

**United Power Generation & Distribution Company Ltd.**

**Consolidated financial statements**

**As at and for the year ended 30 June 2021**

**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 2021, 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 2021, 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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

1. Revenue recognition See note 59 (F) and 32 to the consolidated 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: <ul style="list-style-type: none"> <li>▪ 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</li> </ul>	Our audit procedures included: <ul style="list-style-type: none"> <li>▪ assessing whether revenue recognition policies are applied through comparison with relevant accounting standards and industry practice;</li> <li>▪ testing the Group's controls over revenue recognition;</li> <li>▪ re-calculate the invoice amount as per Power Purchase Agreement (PPA);</li> <li>▪ assessing the assumptions used to calculate the metered accrued income by ensuring that inputs used to the calculation have been derived appropriately;</li> </ul>

<ul style="list-style-type: none"> <li>identify conflicting issues relating to billing and assessing whether there is little prospect cash will be received for revenue that has been billed.</li> </ul>	<ul style="list-style-type: none"> <li>assessing the Group's disclosures of its revenue recognition, including the estimation and uncertainty involved in recording revenue; and</li> <li>discussed with the management regarding the treatment for revenue recognition policy of the Group.</li> </ul>
<p><b>2. Additional charges claimed by the gas suppliers to the UPGDCL</b> See note 50.2 to the consolidated financial statements</p>	
<p><b>Description of key audit matters</b></p> <p>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 2,815,279,689 and BDT 491,063,484 for Dhaka Export Processing Zone (DEPZ) and Chittagong Export Processing Zone (CEPZ) plants, respectively.</p> <p>UPGDCL initiated legal proceedings against this decision. Outcome of this litigation inherently affects the amount and timing of potential cash outflows.</p> <p>The matter being sub judicial outcome cannot be predict with certainty. However, Legal Advisor of the UPGDCL opined about positive grounds favouring UPGDCL.</p>	<p><b>How the matters were addressed in our audit</b></p> <p>Our substantive procedures in this area included:</p> <ul style="list-style-type: none"> <li>Reviewing of legal documents pertaining to the case.</li> <li>Inquiry with management regarding probable outcome of the case.</li> <li>Obtaining legal opinion from UPGDCL's external legal counsel with regard to the outcome of the case.</li> <li>Reviewing contingent liability disclosures.</li> </ul>
<p><b>3. Impact of delay in renewal of Power Supply Agreement of 53 MW Ashuganj Power Plant of Subsidiary Company United Energy Ltd.</b> See Note 1.2.1 to the consolidated financial statements</p>	
<p><b>Description of key audit matters</b></p> <p>The 53 MW gas fired Ashuganj Power Plant in Ashuganj, B. Baria (which is included in the consolidated financial statements of Subsidiary Company United Energy Ltd.) is in full shutdown condition from June 22, 2019 as the Power Purchase Agreement (PPA) 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.</p>	<p><b>How the matters were addressed in our audit</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>Review of correspondence and other documents related to the application of renewal;</li> <li>Discussion with management regarding the likelihood (or otherwise) of the renewal;</li> <li>Analysis of the possible impact of non-renewal vis-à-vis the operations and financial position of the Group.</li> </ul>

**Other Information included in the Group's June 30, 2021 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 consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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 Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### **Report on other Legal and Regulatory Requirements**

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Group so far as it appeared from our examination of these books;
- c) the consolidated statement of financial position and consolidated 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  
RJSC Registration No.: 2-PC7202



**Mohammad Motaleb Hossain FCA**  
Partner  
Enrolment Number: 0950

Dhaka, 27 October 2021

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

<i>In Taka</i>	Note	As at	
		30 June 2021	30 June 2020
<b>Assets</b>			
Property, plant and equipment	5	40,804,081,092	19,097,479,899
Capital Work In Progress (CWIP)	6	1,638,575,574	1,615,721,811
Right of use assets	7	202,444,023	224,133,730
<b>Non-current assets</b>		<b>42,645,100,689</b>	<b>20,937,335,440</b>
Inventories	8	4,118,391,067	1,331,234,455
Trade and other receivables	9	5,365,772,394	2,726,449,063
Receivable from related party	10	13,760,155,755	10,417,707,665
Advances, deposits and prepayments	11	145,308,271	139,556,570
Investment in marketable securities	12	151,883,809	92,817,221
Advance income tax	13	3,993,965	15,459,522
Cash and cash equivalents	14	1,482,743,529	417,010,048
<b>Current assets</b>		<b>25,028,248,791</b>	<b>15,140,234,544</b>
<b>Total assets</b>		<b>67,673,349,480</b>	<b>36,077,569,984</b>
<b>Equity</b>			
Share capital	15	5,796,952,700	5,269,957,000
Share premium	16	2,046,000,000	2,046,000,000
Revaluation reserve	17	56,787,291	57,459,283
Retained earnings	18	24,666,183,710	21,933,085,610
<b>Equity attributable to the owners of the Company</b>		<b>32,565,923,701</b>	<b>29,306,501,893</b>
Non-controlling interests	19	525,075,969	544,709,204
<b>Total equity</b>		<b>33,090,999,670</b>	<b>29,851,211,097</b>
<b>Liabilities</b>			
Preference Share Capital	20	1,500,000,000	-
Long term loan	21	3,750,946,968	4,081,869,702
Security money received	23	700,000	700,000
Land lease Liability	24	23,489,811	24,449,893
<b>Non-current liabilities</b>		<b>5,275,136,779</b>	<b>4,107,019,595</b>
Deferred revenue	25	477,756,223	263,191,682
Trade and other payables	26	5,827,211,311	258,600,242
Unclaimed dividend	27	13,155,151	9,676,552
Accrued expenses	28	51,370,373	24,187,065
Long term loan	21	2,058,335,238	782,948,179
Short term loan	22	2,486,321,103	-
Land lease Liability	24	960,083	905,739
Payable to related party	29	18,389,214,028	750,470,660
Current Tax liability	30	2,889,521	29,359,173
<b>Current liabilities</b>		<b>29,307,213,031</b>	<b>2,119,339,292</b>
<b>Total liabilities</b>		<b>34,582,349,810</b>	<b>6,226,358,887</b>
<b>Total equity and liabilities</b>		<b>67,673,349,480</b>	<b>36,077,569,984</b>
<b>Net asset value per share</b>		<b>56.18</b>	<b>50.56</b>

The annexed notes 1 to 59 form an integral part of these financial statements.

As per our report of same date

**A. Qasem & Co.**  
Chartered Accountants  
RJSC Registration No.: 2-PC7202

*Motaleb*

**Mohammad Motaleb Hossain FCA**  
Partner  
Enrolment Number: 0950

Dhaka, 27 October 2021

*M. Rashid*  
**Moinuddin Hasan Rashid**  
Managing Director

*Mohammad Musa*  
**Professor Mohammad Musa, PhD.**  
Director

*Badrul Haque Khan*  
**Badrul Haque Khan, FCA**  
Company Secretary



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

<i>In Taka</i>	Note	For the year ended	
		30 June 2021	30 June 2020
Revenue	31	30,580,520,521	10,094,032,945
Cost of sales	32	(18,767,741,083)	(4,241,892,046)
<b>Gross profit</b>		<b>11,812,779,438</b>	<b>5,852,140,899</b>
General and administrative expenses	33	(107,849,592)	(69,812,431)
Other income/(Loss)	34	(24,557,302)	3,974,180
<b>Operating profit</b>		<b>11,680,372,544</b>	<b>5,786,302,648</b>
Finance income	35	397,760,515	524,788,428
Foreign exchange gain/(loss)	36	(75,261)	(40,562,356)
Finance expense	37	(973,102,746)	(338,523,123)
<b>Profit before tax</b>		<b>11,104,955,052</b>	<b>5,932,005,599</b>
Income tax expense	38	9,219,956	146,781,950
<b>Profit for the year</b>		<b>11,114,175,008</b>	<b>6,078,787,549</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>11,114,175,008</b>	<b>6,078,787,549</b>

**Total comprehensive income attributable to:**


Owners of the Company		10,900,859,457	5,935,053,939
Non-controlling interests	19	213,315,551	143,733,610
<b>Total comprehensive income</b>		<b>11,114,175,008</b>	<b>6,078,787,549</b>

Earnings per share (Basic)	39.1	18.80	10.24
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The annexed notes 1 to 59 form an integral part of these financial statements.

As per our report of same date

**A. Qasem & Co.**  
Chartered Accountants  
RJSC Registration No.: 2-PC7202


  
Moinuddin Hasan Rashid  
Managing Director



**Mohammad Motaleb Hossain FCA**  
Partner  
Enrolment Number: 0950

  
Professor Mohammad Musa, PhD.  
Director

Dhaka, 27 October 2021

  
Badrul Haque Khan, FCA  
Company Secretary



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

In Taka	For the year ended 30 June 2021					
	Attributable to the owners of the Company		Retained earnings	Revaluation reserve	Non-controlling Interest	Total
Share capital	Share premium	Retained earnings	Revaluation reserve	Non-controlling Interest	Total	
Balance at 1 July 2020	5,269,957,000	2,046,000,000	21,933,085,610	57,459,283	544,709,204	29,851,211,097
Profit for the year	-	10,900,859,457	-	-	213,315,551	11,114,175,008
Bonus dividend paid during the year	526,995,700	(526,995,700)	-	-	-	-
Cash dividend for the year 2019-2020	-	(7,641,437,650)	-	-	-	(7,641,437,650)
Dividend to minority shareholders	-	-	-	-	(286,632,000)	(286,632,000)
Depreciation on revalued assets	-	671,992	-	(671,992)	-	-
Minority interest added during the year	-	-	-	-	53,683,214	53,683,214
<b>Balance at 30 June 2021</b>	<b>5,796,952,700</b>	<b>2,046,000,000</b>	<b>24,666,183,710</b>	<b>56,787,291</b>	<b>525,075,969</b>	<b>33,090,999,670</b>
In Taka	For the year ended 30 June 2020					
	Attributable to the owners of the Company		Retained earnings	Revaluation reserve	Non-controlling Interest	Total
Share capital	Share premium	Retained earnings	Revaluation reserve	Non-controlling 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	479,087,000	(479,087,000)	-	-	1,000,000	1,000,000
Bonus dividend paid during the year	-	(6,228,131,000)	-	-	-	(6,228,131,000)
Cash dividend for the year 2018-19	-	671,992	-	(671,992)	-	-
Depreciation on revalued assets	-	-	-	-	(88,183,200)	(88,183,200)
Dividend paid to subsidiary	-	-	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>5,269,957,000</b>	<b>2,046,000,000</b>	<b>21,933,085,610</b>	<b>57,459,283</b>	<b>544,709,204</b>	<b>29,851,211,097</b>

Notes

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The annexed notes 1 to 59 form an integral part of these financial statements.

  
**Badrul Haque Khan, FCA**  
Company Secretary

  
**Professor Mohammad Musa, PhD.**  
Director

  
**Moinuddin Hasan Rashid**  
Managing Director





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

<i>In Taka</i>	Notes	For the year ended	
		30 June 2021	30 June 2020
<b>Cash flows from operating activities</b>			
Cash received from customers		32,175,452,533	10,399,237,817
Cash received from other sources	34	104,322,718	56,715,227
Cash paid to suppliers and others		(15,550,568,650)	(3,213,532,597)
Tax paid		(2,973,886)	(5,610,987)
Financial charges paid	37	(976,603,147)	(255,139,800)
<b>Net cash generated from operating activities</b>		<b>15,749,629,568</b>	<b>6,981,669,660</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(456,675,850)	(392,820,577)
Investment in subsidiary company		(5,314,638,192)	(3,000,000)
Cash paid for liabilities against capital machinery		(7,341,323,202)	-
Cash received/(paid) for related party loan		(4,656,931,110)	1,467,797,974
Insurance claim received		-	41,503,257
Dividend from subsidiary company		18,518,282,217	-
<b>Net cash generated from/(used in) investing activities</b>		<b>748,713,864</b>	<b>1,113,480,653</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(27,127,448,934)	(6,740,241,409)
Preference Share Capital	20	1,500,000,000	-
Land lease payment	24	(905,738)	(854,470)
Cash paid for related party loan		13,190,044,527	-
Short term loan received/(paid)		(4,259,695,266)	-
Long term loan received/(paid)		1,096,403,972	(4,259,226,445)
<b>Net cash generated from/(used in) financing activities</b>		<b>(15,601,601,439)</b>	<b>(11,000,322,324)</b>
<b>Net increase in cash and cash equivalents</b>		<b>896,741,993</b>	<b>(2,905,172,011)</b>
Opening cash and cash equivalents		586,001,536	3,322,180,442
Effect of movements in exchange rates on cash held		-	1,617
<b>Closing Cash and cash equivalents</b>		<b>1,482,743,529</b>	<b>417,010,048</b>
<b>Net operating cash flow per share</b>		<b>27.17</b>	<b>12.04</b>

The annexed notes 1 to 59 form an integral part of these financial statements.

  
 Badrul Haque Khan, FCA  
 Company Secretary

  
 Professor Mohammad Musa, PhD.  
 Director

  
 Moinuddin Hasan Rashid  
 Managing Director



## Notes to the consolidated financial statements

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### 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

Consolidated financial statements of the Group as at and for the period ended 30 June 2021 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) the former name of Shajahanullah Power Generation Company Limited (SPGCL) (hereinafter referred to as "the Company") a Public Limited Company in Bangladesh was incorporated vide registration no.-C-75168/09 on 04 March 2009 under the Companies Act (#18) 1994 having its present corporate office at United House, Madani Avenue, United City, Dhaka 1212. The company has developed a power plant of 28 MW capacity in Sylhet in order to produce and supply electricity through BPDB and BREB. The Sylhet power plant came into commercial operational on 21 October 2013.

The authorized capital of the company is Tk. 100,000,000 divided into 10,000,000 ordinary shares of Tk. 10 each. The company has acquired in the year 2017-18 a power plant of 53 MW capacity through Amalgamation of United Ashuganj Power Limited (UAPL) in B. Baria Ashuganj in order to produce and supply electricity through BPDB.

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. UEL is a power generation company established under the Private Sector Power Generation Policy of Bangladesh. It operates two power plants 28 MW plant at Sylhet and 53 MW plant at Ashuganj.

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 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.



## Notes to the consolidated financial statements

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**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) (hereinafter referred to as "the Company"), a private limited company, was incorporated in Bangladesh on 23 May 2018 under the Companies Act (#18) 1994 under registration no. C-145026/2018 with its corporate office at United House, Madani Avenue, United City, Dhaka-1212, Bangladesh.

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 United Power Generation & Distribution Company Ltd (UPGDCL) respectively.

On 22 June 2019, the Board of Directors of the Company resolved to acquire 75% shares (300,000 shares at face value of Tk. 10 each) of Leviathan Global BD Ltd. (LGBDL) from United Enterprises & Co. Ltd. (UECL). A share transfer agreement was also signed on the same date stating the acquisition to be effective from 1 July 2019. LGBDL is a 50 MW IPP gas fired power plant built under joint venture between Leviathan Global Corporation, USA and UECL. The plant is located at KEPZ in Chattogram and will be operated under an agreement with BEPZA with a contract period of 30 years (extendable for a further 30 years) which is expected to be operational by December 2021.

### **1.2.4 United Anwara Power Limited**

United Anwara Power Limited incorporated in Bangladesh as private limited company under the companies Act (#18) 1994 vide registration no-.C-130232/2016 on 12 April 2016 having its corporate office at Gulshan Centre Point, Road # 90-91, House#23-26, Gulshan-2, Dhaka. The company shall develop a power plant of capacity of 300 MW at Anwara, Chittagong in order to produce and supply electricity under an agreement with Bangladesh Power Development Board (BPDB). The authorised share capital of the Company is Tk. 10,000,000,000 (Taka One thousand crore ) only divided into 1,000,000,000 ( One hundred crore) only ordinary shares of Tk. 10 (Ten) each.

The power plant consist of Wartsila engine generators, Exhaust Gas Boilers from Al-borg and steam Turbines from GE Triveni with 15 years minimum useful life, which form the major equipment for power generation. The power plant came into commercial operation on 22 June 2019 with capacity of 300 MW (net). This HFO based generating set has its own auxiliaries, exhaust Gas silencers and electrical, mechanical & civil construction and erection. The power plant has Fourteen (14) integrated systems named fuel, lubrication oil, compressed air, cooling, charge air, exhaust, water treatment, fire protection, emission control, automation, electrical, station service, DC and high voltage systems. There are seventeen (17) engine generator sets with capacity of 17.06 MW each i.e. total 300 MW capacity (net) including the capacity of Turbines.

On 15 September 2020, the Board of Directors of the Company, resolved to acquire 99% shares (9,900,000 shares) of United Anwara 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).



## Notes to the consolidated financial statements

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### 1.2.5 United Jamalpur Power Limited

United Jamalpur Power Ltd. (UJPL) (hereinafter referred to as "the Company"), a private limited company, was incorporated in Bangladesh on 20 September 2017 under the Companies Act (#18) 1994 under registration no. C-139126/2017 with its corporate office at Gulshan Center Point, Road No. 90-91, House No. 23-26, Gulshan-2, Dhaka-1212, Bangladesh. The authorized share capital of the Company is Tk. 1,000,000,000 (One Hundred crore) only divided into 100,000,000 ( Ten Crore) ordinary shares of Tk. 10 (Tk. ten) each.

The power plant consists of Wartsila engine generators with 20 years expected useful life, which form the major part of the power generation. The power plant came into commercial operation on 21 February 2019 with capacity of 115 MW. This HFO based generating sets consist of auxiliaries, exhaust silencer and electrical, mechanical & civil construction and erection. The power plant has Fourteen (14) integrated systems named fuel, lubrication oil, compressed air, cooling, charge air, exhaust, water treatment, fire protection, emission control, automation, electrical, station service, DC and high voltage systems. The company installed 12 Nos Wartsila engine @ 9.78MW each, 12 Nos Heat Recovery Steam Generators and 1 Steam Turbine of Capacity 6.5 MW.

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 Jamalpur 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).

Details of holding structure in subsidiaries are described in Note 58A.

### 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 82 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 and Rolls Royce 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. In 2021, the company disposed two gas fired MTU engines with a capacity of 2 MW. At present total install capacity of DEPZ power plant is 82 MW.



## Notes to the consolidated financial statements

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)	Fuel Component	Commercial Operation Date (COD)	End of Contract year
United Power Generation & Distribution Company Ltd.	DEPZ	82	Gas	26 December 2008	2038
	CEPZ	72	Gas	12 August 2009	2039
United Energy Ltd	Ashuganj	53	Gas	22 June 2011	Expired. Negotiation in Progress.
	Sylhet	28	Gas	21 October 2013	2043
United Ashuganj Energy Ltd	Ashuganj	195	Gas	8 May 2015	2030
Leviathan Global BD Ltd.	KEPZ	50	Gas	-	2048
United Anwara Power Limited	Anwara	300	HFO	22-Jun-19	2034
United Jamalpur Power Limited	Jamalpur	115	HFO	21-Feb-19	2034

## 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 58.

### 2.2 Date of authorisation

The consolidated financial statements were authorised for issue by the Board of Directors on 27 October 2021.

### 2.3 Reporting period

The reporting period of the group covers from 1 July to 30 June 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.



## Notes to the consolidated financial statements

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### 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 2021 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 58B	Property, plant and equipment
Note 8 and 58C	Inventories
Note 9 and 58D	Trade and other receivables
Note 30 and 58J	Current Tax liability
Note 47, 49, and 58H	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.



**Notes to the consolidated financial statements (Continued)**

- 5 Property, plant and equipment  
See accounting policy in Note 58B

**Reconciliation of carrying amount**

In Taka	Building and civil						Total
	Plant and machinery	Gas line	construction	development	Office equipment	Furniture and fixture	
<b>Cost</b>							
Balance at 1 July 2019	26,661,217,004	482,305,512	751,030,070	279,952,125	16,133,177	12,059,402	28,298,216,004
Additions	197,634,750	1,410,533	1,753,625	-	888,397	153,956	201,841,262
Disposals/transfers	(48,140,896)	-	-	-	-	-	(48,140,896)
<b>Balance at 30 June 2020</b>	<b>26,810,710,859</b>	<b>483,716,045</b>	<b>752,783,695</b>	<b>279,952,125</b>	<b>17,021,574</b>	<b>12,213,358</b>	<b>28,451,916,370</b>
Balance at 1 July 2020	26,810,710,859	483,716,045	752,783,695	279,952,125	17,021,574	12,213,358	28,451,916,370
Additions	23,864,415,531	-	1,944,284,295	41,976,954	10,513,212	4,203,856	25,957,551,030
Disposals/transfers	(314,601,128)	-	-	-	-	-	(314,601,128)
<b>Balance at 30 June 2021</b>	<b>50,360,525,262</b>	<b>483,716,045</b>	<b>2,697,067,990</b>	<b>321,929,079</b>	<b>27,534,786</b>	<b>16,417,214</b>	<b>54,094,866,273</b>
<b>Accumulated depreciation</b>							
Balance at 1 July 2019	7,539,060,188	122,052,068	225,564,093	117,627,277	13,660,144	5,975,019	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	1,314,602,019
<b>Balance at 30 June 2020</b>	<b>8,761,266,026</b>	<b>136,881,533</b>	<b>266,198,052</b>	<b>127,014,955</b>	<b>14,569,643</b>	<b>7,185,853</b>	<b>9,354,436,473</b>
Balance at 1 July 2020	8,761,266,026	136,881,533	266,198,052	127,014,955	14,569,643	7,185,853	9,354,436,473
Opening Depreciation added on acquisition	1,359,751,233	-	104,376,007	-	723,316	326,443	1,470,298,249
Depreciation for the year	2,409,238,016	13,074,592	135,525,724	9,387,678	1,894,902	1,487,957	2,588,818,070
Adjustment for disposal/transfers	(122,767,610)	-	-	-	-	-	(122,767,610)
<b>Balance at 30 June 2021</b>	<b>12,407,487,664</b>	<b>149,956,125</b>	<b>506,099,783</b>	<b>136,402,634</b>	<b>17,187,861</b>	<b>9,000,253</b>	<b>13,290,785,182</b>
<b>Carrying amounts</b>							
Balance at 30 June 2020	18,049,444,833	346,834,512	486,585,644	152,937,169	2,451,931	5,027,505	19,097,479,899
<b>Balance at 30 June 2021</b>	<b>37,953,037,598</b>	<b>333,759,920</b>	<b>2,190,968,207</b>	<b>185,526,445</b>	<b>10,346,925</b>	<b>7,416,960</b>	<b>40,804,081,092</b>
<b>Allocation of depreciation</b>							
In Taka						Note	
Cost of sales						32	
General and administrative expenses						33	
							2021
							2020
							2,567,620,736
							1,306,178,813
							21,197,334
							8,423,205
							2,588,818,070
							1,314,602,019

## Notes to the consolidated financial statements (Continued)

### 6 Capital Work In Progress (CWIP)

In Taka	30 June 2021	30 June 2020
Capital Machinery	1,324,303,110	1,555,743,277
Building and civil Construction	70,930,418	5,000,000
Office Furniture	157,607	54,888,927
Gas Line	5,000,000	89,607
Interest during construction year	238,184,439	-
	<b>1,638,575,574</b>	<b>1,615,721,811</b>

### 7 Right of use assets

See accounting policy in Note 58S

In Taka	30 June 2021	30 June 2020
<b>Cost</b>		
Balance as at 01 July	245,823,435	-
Recognition of right-of-use assets on initial application of IFRS 16	-	245,823,435
Addition	-	-
Disposals	-	-
	<b>245,823,435</b>	<b>245,823,435</b>
<b>Accumulated depreciation</b>		
Balance as at 01 July	21,689,705	-
Amortisation for the year	21,689,707	21,689,705
Adjustment for disposal/transfers	-	-
	<b>43,379,412</b>	<b>21,689,705</b>
<b>Carrying amounts</b>		
	<b>202,444,023</b>	<b>224,133,730</b>

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

### 8 Inventories

See accounting policy in Note 58C

In Taka	Note	30 June 2021	30 June 2020
Spare parts	8.1	1,610,163,572	1,162,763,960
Lube oil and chemicals	8.2	107,433,366	45,811,875
Heavy fuel oil	8.3	2,296,494,563	-
Light fuel oil	8.4	8,827,452	-
Materials in transit		95,472,113	122,658,620
		<b>4,118,391,067</b>	<b>1,331,234,455</b>

#### 8.1 Spare parts

In Taka	30 June 2021	30 June 2020
Opening balance	1,249,367,080	1,022,385,629
Purchase during the year	955,798,240	606,886,635
Transfer during the year	(13,430,934)	9,781,993
Consumption during the year	(581,570,814)	(476,290,297)
	<b>1,610,163,572</b>	<b>1,162,763,960</b>





## Notes to the consolidated financial statements (Continued)

### 8.2 Lube oil and chemicals

In Taka	30 June 2021	30 June 2020
Opening balance	62,942,658	38,646,978
Purchase during the year	372,842,820	88,335,849
Transfer during the year	1,201,364	-
Consumption during the year	(329,553,475)	(81,170,952)
	107,433,366	45,811,875

### 8.3 Heavy fuel oil

In Taka	30 June 2021	30 June 2020
Opening balance	906,282,916	-
Purchase during the year	14,362,093,307	-
Consumption during the year	(12,971,881,661)	-
	2,296,494,563	-

### 8.4 Light fuel oil

In Taka	30 June 2021	30 June 2020
Opening balance	12,879,012	-
Purchase during the year	1,250,200	-
Transfer during the year	(2,467,549)	-
Consumption during the year	(2,834,211)	-
	8,827,452	-

### 9 Trade and other receivables

See accounting policy in Note 58D

In Taka	Note	30 June 2021	30 June 2020
Trade receivables	9.1	5,357,838,851	2,721,688,325
Other receivables	9.2	7,933,543	4,760,738
		5,365,772,394	2,726,449,063

#### 9.1 Trade receivables

In Taka	Note	30 June 2021	30 June 2020
BREB		233,605,341	251,478,856
BPDB		4,435,997,288	1,775,388,896
BEPZA		415,417,053	386,377,099
Private customers		272,819,170	308,443,474
		5,357,838,851	2,721,688,325

#### 9.2 Other receivables

In Taka	30 June 2021	30 June 2020
Wartsila Bangladesh Ltd	5,022,158	4,401,754
Bergen Engine BD (Pvt.) Ltd	1,218,495	-
Kaltimex Energy Bangladesh (Pvt) Ltd.	164,133	164,133
Precision Energy Ltd.	129,978	-
ABB Ltd.	936,609	-
Weber Power Solution Ltd.	109,641	109,641
EVP Chittagong Ltd.	352,528	85,210
	7,933,543	4,760,738



## Notes to the consolidated financial statements (Continued)

- 9.3 Out of the total receivable from BREB, an amount of BDT 177,171,835 for the year from 2009 to 2012 was under arbitration in Bangladesh Energy Regulatory Commission (BERC) for determination. In May 2018, the arbitration panel awarded in favor of BREB. The Company has filed a writ petition with the Honorable High Court Division of the Supreme Court of Bangladesh against the arbitration award as management continues to believe the amount is recoverable. This is supported by external legal opinion.
- 9.4 Out of the total receivable from BPDB, an amount of BDT 128,900,233 is disputed by BPDB dating back to the year 2009 to 2012. The Company will pursue this amount upon satisfactory resolution of the above matter, but is confident of recovery.

### 10 Receivable from related party

See accounting policy in Note 58D

In Taka	30 June 2021	30 June 2020
United Enterprises & Co. Ltd	-	5,240,109,050
United Mymensingh Power Ltd	13,751,979,081	5,169,415,253
United Jamalpur Power Ltd	-	133,889
United Anwara Power Ltd	-	7,672,081
United Payra Power Ltd.	4,183,611	-
United Engineering and Power Services Ltd	1,527,907	-
United Lube Oil Ltd	2,465,157	377,392
	<b>13,760,155,755</b>	<b>10,417,707,665</b>

### 11 Advances, deposits and prepayments

See accounting policy in Note 58D

In Taka	Note	30 June 2021	30 June 2020
Advances	11.1	70,891,374	71,598,548
Deposits	11.2	53,950,158	52,036,610
Prepayments	11.3	20,466,739	15,921,412
		<b>145,308,271</b>	<b>139,556,570</b>

#### 11.1 Advances

In Taka	30 June 2021	30 June 2020
Advance against salary and allowances	-	500,000
Advance against LC charges	1,632,449	351,125
Advance against expenses	69,258,924	70,747,422
	<b>70,891,374</b>	<b>71,598,548</b>

#### 11.2 Deposits

In Taka	30 June 2021	30 June 2020
Karnaphuli Gas Distribution Company Ltd.	44,293,183	44,293,183
Bank guarantee margin	5,850,000	5,850,000
BEPZA	1,112,519	1,112,519
Balance in BO account	75,457	75,907
Central Depository Bangladesh Ltd.	500,000	500,000
Chattagram Palli Biddut Shamity-1	1,913,998	-
BPDB	205,000	205,000
	<b>53,950,158</b>	<b>52,036,610</b>

#### 11.3 Prepayments

In Taka	30 June 2021	30 June 2020
Insurance premium	15,276,779	13,624,129
Bank guarantee commission	2,895,012	1,656,256
BERC license fees	2,294,948	641,027
	<b>20,466,739</b>	<b>15,921,412</b>



## Notes to the consolidated financial statements (Continued)

### 12 Investment in marketable securities

See accounting policy in Note 58D

In Taka	30 June 2021	30 June 2020
Cash available for share purchase	123,614	789,680
Financial assets classified as fair value through profit and loss	151,760,195	92,027,541
	<b>151,883,809</b>	<b>92,817,221</b>

#### 12.1 Financial assets classified as fair value through profit and loss

Name of the Company	No. of shares	Rate per share	Market value at 31 March 2021	Cost price	Changes in fair value	Market value at 30 June 2020
BATBC	90,000	539.10	48,519,000	48,658,662	(139,662)	-
BERGERPBL	5,000	1,759.50	8,797,500	8,672,362	125,138	-
BXPHARMA	250,000	177.30	44,325,000	45,744,243	(1,419,243)	-
IDLC	100,000	59.90	5,990,000	6,174,600	(184,600)	-
Olympic Industries Ltd.	10,000	170.00	1,700,000	1,746,352	(46,352)	4,209,205
Ranata Ltd.	20,000	1,319.70	26,394,000	25,632,383	761,617	14,366,800
Shahjalal Islami Bank Limited	797,746	20.10	16,034,695	18,065,677	(2,030,982)	13,892,736
BEXIMCO	100,000	69.20	-	-	-	6,920,000
Square Pharmaceuticals Ltd	65,000	172.50	-	-	-	11,212,500
Glaxosmith Ltd.	5,500	2,186.60	-	-	-	12,026,300
Singer BD Ltd	150,000	147.00	-	-	-	22,050,000
Pioneer Insurance Ltd.	250,000	29.40	-	-	-	7,350,000
			<b>151,760,195</b>	<b>154,694,278</b>	<b>(2,934,083)</b>	<b>92,027,541</b>

## Notes to the consolidated financial statements (Continued)

### 13 Advance income tax

In Taka	30 June 2021	30 June 2020
Opening balance	15,542,391	15,869,483
Paid during the year	1,229,897	5,544,142
Adjustment for completion of assessment	(12,778,323)	(5,954,103)
	3,993,965	15,459,522

### 14 Cash and cash equivalents

See accounting policy in Note 58D

In Taka	Note	30 June 2021	30 June 2020
Cash in hand	14.1	609,866	226,051
Fixed deposits	14.2	31,692,554	-
Cash at bank	14.3	1,450,441,109	416,783,997
		1,482,743,529	417,010,048

#### 14.1 Cash in hand

In Taka	30 June 2021	30 June 2020
Cash in hand	609,866	226,051
	609,866	226,051

#### 14.2 Fixed deposits

In Taka	30 June 2021	30 June 2020
AB Bank Limited	31,692,554	-
	31,692,554	-

#### 14.3 Cash at bank

In Taka	30 June 2021	30 June 2020
Dhaka Bank Limited	820,378,657	361,922,440
Dutch Bangla Bank Limited	27,978,437	7,536,739
Shahjalal Islami Bank Limited	27,104	32,624
Eastern Bank Limited	2,263,091	1,073,666
Jamuna Bank Limited	70,247	952,255
Trust Bank Limited	222,913	223,753
Brac Bank Limited	13,681,649	13,498,490
Brac Bank Ltd.-Dividend dist. A/C 2013 and 2014	1,446,847	1,398,487
The City Bank Limited-Dividend distribution A/C 2016	558,254,984	8,916,088
Dhaka Bank Limited - Dividend distribution A/C 2017	1,079,961	1,072,191
The Hongkong and Shanghai Banking Corp. Ltd	14,065,856	7,746,743
Standard Chartered Bank	4,355,855	811,739
The City Bank Limited	4,204,323	11,598,782
Bank Asia Ltd.	1,351,143	-
United Commercial Bank Ltd.	9,940	-
Mutual Trust Bank Ltd.	450,086	-
Prime Bank Ltd.	462,094	-
One Bank Ltd.	8,917	-
Pubali Bank Limited	129,006	-
	1,450,441,109	416,783,997



## Notes to the consolidated financial statements (Continued)

### 15 Share capital

See accounting policy in Note 58O

In Taka	30 June 2021	30 June 2020
<b>Authorised</b>		
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
	<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>Ordinary shares issued, subscribed and paid up</b>		
Opening balance	5,269,957,000	4,790,870,000
Bonus shares issued	526,995,700	479,087,000
<b>Closing balance</b>	<b>5,796,952,700</b>	<b>5,269,957,000</b>

### 15.1 Particulars of shareholding

In Taka	30 June 2021		30 June 2020	
	No. of shares	Value (Tk)	No. of shares	Value (Tk)
United Mymensingh Power Ltd	521,716,902	5,217,169,020	474,288,093	4,742,880,930
Investment Corporation of BD	16,178,079	161,780,790	14,395,360	143,953,600
General investors	41,800,289	418,002,890	38,312,247	383,122,470
	<b>579,695,270</b>	<b>5,796,952,700</b>	<b>526,995,700</b>	<b>5,269,957,000</b>

### 15.2 Percentage of shareholdings

	30 June 2021	30 June 2020
<b>Name of shareholders</b>		
United Mymensingh Power Ltd	90.00%	81.82%
Investment Corporation of Bangladesh	2.79%	2.73%
General investors	7.21%	7.27%
	<b>100%</b>	<b>100%</b>

### 15.3 Classification of shareholders by holding

Range of holding in number of	30 June 2021		30 June 2020	
	No. of shareholders	No. of shares	No. of shareholders	No. of shares
01 to 5000 shares	11,723	5,160,459	6,864	3,378,514
5,001 to 20,000 shares	446	4,353,958	332	3,066,727
20,001 to 50,000 shares	94	3,008,485	94	2,952,245
50,001 to 1,000,000 shares	101	18,670,495	80	16,610,169
1,000,001 to 10,000,000 shares	8	26,784,971	9	26,699,952
over 10,000,001 shares	1	521,716,902	1	474,288,093
	<b>12,373</b>	<b>579,695,270</b>	<b>7,380</b>	<b>526,995,700</b>

### 16 Share premium

In Taka	30 June 2021	30 June 2020
Share premium	2,046,000,000	2,046,000,000
	<b>2,046,000,000</b>	<b>2,046,000,000</b>

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



## Notes to the consolidated financial statements (Continued)

### 17 Revaluation reserve

In Taka	30 June 2021	30 June 2020
Revaluation reserve	56,787,291	57,459,283
	<b>56,787,291</b>	<b>57,459,283</b>

### 18 Retained earnings

	30 June 2021	30 June 2020
Opening balance	21,933,085,610	22,704,577,678
Net profit during the year	10,900,859,457	5,935,053,939
	<b>32,833,945,067</b>	<b>28,639,631,617</b>
Issue of bonus shares for the year 2018-19	-	(479,087,000)
Cash dividend for the year 2018-19	-	(6,228,131,000)
Issue of bonus shares for the year 2019-20	(526,995,700)	-
Cash dividend for the year 2019-20	(7,641,437,650)	-
Depreciation on revalued assets	671,992	671,992
	<b>24,666,183,710</b>	<b>21,933,085,610</b>

### 19 Non-controlling interests

In Taka	30 June 2021	30 June 2020
Opening balance	544,709,204	488,158,794
<b>Addition during the year:</b>		
Share capital	-	1,000,000
Dividend to minority shareholders	(286,632,000)	(88,183,200)
Profit during the year	213,315,551	143,733,610
Non-Controlling interest added on acquisition	53,683,214	-
	<b>525,075,969</b>	<b>544,709,204</b>

### 20 Preference Share Capital

In Taka	30 June 2021	30 June 2020
Preference Share Capital (non-current portion)	1,000,000,000	-
Preference Share Capital (current portion)	500,000,000	-
	<b>1,500,000,000</b>	<b>-</b>

Type of Facility	Redeemable Cumulative Preference Share (UJPL)
Face Value	10 TK.
No of Share	15 Crore
Purpose	To repay high-cost existing liability
Tenor	3 Years
Dividend rate	5.5% p.a
Repayment	Half yearly payable in arrears commencing at the end of 6 (six) months from date of disbursement
Redemption	At the end of every year, 1/3 of subscribed amount would be redeemed.



## Notes to the consolidated financial statements (Continued)

### 21 Long term loan

See accounting policy in Note 58D

In Taka	30 June 2021	30 June 2020
Non-current portion	3,750,946,968	4,081,869,702
Current portion	2,058,335,238	782,948,179
	<b>5,809,282,206</b>	<b>4,864,817,881</b>

#### Non-current liabilities

In Taka	30 June 2021	30 June 2020
Investment Promotion and Financing Facility (IPFF) loan	2,861,363,635	3,420,439,651
Standard Chartered Bank Ltd.	889,583,333	-
Dutch Bangla Bank Limited	-	661,430,051
	<b>3,750,946,968</b>	<b>4,081,869,702</b>

#### Current liabilities

In Taka	30 June 2021	30 June 2020
Investment Promotion and Financing Facility (IPFF) loan	533,335,238	494,378,230
Standard Chartered Bank Ltd.	1,525,000,000	-
Dutch Bangla Bank Limited	-	288,569,949
	<b>2,058,335,238</b>	<b>782,948,179</b>



**Notes to the consolidated financial statements (Continued)**

**21.1 Terms and repayment schedule**

The following loans were obtained by United Ashuganj Energy (JAEI) 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% (IPFF 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% (IPFF 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% (IPFF 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

**21.2**

The following term loan was obtained by United Anwara Power Ltd. (UANPL) for settlement of accepted liability under differed LC open through SCB for import of capital machineries of power plant.

Nature of Term Loan	Lender	Limit	Interest	Tenure	Year of maturity	Repayment terms
	SCB	BDT 305 Crore	6.25% p.a	2 years	2023	24 equal quarterly instalments

**The term loan is secured by:**

- i. Registered first charge (Specific) for BDT 9,271.5 million to be registered over Plant & Machinery of United Anwara Power Ltd. which are to be imported by SCB.
- ii. Registered hypothecation over present & future book debts for BDT 6,371,250,000 (for USD equivalent) charge to be created on capacity payment portion of receivables only.
- iii. Corporate Guarantee from United Enterprises & Co. Ltd. (UECL) and Neptune Land and Development Ltd. (Owner of United City) to be obtained favoring main Borrower's term loan for up to BDT 6,371,250,000 or up to their limit drawdown amount.
- iv. Corporate Guarantee from United Enterprises & Co. Ltd. (UECL) supported by Board Resolution.
- v. Insurance coverage on assets charged to the bank as security is needed throughout the loan tenor covering 100% of outstanding balance.





## Notes to the consolidated financial statements (Continued)

### 22 Short term loan

In Taka	30 June 2021	30 June 2020
Dutch Bangla Bank Ltd.	1,420,000,000	-
Prime Bank Ltd.	500,000,000	-
Dhaka Bank Ltd.	566,321,103	-
	<b>2,486,321,103</b>	<b>-</b>

### 23 Security money received

See accounting policy in Note 58D

In Taka	30 June 2021	30 June 2020
Lilac Fashion Wear Ltd	700,000	700,000
	<b>700,000</b>	<b>700,000</b>

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 58S

In Taka	30 June 2021	30 June 2020
Balance as at 01 July	25,355,632	-
Add: Addition during the year	-	26,210,102
Add: Interest charged during the year	1,468,565	1,519,833
Less: Payment made during the year	(2,374,303)	(2,374,303)
	<b>24,449,894</b>	<b>25,355,632</b>

#### Segregation of Land lease liability:

In Taka	30 June 2021	30 June 2020
Non-current portion	23,489,811	24,449,893
Current portion	960,083	905,739
	<b>24,449,894</b>	<b>25,355,632</b>

### 25 Deferred revenue

In Taka	30 June 2021	30 June 2020
Deferred revenue	477,756,223	263,191,682
	<b>477,756,223</b>	<b>263,191,682</b>

This pertains to the difference between capacity payments received from the customer and capacity payments recognised in statement of profit or loss and other comprehensive income in relation to the Power Purchase Agreement (PPA) of United Ashuganj Energy Limited (UAEL) with Bangladesh Power Development Board (BPDB) due to straight-lining of capacity revenue over the remaining PPA term following the 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 58D

In Taka	Note	30 June 2021	30 June 2020
Trade payables	26.1	5,626,966,143	229,472,321
Other payables	26.2	200,245,168	29,127,921
		<b>5,827,211,311</b>	<b>258,600,242</b>



## Notes to the consolidated financial statements (Continued)

### 26.1 Trade payables

In Taka	30 June 2021	30 June 2020
Gas bill	5,626,966,143	229,472,321
	5,626,966,143	229,472,321

### 26.2 Other payables

In Taka	30 June 2021	30 June 2020
Share application money	6,433,552	6,452,280
Service charge on gas bill	15,231,851	14,109,483
Other operating expenses	8,896,213	4,702,951
TDS payable	990,030	1,800,360
Bergen Engines Bangladesh Pvt.Ltd.	810,000	1,501,705
Wartsila Bangladesh Ltd	679,987	338,251
Interest on Intercompany loan	166,950,790	-
Payable against C&F bill	252,746	222,891
	200,245,168	29,127,921

### 27 Unclaimed dividend

In Taka	30 June 2021	30 June 2020
Unclaimed cash dividend for the year 2013 & 2014	1,404,329	1,405,987
Unclaimed interim & final cash div. for the year ended 30 June 2016	3,319,650	3,373,574
Unclaimed cash dividend for the year 2017	808,572	825,684
Unclaimed cash dividend for the year 2018	1,026,883	1,076,059
Unclaimed cash dividend for the year 2019	2,819,121	2,995,247
Unclaimed cash dividend for the year 2020	3,776,596	-
	13,155,151	9,676,552

### 28 Accrued expenses

See accounting policy in Note 58D

In Taka	30 June 2021	30 June 2020
Provision for expenses	16,657,672	3,442,938
Service charge on gas bill	10,276,855	8,273,856
VAT payable	11,386,560	5,995,272
Other operating expenses	5,196,759	2,286,948
Directors' remuneration	1,000,000	1,000,000
Audit fees	2,770,000	2,074,500
Utility bill	691,153	691,153
Security expenses	479,353	338,243
Medical expenses	50,970	50,970
Welfare fund	16,985	16,985
Environmental expenses	16,200	16,200
Interest Payable	2,824,291	-
TDS	3,575	-
	51,370,373	24,187,065

### 29 Payable to related party

See accounting policy in Note 58D

In Taka	30 June 2021	30 June 2020
United Engineering & Power Services Ltd	10,999,010	21,207,517
United Enterprises & Co. Ltd	18,377,598,950	729,263,143
United Mymensingh Power Ltd	616,068	-
	18,389,214,028	750,470,660



## Notes to the consolidated financial statements (Continued)

### 30 Current Tax liability See accounting policy in Note 58J

In Taka	30 June 2021	30 June 2020
Opening balance	29,823,540	184,150,547
Provision during the year	5,461,628	5,461,848
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)
Reversal of excess provision for completion of assessment of 2019	(15,553,661)	-
Reversal of excess provision for completion of assessment of 2020	(754,803)	-
Adjustment for completion of assessments	(12,663,573)	(5,954,103)
Paid during the year	(3,423,610)	(582,088)
	2,889,521	29,359,173

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), United Ashuganj Energy Ltd. (UAEL), United Anwara Power Ltd. (UAnPL) and United Jamalpur Power Ltd (UJPL) as the companies have received exemption from income from power generation under the private sector power generation policy for a year of 15 years from the start of their commercial operation, vide SRO ref: 211-Ain/Aykor/2013-Income Tax ordinance (#36) 1984 dated 1 July 2013 for UEL, UAEL and SRO ref: 246-Ain/Aykor/2016-Income Tax ordinance (#36) 1984 dated 26 July 2016 for UAnPL, UJPL. Such exemption of UEL (Sylhet power plant), UAEL (Ashuganj 195 MW power plant) UAnPL (300 MW power plant) and UJPL (115 MW power plant) will expire on 2028, 2030, 2034, 2034 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 the subsidiaries companies..

### 31 Revenue See accounting policy in Note 58F

In Taka	Note	30 June 2021	30 June 2020
Electricity supply	31.1	30,540,102,820	10,064,068,261
Steam supply	31.2	40,417,701	29,964,684
		30,580,520,521	10,094,032,945

#### 31.1 Electricity supply

In Taka	30 June 2021	30 June 2020
Bangladesh Power Devt. Board (BPDB)	24,322,528,482	4,388,143,924
Bangladesh Exp. Proce. Zone Auth.(BEPZA)	4,350,784,689	3,847,735,571
Bangladesh Rural Elect. Board (BREB)	580,365,022	873,077,319
Private customers	1,286,424,627	955,111,447
	30,540,102,820	10,064,068,261

#### Break up of revenue from electricity supply:

In Taka	30 June 2021	30 June 2020
Capacity payment	8,361,554,807	2,859,123,185
Energy payment	21,733,512,596	7,352,447,361
Supplemental Bill	437,227,379	108,687,607
True-up Bill	7,808,038	7,001,790
Deferred income	-	(263,191,682)
	30,540,102,820	10,064,068,261



## Notes to the consolidated financial statements (Continued)

The actual revenue billed by United Ashuganj Energy Limited (UAEL) is Tk. 3,152,312,109 recognition of TDT 214,564,541 of this has been deferred due to the Company's implementation of IFRS 16 from the years 2020 from lessor's perspective, for which capacity payment element of revenue is straight-lined over the remaining year of the PPA.

### 31.2 Steam supply

In Taka	30 June 2021	30 June 2020
Gunze United Ltd.	27,746,710	21,852,432
Global Labels (Bangladesh) Ltd.	4,838,316	3,487,050
Croydon-Kowloon Designs Ltd.	7,000,558	3,976,031
Talisman Ltd.	832,116	649,171
	<b>40,417,701</b>	<b>29,964,684</b>

### 32 Cost of sales

In Taka	30 June 2021	30 June 2020
Fuel and energy	14,720,344,526	2,005,093,567
Spare parts and lube oil	881,541,839	526,565,701
Depreciation	2,567,620,736	1,306,178,813
Minimum load charge	47,082,934	27,278,956
Direct overhead	308,245,114	211,230,054
Repair and maintenance	87,020,529	49,750,122
Entertainment	9,098,434	9,548,742
Utility bill	10,738,879	19,573,659
Security expense	7,354,629	6,972,377
Carrying charge	4,248,775	2,081,575
Advertisement expense	-	1,091,672
Travelling and conveyance	1,391,228	868,760
Wages	3,401,847	703,973
Vehicle running and maintenance	4,858,525	1,734,976
Environmental expenses	1,797,998	1,044,682
Printing and stationery	876,178	536,525
Site office expense	3,188,150	358,514
Telephone, mobile and internet	1,079,444	466,754
Worker welfare fund	203,989	203,670
Postage and courier	180,373	67,040
Automation and IP expense	92,855	87,304
Insurance premium	84,088,379	47,853,950
Gardening and beautification	680,223	884,156
Amortisation of right of use assets	21,689,707	1,462,890
Safety material	912,717	20,226,815
Fire Fighting Exp	3,077	-
Computer maintenance	-	26,800
	<b>18,767,741,083</b>	<b>4,241,892,046</b>

32.1 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.

## Notes to the consolidated financial statements (Continued)

### 33 General and administrative expenses

In Taka	30 June 2021	30 June 2020
Directors' remuneration	15,621,375	15,932,500
Office maintenance	10,890,000	10,890,000
Advertisement	9,055,899	9,467,194
Depreciation	21,197,334	8,423,205
AGM expenses	1,470,009	2,742,545
Vehicle running expenses	709,426	441,476
Bank charge and commission	5,877,105	985,019
Office rent	1,380,000	2,760,000
Office expenses	-	550
Board meeting fees	4,947,195	3,325,876
Consultancy fees	2,284,870	448,750
Auditor's fee	2,805,000	2,065,000
Entertainment	492,266	407,732
Traveling and conveyance	640,516	470,957
Postage, telephone and telex	65,472	56,143
Printing and stationery	44,439	31,811
VAT on Audit fee	127,500	120,000
License, fees and others	5,743,455	2,494,486
RJSC expenses	7,777,245	165,265
CDBL and listing fee	2,540,494	4,981,661
Legal expense	57,500	2,705,590
Brokerage commission	14,033,532	896,670
Medical Fees	88,960	-
	<b>107,849,592</b>	<b>69,812,431</b>

### 34 Other income/(Loss)

In Taka	30 June 2021	30 June 2020
Realised gain from marketable securities	76,034,203	(11,552,297)
Dividend income from marketable securities	2,177,316	1,935,341
Unrealised gain/(loss) from marketable securities	(2,934,083)	(21,606,299)
Sale of used lube oil and drums	60,993,614	6,657,846
Scrap sale	24,853,345	18,879,128
Gain/(Loss) on Disposal of fixed assets	(185,681,697)	9,660,461
	<b>(24,557,302)</b>	<b>3,974,180</b>

### 35 Finance income

See accounting policy in Note 58M

In Taka	30 June 2021	30 June 2020
Interest on related party loan	379,345,658	497,007,078
Interest on short term deposits	13,432,422	16,249,264
Interest income on bank balance and fixed deposits	4,982,434	11,532,086
	<b>397,760,515</b>	<b>524,788,428</b>

## Notes to the consolidated financial statements (Continued)

### 36 Foreign exchange gain/(loss) See accounting policy in Note 58I

In Taka	30 June 2021	30 June 2020
Foreign exchange loss - realised	(78,151)	(19,814,055)
Foreign exchange gain/(loss) - unrealised	-	(20,749,918)
Foreign ex. gain/(loss) on USD A/C- realised	2,890	1,617
	(75,261)	(40,562,356)

### 37 Finance expense See accounting policy in Note 58M

In Taka	30 June 2021	30 June 2020
Interest on IPFF loan	89,146,914	177,190,994
Interest on syndicated international loan		76,083,728
Interest on short term & Long term loan	520,985,199	81,737,409
Interest on liabilities for capital machinery	354,293,241	-
Bank guarantee commission	4,956,481	1,883,583
Interest on leasehold land	1,468,565	1,519,833
Monitoring fee	-	848,000
Agency and services fee	-	(3,250,751)
Syndication fee	2,252,346	2,510,327
	973,102,746	338,523,123

### 38 Income tax expenses

In Taka	30 June 2021	30 June 2020
Current year expenses	7,088,508	6,935,082
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)
Reversal of excess provision for completion of assessment of 2019	(15,553,661)	-
Reversal of excess provision for completion of assessment of 2020	(754,803)	-
	(9,219,956)	(146,781,950)

### 39 Earnings per share See accounting policy in Note 58P

#### 39.1 Earnings per share

In Taka	30 June 2021	30 June 2020
Profit attributable to the ordinary shareholders	10,900,859,457	5,935,053,939
Weighted average number of shares outstanding	579,695,270	579,695,270
Earnings per share	18.80	10.24

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 years presented shall be adjusted retrospectively. Therefore, the basic earnings per share (EPS) for the year ended 30 June 2020 has been restated to reflect the bonus shares issued in 2021 on the basis of profit attributable to the ordinary shareholders for the year ended 30 June 2020.



## Notes to the consolidated financial statements (Continued)

40 Net asset value per share		30 June 2021	30 June 2020
Net assets		32,565,923,701	29,306,501,893
Weighted average number of shares outstanding		579,695,270	579,695,270
Net asset value per share		56.18	50.56

41 Net operating cash flow per share		30 June 2021	30 June 2020
Net cash generated from operating activities		15,749,629,568	6,981,669,660
Weighted average number of shares outstanding		579,695,270	579,695,270
Net operating cashflow per share		27.17	12.04

42 Reconciliation of net profit with cash flow from operating activities		30 June 2021	30 June 2020
In Taka			
Profit for the year		11,114,175,008	6,078,787,549
Adjustment for:			
Depreciation		2,588,818,070	1,314,602,018
Amortisation of lease rent		1,462,892	-
Depreciation of ROU		20,226,815	21,689,705
Brokerage commission		14,033,532	896,670
Realised gain from marketable securities		(76,034,203)	11,552,297
Unrealised (gain)/loss from marketable securities		2,934,083	21,606,299
Foreign exchange (gain)/loss - un-realised		-	20,749,918
Foreign exchange (gain)/loss - realised		-	20,064,743
Interest on related party loan		(379,345,658)	(497,007,078)
Loss on Disposal of fixed assets		185,681,697	(9,660,461)
Changes in:			
Inventories		(1,549,515,570)	(246,833,703)
Trade and other receivables		1,378,248,167	43,222,447
Advances, deposits and prepayments		14,322,126	120,113,256
Advance income tax		-	1,454,281
Trade and other payables		2,290,889,837	1,172,791
Accrued expenses		(43,503,406)	(35,503,544)
Provision for tax		(14,238,564)	(154,791,374)
Deferred income		214,564,541	263,191,682
Payable to related party		(13,089,800)	6,362,165
Net cash generated from operating activities		15,749,629,568	6,981,669,660



Notes to the consolidated financial statements (Continued)

43 Related party transactions

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

A Transactions with key management personnel

i. Loans to directors

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

ii. Key management personnel compensation comprised the following:

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 2021	30 June 2020
Directors' remuneration	15,621,375	15,932,500
Board meeting fees	4,947,195	3,325,876
	20,568,570	19,258,376
b) Post employment benefit	-	-
c) Other long-term benefit	-	-
d) Termination benefit	-	-
e) Share-based payment	-	-
	20,568,570	19,258,376

B Other related party transactions

United Power Generation & Distribution Company Ltd.

In Taka	Transaction value during the year ended 30 June		Receivable/(Payable) Balance as at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>Sale of goods and services</b>				
Gunze United Limited	3,976,031	21,852,432	2,843,897	4,057,473
<b>Brokerage commission</b>				
United Securities Ltd.	14,033,532	896,670	-	-
<b>Purchase of services</b>				
United Engineering & Power Services Ltd.	44,486,779	100,762,268	2,340,800	(7,541,430)
<b>Loans</b>				
United Mymensingh Power Ltd	-	-	5,176,876,020	5,167,681,634
Loan disbursed during the year	21,157,741,633	10,877,681,635	-	-
Loan repaid during the year	12,731,632,930	5,710,000,000	-	-
<b>Transfer of inventory (spare parts)</b>				
United Mymensingh Power Ltd	19,427	36,121	377,392	531,782
United Anwara Power Ltd	7,255,947	14,703	68,114	7,272,176
United Lube Oil Ltd	-	-	944,922	377,392
United Jamalpur Power Ltd	-	-	9,194,386	68,114
United Ashuganj Energy Ltd	8,361,959	13,327,300	(33,648,445)	(23,766,215)
United Energy Ltd	4,617,107	2,445,969	-	944,922
United Payra Power Plant	7,257,473	-	-	-
United Engineering & Power Services Ltd.	-	-	(2,340,800)	(2,340,800)
<b>Sale of fixed asset</b>				
Neptune Commercial Ltd.	6,151,821	-	-	-





Notes to the consolidated financial statements (Continued)

**United Energy Ltd**

<i>In Taka</i>	Transaction value during the year ended 30 June		Balance outstanding as at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>United Engineering &amp; Power Service Ltd</b>				
Purchase of services	17,345,478	22,419,779	-	(415,000)
<b>Loan:</b>				
United Enterprises & Co. Ltd			(5,374,690,950)	5,240,109,050
Loan disbursed	4,625,363,604	2,772,100,000		
Loan repaid	15,240,163,604	5,052,332,573		
<b>United Ashuganj Energy Ltd.</b>				
Dividend	(2,867,857,883)	703,118,613	-	1,387,694,279
Inventory loan	(8,388,763)	59,956	(9,356,264)	(967,501)
UPPL-Inventory Loan	119,755	-	119,755	-
UPGDCL-Inventory Loan	(1,019,333)	4,335,813	(1,964,255)	(944,922)

**United Ashuganj Energy Ltd**

<i>In Taka</i>	Transaction value during the year ended 30 June		Balance outstanding as at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>United Engineering &amp; Power Service Ltd</b>				
Purchase of services	(82,044,743)	(80,969,301)	8,235,190	(10,910,287)
<b>Loan:</b>				
<b>United Energy Ltd</b>				
Loan received	2,239,500,000	1,292,126,877	-	-
Loan repaid	(2,239,500,000)	(1,292,126,877)	-	-
Dividend payable	(2,867,857,883)	(703,118,613)	-	(1,387,694,279)
Inventory loan	8,388,763	59,957	9,356,264	967,501
UPGDCL-Inventory loan	(6,826,867)	13,327,298	16,939,348	23,766,215
United Jamalpur Power Ltd.-Inventory loan	378,285	-	444,060	65,775
United Mymensingh Power Ltd.-Inventory loan	2,370,527	98,220	3,572,364	1,201,837
United Anowara Power Ltd.-Inventory loan	-	1,423,264	399,905	399,905
United Payra Power Ltd. (inventory loan)	573,570	-	573,570	-
United Lube Oil Ltd.-Inventory loan	2,087,765	-	2,087,765	-

**Leviathan Global BD Ltd**

<i>In Taka</i>	Transaction value during the year ended 30 June		Balance outstanding as at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>Loan:</b>				
United Enterprises & Co. Ltd	-	-	1,765,063,143	729,263,143
Loan disbursed	1,035,800,000	362,692,834		
United Power Generation and Distribution Company Ltd.			253,069,320	-
Loan repaid	253,069,320	-	-	-



Notes to the consolidated financial statements (Continued)

**United Anwara Power Ltd**

<i>In Taka</i>	Transaction value during the year ended 30 June		Balance outstanding as at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
United Engineering & Power Service Ltd				
Purchase of services	49,708,483	(34,576,569)	(4,235,698)	(4,385,923)
Loan:				
United Enterprises & Co. Ltd			(5,120,399,660)	(2,672,167,313)
Loan disbursed	(19,448,500,000)	(10,766,467,313)		
Loan repaid	17,000,267,653	8,094,300,000		
Loan:				
United Jamalpur Power Ltd.				(111,832,347)
Loan disbursed	(590,000,000)	(1,579,020,000)		
Loan repaid	590,000,000	1,467,187,653		
Loan:				
United Mymensingh Power Ltd.				50,000,000
Loan disbursed	(608,707,998)	(1,026,570,407)		
Loan repaid	558,707,998	1,076,570,407		
Loan:				
United Payra Power Ltd.				1,057,476
Loan disbursed	1,057,476	-		
Loan repaid	-	1,057,476		
Inventory loan				
United Power Generation & Distribution Company Ltd.	7,258,999	(7,272,176)	(13,178)	(7,272,176)
United Jamalpur Power Ltd. (Inventory loan)	(154,635)	(3,742)	158,376	(3,742)
United Payra Power Ltd. (Inventory loan)	3,490,285	-	3,490,285	
United Ashuganj Energy Ltd.-Inventory loan	-	(399,905)	(399,905)	(399,905)

**United Jamalpur Power Ltd**

<i>In Taka</i>	Transaction value during the year ended 30 June		Balance outstanding as at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
United Enterprises & Co. Ltd			(6,117,445,197)	(6,507,116,744)
Loan disbursed	(9,859,000,000)	(5,372,733,692)		
Loan repaid	10,248,671,547	4,258,500,000		
Loan:				
United Mymensingh Power Ltd.				96,352,305
Loan disbursed	(646,452,305)	(2,970,801,992)		
Loan repaid	550,100,000	1,573,225,187		
Loan:				
United Anwara Power Ltd.		112,520,000		111,832,347
Loan disbursed	(590,131,057)	(1,466,500,000)		
Loan repaid	478,298,710	1,579,020,000		
Loan:				
Neptune Commercial Ltd.				2,007,939,200
Loan disbursed				
Loan repaid	(2,007,939,200)			
United Anwara Power Ltd.	(162,118)	3,742	(158,377)	3,742
United Power Gen. & Dist. Com. Ltd. (Inventory loan)			(68,114)	(68,114)
United Engineering & Power Services Ltd. (Services Ltd.)	58,286,525.00		(2,730,490)	(61,017,015)
United Shipping and Logistic Support Ltd. (Service)	1,680,166.00	(6,628,864)	(4,948,698)	(6,628,864)
National Oil Carriers Ltd (Service)	6,349,049.00	(6,349,049)		(6,349,049)
Oil Carriers Ltd. (Service)	(6,043,098.00)		(6,043,098)	
United Engineering & Power Services Ltd.-(Inventory loan)	1,527,906.54		1,527,907	
United Mymensingh Power Ltd. (Inventory loan)	(1,380,911)	1,285,496	(616,068)	764,843
United Ashuganj Energy Ltd.(Inventory loan)	(378,285)		(444,060)	(65,775)



**Notes to the consolidated financial statements (Continued)**

**44 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 2021		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
									151,883,809	151,883,809	151,883,809	151,883,809
<b>Financial assets measured at fair value</b>												
	12	-	151,883,809	-	-	-	-	151,883,809	151,883,809	-	-	151,883,809
<b>Investment in marketable securities</b>												
<b>Financial assets not measured at fair value</b>												
	9	-	-	-	-	5,365,772,394	-	5,365,772,394	-	-	-	-
	10	-	-	-	-	13,760,155,755	-	13,760,155,755	-	-	-	-
	14	-	-	-	-	1,482,743,529	-	1,482,743,529	-	-	-	-
		-	-	-	-	20,608,671,678	-	20,608,671,678	-	-	-	-
<b>Financial liabilities not measured at fair value</b>												
	21	-	-	-	-	-	5,809,282,206	5,809,282,206	-	-	-	-
	23	-	-	-	-	-	700,000	700,000	-	-	-	-
	26	-	-	-	-	-	5,827,211,311	5,827,211,311	-	-	-	-
	28	-	-	-	-	-	51,370,373	51,370,373	-	-	-	-
	29	-	-	-	-	-	18,389,214,028	18,389,214,028	-	-	-	-
		-	-	-	-	-	30,077,777,918	30,077,777,918	-	-	-	-
<b>30 June 2020</b>												
In Taka	Note	Fair value- hedging instruments	Mandatorily at FVTPL – instruments	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
									92,817,221	92,817,221	92,817,221	92,817,221
<b>Financial assets measured at fair value</b>												
	12	-	92,817,221	-	-	-	-	92,817,221	92,817,221	-	-	92,817,221
<b>Investment in marketable securities</b>												
<b>Financial assets not measured at fair value</b>												
	9	-	-	-	-	2,726,449,063	-	2,726,449,063	-	-	-	-
	10	-	-	-	-	10,417,707,665	-	10,417,707,665	-	-	-	-
	14	-	-	-	-	417,010,048	-	417,010,048	-	-	-	-
		-	-	-	-	13,561,166,776	-	13,561,166,776	-	-	-	-
<b>Financial liabilities not measured at fair value</b>												
	21	-	-	-	-	-	4,864,817,881	4,864,817,881	-	-	-	-
	23	-	-	-	-	-	700,000	700,000	-	-	-	-
	26	-	-	-	-	-	258,600,242	258,600,242	-	-	-	-
	28	-	-	-	-	-	24,187,065	24,187,065	-	-	-	-
	29	-	-	-	-	-	750,470,660	750,470,660	-	-	-	-
		-	-	-	-	-	5,898,775,848	5,898,775,848	-	-	-	-

## Notes to the consolidated financial statements (Continued)

### 45 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 2021	30 June 2020
Trade and other receivables	9	5,365,772,394	2,726,449,063
Receivable from related party	10	13,760,155,755	10,417,707,665
Investment in marketable securities	12	151,883,809	92,817,221
Cash and cash equivalents (excluding cash in hand)	14	1,482,133,663	416,783,997
		<b>20,759,945,622</b>	<b>13,653,757,946</b>

##### ii) Ageing of trade and other receivables

In Taka	30 June 2021	30 June 2020
Not past due	2,412,303,109	930,999,795
Past due 0-30 days	1,320,665,719	434,781,206
Past due 31-60 days	1,044,242,577	401,561,658
Past due 61-90 days	60,111,826	428,065,407
Past due 91-120 days	14,228,616	75,746,331
Past due 121-365 days	123,152,273	115,052,335
Past due 365+ days	391,068,272	340,242,331
	<b>5,365,772,394</b>	<b>2,726,449,063</b>

#### 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.



## Notes to the consolidated financial statements (Continued)

30 June 2021

<i>In Taka</i>	Note	Carrying amount	Contractual cash flows		
			Total	6 months or less	Over 6 months
<b>Non-derivative financial liabilities</b>					
Long term loan	21	5,809,282,206	5,809,282,206	1,538,824,482	4,270,457,724
Short term loan	22	4,544,656,341	4,544,656,341	3,248,821,103	1,295,835,238
Trade and other payables	26	5,827,211,311	5,827,211,311	5,827,211,311	-
Accrued expenses	28	51,370,373	51,370,373	51,370,373	-
Payable to related party	29	18,389,214,028	18,389,214,028	18,389,214,028	-
		34,621,734,259	34,621,734,259	29,055,441,297	5,566,292,962
<b>Derivative financial liabilities</b>					
		-	-	-	-
		34,621,734,259	34,621,734,259	29,055,441,297	5,566,292,962

30 June 2020

<i>In Taka</i>	Note	Carrying amount	Contractual cash flows		
			Total	6 months or less	Over 6 months
<b>Non-derivative financial liabilities</b>					
Borrowings	21	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	28	24,187,065	24,187,065	24,187,065	-
Payable to related party	29	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
<b>Derivative financial liabilities</b>					
		-	-	-	-
		5,907,752,400	5,907,752,400	1,378,847,610	4,528,904,790

### 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

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 2021		30 June 2020	
	USD	GBP	USD	GBP
Cash and cash equivalents	9,451	123	13,907	153
Share application money	(9,451)	(123)	(10,552)	(153)
Borrowings	(39,984,675)	-	(46,110,929)	-
Net exposure	(39,984,675)	-	(46,107,574)	-

The following significant exchange rates have been applied:

<i>In Taka</i>	Year-end spot rate	
	30 June 2021	30 June 2020
USD	84.90	84.90
GBP	117.49	104.37



## Notes to the consolidated financial statements (Continued)

### Sensitivity analysis

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

A 2% change in foreign currency exchange rates in 2020 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Effect in Taka	Profit/(loss)		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2021 USD (2% movement)	(67,893,978)	67,893,978	(67,893,978)	67,893,978
30 June 2020 USD (2% movement)	(78,290,660)	78,290,660	(78,290,660)	78,290,660

### ii. Interest rate risk

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

#### Exposure to interest rate risk

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

In Taka	Note	Nominal Amount	
		30 June 2021	30 June 2020
<b>Fixed rate instruments</b>			
<i>Financial assets</i>			
Receivable from related party	10	13,760,155,755	10,417,707,665
Fixed deposits	14	31,692,554	-
<i>Financial liabilities</i>			
Payable to related party	29	(18,389,214,028)	(750,470,660)
<b>Variable rate instruments</b>			
<i>Financial liabilities</i>			
Long term loan	21	(5,809,282,206)	(4,864,817,881)
		(10,406,647,925)	4,802,419,124

### 46 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 of the plant 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 to compensate for all the potential damages caused in such situations.

### 47 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.



## Notes to the consolidated financial statements (Continued)

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.

<i>In Taka</i>	30 June 2021	30 June 2020
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
<b>Total</b>	<b>36,158,428</b>	<b>36,158,428</b>

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.

### 48 Commitments

The Group had the following outstanding letters of credit (LC) as at 31 March 2021 against which it is committed to purchase spare parts.

	30 June 2021		30 June 2020
	Currency	Invoice value	Invoice value
UPGDCL	USD	878,229	384,881
	EUR	322,070	1,478,941
UEL	USD	-	55,133
	EUR	-	-
UAEL	USD	33,000	140,443
	EUR	16,200	39,220
LGDBL	USD	-	1,692,700
	EUR	-	8,500
UAnPL	USD	43,040,917	25,500,008
	EUR	116,856	1,122,005
UJPL	USD	25,747,935	1,692,700
	EUR	-	8,500

### 49 Contingent liabilities

#### 49.1 Contingent liabilities relating to bank guarantees amounted to:

##### **United Power Generation & Distribution Company Ltd**

##### **Beneficiary**

<i>In Taka</i>	Expiry date	30 June 2021	30 June 2020
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
Chattoogram Customs House	Unconditional & Continuous	17,544,403	20,421,244
		<b>218,232,805</b>	<b>221,109,646</b>



## Notes to the consolidated financial statements (Continued)

### United Energy Ltd

<b>Beneficiary</b>			
<i>In Taka</i>	<b>Expiry date</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
Jalalabad Gas Transmission and Distribution Systems Limited	12 October 2022	48,396,019	48,396,019
Bangladesh Power Development Board (BPDB)	31 August 2019	-	128,790,000
		<b>48,396,019</b>	<b>177,186,019</b>

### United Ashugani Energy Ltd

<b>Beneficiary</b>			
<i>In Taka</i>	<b>Expiry date</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
Bangladesh Power Development Board	7 June 2022	380,000,000	380,000,000
Bakhrabad Gas Distribution Company Limited	13 June 2022	287,472,356	287,472,356
		<b>667,472,356</b>	<b>667,472,356</b>

### Leviathan Global BD Ltd

<b>Beneficiary</b>			
<i>In Taka</i>	<b>Expiry date</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
Karnaphuli Gas Distribution Company Limited	10-Sep-23	53,688,716	53,688,716
Dhaka Customs House	Open Ended	31,795,876	-
Chattogram Customs House	29-Aug-21	62,716,669	-
		<b>148,201,261</b>	<b>53,688,716</b>

### United Anwara Power Ltd

<b>Beneficiary</b>			
<i>In Taka</i>	<b>Expiry date</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
Dhaka Bank Ltd.	14 Jul 2021	463,150,000	463,150,000
		<b>463,150,000</b>	<b>463,150,000</b>

### United Jamalpur Power Ltd

<b>Beneficiary</b>			
<i>In Taka</i>	<b>Expiry date</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
Dhaka Bank Ltd.	10 April 2022	280,000,000	280,000,000
		<b>280,000,000</b>	<b>280,000,000</b>

49.2 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:

- Gas consumed for generating power supplied to the national grid will be charged at the rate set for IPPs.
- 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 2,815,279,689 (for the year January 2018 to June 2021) and BDT 491,063,484 (for the year 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.





## Notes to the consolidated financial statements (Continued)

### 50 Bank facilities

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

30 June 2021

#### United Power Generation & Distribution Company Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Short Term Loan	Overdraft limit	Bank guarantee facilities - limit
Dhaka Bank Limited	350,000,000	300,000,000	-	150,000,000	50,000,000
Jamuna Bank Limited	1,000,000,000	250,000,000	-	-	300,000,000
HSBC, Bangladesh	425,000,000	-	-	51,000,000	-
<b>Total</b>	<b>1,775,000,000</b>	<b>550,000,000</b>	<b>-</b>	<b>201,000,000</b>	<b>350,000,000</b>

#### United Energy Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Short Term Loan	Overdraft limit	Bank guarantee facilities - limit
Dhaka Bank Limited	400,000,000	-	-	-	48,396,019
Jamuna Bank Limited	1,000,000,000	-	-	-	-
<b>Total</b>	<b>1,400,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,396,019</b>

#### United Ashuganj Energy Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Short Term Loan	Overdraft limit	Bank guarantee facilities - limit
Dutch Bangla Bank Limited	100,000,000	-	-	-	-
Dhaka Bank Limited	500,000,000	-	1,200,000,000	-	667,472,356
<b>Total</b>	<b>600,000,000</b>	<b>-</b>	<b>1,200,000,000</b>	<b>-</b>	<b>667,472,356</b>

#### Leviathan Global BD Ltd

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Short Term Loan	Bank guarantee facilities - limit	Term Loan
Dhaka Bank Limited	670,000,000	-	-	-	-
<b>Total</b>	<b>670,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### United Anwara Power Limited

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Short Term Loan	Bank guarantee facilities - limit	Term Loan
Standard Chartered Bank Ltd.	4,250,000,000	-	2,000,000,000	-	3,041,720,000
HSBC	3,400,000,000	-	500,000,000	-	-
Citi Bank NA	1,700,000,000	-	-	-	-
Dhaka Bank Limited	1,418,000,000	-	-	463,150,000	-
Pubali Bank Ltd.	2,700,000,000	500,000,000	-	1,000,000,000	-
The City Bank Ltd	6,000,000,000	-	-	-	-
Bank Asia Ltd.	2,125,000,000	-	-	-	-
Dutch-Bangla Bank Ltd.	-	-	1,500,000,000	-	-
Mutual Trust Bank Ltd.	2,000,000,000	-	-	-	-
Prime Bank Ltd.	1,000,000,000	-	1,000,000,000	-	-
United Commercial Bank Ltd.	2,000,000,000	-	500,000,000	-	-
One Bank Ltd.	1,700,000,000	-	-	-	-
<b>Total</b>	<b>28,293,000,000</b>	<b>500,000,000</b>	<b>5,500,000,000</b>	<b>1,463,150,000</b>	<b>3,041,720,000</b>



**Notes to the consolidated financial statements (Continued)**

**United Jamalpur Power Limited**

Name of the bank	Letter of credit - limit	Loan against		Bank guarantee facilities - limit	Long Term Loan
		Trust Receipt - limit	Short Term Loan		
HSBC	1,700,000,000	-	250,000,000	-	-
Dhaka Bank Ltd.	1,215,000,000	-	500,000,000	280,000,000	-
City Bank Ltd.	3,500,000,000	-	-	-	-
Bank Asia Ltd	488,380,746	-	-	-	-
Standard Chartered Bank	1,530,000,000	-	800,000,000	-	-
Eastern Bank Ltd.	7,937,300	-	1,000,000,000	-	-
Dutch Bangla Bank Ltd.	1,300,000,000	-	1,700,000,000	-	-
Citibank, N.A	1,360,000,000	-	-	-	-
<b>Total</b>	<b>9,741,318,046</b>	<b>-</b>	<b>4,250,000,000</b>	<b>280,000,000</b>	<b>-</b>

**51 Expenditure in equivalent foreign currency**

<i>In Taka</i>	30 June 2021	30 June 2020
Foreign travel for business purpose	-	-
	-	-



## Notes to the consolidated financial statements (Continued)

### 52 Capacity and production

#### United Power Generation & Distribution Company Ltd

Location of plant	30 June 2021			June 2020	
	Installed capacity (MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Dhaka EPZ	656,000	482,577	74%	502,742	73%
Chattogram EPZ	576,000	522,016	91%	504,804	88%
<b>Total</b>	<b>1,232,000</b>	<b>1,004,593</b>		<b>1,007,546</b>	

#### United Energy Ltd

Location of plant	30 June 2021			June 2020	
	Installed capacity (MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Sylhet	224,000	150,581	67%	199,175	89%
Ashuganj	424,000	-	0%	-	0%
<b>Total</b>	<b>648,000</b>	<b>150,581</b>		<b>199,175</b>	

#### United Ashuganj Energy Ltd

Location of plant	30 June 2021			June 2020	
	Installed capacity (MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Ashuganj	1,560,000	153,457	10%	353,284	23%

#### United Anwara Power Ltd

Location of plant	30 June 2021			June 2020	
	Installed capacity (MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Anwara	2,400,000	1,220,825	51%	821,151	34%

#### United Jamalpur Power Ltd

Location of plant	30 June 2021			June 2020	
	Installed capacity (MWH)	Actual production (MWH)	Capacity utilisation (%)	Actual production (MWH)	Capacity utilisation (%)
Jamalpur	920,000	547,319	59%	438,927	48%

### 53 Number of employees

The Group has no employees. Operation and maintenance activities are managed by 172 personnel for UPGDCL, 92 personnel for UAEL, 35 personnel for UEL, 63 personnel for UJPL and 130 personnel for UAnPL provided by United Engineering and Power Services Ltd under separate O&M contracts.

### 54 Comparatives and rearrangement

Previous year's figures have been rearranged, wherever considered necessary to conform to the current year's presentation.

### 55 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.

The Board of Directors in its 98th meeting held on October 27, 2021 recommended cash dividend @170% per share equivalent to Taka 17.00 of Face Value Taka 10.00 per share aggregating Tk. 9,854,819,590 for the year ended 30 June 2021. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.



## Notes to the consolidated financial statements (Continued)

The board of directors of United Anwara Power Ltd. in its 38th meeting held on 17th October 2021 have recommended total cash dividend amounting BDT 6,000,000,000 (Six hundred crore) only as final cash dividend for the year ended 30 June 2021. The dividend has not been recognised as liabilities and there are no tax consequences. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company. The board of directors of United Anwara Power Ltd. in its 38th meeting held on 17th October 2021 have recommended total cash dividend amounting BDT 6,000,000,000 (Six hundred crore) only as final cash dividend for the year ended 30 June 2021. The dividend has not been recognised as liabilities and there are no tax consequences. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

The board of directors of United Jamalpur Power Ltd. in its 34th meeting held on 13th October 2021 have recommended total interim cash dividend amounting BDT 3,000,000,000 (Three hundred crore) only on which BDT 1,500,000,000 (one hundred and fifty crore) only declared in its 27th meeting on 27 January 2021 and BDT 1,500,000,000 (one Hundred and fifty crore) only declared in 30th meeting on 22 April 2021 as final cash dividend for the year ended 30 June 2021. The dividend has not been recognised as liabilities and there are no tax consequences. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

The board of directors of United Energy Ltd. in its 30th meeting held on 6th October 2021 have recommended total interim cash dividend amounting BDT 13,500,000,000 (One thousand three hundred and fifty crore) only on which BDT 6,000,000,000 (Six hundred crore) only declared in 27th meeting on 25 January 2021 and BDT 7,500,000,000 (Seven hundred and fifty crore) only declared in 28th meeting on 25 April 2021 as final cash dividend for the year ended 30 June 2021. The dividend has not been recognised as liabilities and there are no tax consequences. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

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. Further lockdowns have been imposed locally as new variants of the virus have spread.

Though demand of BEPZA fell during lockdown in July 2021, BPDB and REB bought low price electricity from UPGDCL as UPGDCL electricity price is lower for them. So, there was no material impact of ("COVID-19") in UPGDCL during the reporting period as well as after the reporting period.

On the other hand the demand for electricity by BPDB fell during these restrictions, given that a large portion of the Company's revenue is capacity payment and the fuel payment is a pass-through, the Company's gross profit was not significantly impacted of UAnPL, UJPL and UAEL during the reporting period as well as after the reporting period. The Directors continue to monitor the spread of the virus and impact it may have on the Company's operations going forward.

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.

### 56 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.

### 57 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.



## Notes to the consolidated financial statements (Continued)

### 58 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

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 Advances, deposits and prepayments
- O Share capital
- P Earnings per share
- Q Dividends
- R Materiality and aggregation
- S Leases

#### A Basis of consolidated financial statements

The consolidated financial statements comprise the consolidated financial position and the consolidated results of operation of United Power Generation and Distribution Company Ltd. (the "Company") and its subsidiaries United Energy Ltd., United Ashuganj Energy Ltd., Leviathan Global BD Ltd., United Anwara Power Limited, United Jamalpur Power Limited (collectively referred to as the 'Group').

Subsidiary is an enterprise controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The results of operations and total assets and liabilities of the subsidiary are included in the consolidated financial statements on a line by-line basis and the interest of non-controlling shareholders, if any, in results and net assets of the subsidiary are stated separately. The financial statements of the subsidiary are included in consolidated financial statement of the Group from the date of control achieved until the date of control ceased. The consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS)- 27 "Separate Financial Statements" and International Financial Reporting Standard (IFRS)- 10: "Consolidated Financial Statements".

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
United Anwara Power Limited	99	1
United Jamalpur Power Limited	99	1



## Notes to the consolidated financial statements (Continued)

United Power Generation & Distribution Company Ltd. (UPGDCL) hold 99% Shares in each of United Energy Ltd. (UEL), United Anwara Power Ltd. (UAnPL) United Jamalpur Power Ltd. (UJPL) and 75% Shares in Leviathan Global BD Ltd. (LGBD). Moreover UEL hold 92.41% Shares of United Ashuganj Energy Ltd. (UAEL) which is effectively owned by UPGDCL of 91.49% Shares in UAEL.

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 March 2021, there are no such investments.

## **B Property, plant and equipment**

### **Recognition and measurement**

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

### **Subsequent costs**

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

### **Depreciation**

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

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

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

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

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

### **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.



## Notes to the consolidated financial statements (Continued)

### C Inventories

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

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

### D Financial instruments

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

#### i. Recognition and initial measurement

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

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

#### ii. Classification and subsequent measurement

##### Financial assets

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.



## **Notes to the consolidated financial statements (Continued)**

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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;
- 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 Group 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 Group 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.





## Notes to the consolidated financial statements (Continued)

### 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.

#### (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.



## Notes to the consolidated financial statements (Continued)

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### (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.



## Notes to the consolidated financial statements (Continued)

### 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.

#### (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	82 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
UAnPL	300 MW plant at Anwara	Tax exemption on business income	15 years	2034
UJPL	115 MW plant at Jamalpur	Tax exemption on business income	15 years	2034



## **Notes to the consolidated financial statements (Continued)**

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### **(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 date.

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

As of 30 June 2021, 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.

### **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.



## **Notes to the consolidated financial statements (Continued)**

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### **N Advances, deposits and prepayments**

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to statement of profit or loss and other comprehensive income.

### **O 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.

### **P Earnings per share**

The Company 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.

### **Q 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.

### **R Materiality and aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

### **S Leases**

#### ***i) The Company as a lessee***

The Group 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 Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 Groups incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.



## Notes to the consolidated financial statements (Continued)

The Group 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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.

The Company presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities separately in the statement of financial position.

### **Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group 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 Group allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

When the Group 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 Group 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 Group 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 Group applies IFRS 15 to allocate the consideration in the contract.

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

## **59 Name of auditors of the Group companies**

<b>Name of subsidiary</b>	<b>Status</b>	<b>Name of auditors</b>
United Energy Ltd	Subsidiary	Hoda Vasi Chowdhury & Co.
United Ashuganj Energy Ltd	Subsidiary	Rahman Rahman Huq
Leviathan Global BD Ltd.	Subsidiary	Hoda Vasi Chowdhury & Co.
United Anwara Power Limited	Subsidiary	Hoda Vasi Chowdhury & Co.
United Jamalpur Power Limited	Subsidiary	Hussain Farhad & Co.

