**	326,905,198
	2,763,864,677	2,236,907,053

B Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

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Exposure to liquidity rate risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

30 June 2019

			Contractual cash flows		
In Taka	*Note*	Carrying amount	Total	6 months or less	Over 6 months
Non-derivative financial liabilities					
Borrowings	19	**8,133,228,048**	**8,133,228,048**	**532,885,129**	**7,600,342,919**
Trade and other payables	21	**298,470,517**	**298,470,517**	**298,470,517**	-
Accrued expenses	22	**66,930,430**	**66,930,430**	**66,930,430**	-
Payable to related party	23	**3,260,790,726**	**3,260,790,726**	**3,260,790,726**	-
		11,759,419,721	**11,759,419,721**	**4,159,076,802**	**7,600,342,919**
Derivative financial liabilities		-	-	-	-
		11,759,419,721	**11,759,419,721**	**4,159,076,802**	**7,600,342,919**

30 June 2018

			Contractual cash flows		
In Taka	*Note*	Carrying amount	Total	6 months or less	Over 6 months
Non-derivative financial liabilities					
Borrowings	19	9,105,483,476	9,105,483,476	527,833,181	8,577,650,295
Trade and other payables	21	192,101,573	192,101,573	192,101,573	-
Accrued expenses	22	55,909,456	55,909,456	55,909,456	-
Payable to related party	23	7,289,311,636	7,289,311,636	7,289,311,636	-
		16,642,806,141	16,642,806,141	8,065,155,846	8,577,650,295
Derivative financial liabilities		-	-	-	-
		16,642,806,141	16,642,806,141	8,065,155,846	8,577,650,295

C Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

Exposure to currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies.

The Group's exposure to foreign currency risk arising from foreign currency denominated assets and liabilities at balance sheet date denominated in US dollar (USD) and British Pound (GBP) are as follows:

	30 June 2019		30 June 2018	
	USD	GBP	USD	GBP
Cash and cash equivalents	**14,228**	**153**	15,428	152
Share application money	**(10,558)**	**(153)**	(10,564)	(152)
Borrowings	**(96,308,207)**	-	(108,787,138)	-
Net exposure	**(96,304,537)**	-	(108,782,274)	-

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The following significant exchange rates have been applied:

In Taka	Year-end spot rate 30 June 2019	30 June 2018
USD	**84.45**	83.75
GBP	**107.29**	110.63

Sensitivity analysis

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies.

A 2% change in foreign currency exchange rates in 2019 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit/(loss)		Equity, net of tax increase/(decrease)	
Effect in Taka	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
30 June 2019				
USD (2% movement)	**(162,658,363)**	**162,658,363**	**(162,658,363)**	**162,658,363**
30 June 2018				
USD (2% movement)	(182,210,309)	182,210,309	(182,210,309)	182,210,309

ii. Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings and deposits.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as at statement of financial position date is as follows:

In Taka	*Note*	Nominal Amount 30 June 2019	30 June 2018
Fixed rate instruments			
Financial assets			
Receivable from related party	*10*	**14,060,279,622**	7,021,772,161
Fixed deposits	*13*	**55,503,502**	51,947,261
Financial liabilities			
Payable to related party	*23*	**(3,260,790,726)**	(7,289,311,636)
Variable rate instruments			
Financial liabilities			
Borrowings	*19*	**(8,133,228,048)**	(9,105,483,476)
		2,721,764,350	(9,321,075,690)

39 Operational risk

Operational risk constitutes the ability of the Group's power projects to generate and distribute stipulated electricity to its off-takers. Technology used, fuel supply arrangement, operational and maintenance (O&M) arrangement, political or force majeure in the form of natural disaster like floods, cyclone, tsunami and earthquake may hamper normal performance of power generation. The timely and appropriate maintenance of the distribution networks undertaken by BEPZA reduces the chance of major disruptions. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of the Group. Management believes that prudent rehabilitation schemes and quality maintenance will lessen the damages caused by such natural disasters. Most importantly, all the above risks of the Group are covered under the separate insurance agreements between Pragati Insurance Company Limited and UPGDCL, UEL and UAEL to compensate for all the potential damages caused in such situations.

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40 Contingent assets

The Company has raised a claim against BEPZA for losses suffered as a result of BEPZA failing to timely provide vacant possession of required land and gas connection and a consequent 234 day delay in the Company commencing commercial operation.

In March 2015 an Arbitration Tribunal (consisting of three arbitrators, one appointed by the Company, other appointed by BEPZA and the chairman of the Tribunal) has been appointed by the both arbitrator. The Tribunal ordered that BEPZA compensate the Company for the following amounts.

In Taka	**30 June 2019**	**30 June 2018**
Service charge deducted by BEPZA ordered to return to the Company	**18,733,918**	18,733,918
Loss of warranty	**17,424,510**	17,424,510
Total	**36,158,428**	36,158,428

In April 2015, BEPZA filed an appeal against the Arbitral award by the Tribunal in the court of district judge, Dhaka. Multiple hearings took place during this year with no significant developments to date.

41 Commitments

The Group had the following outstanding letters of credit (LC) as at 30 June 2019 against which it is committed to purchase spare parts.

	Currency	**30 June 2019 Invoice value**	**30 June 2018 Invoice value**
UPGDCL	USD	**1,183,874**	744,060
	EUR	**1,516,991**	627,453
UEL	USD	**210,668**	404,160
	EUR	**60,020**	14,396
UAEL	USD	**82,936**	47,867
	EUR	**36,121**	66,635

42 Contingent liabilities

42.1 Contingent liabilities relating to bank guarantees amounted to:

United Power Generation & Distribution Company Ltd

In Taka

Beneficiary	**Expiry date**	**30 June 2019**	**30 June 2018**
Titas Gas Transmission & Distribution Company Limited	11 November 2023	**78,790,400**	78,790,400
Titas Gas Transmission & Distribution Company Limited	11 December 2022	**6,628,382**	6,628,382
Karnaphuli Gas Distribution Company Limited	23 January 2023	**34,897,650**	34,897,650
Karnaphuli Gas Distribution Company Limited	20 June 2023	**8,647,617**	8,647,617
Karnaphuli Gas Distribution Company Limited	2 March 2024	**71,724,353**	-
		200,688,402	128,964,049

United Energy Ltd

In Taka

Beneficiary	**Expiry date**	**30 June 2019**	**30 June 2018**
Jalalabad Gas Transmission and Distribution Systems Limited	12 October 2019	**48,396,019**	48,396,019
Bangladesh Power Development Board	31 August 2019	**133,162,500**	133,160,000
		181,558,519	181,556,019

United Ashuganj Energy Ltd

In Taka

Beneficiary	**Expiry date**	**30 June 2019**	**30 June 2018**
Bangladesh Power Development Board	7 June 2020	**380,000,000**	380,000,000
Bakhrabad Gas Distribution Company Limited	13 June 2021	**287,472,356**	287,472,356
		667,472,356	667,472,356

42.2 In line with the provisions of its gas supply agreements, the Company has historically been charged for gas consumption at the rate set for Independent Power Producers (IPPs). However, on 2 January 2018, the Energy and Mineral Resources Division of the Ministry of Power, Energy and Mineral Resources resolved in a meeting that gas based power plants will be charged for gas consumption in the following manner:

a) Gas consumed for generating power supplied to the national grid will be charged at the rate set for IPPs.
b) Gas consumed for generating power supplied to private customers will be charged at the rate set for captive power producers.

Accordingly, in May 2019, the Company's gas suppliers, Titas Gas Transmission & Distribution Company Limited and Karnaphuli Gas Distribution Company Limited, have claimed additional charges amounting to BDT 1,087,826,071 (for the period January 2018 to June 2019) and BDT 491,063,484 (for the period May 2018 to June 2019).

The Company has filed two separate writ petitions, dated 23 May 2019 and 1 July 2019, with the Honorable High Court Division of the Supreme Court of Bangladesh against the above decision. The Honorable High Court issued a stay order of 4 months, dated 26 May 2019 and 4 July 2019, respectively, on the operation of this decision.

43 Bank facilities

The Group enjoys the following credit facilities from the following financial institutions:

30 June 2019

United Power Generation & Distribution Company Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit
Dutch Bangla Bank Limited	100,000,000	-	-	-
Dhaka Bank Limited	350,000,000	300,000,000	300,000,000	200,690,000
Jamuna Bank Limited	1,000,000,000	250,000,000	50,000,000	300,000,000
Total	**1,450,000,000**	**550,000,000**	**350,000,000**	**500,690,000**

United Energy Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit
Dutch Bangla Bank Limited	100,000,000	-	-	-
Dhaka Bank Limited	-	-	-	133,162,500
Pubali Bank Limited	600,000,000	-	1,500,000,000	1,000,000,000
Jamuna Bank Limited	1,000,000,000	250,000,000		300,000,000
Total	**1,700,000,000**	**250,000,000**	**1,500,000,000**	**1,433,162,500**

United Ashuganj Energy Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit
Dutch Bangla Bank Limited	100,000,000	-	-	380,000,000
Dhaka Bank Limited	500,000,000	-	-	287,472,356
Total	**600,000,000**	-	-	**667,472,356**

44 Expenditure in equivalent foreign currency

In Taka	30 June 2019	30 June 2018
Foreign travel for business purpose	**211,250**	259,018
	211,250	259,018

45 Other disclosures

45.1 Capacity and production

United Power Generation & Distribution Company Ltd

		2019		2018	
Location of plant	Installed capacity (MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Dhaka EPZ	688,000	**531,230**	**77%**	472,196	69%
Chattogram EPZ	576,000	**492,726**	**86%**	468,834	81%
Total	1,264,000	**1,023,956**		941,030	

United Energy Ltd

		2019		2018	
Location of plant	Installed capacity (MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Sylhet	224,000	**185,331**	**83%**	176,765	79%
Ashuganj	424,000	**80,057**	**19%**	128,817	30%
Total	648,000	**265,388**		305,583	

United Ashuganj Energy Ltd

		2019		2018	
Location of plant	Installed capacity (MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Ashuganj	1,560,000	**424,309**	**27%**	739,489	47%

45.2 Number of employees

The Group has no employees. Operation and maintenance activities are managed by 211 personnel for UPGDCL, 140 personnel for UAEL and 84 personnel for UEL, provided by United Engineering and Power Services Ltd under separate O&M contracts.

45.3 Investment in power plant:

On 22 June 2019, the Board of Directors of UPGDCL resolved to acquire 75% shares (300,000 shares at face value of Tk. 10 each) of Leviathan Global BD Ltd. (LGBDL) from United Enterprises & Co. Ltd. (UECL). A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2019.

LGBDL is a 50 MW IPP gas fired power plant built under joint venture between Leviathan Global Corporation, USA and UECL. The plant is located at Karnaphuli Export Processing Zone in Chattogram and will be operated under an agreement with Bangladesh Export Processing Zone Authority with a contract period of 30 years (extendable for a further 30 years). Commercial operation is expected to start in August 2019.

46 Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

The Board of Directors in its 90th meeting held on 1 August 2019 have recommended cash dividend @ 130% per share of Taka 10 each aggregating to Taka 6,228,131,000 and stock dividend @ 10% i.e. 1 (one) bonus share for every 10 (ten) ordinary shares of Taka 10 each involving Taka 479,087,000 for the year ended 30 June 2019. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

In accordance with IAS 10: *Events after the Reporting Period*, the proposed final dividend is not recognised in the statement of financial position.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

47 Going concern

The Group has adequate resources to continue in operation for the foreseeable future. For this reason, the management continues to adopt going concern basis in preparing the financial statements. The current resources of the Group provide sufficient fund to meet the present requirements of its existing business.

48 Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except inventories which is measured at lower of cost and net realisable value on each reporting date.

49 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 4.2).

Set out below is an index of the significant accounting policies, the details of which are available on the current and following pages:

A Basis of consolidated financial statements
B Property, plant and equipment
C Inventories
D Financial instruments
E Impairment
F Revenue
G Provisions
H Contingencies
I Foreign currency
J Income tax
K Employee benefits
L Statement of cash flows
M Finance income and finance expenses
N Share capital
O Earnings per share
P Dividends
Q Leases

A Basis of consolidated financial statements

UPGDCL is a listed company which was historically 90% owned by UEL. In October 2018, UEL sold its entire holding of UPGDCL shares to United Mymensingh Power Ltd (UMPL) which is in turn 90% owned by United Enterprise & Co. Ltd (UECL) and 10% shares are held by group of individuals (common sponsors of UECL). The shareholders of UECL are a group of individuals. All these individuals are representing in UPGDCL Board as Nominee Director and hence this group of individuals has the ultimate control of UPGDCL.

UPGDCL on 13 November 2018 has acquired 99% shares of United Energy Limited (UEL). UEL is the parent entity of United Ashuganj Energy Ltd (UAEL) owning 92.41% shares. Accordingly, both UEL and UAEL are controlled entities of UPGDCL. It is also pertinent to note that, on 13 November 2018 the same group of individuals referred above as those having ultimate control of UPGDCL also owned 99% of UEL.

Therefore, as at 13 November 2018 both the Acquirer (UPGDCL) as well as the Acquiree (UEL including UAEL) were owned and controlled by the same group of individuals who has the ultimate collective power to govern financial and operating policies of both UPGDCL and UEL. There has been no changes in this ultimate ownership and hence this collective power is not transitory. Accordingly, the acquisition of UEL by UPGDCL has been considered as 'Business Combination Under Common Control' (BCUCC) as referred in IFRS 3: *Business Combinations* paragraph 2 and Appendix B (Application Guidance).

IFRS 10: *Consolidated Financial Statements* requires preparation and presentation of consolidated financial statements when an entity controls one or more other entities unless it falls within the scope of exceptions. According to criteria for determining control as specified in paragraph 7 of IFRS 10, UPGDCL is considered as the parent entity that controls UEL directly and UAEL indirectly through UEL. UPGDCL directly manages the activities/operations of those entities through common corporate management and thus it has power over these two entities, has both exposure and rights to variable returns from the investee companies (i.e. UEL and UAEL). Therefore, as per IFRS 10, UPGDCL needs to prepare and present its consolidated financial statements after combining those of UEL and UAEL.

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However, the matter of business combination and method of consolidation for entities under common control are excluded from existing IFRSs and the International Accounting Standards Board (IASB) is working on BCUCC as a separate agenda and is expected to publish a discussion paper on how companies should account for combinations of businesses under common control.

Since there is no specific IFRS guidance available on BCUCC to apply to UPGDCL's acquisition/consolidation of UEL, management has followed paragraph 10 of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* which requires use of judgment in developing and applying an accounting policy that results in information that is relevant to the economic decision-making needs of users and reliable in that the financial statements:

a) represent faithfully the financial position, financial performance and cash flows of the entity;
b) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;

c) are neutral, ie free from bias;
d) are prudent; and
e) are complete in all material respects.

As per paragraph 12 of IAS 8, management has also considered the most recent pronouncements of other standard-setting bodies available to deal with BCUCC that can be applied in case of UPGDCL's acquisition of UEL.

Based on these guidelines of IAS 8, paragraphs 10 to 12, management has conducted a detailed review of global practices adopted for BCUCC and observed that the widely used method to apply for such type of business combination is commonly known as 'book value accounting' or 'predecessor value method'. Management's selection of this method is supported by relevant publications and guidelines by major accounting firms of the world as well as related guidelines issued by other accounting bodies such as, Hong Kong Accounting Guideline 5 on Merger Accounting for Common Control Combinations issued by Hong Kong Institute of Certified Public Accountants, Indian Accounting Standard (Ind AS) 103 Appendix C issued by the Accounting Standards Board of India.

The principles of book value accounting or predecessor value method are as follows:

(a) The assets and liabilities of the combining entities (both acquirer and acquiree) are reflected at their carrying amounts;

(b) No adjustments are made to reflect fair values, or recognise any new assets or liabilities and hence no new goodwill arises;

(c) Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings or in a separate reserve;

(d) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination;

(e) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee.

(f) The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

In line with the above principles, the Company's consolidated financial statements combining UEL's results have been prepared with retrospective effect from 1 July 2017 as if the group structure as at 30 June 2019 has always been in place.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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Name of subsidiaries	% of controlling interest	% of non-controlling interest
United Energy Ltd	99	1
United Ashuganj Energy Ltd	91.49	8.51

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees (that means in any company wherein UPGDCL has made investments, if any) are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. However, on 30 June 2019, there are no such investments.

B Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation

i) Property, plant and equipment is stated at cost less accumulated depreciation. All property, plant and equipment have been depreciated on straight line method.

ii) In respect of addition to fixed assets, full depreciation is charged in the month of addition irrespective of date of purchase in that month and no depreciation is charged in the month of disposal/retirement. Residual value is estimated to be zero for all assets.

The rates of depreciation vary according to the estimated useful lives of the items of all property, plant and equipment.

Considering the estimated useful life of the assets, the rates of depreciation are as follows:

	%
Plant and machinery	**3.33 - 8.33**
Gas line	**2 - 8.33**
Building and civil construction	**3.33 - 8.33**
Office equipment	**10 - 15**
Furniture and fixture	**10**
Motor vehicle	**10**

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Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset in the statement of profit or loss and other comprehensive income.

C Inventories

Inventories consisting mainly of spare parts, lube oil and chemicals are valued at lower of cost and net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to make the sale. Costs of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using weighted average cost method.

When inventories are consumed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

D Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets – Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment: Policy applicable from 1 July 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 July 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets include cash and cash equivalents, trade and other receivables and receivable from related parties.

(a) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

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(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

iii. Financial liability

All financial liabilities are recognised initially on the transaction date at which the Group becomes a party to the contractual provisions of the liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade and other payables, related party payables, borrowings, accrued expenses etc.

(a) Trade and other payables

The Group recognises trade and related party payables when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

(b) Loans and borrowings

Principal amounts of the loans and borrowings are stated at their amortised amount. Borrowings repayable after twelve months from reporting date are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from reporting date, unpaid interest and other charges are classified as current liabilities.

(c) Accrued expenses

Accrued expenses represent various operating expenses that are due at the reporting date which are initially measured at fair value.

E Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The Group assesses yearly whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognising an impairment loss, if and only the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognised immediately in the statement of comprehensive income.

F Revenue

Revenue is recognised, upon supply of electricity, quantum of which is determined by survey of meter reading. It excludes value added tax and other government levies, on the basis of net units of energy generated and transmitted to the authorised customer's transmission systems and invoiced on a monthly basis upon transmission to the customers. Revenue is valued using rates in effect when service is provided to customers.

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G Provisions

A provision is recognised in the statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

H Contingencies

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

(i) Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

(ii) Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

I Foreign currency

Foreign currency transactions are translated into BDT/Taka at the exchange rates prevailing on the date of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the reporting date.

Foreign currency denominated non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates prevailing at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

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J Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Power generation companies in the Group are given tax exemptions for certain years beginning with the month of Commercial Date of Operation ("COD"). The summary of tax exemptions for the power plants operated in the Group are as below:

Entity	Plant	Tax provision status	Period	Expiry
UPGDCL	86 MW plant at DEPZ	Tax exemption on all income	15 years	2023
	72 MW plant at CEPZ	Tax exemption on all income	15 years	2024
UEL	53 MW plant at Ashuganj	Tax exemption on business income	8 years	2019
	28 MW plant at Sylhet	Tax exemption on business income	15 years	2028
UAEL	195 MW plant at Ashuganj	Tax exemption on business income	15 years	2030

(ii) Deferred tax

There are varied practices of calculating tax depreciation by power companies in Bangladesh. Amongst these practices there is a precedence of tax assessments being completed for several years for a power company whereby the tax authorities have taken the accounting depreciation charge to be the tax depreciation charge, implying that there were no temporary differences between accounting net book value and tax written down value of property, plant and equipment. On the basis of the said precedence, the Group has not considered any deferred tax relating to property, plant and equipment in the preparation of these financial statements.

K Employee benefits

Workers profit participation fund (WPPF)

The government of Bangladesh has made an amendment to the Labour Law 2006 in July 2013. As per amended section-232 (chha) of the Act, any undertaking carrying on business to earn profit is liable to make provision for WPPF at 5% of the net profit and it also needs to be distributed within 9 months of the statement of financial position date. Operation and maintenance (O&M) activities of the Group are managed by employees of United Engineering and Power Services Limited under an O&M contract. Therefore, the provision of WPPF is not applicable for the Group.

L Statement of cash flows

Statement of cash flows has been prepared in accordance with the IAS 7: *Statement of cash flows* under the direct method.

M Finance income and finance expenses

Finance income comprises interest on financial deposits with banks and loans made to related parties. Finance income is recognised on an accrual basis and shown under statement of profit or loss and other comprehensive income. The Group's finance cost includes interest expense which is recognised at amortised cost.

N Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

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O Earnings per share

The Group represents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

P Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the annual general meeting, while interim dividend distributions are recognised in the period in which the dividends are declared and paid.

Q Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

50 Name of auditors of the Group companies

Name of subsidiary	Status	Name of auditors
United Energy Ltd	Subsidiary	Hoda Vasi Chowdhury & Co
United Ashuganj Energy Ltd	Subsidiary	Rahman Rahman Huq

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51 Standards issued but not yet effective

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this adoption does not have any impact on the financial statements of the Group for annual periods beginning on or after 1 January 2018.

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these financial statements.

(i) IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17: *Leases,* IFRIC 4: *Determining whether an Arrangement contains a Lease*, SIC-15: *Operating Leases – Incentives* and SIC-27: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15: *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16. Based on initial assessment, the impact of adoption of IFRS 16 is not expected to be material.

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