United Power Generation & Distribution Company Ltd.

Independent Auditor's Report and

Consolidated Financial Statements

As at and for the year ended 30 June 2020

A. QASEM & CO.
Chartered Accountants Since 1953

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INDEPENDENT AUDITOR'S REPORT
To the shareholders of United Power Generation & Distribution Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of United Power Generation & Distribution Company Ltd. ("the Group" or "UPGDCL") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 30 June 2020, 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, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of 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 opinion.

Key Audit Matters

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

1. Revenue recognition See note 55 (F) and 30 to the financial statements	
Description of key audit matters	**How the matters were addressed in our audit**
Revenue recognition and provision for customer receivables are key areas of judgement, particularly in relation to: ▪ energy revenue is made based on the survey of the meter reading. The customer (or government authority) verify the electrical energy output through physical inspection of meter and/or review of relevant reports generated from the meter. Upon agreement by both parties, the electrical energy delivered for the month is evidenced by the approval of the professional engineers representing the Group and the customer. The meter is calibrated and certified by independent professional engineers on a regular basis; and	Our audit procedures included: ▪ assessing whether revenue recognition policies are applied through comparison with relevant accounting standards and industry practice; ▪ testing the Group's controls over revenue recognition; ▪ re-calculate the invoice amount as per Power Supply Agreement (PSA); ▪ assessing the assumptions used to calculate the metered accrued income by ensuring that inputs used to the calculation have been derived appropriately; ▪ assessing the Group's disclosures of its revenue recognition, including the estimation and uncertainty involved in recording revenue; and

<table>
<tr><td>▪ identify conflicting issues relating to billing and assessing whether there is little prospect cash will be received for revenue that has been billed.</td><td>▪ discussed with the management regarding the treatment for revenue recognition policy of the Group.</td></tr>
<tr><td colspan="2">2. Additional charges claimed by the gas suppliers to the UPGDCL
See note 48.2 to the financial statements</td></tr>
<tr><td>Description of key audit matters</td><td>How the matters were addressed in our audit</td></tr>
<tr><td>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 UPGDCL have claimed additional amounts of BDT 1,776,734,152 and BDT 491,063,484 for Dhaka Export Processing Zone (DEPZ) and Chittagong Export Processing Zone (CEPZ) plants, respectively.

UPGDCL initiated legal proceedings against this decision. Outcome of this litigation inherently affects the amount and timing of potential cash outflows.

The matter being sub judicial outcome cannot be predict with certainty. However, Legal Advisor of the UPGDCL opined about positive grounds favouring UPGDCL.</td><td>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 UPGDCL's external legal counsel with regard to the outcome of the case.
▪ Reviewing contingent liability disclosures.</td></tr>
<tr><td colspan="2">3. Implementation of IFRS 16 -Leases
See note 4.2 and 55(Q) to the financial statements</td></tr>
<tr><td>Description of key audit matters</td><td>How the matters were addressed in our audit</td></tr>
<tr><td>The Group recognized rights-of-use assets (ROUA) and lease liabilities arising from the lease rental agreements for land. The recognition is made for the first time in current year's financial statements. However, that would not require a restatement of the comparative period information because Group elected modified retrospective approach. The lease liability is measured at the present value of the lease payments that are not paid at that date. For calculation of the lease liability, the management applies its judgment in determination of lease term, where certainty of exercising the option to extend or the option not to terminate the lease is considered.

The incremental borrowing rate is used as discounting rate in calculation of lease liability.

We considered the implementation of "IFRS- 16 Leases" as a key audit matter, since management had to apply several judgements and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction exercise to summarise the lease data for input into their lease calculation model.</td><td>We obtained an understanding of the management's process for implementing IFRS 16 including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:
▪ We studied the contracts for lease rental arrangements, especially the terms and conditions related to payments, lease incentives, any indirect costs, dismantling and restoration, option to extend the lease or not to terminate the lease.
▪ Through discussion we evaluated management's judgement and estimates used in adopting the new standard.
▪ We checked the lease amortization schedule and depreciation schedule for each of the leases.
▪ We checked the appropriateness of management's assumptions, especially in determining the certainty of exercising option to extend or terminate lease and the discounting rate applied to calculate lease liability.</td></tr>
</table>

	▪ We assessed whether the disclosures within the financial statements are adequate as prescribed by the relevant IFRSs.
4. Impact of delay in renewal of Power Supply Agreement of 53 MW Ashuganj Power Plant of Subsidiary Company United Energy Ltd. See Note 1.2.1 to the financial statements	
Description of key audit matters	**How the matters were addressed in our audit**
The 53 MW gas fired Ashuganj Power Plant in Ashuganj, B. Baria (which is included in the financial statements of Subsidiary Company United Energy Ltd.) is in full shutdown condition from June 22, 2019 as the Power Supply Agreement (PSA) No. 09783, dated: December 23, 2010 (Amendment Contract No. 09966, dated: September 16, 2014) with Bangladesh Power Development Board has expired on June 21, 2019. The Company has applied for renewal for further five years. Renewal is still under process as of this date.	In order to assess that a potential non-renewal of the Agreement will not result in any material uncertainty on the operations of the Group and any material adverse impact on the profitability thereof, we performed the following procedures: • Review of correspondence and other documents related to the application of renewal • Discussion with management regarding the likelihood (or otherwise) of the renewal • Analysis of the possible impact of non-renewal vis-à-vis the operations and financial position of the Group

Other Matter

The financial statements of the Group for the year ended 30 June 2019 were audited by another auditor who expressed qualified opinion on those statements on 01 August 2019.

Other Information included in the Group's June 30, 2020 Annual Report

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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 separate 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.

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

- 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 separate 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 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.

A. Qasem & Co.
Chartered Accountants

Partner: Sanjida Kasem, FCA, FCMA, CFE

Dhaka, 28 October 2020

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

In Taka	Note	30 June 2020	30 June 2019
Assets			
Property, plant and equipment	5	**19,097,479,899**	20,242,083,450
Capital Work In Progress (CWIP)	6	**1,615,721,811**	
Right of use assets	7	**224,133,730**	-
Prepaid lease rent	8	-	199,341,333
Investment in subsidiary	9	-	-
Non-current assets		**20,937,335,440**	20,441,424,783
Inventories	10	**1,331,234,455**	1,096,323,223
Trade and other receivables	11	**2,726,449,063**	2,769,811,250
Receivable from related party	12	**10,417,707,665**	14,060,279,622
Advances, deposits and prepayments	13	**139,556,570**	221,576,887
Investment in marketable securities	14	**92,817,221**	126,872,487
Advance income tax	15	**15,459,522**	16,677,644
Cash and cash equivalents	16	**417,010,048**	3,299,042,119
Current assets		**15,140,234,544**	21,590,583,232
Total assets		**36,077,569,984**	42,032,008,015
Equity			
Share capital	17	**5,269,957,000**	4,790,870,000
Share premium	18	**2,046,000,000**	2,046,000,000
Revaluation reserve	19	**57,459,283**	58,131,275
Retained earnings	20	**21,933,085,610**	22,704,577,678
Equity attributable to the owners of the Company		**29,306,501,893**	29,599,578,953
Non-controlling interests	21	**544,709,204**	488,158,794
Total equity		**29,851,211,097**	30,087,737,747
Liabilities			
Borrowings	22	**4,081,869,702**	7,061,776,681
Security money received	23	**700,000**	700,000
Land lease Liability	24	**24,449,893**	-
Non-current liabilities		**4,107,019,595**	7,062,476,681
Deferred revenue	25	**263,191,682**	-
Trade and other payables	26	**268,276,794**	298,470,517
Accrued expenses	27	**24,187,065**	66,930,430
Borrowings	22	**782,948,179**	1,071,451,367
Land lease Liability	24	**905,739**	-
Payable to related party	28	**750,470,660**	3,260,790,726
Current Tax liability	29	**29,359,173**	184,150,547
Current liabilities		**2,119,339,292**	4,881,793,587
Total liabilities		**6,226,358,887**	11,944,270,268
Total equity and liabilities		**36,077,569,984**	42,032,008,015

The annexed notes 1 to 57 form an integral part of these financial statements.

Managing Director | **Director** | **Company Secretary**

As per our report of same date.

A. Qasem & Co.
Chartered Accountants

Place: Dhaka
Date: 28 October 2020

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

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 2020	30 June 2019
Revenue	*30*	**10,094,032,945**	11,253,361,366
Cost of sales	*31*	**(4,242,256,126)**	(4,132,336,855)
Gross profit		**5,851,776,819**	7,121,024,511
General and administrative expenses	*32*	**(69,448,351)**	(99,722,777)
Other income	*33*	**3,974,180**	810,969,524
Operating profit		**5,786,302,648**	7,832,271,258
Finance income	*34*	**524,788,428**	627,870,566
Foreign exchange gain/(loss)	*35*	**(40,562,356)**	(84,026,708)
Finance expense	*36*	**(338,523,123)**	(495,046,422)
Profit before tax		**5,932,005,599**	7,881,068,694
Income tax expense	*37*	**146,781,950**	(26,040,669)
Profit		**6,078,787,549**	7,855,028,025
Other comprehensive income		**-**	-
Total comprehensive income		**6,078,787,549**	7,855,028,025
Total comprehensive income attributable to:			
Owners of the Company		**5,935,053,939**	7,704,616,834
Non-controlling interests	*21*	**143,733,610**	150,411,191
Total comprehensive income		**6,078,787,549**	7,855,028,025
Earnings per share (Basic)	*38.1*	**11.26**	14.62

The annexed notes 1 to 57 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

A. Qasem & Co.
Chartered Accountants

Place: Dhaka
Date: 28 October 2020

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

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

	For the year ended 30 June 2020					
	Attributable to the owners of the Company					
In Taka	Share capital	Share premium	Retained earnings	Revaluation reserve	Minority Interest	Total
Balance at 1 July 2019	**4,790,870,000**	**2,046,000,000**	**22,704,577,678**	**58,131,275**	**488,158,794**	**30,087,737,747**
Profit for the year	-	-	5,935,053,939	-	143,733,610	6,078,787,549
Minority interest added during the year					1,000,000	1,000,000
Issue of bonus shares	479,087,000	-	(479,087,000)	-	-	-
Cash dividend paid during the year			(6,228,131,000)	-	-	(6,228,131,000)
Depreciation on revalued assets	-	-	671,992	(671,992)	-	-
Dividend paid to subsidiary company	-	-	-	-	(88,183,200)	(88,183,200)
Balance at 30 June 2020	**5,269,957,000**	**2,046,000,000**	**21,933,085,610**	**57,459,283**	**544,709,204**	**29,851,211,097**

	For the year ended 30 June 2019					
	Attributable to the owners of the Company					
In Taka	Share capital	Share premium	Retained earnings	Revaluation reserve	Minority Interest	Total
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**
Note	17	18	20	19	21	

The annexed notes 1 to 57 form an integral part of these financial statements.

Managing Director

Director

Company Secretary

As per our report of same date.

A. Qasem & Co.
Chartered Accountants

Place: Dhaka
Date: 28 October 2020

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

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

In Taka	Note	For the year ended 30 June 2020	30 June 2019
Cash flows from operating activities			
Cash received from customers		**10,399,237,817**	10,726,402,772
Cash received from other sources	33	**56,715,227**	91,077,603
Cash paid to suppliers and others		**(3,213,532,597)**	(2,579,777,152)
Tax paid		**(5,610,987)**	(10,121,389)
Financial charges paid	36	**(255,139,800)**	(495,422,541)
Net cash generated from operating activities		**6,981,669,660**	**7,732,159,293**
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	**(392,820,577)**	(85,563,935)
Investment in subsidiary company		**(3,000,000)**	(297,000)
Sale proceeds of subsidiary company		**-**	60,842,895,809
Cash received/(paid) for related party loan	12	**1,467,797,974**	(1,229,090,959)
Insurance claim received on disposal of fixed assets		**41,503,257**	-
Investment in marketable securities		**-**	(37,699,999)
Net cash generated from/(used in) investing activities		**1,113,480,653**	**59,490,243,916**
Cash flows from financing activities			
Dividend paid		**(6,740,241,409)**	(357,911,041)
Land lease payment		**(854,470)**	-
Cash paid for related party loan		**-**	(64,804,578,425)
Long term loan received/(paid)	22	**(4,259,226,445)**	(1,058,364,134)
Net cash generated from/(used in) financing activities		**(11,000,322,324)**	**(66,220,853,600)**
Net increase in cash and cash equivalents		**(2,905,172,011)**	**1,001,549,609**
Opening cash and cash equivalents	16	**3,322,180,442**	2,297,488,160
Effect of movements in exchange rates on cash held	35	**1,617**	4,350
Cash and cash equivalents as at 30 June		**417,010,048**	**3,299,042,119**

The annexed notes 1 to 57 form an integral part of these financial statements.

Managing Director | **Director** | **Company Secretary**

As per our report of same date.

A. Qasem & Co.
Chartered Accountants

Place: Dhaka
Date: 28 October 2020

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

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 period ended 30 June 2020 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. (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.

1.2.3 Leviathan Global BD Ltd.

Leviathan Global BD Ltd. (LGBDL) is a public limited company, was incorporated in Bangladesh on 23 May 2018 under the Companies Act (#18) 1994 under registration no. C-145026/2018. The authorised share capital of LGBDL is Tk. 1,000,000,000 only divided into 100,000,000 ordinary shares of Tk. 10 each.

Leviathan Global BD Ltd. is a 50 MW IPP gas-fired power plant having a contract period of 30 years (extendable for further 30 years), built under joint venture with Leviathan Global Corporation, USA and UECL respectively. The plant is located at Karnaphuli Export Processing Zone (KEPZ) in chattagram and will be operated under an agreement with Bangladesh Export Processing Zone Authority (BEPZA).

Details of holding structure in subsidiaries are described in Note 55A.

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 Ltd.	DEPZ	86	26 December 2008	2038
	CEPZ	72	12 August 2009	2039
United Energy Ltd	Ashuganj	53	22 June 2011	Expired. Negociation in Progress.
	Sylhet	28	21 October 2013	2043
United Ashuganj Energy Ltd	Ashuganj	195	8 May 2015	2030
Leviathan Global BD Ltd.	KEPZ	50	-	2048

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Notes to the consolidated financial statements (continued)

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 55.

2.2 Date of authorisation

The consolidated financial statements were authorised for issue by the Board of Directors on 29 October 2020.

2.3 Reporting period

The current financial period of the Group covers one year from 1 July 2019 to 30 June 2020 and it is followed consistently.

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 2020 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 55B	Property, plant and equipment
Note 10 and 55C	Inventories
Note 11 and 55D	Trade and other receivables
Note 29 and 55J	Current Tax liability
Note 46, 48, and 55H	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.

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4.2 Changes in significant accounting policies

The following lists shows the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning on or after 1 July 2019:

- IFRS 16: *Leases*
- Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 23: *Uncertainty over Tax Treatments*
- Amendments to IFRS 9: *Financial Instruments* on prepayment features with negative compensation
- Amendments to IAS 28: *Investments in Associates and Joint Ventures* on long-term interests in associates and joint ventures
- Amendments to IAS 19: *Employee Benefits* on plan amendment, curtailment or settlement
- Amendments to various standards based on the Annual Improvements to IFRSs 2015-2017 Cycle

The Group initially adopted IFRS 16: *Leases* (hereafter "IFRS 16") on 1 July 2019. The other new and amended standards and the interpretation to a standard listed above do not have any material effect on the Group's financial statements.

The effects of the adoption of IFRS 16 on the Group's financial statements are explained below:

IFRS 16

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes 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.*

IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. It changed the accounting of leases previously classified as operating leases under IAS 17, which were off balance sheet. Under IAS 17, operating leases were expensed on a straight-line basis over the term of the lease, and assets and liabilities were recognised only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under IFRS 16, 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 (practical expedients). In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17; i.e. lessors continue to classify leases as finance or operating leases.

Impact on lessee accounting

The Group has chosen to apply the modified retrospective approach, under which the cumulative effect of initial application is not recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for the year ended on 30 June 2019 is not restated, i.e. it is presented as previously reported under IAS 17.

On initial application of IFRS 16, for all leases, except for those that the practical expedient was applied (see below), the Group has:

- Recognised right of use assets in the statement of financial position by reclassifying Prepaid lease rent;
- Recognised depreciation of right of use assets in the statement of profit or loss.

Notes to the consolidated financial statements (continued)

Under IFRS 16, the Group applied the practical expedient to grandfather the definition of a lease on transition. This means that:

- all contracts entered into before 1 July 2019 that were not identified as leases in accordance with IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019;

- for any leases with unexpired lease term on initial application date of less than 12 months or any leases relating to low value items, the Group elected to use the short-term lease exemption; and
- the initial direct costs arising from the measurement of right-of-use asset at the date of initial application were excluded.

Based on an analysis of the Group's finance leases as at 30 June 2019 on the basis of the facts and circumstances that existed at that date, management has assessed and incorporated the following impact on the Group's financial statements as at 1 July 2019:

In Taka	*Note*	**As reported at 30 June 2019**	**Adjustment due to adoption of IFRS 16**	**Adjusted opening balances as at 1 July 2019**
Right of use asset	7	-	245,823,435	245,823,435
Prepaid lease rent	8	219,613,333	(245,823,435)	-

- The Group's right of use assets were measured by reclassifying prepaid lease rent.
- The impact of IFRS 16 on the statement of profit or loss was to replace the operating lease expenses (or rent expense) with a depreciation of right-of-use assets, with the exception of short-term leases and leases of low-value assets. The financial impact of these changes on the results of the Group for the year compared to those of the prior year was not significant.
- IFRS 16 doesn't have any material impact on the statement of cash flows.

Impact on lessor accounting

The Group leases out its power plant assets. The Group has classified these leases as operating leases. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Group is showing capacity revenue received from BPDB by straight lining the non-escalable portion, from 1 July 2019, over remaining PPA life.

The Group has applied IFRS 15: *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

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5 Property, plant and equipment

See accounting policy in Note 55B

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
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**
Balance at 1 July 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**
Additions	**197,634,750**	**1,410,533**	**1,753,625**	-	**888,397**	**153,956**	-	**201,841,261**
Disposals/transfers	**(48,140,896)**	-	-	-	-	-	-	**(48,140,896)**
Balance at 30 June 2020	**26,810,710,858**	**483,716,045**	**752,783,695**	**279,952,125**	**17,021,574**	**12,213,358**	**95,518,715**	**28,451,916,370**
Accumulated depreciation								
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	**7,539,060,188**	**122,052,068**	**225,564,093**	**117,627,277**	**13,660,144**	**5,975,019**	**32,193,764**	**8,056,132,554**
Balance at 1 July 2019	**7,539,060,188**	**122,052,068**	**225,564,093**	**117,627,277**	**13,660,144**	**5,975,019**	**32,193,764**	**8,056,132,554**
Depreciation for the year	**1,238,503,937**	**14,829,465**	**40,633,959**	**9,387,678**	**909,499**	**1,210,834**	**9,126,646**	**1,314,602,019**
Adjustment for disposal/transfers	**(16,298,100)**	-	-	-	-	-	-	**(16,298,100)**
Balance at 30 June 2020	**8,761,266,026**	**136,881,533**	**266,198,052**	**127,014,956**	**14,569,643**	**7,185,853**	**41,320,411**	**9,354,436,473**
Carrying amounts								
Balance at 30 June 2019	19,122,156,815	360,253,444	525,465,977	162,324,847	2,473,033	6,084,383	63,324,951	20,242,083,450
Balance at 30 June 2020	**18,049,444,832**	**346,834,512**	**486,585,643**	**152,937,169**	**2,451,931**	**5,027,505**	**54,198,304**	**19,097,479,899**

Allocation of depreciation

In Taka	Note	30 June 2020	30 June 2019
Cost of sales	31	**1,306,178,813**	1,304,621,962
General and administrative expenses	32	**8,423,205**	8,334,282
		1,314,602,019	1,312,956,244

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6 Capital Work In Progress (CWIP)

In Taka	Note	30 June 2020	30 June 2019
Capital Machinery		1,555,743,277	-
Gas Line		5,000,000	-
Building and Civil construction		54,888,927	-
Furniture and Fixture		89,607	-
		1,615,721,811	-

7 Right of use assets

See accounting policy in Note 55Q

In Taka	Note	30 June 2020	30 June 2019
Cost			
Balance as at 01 July		-	-
Recognition of right-of-use assets on initial application of IFRS 16		245,823,435	-
Disposals		-	-
Balance at 30 June	Note	245,823,435	-
Accumulated amortisation			
Balance as at 01 July		-	-
Amortisation for the year		21,689,705	-
Adjustment for disposal/transfers		-	-
Balance at 30 June		21,689,705	-
Carrying amounts			
As at 30 June		224,133,730	-

Amortisation on right of use asset has been charged to cost of sales.

8 Prepaid lease rent

In Taka	Note	30 June 2020	30 June 2019
Prepaid lease rent-non current		-	199,341,333
Prepaid lease rent- current		-	20,272,000
Balance at 30 June		-	219,613,333

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.

9 Investment in subsidiary

In Taka	Note	30 June 2020	30 June 2019
United Energy Ltd		-	-
Leviathon Global BD Ltd.		-	-
		-	-

On 13 November 2018, the Board of Directors of the Company resolved to acquire 99% ordinary shares of United Energy Ltd (UEL) at face value with effect from 1 July 2018. UEL is a power generation company established under the Private Sector Power Generation Policy of Bangladesh. It operates two power plants, a 53 MW plant at Ashuganj and a 28 MW plant at Sylhet, respectively.

UEL also holds 92.41% ordinary shares of United Ashuganj Energy Ltd (UAEL), a power generation company established under Public Private Partnership (PPP). It operates a 195 MW plant located at Ashuganj, Brahmanbaria.

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.

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10 Inventories

See accounting policy in Note 55C

In Taka	Note	30 June 2020	30 June 2019
Spare parts	10.1	1,162,763,960	1,022,385,629
Lube oil and chemicals	10.2	45,811,875	38,646,977
Materials in transit		122,658,620	35,290,617
		1,331,234,455	**1,096,323,223**

10.1 Spare parts

In Taka	Note	30 June 2020	30 June 2019
Opening balance		1,022,385,629	1,142,628,560
Purchase during the year		606,886,635	699,106,414
Transfer during the year		9,781,993	(11,530,045)
Consumption during the year		(476,290,297)	(807,819,300)
		1,162,763,960	**1,022,385,629**

10.2 Lube oil and chemicals

In Taka	Note	30 June 2020	30 June 2019
Opening balance		38,646,978	31,245,451
Purchase during the year		88,335,849	87,061,503
Transfer during the year		-	8,601,231
Consumption during the year		(81,170,952)	(88,261,208)
		45,811,875	**38,646,977**

11 Trade and other receivables

See accounting policy in Note 55D

In Taka	Note	30 June 2020	30 June 2019
Trade receivables	11.1	2,721,688,325	2,763,864,677
Other receivables	11.2	4,760,738	5,946,573
		2,726,449,063	**2,769,811,250**

11.1 Trade receivables

	30 June 2020	30 June 2019
BREB	251,478,856	256,175,103
BPDB	1,775,388,896	1,886,818,846
BEPZA	386,377,099	323,346,582
Other private customers	308,443,474	297,524,146
	2,721,688,325	**2,763,864,677**

11.2 Other receivables

In Taka	30 June 2020	30 June 2019
Wartsila Bangladesh Ltd	4,401,754	5,171,525
Bergen Engine BD (Pvt.) Ltd	-	442,974
Kaltimex Energy Bangladesh (Pvt) Ltd.	164,133	-
Interest on FDR	-	185,012
Samuda Power Ltd	-	139,739
Others	194,851	7,323
	4,760,738	**5,946,573**

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11.3 Out of the total receivable from 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.

11.4 Out of the total receivable from 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.

12 Receivable from related party

See accounting policy in Note 55D

In Taka	30 June 2020	30 June 2019
United Enterprises & Co. Ltd	5,240,109,050	7,520,341,623
United Mymensingh Power Ltd	5,169,415,253	6,530,346,076
United Jamalpur Power Ltd	133,889	133,889
United Anowara Power Ltd	7,672,081	9,080,642
United Lube Oil Ltd	377,392	377,392
	10,417,707,665	14,060,279,622

13 Advances, deposits and prepayments

See accounting policy in Note 55D

In Taka	*Note*	30 June 2020	30 June 2019
Advances	*13.1*	71,598,548	40,133,770
Deposits	*13.2*	52,036,610	25,192,701
Prepayments	*13.3*	15,921,412	156,250,416
		139,556,570	221,576,887

13.1 Advances

In Taka	30 June 2020	30 June 2019
Advance against salary and allowances	500,000	500,000
Advance against LC charges	351,125	769,832
Advance against expenses	70,747,422	38,863,938
	71,598,548	40,133,770

13.2 Deposits

In Taka	30 June 2020	30 June 2019
Karnaphuli Gas Distribution Company Limited	44,293,183	17,448,825
Bank guarantee margin	5,850,000	5,850,000
BEPZA	1,112,519	1,112,519
Balance in BO account	75,907	76,357
Central Depository Bangladesh Limited	500,000	500,000
BPDB	205,000	205,000
	52,036,610	25,192,701

13.3 Prepayments

In Taka	30 June 2020	30 June 2019
Finnvera premium	-	115,095,009
Land lease rent	-	20,272,000
Insurance premium	13,624,129	18,468,590
Bank guarantee commission	1,656,256	1,737,871
BERC license fees	641,027	676,946
	15,921,412	156,250,416

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14 Investment in marketable securities

See accounting policy in Note 55D

In Taka	30 June 2020	30 June 2019
Cash available for share purchase	789,680	12,684,697
Financial assets classified as fair value through profit and loss	92,027,541	114,187,790
	92,817,221	126,872,487

14.1 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 2020	Market value at 30 June 2019	Cost price	Changes in fair value
Beximco Pharma Limited	100,000	69.20	6,920,000	-	7,810,171	(890,171)
Glaxosmith Ltd.	5,500	2,186.60	12,026,300	-	9,859,808	2,166,493
Olympic Industries Ltd.	28,024	150.20	4,209,205	-	5,070,361	(861,156)
Pioneer Insurance Ltd.	250,000	29.40	7,350,000	-	10,099,741	(2,749,741)
Renata Ltd.	14,000	1,026.20	14,366,800	-	16,668,204	(2,301,404)
Shahjalal Islami Bank Limited	723,580	19.20	13,892,736	-	18,065,677	(4,172,941)
Singer BD Ltd	150,000	147.00	22,050,000	-	31,969,527	(9,919,527)
Square Pharmaceuticals Ltd	65,000	172.50	11,212,500	-	14,090,352	(2,877,852)
BRAC Bank Limited	251,045	70.90	-	16,594,075	-	-
Bangladesh Submarine Cable Com. Ltd	338,422	161.65	-	44,671,704	-	-
National Polymer Ltd	277,333	94.71	-	30,534,363	-	-
Shahjalal Islami Bank Limited	723,580	24.97	-	18,523,648	-	-
Singer BD Ltd	20,000	179.97	-	3,864,000	-	-
			92,027,541	114,187,790	113,633,840	(21,606,299)

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15 Advance income tax

In Taka	30 June 2020	30 June 2019
Opening balance	15,869,483	8,172,685
Paid during the year	5,544,142	8,504,959
Adjustment for completion of assessment	(5,954,103)	-
	15,459,522	16,677,644

16 Cash and cash equivalents

See accounting policy in Note 55D

In Taka	Note	30 June 2020	30 June 2019
Cash in hand	16.1	226,051	140,534
Fixed deposits	16.2	-	55,503,502
Cash at bank	16.3	416,783,997	3,243,398,083
		417,010,048	3,299,042,119

16.1 Cash in hand

In Taka	30 June 2020	30 June 2019
Cash in hand	226,051	140,534
	226,051	140,534

16.2 Fixed deposits

In Taka	30 June 2020	30 June 2019
Dhaka Bank Limited	-	55,503,502
	-	55,503,502

16.3 Cash at bank

In Taka	30 June 2020	30 June 2019
Dhaka Bank Limited	361,922,440	2,611,539,043
Dutch Bangla Bank Limited	7,536,739	570,352,584
Shahjalal Islami Bank Limited	32,624	928,860
Eastern Bank Limited	1,073,666	79,187
Jamuna Bank Limited	952,255	6,616,493
Trust Bank Limited	223,753	985,369
Brac Bank Limited	13,498,490	13,116,290
Brac Bank Ltd.-Dividend dist. A/C 2013 and 2014	1,398,487	1,400,987
The City Bank Limited-Dividend distribution A/C 2016	8,916,088	5,959,588
Dhaka Bank Limited - Dividend distribution A/C 2017	1,072,191	1,045,838
The Hongkong and Shanghai Banking Corp. Ltd	7,746,743	29,178,640
Standard Chartered Bank	811,739	1,364,709
The City Bank Limited	11,598,782	309,909
Pubali Bank Limited	-	520,586
	416,783,997	3,243,398,083

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17 Share capital

See accounting policy in Note 55N

In Taka	30 June 2020	30 June 2019
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	**4,790,870,000**	3,992,391,670
Bonus shares issued	**479,087,000**	798,478,330
Closing balance	**5,269,957,000**	4,790,870,000

17.1 Particulars of shareholding

In Taka	30 June 2020 No. of shares	30 June 2019 No. of shares	30 June 2020 Value (Tk)	30 June 2019 Value (Tk)
United Mymensingh Power Ltd	**474,288,093**	431,170,994	**4,742,880,930**	4,311,709,940
Investment Corporation of Bangladesh	**14,395,360**	13,086,748	**143,953,600**	130,867,480
General investors	**38,312,247**	34,829,258	**383,122,470**	348,292,580
	526,995,700	479,087,000	**5,269,957,000**	**4,790,870,000**

17.2 Percentage of shareholdings

Name of shareholders	30 June 2020	30 June 2019
United Mymensingh Power Ltd	**90.00%**	**90.00%**
Investment Corporation of Bangladesh	**2.73%**	2.73%
General investors	**7.27%**	7.27%
	100%	**100%**

17.3 Classification of shareholders by holding

Range of holding in number of shares	30 June 2020 No. of shareholders	30 June 2020 No. of shares	30 June 2019 No. of shareholders	30 June 2019 No. of shares
01 to 5000 shares	**6,864**	**3,378,514**	6,029	3,338,906
5,001 to 20,000 shares	**332**	**3,066,727**	340	3,411,089
20,001 to 50,000 shares	**94**	**2,952,245**	95	2,936,301
50,001 to 1,000,000 shares	**80**	**16,610,169**	81	14,889,798
1,000,001 to 10,000,000 shares	**9**	**26,699,952**	8	23,339,912
over 10,000,001 shares	**1**	**474,288,093**	1	431,170,994
	7,380	**526,995,700**	6,554	479,087,000

18 Share premium

In Taka	30 June 2020	30 June 2019
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.

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19 Revaluation reserve

In Taka	30 June 2020	30 June 2019
Revaluation reserve	57,459,283	58,131,275
	57,459,283	58,131,275

20 Retained earnings

In Taka	30 June 2020	30 June 2019
Opening balance	22,704,577,678	20,174,102,182
Net profit for the year	5,935,053,939	7,704,616,834
	28,639,631,617	27,878,719,016
Cash dividend for the year 2017-18	-	(3,593,152,504)
Stock dividend for the year 2017-18	-	(798,478,330)
Issue of bonus shares	(479,087,000)	-
Cash dividend for the year 2018-19	(6,228,131,000)	-
Depreciation on revalued assets	671,992	671,992
Merger reserve	-	(297,000)
Adjustment of gain on disposal from sale of subsidiary under common control	-	(782,885,496)
	21,933,085,610	22,704,577,678

21 Non-controlling interests

In Taka	30 June 2020	30 June 2019
Opening balance	488,158,794	401,910,337
Addition during the year:		
Share capital	1,000,000	-
Dividend from subsidiary company	(88,183,200)	(56,254,800)
Profit during the year	143,733,610	150,411,191
Adjustment of gain on disposal from sale of subsidiary under common control	-	(7,907,934)
	544,709,204	488,158,794

22 Borrowings

See accounting policy in Note 55D

Non-current liabilities

In Taka	30 June 2020	30 June 2019
Investment Promotion and Financing Facility (IPFF) loan	3,420,439,651	3,908,131,854
Syndicated International Loan	-	3,153,644,827
Dutch Bangla Bank Limited	661,430,051	-
	4,081,869,702	7,061,776,681

Current liabilities

In Taka	30 June 2020	30 June 2019
Investment Promotion and Financing Facility (IPFF) loan	494,378,230	455,070,825
Syndicated International Loan	-	616,380,542
Dutch Bangla Bank Limited	288,569,949	-
	782,948,179	1,071,451,367

22.1 Terms and repayment schedule

The following loans were obtained by UAEL under Investment Promotion and Financing Facility (IPFF) 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

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

22.2 The following term loan was obtained by Leviathan Global Bangladesh Ltd. (LGBD) for settlement of accepted liability under deferred LC open through HSBC for import of capital machineries of power plant.

Nature of	Lender	Limit	Interest	Tenure	Year of	Repayment terms
Term Loan	DBBL	BDT 95 crore	9% p.a	3 years	2023	12 equal quarterly instalments

The term loan is secured by:

i. DP Note and other basic change documents duly signed by the authorized Director(s) of the company supported by Board resolution.

ii. Assignment of bill receivable of Leviathan Global Bd Ltd. (Bills to be received against supply of electricity to be deposited to an account opened with DBBL in the name of the concern)

iii. Corporate Guarantee of United Enterprise & Co. Ltd. & Neptune Land Development Ltd. supported by board resolution of the concerns.

iv. Personal Guarantees of all nominated directors of United Energy Ltd., holding 75% shares of the concern.

v. Letter of hypothecation by way of 2nd charge with RJSC on the fixed asset (Building and machinery) of the company subject to obtaining NOC from BEPZA.

vi. Machinery of the concern to be duly insured covering minimum risks of Fir & RSD with Bank Mortgagee clause,

vii. Standard Term Loan Agreement.

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23 Security money received

See accounting policy in Note 55D

In Taka	30 June 2020	30 June 2019
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.

24 Land lease Liability

See accounting policy in Note 55Q

In Taka	30 June 2020	30 June 2019
Balance as at 01 July	-	-
Add: Addition during the year	26,210,102	-
Add: Interest charged during the year	1,519,833	-
Less: Payment made during the year	(2,374,303)	-
Balance as at 30 June	25,355,632	-

Segregation of Land lease liability:

In Taka	30 June 2020	30 June 2019
Non-current portion	24,449,893	-
Current portion	905,739	-
	25,355,632	-

25 Deferred revenue

In Taka	30 June 2020	30 June 2019
Deferred revenue	263,191,682	-
	263,191,682	-

This pertains to the difference between capacity payments received from the customer and capacity payments recognised in profit or loss in relation to the Power Purchase Agreement (PPA) of United Ashuganj Energy Limited (UAEL) due to straight-lining of capacity revenue over the remaining PPA term upon application of IFRS 16. UAEL is a subsidiary of United Energy Limited (UEL) while UEL is a direct subsidiary of United Power generation and distribution Company Limited (UPGDCL).

26 Trade and other payables

See accounting policy in Note 55D

In Taka	Note	30 June 2020	30 June 2019
Trade payables	*26.1*	217,705,551	215,635,613
Other payables	*26.2*	50,571,243	82,834,904
		268,276,794	298,470,517

26.1 Trade payables

In Taka	30 June 2020	30 June 2019
Gas bill	217,705,551	215,635,613
	217,705,551	215,635,613

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26.2 Other payables

In Taka	Note	30 June 2020	30 June 2019
Dividend payable		-	56,254,800
Share application money		**6,452,280**	6,452,280
Unclaimed dividend	26.2.1	**9,676,552**	7,348,961
Service charge on gas bill		**14,109,483**	7,375,825
Other operating expenses		**4,702,951**	985,051
TDS payable		**1,800,360**	1,947,289
Wartsila Bangladesh Ltd		**338,251**	521,761
CC Engineering Ltd		-	1,050,000
Liabilities for Imported Materials		**11,766,771**	-
Bergen Engines Bangladesh Pvt. Ltd.		**1,501,705**	691,705
Payable against C&F bill		**222,891**	207,232
		50,571,243	**82,834,904**

26.2.1 Unclaimed dividend

In Taka	30 June 2020	30 June 2019
Unclaimed cash dividend for the year 2013 & 2014	**1,405,987**	1,405,988
Unclaimed interim & final cash div. for the period ended 30 June 2016	**3,373,574**	3,373,574
Unclaimed cash dividend for the year 2017	**825,684**	827,266
Unclaimed cash dividend for the year 2018	**1,076,059**	1,742,133
Unclaimed cash dividend for the year 2019	**2,995,247**	-
	9,676,552	**7,348,961**

27 Accrued expenses

See accounting policy in Note 55D

In Taka	Note	30 June 2020	30 June 2019
Interest expense payable		-	27,427,983
Provision for expenses		**3,442,938**	10,967,221
Service charge on gas bill		**8,273,856**	3,337,015
VAT payable		**5,995,272**	13,647,904
Other operating expenses		**2,286,948**	3,115,234
Directors' remuneration		**1,000,000**	1,000,000
Audit fees		**2,074,500**	2,120,000
Utility bill		**691,153**	650,253
Security expenses		**338,243**	359,880
Medical expenses		**50,970**	50,280
Welfare fund		**16,985**	16,760
Environmental expenses		**16,200**	15,400
Agency fee payable		-	4,222,500
		24,187,065	**66,930,430**

28 Payable to related party

See accounting policy in Note 55D

In Taka	Note	30 June 2020	30 June 2019
United Engineering & Power Services Ltd		**21,207,517**	27,008,153
United Energy Ltd		-	-
United Enterprises & Co. Ltd		**729,263,143**	-
United Mymensingh Power Ltd		-	3,233,782,573
		750,470,660	**3,260,790,726**

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29 Current Tax liability

See accounting policy in Note 55J

In Taka	Note	30 June 2020	30 June 2019
Opening balance		**184,150,547**	161,228,317
Provision during the year		**5,461,848**	26,040,669
Reversal of excess provision for completion of assessment of 2017		**(55,741,770)**	-
Reversal of excess provision for completion of assessment of 2018		**(97,975,262)**	-
Adjustment for completion of assessments		**(5,954,103)**	-
Paid during the year		**(582,088)**	(3,118,439)
		29,359,173	**184,150,547**

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.

30 Revenue

See accounting policy in Note 55F

In Taka	Note	30 June 2020	30 June 2019
Electricity supply	*30.1*	**10,064,068,261**	11,223,446,341
Steam supply	*30.2*	**29,964,684**	29,915,025
		10,094,032,945	**11,253,361,366**

30.1 Electricity supply

In Taka	30 June 2020	30 June 2019
Bangladesh Power Devt. Board (BPDB)	**4,388,143,924**	5,178,269,856
Bangladesh Export Processing Zone Auth.(BEPZA)	**3,847,735,571**	4,161,471,744
Bangladesh Rural Electrification Board (BREB)	**873,077,319**	696,076,469
Other private customers	**955,111,447**	1,187,628,272
	10,064,068,261	**11,223,446,341**

Break up of revenue from electricity supply

In Taka	30 June 2020	30 June 2019
Capacity payment	**2,859,123,185**	2,915,426,597
Energy payment	**7,352,447,361**	8,220,446,637
Supplemental Bill	**108,687,607**	87,573,107
True-up Bill	**7,001,790**	-
Deferred income	**(263,191,682)**	-
	10,064,068,261	**11,223,446,341**

The actual revenue billed by United Ashuganj Energy Limited (UAEL) is Tk. 3,457,128,329, recognition of Tk. 263,191,682 of this has been deferred due to the Company's implementation of IFRS 16 for the first time from lessor's perspective, for which capacity payment element of revenue is straight-lined over the remaining period of the PPA.

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30.2 Steam supply

In Taka	30 June 2020	30 June 2019
Gunze United Ltd	**21,852,432**	22,643,385
Global Labels (Bangladesh) Ltd	**3,487,050**	4,840,629
Croydon-Kowloon Designs Ltd	**3,976,031**	602,739
Talisman Ltd	**649,171**	120,310
Regency Garments Limited	-	1,707,962
	29,964,684	**29,915,025**

31 Cost of sales

In Taka	30 June 2020	30 June 2019
Fuel and energy	**2,005,093,567**	1,452,256,965
Spare parts and lube oil	**526,565,701**	864,822,628
Depreciation	**1,306,178,813**	1,304,621,962
Minimum load charge	**27,278,956**	61,466,823
Direct overhead	**211,230,054**	261,782,756
Repair and maintenance	**49,750,122**	67,200,714
Entertainment	**9,548,742**	12,404,302
Utility bill	**19,573,659**	9,183,001
Security expense	**6,972,377**	5,878,848
Carrying charge	**2,081,575**	1,999,820
Land lease rent	-	2,331,584
Advertisement expense	**1,091,672**	745,750
Travelling and conveyance	**868,760**	1,198,662
Labour and wages	**703,973**	844,639
Vehicle running and maintenance	**1,734,976**	1,529,726
Environmental expenses	**1,044,682**	601,064
Printing and stationery	**536,525**	571,730
Site office expense	**358,514**	798,851
Telephone, mobile and internet	**466,754**	492,583
BERC license and others	**364,080**	1,133,488
Worker welfare fund	**203,670**	201,616
Postage and courier	**67,040**	97,580
Automation and IP expense	**87,304**	87,284
Insurance premium	**47,853,950**	58,814,614
Amortisation of lease rent	**20,226,815**	20,272,000
Gardening and beautification	**884,156**	969,565
Amortisation of right of use assets	**1,462,890**	-
Computer maintenance	**26,800**	28,300
	4,242,256,126	**4,132,336,855**

31.1 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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32 General and administrative expenses

In Taka	Note	30 June 2020	30 June 2019
Directors' remuneration		**15,932,500**	24,272,500
Office maintenance		**10,890,000**	10,890,000
Advertisement		**9,467,194**	6,838,056
Depreciation		**8,423,205**	8,334,282
AGM expenses		**2,742,545**	2,521,774
Vehicle running expenses		**441,476**	514,671
Bank charge and commission		**985,019**	3,584,658
Office rent		**2,760,000**	2,760,000
Office expenses		**550**	321,865
Board meeting fees		**3,325,876**	2,896,658
Consultancy fees		**448,750**	489,500
Auditor's fee		**2,065,000**	2,172,500
Entertainment		**407,732**	298,100
Traveling and conveyance		**470,957**	455,797
Postage, telephone and telex		**56,143**	76,808
Printing and stationery		**31,811**	80,050
VAT on audit fee		**120,000**	120,000
Trade license and others		**2,130,406**	3,419,706
Overseas travelling		**-**	211,250
RJSC expenses		**165,265**	260,170
CDBL and listing fee		**4,981,661**	25,014,204
Legal expense		**2,670,590**	1,500,000
Share transfer fees		**-**	2,611,279
Subscription fees		**-**	78,949
Fees Fine & Others		**35,000**	-
Brokerage commission		**896,670**	-
		69,448,351	**99,722,777**

33 Other income

In Taka	Note	30 June 2020	30 June 2019
Realised gain/(loss) from marketable securities		**(11,552,297)**	13,914,422
Unrealised gain/(loss) from marketable securities		**(21,606,299)**	(6,249,593)
Sale of used lube oil and drums		**6,657,846**	6,399,357
Scrap sale		**18,879,128**	6,111,908
Dividend income		**1,935,341**	-
Gain on Disposal of fixed assets		**9,660,461**	790,793,430
		3,974,180	**810,969,524**

34 Finance income

See accounting policy in Note 55M

In Taka	Note	30 June 2020	30 June 2019
Interest on related party loan		**497,007,078**	548,226,878
Interest on short term deposits		**16,249,264**	59,869,123
Interest income on bank balance and fixed deposits		**11,532,086**	19,774,565
		524,788,428	**627,870,566**

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35 Foreign exchange (gain)/loss

See accounting policy in Note 55I

In Taka	Note	30 June 2020	30 June 2019
Foreign exchange gain/(loss) - unrealised		(20,749,918)	(72,231,156)
Foreign exchange gain/(loss) - realised		(19,814,055)	(11,799,902)
Foreign ex. gain/(loss) on USD A/C		1,617	4,350
		(40,562,356)	(84,026,708)

36 Finance expense

See accounting policy in Note 55M

In Taka	Note	30 June 2020	30 June 2019
Interest on IPFF loan		177,190,994	222,585,748
Interest on syndicated international loan		76,083,728	231,617,430
Finnvera premium		81,737,409	25,111,644
Bank guarantee commission		1,883,583	1,890,322
Interest on leasehold land		1,519,833	-
Agency and services fee		(3,250,751)	8,536,775
Syndication fee		2,510,327	2,737,503
Monitoring fee		848,000	2,567,000
		338,523,123	495,046,422

As per syndicated international loan agreements between lenders and United Ashuganj Energy Ltd., yearly agency fees are paid to lenders. Last year the Company made a provision of Tk. 3,250,750 against agency fees payable to SCB. Following the repayments of the entire loan in August 2019, the agency fees for the remaining of the year was not incurred. Accordingly, the remaining provision has been reversed this year.

37 Income tax expenses

In Taka	30 June 2020	30 June 2019
Current year expenses	6,935,082	26,040,669
Reversal of excess provision for completion of assessment of 2017	(55,741,770)	-
Reversal of excess provision for completion of assessment of 2018	(97,975,262)	-
	(146,781,950)	26,040,669

38 Earnings per share

See accounting policy in Note 55O

38.1 Basic earnings per share

In Taka	30 June 2020	30 June 2019
Profit attributable to the ordinary shareholders	5,935,053,939	7,704,616,834
Weighted average number of shares outstanding	526,995,700	526,995,700
Earnings per share	11.26	14.62

According to paragraph 64 of IAS 33: *Earnings per share*, if the number of ordinary shares outstanding increases as a result of a bonus issue, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. Therefore, the basic earnings per share (EPS) for the year ended 30 June 2019 has been restated to reflect the bonus shares issued in 2020 on the basis of profit attributable to the ordinary shareholders for the year ended 30 June 2019.

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39 **Net asset value per share**

In Taka	Note	30 June 2020	30 June 2019
Net assets		**29,851,211,097**	30,087,737,747
Weighted average number of shares outstanding		**526,995,700**	526,995,700
Net asset value per share		**56.64**	**57.09**

39.1 **Net assets**

In Taka	Note	30 June 2020	30 June 2019
Total assets		**36,077,569,984**	42,032,008,015
Total liabilities		**6,226,358,887**	11,944,270,268
Net assets		**29,851,211,097**	**30,087,737,747**

40 **Net operating cash flow per share (Basic)**

In Taka	Note	30 June 2020	30 June 2019
Net cash generated from operating activities		**6,981,669,660**	7,732,159,293
Weighted average number of shares outstanding	*17.1*	**526,995,700**	526,995,700
Net operating cashflow per share		**13.25**	**14.67**

41 **Reconciliation of net profit with cash flow from operating activities**

In Taka	Note	30 June 2020	30 June 2019
Profit for the period		**6,078,787,549**	7,855,028,025
Adjustment for:			
Depreciation		**1,314,602,018**	1,312,956,244
Amortisation of lease rent		**-**	20,272,000
Amortisation of ROU		**21,689,705**	-
Brokerage commission		**896,670**	-
Realised gain from marketable securities		**11,552,297**	(13,914,422)
Unrealised (gain)/loss from marketable securities		**21,606,299**	6,249,593
Foreign exchange (gain)/loss - un-realised		**20,749,918**	72,231,156
Foreign exchange (gain)/loss - realised		**20,064,743**	13,873,199
Interest on related party loan		**(497,007,078)**	(548,226,878)
Gain on Disposal of subsidiary		**-**	(790,793,430)
Gain on Disposal of fixed assets		**(9,660,461)**	-
Changes in:			
Inventories		**(246,833,703)**	205,145,292
Trade and other receivables		**43,222,447**	(530,113,592)
Advances, deposits and prepayments		**120,113,256**	28,919,209
Advance income tax		**1,454,281**	-
Trade and other payables		**1,172,791**	46,835,015
Accrued expenses		**(35,503,544)**	14,992,381
Provision for tax		**(154,791,374)**	22,922,230
Payable to related party		**6,362,165**	15,783,271
Deferred income		**263,191,682**	-
Net cash generated from operating activities		**6,981,669,660**	**7,732,159,293**

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42 Related party transactions

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

ii. Key management personnel compensation comprised the following:

The key management personnel includes the Group Managing directors.

a) Short-term employee benefit:
Short-term employee benefit includes remuneration, festival bonus and meeting attendance fees.

In Taka	30 June 2020	30 June 2019
Directors' remuneration	**15,932,500**	24,272,500
Board meeting fees	**3,325,876**	2,896,658
	19,258,376	**27,169,158**
b) Post employment benefit	-	-
c) Other long-term benefit	-	-
d) Termination benefit	-	-
e) Share-based payment	-	-
	19,258,376	27,169,158

B Other related party transactions

	Transaction value during the year		Balance outstanding as at	
	2020	2019	2020	2019
<u>United Power Generation & Distribution Company Ltd.</u>				
Gunze United Limited	21,852,432	22,643,385	4,057,473	4,826,023
Sale of goods and services				
United Engineering & Power Services Ltd.	**100,762,268**	106,204,604	**7,541,430**	9,870,923
United Securities Limited	896,670		-	
Purchase of services				
United Enterprises & Co. Ltd.	-	-	-	-
Loan disbursed				
Loan repaid		4,759,627,601		
United Mymensingh Power Ltd	-	-	**5,167,681,634**	6,528,674,556
Loan disbursed during the year	**10,877,681,635**	9,049,674,556	-	-
Loan repaid during the year	**5,710,000,000**	2,521,000,000	-	-
Transfer of inventory (spare parts)				
United Mymensingh Power Ltd	**36,121**	567,903	**531,782**	567,903
United Anowara Power Ltd	**14,703**	7,257,473	**7,272,176**	7,257,473
United Lube Oil Ltd	-	377,392	**377,392**	377,392
United Jamalpur Power Ltd	-	68,114	**68,114**	68,114
United Ashuganj Energy Ltd	**13,327,300**	10,438,917	**23,766,218**	10,438,917
United Energy Ltd	**4,335,813**	3,390,891	**944,922**	3,390,891
United Engineering & Power Services Ltd.	-	2,340,800	**2,340,800**	2,340,800

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	Transaction value during the year		Balance outstanding as at	
	2020	2019	2020	2019
United Energy Ltd				
United Engineering & Power Service Ltd				
Purchase of services	**(22,419,779)**	(36,630,197)	**(415,000)**	(2,641,394)
Loan		1,770,800		-
Loan:				
United Mymensingh Power Ltd		-	-	(3,233,782,573)
Loan disbursed				
Loan repaid	-	**(3,233,782,573)**	-	
United Enterprises & Co. Ltd			**5,240,109,050**	7,520,341,623
Loan disbursed	**2,772,100,000**	9,539,278,243		
Loan repaid	**5,052,332,573**	3,871,849,120		
United Ashuganj Energy Ltd.				
Dividend	**703,118,613**	684,575,666	**1,387,694,279**	684,575,666
Inventory loan	**59,956**	907,545	**967,501**	907,545
Neptune Commercial Ltd			-	-
Loan disbursed	-	-		
Loan repaid	-	540,000,000		
UPGDCL-Inventory Loan	**4,335,813**	3,390,891	**944,922**	3,390,891
Share transfer				
United Enterprises & Co. Ltd				
Loan disbursed	-	59,593,466,686	-	-
Loan repaid	-	603,500,000	-	-

	Transaction value during the year		Balance outstanding as at	
	2020	2019	2020	2019
United Ashuganj Energy Ltd				
United Engineering & Power Service Ltd				
Purchase of services	**(80,969,301)**	(113,527,934)	**(10,910,287)**	(12,155,036)
Loan:				
United Enterprises & Co. Ltd		-	-	-
Loan disbursed	-	-		
Loan repaid	-	407,461,260		
Loan:				
United Energy Ltd				
Loan disbursed	**1,292,126,877**			
Loan repaid	**(1,292,126,877)**			
Dividend payable	**(703,118,613)**	(684,575,666)	**(1,387,694,279)**	(684,575,666)
Inventory loan	**59,957**	907,544	**967,501**	907,544
UPGDCL-Inventory loan	**13,327,298**	10,438,917	**23,766,215**	10,438,917
United Jamalpur Power Ltd.-Inventory loan	-	65,775	**65,775**	65,775
United Mymensingh Power Ltd.-Inventory loan	**98,220**	1,103,617	**1,201,837**	1,103,617
United Anowara Power Ltd.-Inventory loan	**1,423,264**	1,823,169	**399,905**	1,823,169

	Transaction value during the year		Balance outstanding as at	
	2020	2019	2020	2019
Leviathan Global BD Ltd				
Loan:				
United Enterprises & Co. Ltd			**729,263,143**	366,570,309
Loan disbursed	**362,692,834**	**366,570,309**	-	
Loan repaid	-	-		

43 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 2020		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	*14*	-	92,817,221	-	-	-	-	92,817,221	92,817,221	-	-	92,817,221
		-	92,817,221	-	-	-	-	92,817,221	92,817,221	-	-	92,817,221
Financial assets not measured at fair value												
Trade and other receivables	*11*	-	-	-	-	2,726,449,063	-	2,726,449,063	-	-	-	-
Receivable from related party	*12*	-	-	-	-	10,417,707,665	-	10,417,707,665	-	-	-	-
Cash and cash equivalents	*16*	-	-	-	-	417,010,048	-	417,010,048	-	-	-	-
		-	-	-	-	13,561,166,776	-	13,561,166,776	-	-	-	-
Financial liabilities not measured at fair value												
Borrowings	*22*	-	-	-	-	-	4,864,817,881	4,864,817,881	-	-	-	-
Security money received	*23*	-	-	-	-	-	700,000	700,000	-	-	-	-
Trade and other payables	*26*	-	-	-	-	-	268,276,794	268,276,794	-	-	-	-
Accrued expenses	*27*	-	-	-	-	-	24,187,065	24,187,065	-	-	-	-
Payable to related party	*28*	-	-	-	-	-	750,470,660	750,470,660	-	-	-	-
		-	-	-	-	-	5,908,452,400	5,908,452,400	-	-	-	-

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	*14*	-	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	*11*	-	-	-	-	2,769,811,250	-	2,769,811,250	-	-	-	-
Receivable from related party	*12*	-	-	-	-	14,060,279,622	-	14,060,279,622	-	-	-	-
Cash and cash equivalents	*16*	-	-	-	-	3,299,042,119	-	3,299,042,119	-	-	-	-
		-	-	-	-	20,129,132,991	-	20,129,132,991	-	-	-	-
Financial liabilities not measured at fair value												
Borrowings	*22*	-	-	-	-	-	8,133,228,048	8,133,228,048	-	-	-	-
Security money received	*23*	-	-	-	-	-	700,000	700,000	-	-	-	-
Trade and other payables	*26*	-	-	-	-	-	298,470,517	298,470,517	-	-	-	-
Accrued expenses	*27*	-	-	-	-	-	66,930,430	66,930,430	-	-	-	-
Payable to related party	*28*	-	-	-	-	-	3,260,790,726	3,260,790,726	-	-	-	-
		-	-	-	-	-	11,760,119,721	11,760,119,721	-	-	-	-

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44 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 2020**	**30 June 2019**
Trade and other receivables	*11*	**2,726,449,063**	2,763,864,677
Receivable from related party	*12*	**10,417,707,665**	14,060,279,622
Investment in marketable secur	*14*	**92,817,221**	126,872,487
Cash and cash equivalents (exc	*16*	**416,783,997**	3,298,901,585
		13,653,757,946	**20,249,918,371**

ii) Ageing of trade and other receivables

In Taka	*Note*	**30 June 2020**	**30 June 2019**
Not past due		**930,999,795**	903,457,699
Past due 0-30 days		**434,781,206**	525,357,559
Past due 31-60 days		**401,561,658**	474,897,864
Past due 61-90 days		**428,065,407**	419,469,532
Past due 91-120 days		**75,746,331**	19,699,011
Past due 121-365 days		**115,052,335**	91,454,071
Past due 365+ days		**340,242,330**	329,528,939
		2,726,449,063	**2,763,864,677**

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.

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 2020

In Taka	Note	Contractual cash flows Carrying amount	Total	6 months or less	Over 6 months
Non-derivative financial liabilities					
Borrowings	22	**4,864,817,881**	**4,864,817,881**	**335,913,091**	**4,528,904,790**
Trade and other payables	26	**268,276,794**	**268,276,794**	**268,276,794**	-
Accrued expenses	27	**24,187,065**	**24,187,065**	**24,187,065**	-
Payable to related party	28	**750,470,660**	**750,470,660**	**750,470,660**	-
		5,907,752,400	**5,907,752,400**	**1,378,847,610**	**4,528,904,790**
Derivative financial liabilities		-	-	-	-
		5,907,752,400	**5,907,752,400**	**1,378,847,610**	**4,528,904,790**

30 June 2019

In Taka	Note	Contractual cash flows Carrying amount	Total	6 months or less	Over 6 months
Non-derivative financial liabilities					
Borrowings	22	8,133,228,048	8,133,228,048	532,885,129	7,600,342,919
Trade and other payables	26	298,470,517	298,470,517	298,470,517	-
Accrued expenses	27	66,930,430	66,930,430	66,930,430	-
Payable to related party	28	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

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 2020		30 June 2019	
	USD	GBP	USD	GBP
Cash and cash equivalents	**13,907**	**153**	14,228	**153**
Share application money	**(10,552)**	**(153)**	(10,558)	**(153)**
Borrowings	**(46,110,929)**	-	(96,308,207)	-
Net exposure	**(46,107,574)**	-	(96,304,537)	-

The following significant exchange rates have been applied:

In Taka	Year-end spot rate 30 June 2020	30 June 2019
USD	**84.90**	**84.45**
GBP	**104.37**	**107.29**

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.

Notes to the consolidated financial statements (Continued)

A 2% change in foreign currency exchange rates in 2020 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	
Effect in Taka	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
30 June 2020 USD (2% movement)	**(78,290,661)**	**78,290,661**	**(78,290,661)**	**78,290,661**
30 June 2019 USD (2% movement)	(162,658,363)	162,658,363	(162,658,363)	162,658,363

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:

Nominal Amount

In Taka	*Note*	30 June 2020		30 June 2019	
Fixed rate instruments					
Financial assets					
Receivable from related party	*12*	**10,417,707,665**		14,060,279,622	
Fixed deposits	*16*	-		55,503,502	
Financial liabilities					
Payable to related party	*28*	**(750,470,660)**		(3,260,790,726)	
Variable rate instruments					
Financial liabilities					
Borrowings	*22*	**(4,864,817,881)**		(8,133,228,048)	
		4,802,419,124	-	**2,721,764,350**	-

45 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.

46 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 2020	30 June 2019
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.

47 Commitments

The Group had the following outstanding letters of credit (LC) as at 30 June 2020 against which it is committed to purchase spare parts.

	30 June 2020		30 June 2019
	Currency	Invoice value	Invoice value
UPGDCL	USD	**384,881**	**1,183,874**
	EUR	**1,478,941**	**1,516,991**
UEL	USD	**55,133**	**210,668**
	EUR		**60,020**
UAEL	USD	**140,443**	**82,936**
	EUR	**39,220**	**36,121**
LGDBL	USD	-	1,692,700
	EUR	-	8,500

48 Contingent liabilities

48.1 Contingent liabilities relating to bank guarantees amounted to:

<u>United Power Generation & Distribution Company Ltd</u>

In Taka

Beneficiary	Expiry date	30 June 2020	30 June 2019
Titas Gas Transmission & Distribution Com. Ltd.	11 Nov. 2023	**78,790,400**	78,790,400
Titas Gas Transmission & Distribution Com. Ltd.	11 Dec. 2022	**6,628,382**	6,628,382
Karnaphuli Gas Distribution Company Limited	23 Jan. 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**	71,724,353
Chattogram Customs House	17 Dec. 2019	**20,421,244**	-
		221,109,646	200,688,402

United Energy Ltd

In Taka

Beneficiary	Expiry date	30 June 2020	30 June 2019
Jalalabad Gas Transmission and Distribution Systems Limited	12 October 2022	**48,396,019**	48,396,019
		48,396,019	48,396,019

<u>United Ashuganj Energy Ltd</u>

In Taka

Beneficiary	Expiry date	30 June 2020	30 June 2019
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

<u>Leviathan Global BD Ltd</u>

In Taka

Beneficiary	Expiry date	30 June 2020	30 June 2019
Karnaphuli Gas Distribution Company Limited	10-Sep-23	**53,688,716**	**53,688,716**
		53,688,716	53,688,716

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48.2 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 1,776,734,152.53 (for the period January 2018 to June 2020) and BDT 491,063,484 (for the period May 2018 to June 2019) respectively.

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.

49 Bank facilities

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

30 June 2020

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	221,109,646
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**	**521,109,646**

United Energy Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit
Dhaka Bank Limited	50,000,000	-	-	133,160,000
Dutch Bangla Bank Limited	100,000,000	-	-	-
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	**1,750,000,000**	**250,000,000**	**1,500,000,000**	**1,433,160,000**

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	-	-	-
Dhaka Bank Limited	500,000,000	-	-	667,472,356
Total	**600,000,000**	**-**	**-**	**667,472,356**

Leviathan Global BD Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit	Term Loan
Dhaka Bank Limited	670,000,000	-	-	-	-
HSBC	1,335,000,000	-	-	-	-
Dutch-Bangla Bank Ltd.	-	-	-	-	950,000,000
Total	**2,005,000,000**	-	-	-	**950,000,000**

50 Expenditure in equivalent foreign currency

In Taka	30 June 2020	30 June 2019
Foreign travel for business purpose	-	211,250
	-	211,250

51 Other disclosures

51.1 Capacity and production

United Power Generation & Distribution Company Ltd

Location of plant	Installed capacity (MWH)	30 June 20 Actual production (MWH)	30 June 20 Capacity utilisation (%)	30 June 2019 Actual production (MWH)	30 June 2019 Capacity utilisation (%)
Dhaka EPZ	688,000	502,742	73%	531,230	77%
Chattogram EPZ	576,000	504,804	88%	492,726	86%
Total	1,264,000	1,007,546		1,023,956	

United Energy Ltd

Location of plant	Installed capacity (MWH)	30 June 20 Actual production (MWH)	30 June 20 Capacity utilisation (%)	30 June 2019 Actual production (MWH)	30 June 2019 Capacity utilisation (%)
Sylhet	224,000	199,175	89%	185,331	83%
Ashuganj	424,000	-	0%	80,057	19%
Total	648,000	199,175		265,388	

United Ashuganj Energy Ltd

Location of plant	Installed capacity (MWH)	30 June 20 Actual production (MWH)	30 June 20 Capacity utilisation (%)	30 June 2019 Actual production (MWH)	30 June 2019 Capacity utilisation (%)
Ashuganj	1,560,000	353,284	23%	424,309	27%

51.2 Number of employees

The Group has no employees. Operation and maintenance activities are managed by 194 personnel for UPGDCL, 113 personnel for UAEL and 44 personnel for UEL, provided by United Engineering and Power Services Ltd under separate O&M contracts.

52 Events after the reporting period

Events after the reporting period that provide additional information about the Company'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.

On 15 September 2020, the Board of Directors of the Company, resolved to acquire 99% shares (9,900,000 shares) of United Anowara Power Limited (UAnPL) from Sponsor Shareholders at Net Asset Value based on audited Financial Statements as at 30 June 2020. A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2020. UAnPL is a 300 MW IPP HFO fired power plant, located at Anwara, Chattogram for a period of 15 years which came into Commercial Operation on 22 June 2019. The principal activity of the company is to generate electricity to sell such generated electricity to Bangladesh Power Development board (BPDB) under a Power Purchase Agreement (PPA).

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On 15 September 2020, the Board of Directors of the Company also resolved to acquire 99% shares (9,900,000 shares) of United Jamalpur Power Limited (UJPL) from Sponsor Shareholders at Net Asset Value based on audited Financial Statements as at 30 June 2020. A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2020. UJPL is a 115 MW IPP HFO fired power plant, located at Jamalpu,r for a period of 15 years which came into commercial operation on 21 February 2019. The principal activity of the company is to generate electricity to sell such generated electricity to Bangladesh Power Development board (BPDB) under a Power Purchase Agreement (PPA).

The Board of Directors in its 95th meeting held on 28 October 2020 recommended cash dividend @ 145% per share of Taka 10 each aggregating Taka 7,641,437,650 and stock dividend @ 10%i.e 1 (one) bonus share for every 10 (ten) ordinary shares of Taka 10 each involving Taka 526,995,700 for the year ended 30 June 2020. 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.

Following the declaration of COVID-19 as a pandemic by the World Health Organization (WHO) in early March 2020, like many other governments, the Government of Bangladesh introduced restrictive measures to contain further spread of the virus, affecting free movement of people and goods. These measures included imposing nationwide general holidays from 26 March until 30 June 2020. Though demand of BEPZA fell in April 2020 only, BPDB and REB bought low price electricity from UPGDCL as UPGDCL electricity price is lower for them. On the other hand. United Ashuganj Energy Limited (UAEL) the demand for electricity by BPDB decrease during these restrictions, given that a large portion of the Company's revenue is capacity payment and the fuel payment is a pass-through, UAEL revenue and gross profit was not significantly impacted. So, there was is no material impact of ("COVID-19") during the reporting period as well as after the reporting period.

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.

53 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.

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54 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.

55 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).

UPGDCL also acquired 75% shares of Leviathan Global BD Ltd. (LGBDL) in a circular resolution dated 22 June 2019 subsequently approved in its 90th board meeting held on 1st August 2019. The acquisition with effect on 1st July 2019. LGBDL is a 50 MW IPP Gas fired Power Plant having a contract period of 30 years (extendable for further 30 years), built under joint venture with Leviathan Global Corporation, USA and UECL, respectively. The plant is located at Karnaphuli EPZ (KEPZ) in Chattogram and will be operated under an agreement with Bangladesh Export Processing Zone Authority (BEPZA).

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.

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, i.e. 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;

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(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.

Name of subsidiaries	% of controlling interest	% of non-controlling interest
United Energy Ltd	99	1
United Ashuganj Energy Ltd	91.49	8.51
Leviathan Global BD Ltd.	75	25

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 31 December 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.

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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

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.

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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

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.

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:

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;

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- 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.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

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.

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(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.

(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.

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.

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.

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(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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting data.

Deferred tax assets and liabilities are offset only if certain criteria are met.

As of 30 June 2020, the Company's power plant operated under tax exemption regime. It has examined the precedent of tax assessment completed of a power generation company for the year when its tax exemption ended, which shows accounting depreciation charge to be equal to 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 at that point in time. On this basis, in the preparation of these financial statements, the Company has not considered any deferred tax relating to property, plant and equipment as the Company is still under tax exemption as at the reporting date.

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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.

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**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 July 2019.

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i) The Company as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

i. fixed payments, including in-substance fixed payments;

ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

iii. amounts expected to be payable under a residual value guarantee; and

iv. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) The Company as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'capacity revenue'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

i. fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

ii. the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

iii. the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the;

iv. the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

iv. facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

i) The Company as a lessee

In comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

ii) The Company as a lessor

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the statement of financial position as property and equipment. Lease income is recognised over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract.

56 Name of auditors of the Group companies

Name of subsidiary	Status	Name of auditors
United Energy Ltd	Subsidiary	Hussain Farhad & Co.
United Ashuganj Energy Ltd	Subsidiary	Rahman Rahman Huq
Leviathan Global BD Ltd.	Subsidiary	Hussain Farhad & Co.

57 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Effective for year beginning 1 January 2020	• Amendments to references to conceptual framework in IFRS standards
	• Amendments to IFRS 3: *Business Combinations* of definition of business
	• Amendments to IAS 1: *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* of definition of material.
Effective for year beginning 1 January	• IFRS 17: *Insurance Contracts*
Effective date deferred indefinitely / available for optional adoption	• Amendments to IFRS 10: *Consolidated Financial Statements* and IAS 28: *Investments in Associates and Joint Ventures* on sale or contribution of assets between an investor and its associate or joint venture

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Company's financial statements.