

Hoda Vasi Chowdhury & Co

Chartered Accountants

Revised Auditors' Report To The Shareholders of United Power Generation & Distribution Company Ltd.

Introduction

We have audited the accompanying revised financial statements of United Power Generation & Distribution Company Ltd., which comprise the revised statement of financial position as at 31 December 2013, and revised statement of comprehensive income, revised statement of changes in equity and revised statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information i.e. revised notes to the Financial Statements.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of these revised financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these revised financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the revised financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Emphasis of Matter

Our report issued on 15 April 2014 based on the financial statements authorised by the Board of Directors on the same date has been cancelled and subsequently issued our revised report based on the revised financial statements authorised by the Board of Directors on 04 September 2014 as explained in the notes no. 2.8 of the revised financial statements. This is not a qualified opinion but a matter of emphasis only.

We also report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c. the Company's revised statement of financial position (balance sheet) and revised statement of comprehensive income (profit and loss account) together with revised notes dealt with by the report are in agreement with the books of account and returns; and
- d. the expenditure incurred and payments made were for the purposes of the Company's business.

Dhaka, 04 SEP 2014


Chartered Accountants

United Power Generation & Distribution Company Ltd.
Revised Statement of Financial Position
As at 31 December 2013

	<u>Note(s)</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
ASSETS			
Non-current assets			
Property, plant and equipment, net	4	9,479,476,556	3,507,982,218
Capital work in progress	5	-	368,104,364
		9,479,476,556	3,876,086,582
Current assets			
Inventories	6	250,939,632	191,982,411
Trade receivables	7	670,397,657	840,633,875
Inter-company balances	8	1,128,541,871	2,821,114,070
Advance, deposits and prepayments	9	73,036,908	48,964,387
Cash and bank balances	10	75,613,642	6,085,258
		2,198,529,710	3,908,780,000
TOTAL ASSETS		11,678,006,266	7,784,866,582
EQUITY & LIABILITIES			
Shareholders' equity			
Share capital	11	2,969,497,260	1,979,664,840
Retained earnings	12	4,051,308,485	3,266,713,247
		7,020,805,745	5,246,378,087
LIABILITIES			
Non-current liabilities			
Redeemable Preference Share capital	13	2,000,000,000	-
Long term loan	14	1,744,273,042	1,934,715,782
		3,744,273,042	1,934,715,782
Current liabilities			
Trade payables	15	80,113,687	55,608,568
Other payables and accrual	16	24,239,960	5,411,169
Long term loan (Current portion)	14.01	796,479,149	218,083,337
Short term loan	17	-	324,585,139
Provision for taxation	18	12,094,683	84,500
		912,927,479	603,772,713
TOTAL EQUITY & LIABILITIES		11,678,006,266	7,784,866,582
Net Asset Value (NAV) per share	36	23.64	17.67

These financial statements should be read in conjunction with the annexed notes.



Company Secretary



Director



Managing Director

Dated: Dhaka, 04 SEP 2014



Chartered Accountants

United Power Generation & Distribution Company Ltd.
Revised Statement of Comprehensive Income
For the year ended 31 December 2013

	<u>Note(s)</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
Revenue	21	3,396,097,108	3,273,488,057
Operating expenses	22	(1,038,613,966)	(884,552,090)
Gross profit		2,357,483,141	2,388,935,967
Administrative expenses	23	(242,519,472)	(57,396,889)
Operating profit		2,114,963,670	2,331,539,078
Other operating income	24	32,252,489	225,333
Financial expenses	25	(360,693,817)	(311,201,631)
Net profit before tax		1,786,522,342	2,020,562,780
Provision for taxation	18	(12,094,683)	(84,500)
Net profit after tax		1,774,427,658	2,020,478,280
Earning per share (EPS)	26	5.98	10.21
Earning per Share (Adjusted EPS)	26	-	6.81

These financial statements should be read in conjunction with the annexed notes.


 (Company Secretary


 Director


 Managing Director

Dated: Dhaka, 04 SEP 2014



 Chartered Accountants

United Power Generation & Distribution Company Ltd.
Revised Statement of Cash Flows
For the period from 01 January 2013 to 31 December 2013

	<u>Note(s)</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
A Cash flows from operating activities			
Cash received from customers	27	3,566,333,325	2,828,910,236
Cash received from other operating income	24	32,252,489	225,333
Cash paid to suppliers and contractors	28	(784,202,235)	(620,621,685)
Cash paid for other operating expenses	29	(406,705,359)	(193,432,716)
Payment of financial expenses	30	(360,693,817)	(329,023,446)
Income tax payment		(84,500)	(924,038)
Net cash flow from operating activities		<u>2,046,899,903</u>	<u>1,685,133,685</u>
B Cash flows from investing activities			
Payment for acquisition of property, plant and equipment	31	(5,734,011,651)	(386,263,610)
Cash received / (paid) for inter-company loan	32	1,692,572,199	(1,403,111,944)
Net cash used in investing activities		<u>(4,041,439,452)</u>	<u>(1,789,375,553)</u>
C Cash flows from financing activities			
Long term loan received/(paid)	33	387,953,072	(211,331,135)
Short term loan received /(paid)	34	(324,585,139)	285,038,617
Cash received / (paid) for lease finance	35	-	(674,762)
Redeemable preference share	13	2,000,000,000	
Security money received / (paid)	16.2	700,000	
Net cash flow from financing activities		<u>2,064,067,933</u>	<u>73,032,720</u>
D Net changes in cash and cash equivalents (A+B+C)		<u>69,528,384</u>	<u>(31,209,149)</u>
E Opening balance		6,085,258	37,294,406
Closing balance (D+E) - Note 10		<u>75,613,642</u>	<u>6,085,258</u>

These financial statements should be read in conjunction with the annexed notes.


 Company Secretary


 Director


 Managing Director

Dated: Dhaka, 04 SEP 2014



 Chartered Accountants

United Power Generation & Distribution Company Ltd.
Revised Statement of Changes in Equity
For the Year ended 31 December 2013

Particulars	Share capital	Retained earnings	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance at 1 January 2012	1,979,664,840	1,246,234,967	3,225,899,807
Net profit for the year 2012	-	2,020,478,280	2,020,478,280
Balance at 31 December 2012	<u>1,979,664,840</u>	<u>3,266,713,247</u>	<u>5,246,378,087</u>
Balance at 1 January 2013	1,979,664,840	3,266,713,247	5,246,378,087
Issue of Stock Dividend for the year 2012	989,832,420	(989,832,420)	-
Net profit for the year 2013	-	1,774,427,658	1,774,427,658
Balance at 31 December 2013	<u>2,969,497,260</u>	<u>4,051,308,485</u>	<u>7,020,805,745</u>

These financial statements should be read in conjunction with the annexed notes.


 Company Secretary


 Director


 Managing Director

Dated: Dhaka, 04 SEP 2014


 Chartered Accountants

United Power Generation & Distribution Company Ltd.
Revised Notes to the Financial Statements
As at and for the year ended 31 December 2013

1 Reporting entity

1.1 Corporate history of reporting entity

United Power Generation & Distribution Company Ltd. (UPGD) ("the Company") formerly known as Malancha Holdings Ltd. (MHL) was incorporated in Bangladesh on 15th January 2007 as a subsidiary company of United Group in order to produce and supply electricity. The Company changed the existing name and style on 1st October 2009 as a private limited company under the Companies Act 1994 and converted into public limited company by Shares on 22 December 2010.

The Company has developed two power plants. One of them with capacity of 41 MW at Dhaka Export Processing Zone (DEPZ) premises and another with capacity of 44 MW at Chittagong Export Processing Zone (CEPZ) premises, under two agreements with Bangladesh Export Processing Zones Authority (BEPZA) signed on May 6, 2007 and May 16, 2007 respectively. Both plant DEPZ and CEPZ came into commercial operation on 26th December 2008 and 12 August 2009 respectively. The address of the company's registered office is United Center, Road No. 51, and House No. NW (J) 6, Gulshan-2, Dhaka-1212, Bangladesh. The authorized 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) shares of Tk. 10 (Ten) each.

1.2 Capacity increase

The Company increased its capacity from 41 MW to 88 MW at Dhaka Export Processing Zone (DEPZ) and another project at Chittagong Export Processing Zone (CEPZ) increased capacity from 44 MW to 72 MW. The DEPZ project has installed 2 nos of Heat Recovery Boiler to produce 8 ton/h of steam & CEPZ project has installed 3 nos of Heat Recovery Boiler to produce 12 ton/h of steam to sale to other customers.

1.3 Corporate business

The principal activity of the Company is to generate electricity by two gas fired power plants, one at DEPZ with 88 MW capacity and the other at CEPZ with 72 MW capacity and to sell generated electricity to the export processing industries located inside DEPZ and EPZ with the provision of selling surplus power outside the Export Processing Zones (EPZs) after fulfilling their requirement. The Company is supplying electricity to the national grid of Bangladesh through selling the same to Dhaka PBS-1 of Rural Electrification Board (REB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ) and other Private Sector Companies e.g. Oli Knitting Fabrics Limited, Lilac Fashionwear Limited, Dhaka Thai Limited and Ahad Fashion Limited.

2 Basis of presenting and preparation of financial statements.

2.1 Legal compliance

Financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

2.2 Basis of presentation

Presentation of financial statements have been maintained as per Bangladesh Accounting Standards - 1.

2.3 Basis of measurements

The financial statements have been prepared under historical cost convention.

2.4 Going concern assumption

The financial statements has been prepared considering going concern assumption as per BAS-1(25). The management did not find any significant uncertainties regarding going concern issue within the next twelve months from the end of the reporting period.

2.5 Functional and presentational currency and level of precision

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT) which is both functional currency and presentation currency of the Company. The amounts in these financial statements have been rounded off to the nearest Taka.

2.6 Critical accounting estimates, assumptions and judgment

The preparation of the financial statements in conformity with BFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The preparation of financial statements in conformity with BAS and BFRS require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected as per BAS-8.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

Note 4	Depreciation- Property, plant & equipment
Note 6	Inventory
Note 15	Trade payable

2.7 Reporting Period

These financial statements cover the period from 1 January 2013 to 31 December 2013.

2.8 Authorization for issue

The financial statements have been authorised for issue by the Board of Directors on 15 April 2014, has been cancelled and withdrawn and subsequently revised financial statements have been authorised for issue by the board of Directors on 04 September 2014 .

3 Summary of significant accounting policies

3.1 Property, plant and equipment

a) Recognition and Measurement

Property, plant and equipment (PPE) are stated according to BAS 16 (Property, Plant and Equipment) at historical cost or revaluation less cumulative depreciation. The cost of asset includes expenses directly attributable to bringing the asset to the location and condition necessary for use.

The cost of an asset is measured at the cash price equivalent at the date of acquisition.

b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

c) Depreciation

Depreciation on the assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives. In respect of addition of fixed assets, depreciation is not charged in the year of addition. Full year's depreciation is charged in the year of disposal. Residual value is estimated to be zero for all assets.

Category of assets	Rate of depreciation
Plant and machinery	3.33%
Gas line (50 years)	2%
Equipment	15%
Furniture and fixtures	10%
Transport and vehicles	10%

Depreciation is charged at the rate of 2% on gas pipeline because although the gas pipeline suppose to be built by BEPZA but as per their letter dated 24 September 2007 vide reference BEPZA/GM (M)/DEPZ /E/416/299, they have requested the company to build Gas pipe line at its own cost and accordingly the Company has constructed the Gas pipe line and charged depreciation on gas pipe line to amortize the cost over the years. The company made the gas pipeline and considered as assets of the company as per the recognition criteria of para-8 of BAS-16.

3.2 Inventories

Inventories consisting of spare parts, fuel and lubricant are valued in accordance with BAS 2 (Inventories) at the lower of cost or net realizable value. Net realizable 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. Inventories are measured at cost. The cost of inventories is based on the first in first out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. When inventories are used, the carrying amount of those inventories is recognized in the period in which the related revenue is recognized.

3.3 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. Accounting policies relating to different types of financial instruments are described below.

3.3.1 Financial assets

a) Trade receivables

Trade receivable are carried at original invoice amount.

b) Inter-company balances

These asset include inter-company (loan) receivables which are stated at cost. The Board of Directors and shareholders of related companies are same as United Power Generation & Distribution Company Ltd.

c) Cash and cash equivalent

Cash and cash equivalent comprise cash in hand, bank deposits and other short term highly liquid investments with original maturities of three months or less which were held and available for use by the Company without any restriction.

3.3.2 Financial liabilities

It includes borrowings & trade and other payables.

a) Borrowings

Borrowings are classified into both current and non-current liabilities. Moreover in compliance with the requirements of BAS 23 (Borrowing Costs), interest and other costs incurred by the Company in connection with the borrowing of funds are recognized as an expense in the period in which they are incurred.

b) Trade and other payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Company.

3.4 Provisions

Provisions are liabilities of uncertain timings or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be repaid to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for employee benefits and similar other liabilities are determined in accordance with BAS 19. All remaining provisions are recognized by making the best estimate of the amounts in accordance with BAS 37 (Provisions, Contingent Liabilities and Contingent assets).

3.5 Impairment

3.5.1 Financial assets

Trade receivable is assessed at each date of statement of financial position to determine whether there is objective evidence that it is impaired. Trade receivable is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3.5.2 Non-financial assets

At each reporting date, indicators of impairment are reviewed. For this review, the Company is considered as a single cash generating unit and both tangible and intangible assets are reviewed. If any indication exists, the assets' recoverable amount will need to be estimated. As at 31 December 2013, the assessment of indicators of impairment reveals that impairment testing is not required for the Company.

3.6 Revenue recognition

United Power Generation and Distribution Company is a power generation company operating its owned electric generating plants. It produces gas generated electricity for sale to DEPZ, CEPZ, KEPZ, REB, BPDB and other Private Sector. UPGD has primarily started its power plant in Dhaka EPZ and Chittagong EPZ. The Company's revenues are derived from electric power generation and distribution services and include energy supplied and billed to the customers.

As per BAS-18 Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue measured at the fair value of the consideration received or receivable. The following specific recognition criteria must be met before revenue is recognized:

- 1) Entity has transferred significant risks and rewards of ownership of the electric power to the buyer;
- 2) The amount of revenue can be measured reliably;
- 3) The costs incurred and the costs to complete for the transaction can be measured reliably

Revenue is recognized, excluding Value Added Tax and other Government levies, on the basis of net units of energy generated and transmitted to the authorized customer's transmission systems and invoiced on a monthly basis upon transmission to the customers. Revenues are valued using rates in effect when services are provided to customers. Accrued billed revenues are presented in current assets as trade receivables and the corresponding cost is included in operating expenses.

3.7 Statement of cash flows

Statement of cash flows is prepared principally in accordance with BAS 7 (Cash Flow Statement) shows how the Company's cash and cash equivalents changed during the period through inflows and outflows and the cash flows from operating activities have been presented under direct method.

Net cash inflows from operating activities arrived after adjusting cash received from customers and other income with operating expenses paid and interest paid to suppliers during the period.

Net cash used in investing activities includes cash outflow for purchase of property, plant and equipment, and

Net cash inflow from financing activities mainly due to loan paid to related companies, repayment of bank loan and short term loan received from bank.

3.8 Leases

a) Finance lease

Leases in terms of which the entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce periodic rate of interest on the remaining balance of the liability.

b) Operating lease

All leases other than those which meet the definition of finance lease are treated as operating lease and are not recognized in the statement of financial position.

3.9 Foreign currency transaction

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in accordance with BAS 21 (The Effects of Changes in Foreign Exchange Rates).

3.10 Employee benefits

The Company maintains defined contribution plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

3.10.1 Defined contribution plan (provident fund)

The Company operates contributory provident fund for all its permanent employees, which is defined contribution plan. The provident fund is funded by contribution from both employees and the Company @ 7.5% of the basic pay. The contributory provident fund for all permanent employees is unrecognized.

3.11 Income tax

Income tax has made for other operating income only and no provision is required for income tax on the company's business profits as the Company has received exemption from all such taxes from the Government of Bangladesh under the private sector power generation policy for a period of 15 years from start of its commercial operation, vide SRO ref: 188-Law/Income Tax/2009—Income Tax ordinance, 1984 (XXXVI of 1984) dated 01 July 2009.

3.12 Deferred tax

As there is considerable uncertainty with regard to the taxation of the Company after the expiry of the tax exemption period, management feels it is not possible to make a reasonable estimate of deferred tax assets/liabilities at this stage.

3.13 Earnings per share

The calculation of the Basic earnings per share is made in accordance with BAS 33 (Earnings Per Share), dividing the profit for the period by weighted average number of ordinary shares outstanding during the period. Moreover, EPS of the period ending 31 December 2013 has been calculated based on the annual income of the year 2013.

Basic earnings per share

This represents earnings for the year attributable to the ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Diluted earnings per share

As there is no prospective dilutive securities, diluted earning per share has been calculated based on the total existing number of shares as prescribed in the rule 8(B), 20(e) of Securities and Exchange Commission (Public Issue) Rules, 2006.

Weighted average number of shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the period.

3.14 Consolidation

The financial statements comprised consolidated accounts of Dhaka EPZ project & Chittagong EPZ project.

3.15 Contingent liabilities and assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company. In accordance with BAS 37, they are disclosed in the notes to the financial statements.

3.16 Application of Bangladesh Accounting Standards (BASs) for preparation of Financial Statement

The Financial statements have been prepared in compliance with requirement of BAS as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh .The following BASs are applicable for the financial statements for the period under review:

- BAS-1 Preparation of financial statements
- BAS-2 Inventories
- BAS-7 Statement of cash flows
- BAS-8 Accounting Policies Changes in Accounting Estimator and Errors
- BAS-16 Property, plant and equipment.
- BAS-17 Leases
- BAS-18 Revenue
- BAS-23 Borrowing costs
- BAS-24 Related party disclosure
- BAS-32 Financial instruments presentation
- BAS-33 Earnings per share (EPS)
- BAS-37 Provisions, contingent liabilities and contingent assets.

4 Property, plant and equipment, note 3.01

Particulars	Plant and machinery	Gas line	Equipment	Furniture and fixtures	Transport and vehicles	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Cost						
At 01 January 2012	3,773,712,445	148,705,152	4,078,954	545,683	5,236,836	3,932,279,070
Addition during the period	16,485,236	-	1,529,900	144,110	-	18,159,246
Disposal during the period	-	-	-	-	-	-
31 December 2012	3,790,197,681	148,705,152	5,608,854	689,793	5,236,836	3,950,438,316
Depreciation						
01 January 2012	295,588,794	15,530,826	533,479	52,859	921,318	312,627,276
Depreciation charged during the period, note 4.03	125,664,624	2,974,103	611,843	54,568	523,684	129,828,822
Depreciation adjusted during the period	-	-	-	-	-	-
31 December 2012	421,253,418	18,504,929	1,145,322	107,427	1,445,002	442,456,098
Net book value at 31 December 2012	3,368,944,263	130,200,223	4,463,532	582,366	3,791,834	3,507,982,218
Cost						
At 01 January 2013	3,790,197,681	148,705,152	5,608,854	689,793	5,236,836	3,950,438,316
Addition during the period	6,039,070,907	56,876,815	3,758,258	480,035	1,930,000	6,102,116,015
Disposal during the period	-	-	-	-	-	-
31 December 2013	9,829,268,588	205,581,967	9,367,112	1,169,828	7,166,836	10,052,554,331
Depreciation						
01 January 2013	421,253,418	18,504,929	1,145,322	107,427	1,445,002	442,456,098
Depreciation charged during the period, note 4.03	126,213,583	2,974,103	841,328	68,979	523,684	130,621,677
Depreciation adjusted during the period	-	-	-	-	-	-
31 December 2013	547,467,001	21,479,032	1,986,650	176,406	1,968,685	573,077,775
Net book value at 31 December 2013	9,281,801,587	184,102,935	7,380,462	993,422	5,198,151	9,479,476,556
Rate of Depreciation	3.33%	2%	15%	10%	10%	

4.01 Power plant

a) Plant description

The natural gas fired power plants of UPGD consist of Wärtsilä, Rolls Royce and MTU engine generators with 30 years expected useful life, which form the major part of the power generation companies. This gas fired generating set consists of auxiliaries, exhaust gas silencer and electrical, mechanical & civil construction and erection. Each 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. At DEPZ there are four (4) gas fired engines with the capacity of 8.73 MW each, five (5) gas fired engines with capacity of 9.34 MW each and three (3) gas fired engines with the capacity of 2 MW each for the generation of electricity. At CEPZ there are five (5) gas fired engines with the capacity of 8.73 MW each and three (3) gas fired engines of capacity 9.34 MW. The total output of these stationary power plants at DPEZ and CEPZ is 88 MW & 72 MW respectively.

b) Environmental impact

The environmental impact of a gas power plant is low; it is both efficient and environmentally sound. These gas power plants have the highest simple-cycle efficiency in the market. Natural gas has the lowest CO₂ emissions compared to other fossil fuels. The SO₂ and PM emissions are relatively low for power plants running on natural gas. The NO_x emissions are also lower than with fuel oil-fired diesel/HFU engines. The engine cooling arrangement using closed-circuit radiator cooling reduces plant process water consumption to almost zero, minimizing the effect on local water resources. Effective sound-proofing allows the plant to be operated even in densely populated areas.

4.02 Gas Line

According to Power Supply Agreement, dated 6th and 16th May 2007 with Bangladesh Export Processing Zone Authority (BEPZA); BEPZA, at their own cost, shall provide necessary gas connection of required quantity and specification from the nearest District Regulatory Station (DRS) of Titas Gas Transmission and Distribution Company Limited and Bakhrabad Gas system Limited, the former name of Karnaphuli Gas Distribution Company Ltd. BEPZA shall maintain such gas connection until the expire of a period of thirty (30) years unless extended or earlier termination. Although both parties agreed upon this condition but due to lack of initiative by concerned authority (BEPZA), UPGD has established this gas line back on 17 November 2008 at its own cost. For DEPZ plant the initial contract was for 6.91 (Million Cubic Feet Per Day) MMCFD. Subsequently additional allocation 9 MMCFD gas given by Titas Gas Transmission & Distribution Company Ltd. for further capacity enhance. Thus total contract load 15.91MMCFD. For CEPZ plant the initial contract was for 10.68 MMCFD. An additional allocation was given for another 4 MMCFD by Karnaphuli Gas Distribution Company Ltd. for further capacity enhance. Thus total contract load 14.68 MMCFD.

Gas line is valued at construction cost less depreciation and impairment loss. Cost includes Electric Resistance Welded (ERW) carbon steel pipe, tape for gas line, Regulating & Metering System (RMS), Town Border Station (TBS), line accessories, and construction and commissioning expenditures. Cost are only included in the asset's carrying amount when it is probable that economic benefits associated with this item will flow to the company and the cost can be measured reliably. All other repair and maintenance expenses are charged to the income statement during the period in which they are incurred.

4.03 Allocation of depreciation expenses, note 4

Operating expenses
Administrative expenses

	2013	2012
	Taka	Taka
	129,315,460	128,530,534
	1,306,217	1,298,288
	130,621,677	129,828,822

5 Capital work in progress, note 1.2

	Balance as at 01 January	Addition during the year	Transfer to PPE during this year	Closing balance
	Taka	Taka	Taka	Taka
<u>As at 31 December 2012</u>				
Plant and machinery	-	368,104,364	-	368,104,364
	-	368,104,364	-	368,104,364
<u>As at 31 December 2013</u>				
Plant and Machinery (note 5.1)	368,104,364	5,663,351,284	6,031,455,648	-
Gas Line (note 5.1)	-	56,876,815	56,876,815	-
	368,104,364	5,720,228,099	6,088,332,463	-

	2013 Taka	2012 Taka
5.1 Plant and Machinery (note 5)		
Power Plant	6,031,455,648	368,104,364
Gas Line	56,876,815	-

Cost of power plant and machineries includes main engine, auxiliaries, sub-station equipments, 11 Kv Switch gear, Steel Structure, Transformer, Boiler, ventilation fan, control pannel, 33 kv disconnecter, Nutral grounding register, LT switch gear, pennels, cable, overhead crane, gratings, pipe module, water reserver, exhust gas silenser, 11kv line, valve, feder, steam line and Engineering, procurement, construction (EPC) cost.

6.00 Inventories, note 3.2

Spare parts, note 6.01	218,754,767	185,062,362
Fuel and lubricants, note 6.01	32,184,865	6,920,049
	250,939,632	191,982,411

Inventories comprises spare parts and fuel & lubricants which are used for maintenance and operational purpose of power plants machineries.

6.01 Movement of inventories, note 6

	Spare parts	Fuel and lubricants
Balance as at 01 January 2012	205,372,601	5,791,752
Purchase during the year 2012	73,066,269	38,360,130
Issued during the year 2012	(93,376,508)	(37,231,833)
Balance as at 31 December 2012	185,062,362	6,920,049
Balance as at 01 January 2013	185,062,362	6,920,049
Purchase during the year 2012	194,778,278	75,689,049
Issued during the year 2013	(161,085,873)	(50,424,233)
Balance as at 31 December 2013	218,754,767	32,184,865

The inventory was not in accordance with the inventory required by UPGDCL due to its nature of business. The Company has agreements with BEPZA for distribution of quality and uninterrupted power supply. A mere spare part of any kind may have a huge importance for the Company as it may cause casual discontinuity in power supply. Furthermore, inventory items were costly and most of the spare parts were stored with specification to the machineries keeping in mind that the spare parts can be used at time of unavailability. Further, these spare parts have to import from overseas suppliers with a standard lead time.

6.02 Number of inventories (as at 31 December 2013)

	Spare parts				Fuel and lubricants			
	Quantity (Nos)		Amount (Taka)		Quantity (Ltr)		Amount (Taka)	
	2013	2012	2013	2012	2013	2012	2013	2012
DEPZ	1,915	4,927	155,419,826	142,789,621	68,234	11,325	37,617,289	3,347,496
CEPZ	2,186	2,098	39,358,452	42,272,741	86,219	14,060	38,071,760	3,572,553
Total	4,101	7,025	194,778,278	185,062,362	154,453	25,385	75,689,048	6,920,049

7 Trade receivables

	2013 Taka	2012 Taka
Dhaka Export Processing Zone (DEPZ)	83,879,684	103,501,208
Rural Electrification Board (REB)	229,920,504	242,089,340
Oli Knitting Fabrics Ltd.	3,141,996	3,448,200
Chittagong Export Processing Zone (CEPZ)	115,708,676	102,354,624
Bangladesh Power Development Board (BPDB)	208,101,982	378,750,680
Karnaphuli Export Processing Zone (KEPZ)	26,220,218	10,489,824
Lilac Fashion	2,397,231	-
Dhaka Thai Ltd	949,323	-
Ahad Fashion Ltd.	78,042	-
	670,397,657	840,633,875

Trade receivables were stated at their nominal value and considered good but unsecured. Trade receivables were accrued in the ordinary course of business.

7.01 Ageing of trade receivables

The ageing of gross trade receivables as at 31 December was:

	2013 Taka	2012 Taka
Invoiced 0-30 days	361,506,623	281,351,573
Invoiced 31-60 days	1,339,408	50,808,608
Invoiced 61-90 days	850,601	65,972,401
Invoiced 91-180 days	614,463	112,499,275
Invoiced 181-365 days	3,171,626	197,039,467
Invoiced over 365 days	302,914,935	132,962,551
	670,397,656	840,633,875

The Company did not charge any interest for the time being on the receivables to BPDB and REB considering the strategic reasons but the Company is actively considering applying the clause to charge interest on the receivables. Upon realization of the principal amount, the Company shall pursue collection of interest separately.

8 Inter-company balances, note 3.3.1.b

United Enterprises & Co. Ltd.	1,128,541,871	2,569,378,523
United Ashuganj Power Ltd.	-	49,138,000
Neptune Commercial Ltd.	-	4,719,107
Neptune Properties	-	100,000,000
United Engineering & Power Services Ltd.	-	1,785,175
United Hospital Ltd.	-	4,493,265
Neptune Land Development Ltd.	-	20,000,000
Shahjanullah Power Company Ltd.	-	71,600,000
	1,128,541,871	2,821,114,070

As decided in the meeting of the Board of Directors dated 01 January 2010, the company may provide interest free loan not exceeding Taka 300 crore to its parent company and its sister concern and any amount exceeding that limit will be interest bearing at 180 days treasury bill rate. Moreover out of Tk. 2,821,114,070, approximately 90% will be realized from the inter companies/ sister concerns by June 2013, to comply with the section 103 of the Companies Act, 1994; and interest will be charged on the remaining balances of the inter company accounts from July 2013. Accordingly the company realized an amount of Tk. 278,99,50,425.00 up to 30 June 2013.

As per decision in the meeting of the Board of Directors, dated, 1 January 2010, interest has been charged on the remaining balance of inter company loan from 1 July 2013 at stated in note-24.

8.01 Ageing of inter- company balances

	2013	2012
	Taka	Taka
The ageing of inter- company balances as at 31 December was:		
Invoiced 0-30 days	329,380,881	141,733,197
Invoiced 31-60 days	130,733,700	79,944,174
Invoiced 61-90 days	130,000,000	119,942,195
Invoiced 91-180 days	193,900,000	611,088,631
Invoiced 181-365 days	122,349,964	451,100,710
Invoiced over 365 days	222,177,326	1,417,305,163
	1,128,541,871	2,821,114,070

Management of the Company believes that all the amount due to inter company/ sister concerns are good as the shareholder of all the sister concerns & the parent company are same and will be recovered very soon.

9 Advance, deposits and prepayments

	2013	2012
	Taka	Taka
Advance paid to suppliers, employees and others (Note 9.1)	34,768,125	25,995,875
Security and other deposits (Note 9.2)	32,319,116	18,400,179
Prepaid expenses (Note 9.3)	5,949,667	4,568,333
	73,036,908	48,964,387

9.1 The break-up of advances against supplier, employees and others are as follows, note 9

SI	Particulars	Purpose of Advances	31.12.13	31.12.12
1	Mr. Garib Newaz Khan	Advance against Expense	54,846	347,950
2	Mr. Joinal Abedin	Advance against Expense	-	135,919
3	Md. Abdus Salim	Advance against Expense	13,810	16,150
4	Mr. Anisur Rahan	Advance against Expense	22,975	2,896
5	Adv. To Driver For Fuel	Advance against Expense	20,500	18,500
6	CEPZ Petty Cash	Advance against Petty cash	70,368	70,368
7	Mr. Nehal	Advance against Expense	545,000	45,000
8	Mr. Mirza Sajedul Rabbi	Advance against Expense	-	369,159

9	Ruhani Internation Ltd	Advance against Expense	-	2,500,000
10	Depz Petty Cash	Advance against Petty cash	32,859	31,894
11	Mr.Anisuzzaman Forzi	Advance against Expense	25,071	25,375
12	House rent DEPZ	Advance against House rent	4,090	54,072
13	Zamzam Engineering Ltd.	Advance against Expense	1,551,420	1,551,420
14	Mr. Sharful Anam	Advance against Expense	5,621	5,621
15	Mr.Rahmat ali	Advance against Expense	-	435,131
16	Mr. Tarekul Islam	Advance against Expense	-	60,000
17	Mr.Ziaur Rahman	Advance against Expense	100	100
18	Maayas Secutronics Ltd.	Advance against Expense	-	80,000
19	M/S .S.S. Supplies Ltd.	Advance against Expense	4,800,000	440,000
20	Mr. Ahsanul Haque	Advance against Expense	26,000	56,000
21	Usha Engineering Ltd.	Advance against Expense	-	500,000
22	Mr. Shamim Mia	Advance against Expense	67,820	72,000
23	Mr. Rafique-ul Islam	Advance against Expense	30,000	30,000
24	Weber Power Solution	Advance against Expense	65,000	65,000
25	Mr.Engineer Anower Hossain	Advance against Expense	16,000	10,000
26	Apon Enterprise Ltd.	Advance against Expense	-	2,250,000
27	MKH Traders	Advance against Expense	-	1,000,000
28	Equity Ready mix Concrete Ltd	Advance against Expense	-	2,913,250
29	Mayer Doa Enterprise Ltd.	Advance against Expense	-	1,500,000
30	EMEC Engergy Ltd.	Advance against Expense	-	1,000,000
31	Mr. Masum ali	Advance against Expense	20,000	20,000
32	AEG Engineer Ltd.	Advance against Expense	-	1,000,000
33	Mr. Shamim Hossain	Advance against Expense	125,260	695,000
34	Mr. Salauddin	Advance against Expense	-	2,470,000
35	MS. Masuda Rowshown	Advance against Expense	-	20,000
36	M/S Sufia Metal Works Ltd.	Advance against Expense	500,000	500,000
37	M/S Adex Corporation Ltd.	Advance against Expense	-	766,479
38	M/S Technology	Advance against Expense	4,000,000	1,500,000
39	Mr. Farhadur Rahman	Advance against Expense	30,000	20,000
40	Siddiquia Motors Ltd.	Advance against Expense	-	300,000
41	Arif Enterprise	Advance against Expense	9,000	9,000
42	Steel Building Ltd.	Advance against Expense	1,150,000	740,000
43	Energypac Power Generation	Advance against Expense	944,567	-
44	M/S Haroon Engenring Ltd	Advance against Expense	101,300	-
45	House rent CEPZ	Advance against Expense	9,433	-
46	M/S Hoque Techno Associates	Advance against Expense	6,000,000	-
47	M/S Saimon Transport	Advance against Expense	520,800	-
48	Mr Utpal Bhattachajee	Advance against Expense	120,000	-
49	M/S Bilal Contractor	Advance against Expense	1,772,100	-
50	Mr Mizan	Advance against Expense	11,000	-
51	Mr Adib	Advance against Expense	273,670	-
52	M/S Grasshopper Corp	Advance against Expense	92,500	-
53	ICB Capital Management Ltd	Advance against Expense	575,000	-
54	Mr Abdul Barek	Advance against Expense	169,700	-
55	M/S Ask Consultants	Advance against Expense	450,000	-
56	M/S Green Development Cons	Advance against Expense	350,000	-
57	Mr. Mohosin	Advance against Expense	34,900	-
58	M/S Real Tech Engineering	Advance against Expense	500,000	-
59	Mr. Iftekharul Haque	Advance against Expense	73,200	-
60	M/S ABB Ltd	Advance against Expense	456,885	-
61	Mr Tissa	Advance against Expense	937,011	-
62	M/S Transpool International	Advance against Expense	2,130,000	-
63	Mr Prosanto	Advance against Expense	1,500	-
64	M/S Lanka Bangla	Advance against Expense	3,450,000	-
65	M/S IXON Engineering	Advance against Expense	100,000	-
	Sub-total		32,259,306	23,626,284
66	Land Lease Rent	Advance against Land lease rent	1,112,519	903,291
67	Against Salary		1,396,300	1466300
	Sub-total		2,508,819	2,369,591
	Grand Total		34,768,125	25,995,875

9.01.1 Ageing of advances against supplier, employees and others

2013
Taka **2012**
Taka

The ageing of supplier, employees and others balances as at 31 December was:

Invoiced 0-30 days	-	14,655,719
Invoiced 31-60 days	103,208	5,702,420
Invoiced 61-90 days	28,715,364	1,804,000
Invoiced 91-180 days	2,952,720	433,846
Invoiced 181-365 days	676,741	862,869
Invoiced over 365 days (note-9.01.1.1)	2,320,091	2,537,021
	34,768,124	25,995,875

9.01.1.1 Records revealed that the company has paid advance to its various stakeholders/parties as part its normal business process: The breakup is as follows:

Particulars	Balance as at 31.12.13	Purpose
Land Lease Rent	903,291	Land lease rent has been paid as initial deposit which will remain until the project life.
Advance against salary	1,396,300	Personal loan given to employees against salary.
Advance against expenses	20,500	For fuel purchase
Total	2,320,091	

9.02 Security and other deposits, note 9

LC Margin	26,469,116	4,671,139
Bank guarantee margin	5,850,000	13,729,040
	32,319,116	18,400,179

9.03 Prepaid expenses, note 9

Insurance premium	4,974,667	3,943,333
BERC license fees	975,000	625,000
	5,949,667	4,568,333

Prepaid expenses represents advance payments against insurance premium to Green Delta Insurance Company Ltd for CEPZ and Pragati Insurance Ltd for DEPZ and Bangladesh Energy Regulatory Commission (BERC) for license fees.

The Company is required to renew BERC license every year before expiry. BERC license have been renewed for DEPZ and CEPZ w.e.f. from 23 October 2013 to 22 October 2014 and 29 June 2013 to 28 June 2014 respectively with a fee of BDT 10,00,000.00 each. Considering the periodicity, the license renewal fees allocated over the years i.e. 9 months for DEPZ and 6 months for CEPZ as prepaid against BERC License fee.

10 Cash and bank balances, note 3.3.1 (c)

2013
Taka **2012**
Taka

Cash in hand	217,215	207,572
Cash at bank on current account with:		
Dhaka Bank Ltd. - Local Office (A/C # 201-100-17838)	290,095	-
Dhaka Bank Ltd. - F EX. Branch (A/C # 203-100-9944)	382,570	500,053
Dhaka Bank- F EX.Br (A/C # 203-175-472)	68,388,432	-
Standard Chartered Bank (A/C # 01-3768643-01)	94,855	104,855
One Bank Limited (A/C # 18160931019)	19,445	20,910
Mercantile Bank Limited (A/C # 12911100001164)	47,941	47,941
Dutch-Bangla Bank Ltd.-Gulshan Branch (A/C # 116-110-5711)	2,711	3,286
AB Bank Ltd.- Gulshan Branch (A/C # 4019-758319-000)	5,642	6,792
Standard Bank Ltd. - Principal Branch (A/C # 10233011202)	15,559	15,559
Bank -Al - Falah (A/C # 0702-03700096)	18,744	18,744

The City Bank Ltd. - Gulshan Branch (A/C # 1305510011036610)	22,135	22,135
Prime Bank Limited - Banani Branch (A/C # 13211050007791)	1,477	1,477
Dutch Bangla Bank Ltd. -Banani Branch (A/C # 103-110-15683)	3,644,987	4,660,724
Shahjalal Islami Bank Ltd. - Main Branch (A/C #11100012562)	19,355	19,355
National Bank Ltd. - Gulshan Branch (A/C # 006733009033)	6,260	6,260
Eastern Bank Ltd. - Gulshan branch (A/C # 104-106-13236)	48,842	40,527
Shahjalal Islami Bank Ltd. - Gulshan Branch (A/C # 11100008208)	126,687	85,747
Brac Bank-GB (A/C # 1526202342122001)	140,479	148,088
Jamuna Bank - Gulshan Branch (A/C # 00100210015079)	234,060	170,234
Trust Bank Ltd-Karwan bazar branch (A/C # 0030-0210004176)	420,749	5,000
Eastern Bank Ltd.-Escrow (A/C # 104-122-0202799)	1,465,402	-
	75,396,427	5,877,686
	75,613,642	6,085,258

11 Share capital

As per the disclosure requirements laid down in schedule under the rule 12(2) of the Securities and Exchange Rules 1987, the followings are the part and parcel of share capital:

	2013 Taka	2012 Taka
11.01 Authorized share capital		
1,000,000,000 ordinary shares of Tk. 10 each	10,000,000,000	10,000,000,000
	10,000,000,000	10,000,000,000

11.02 Issued, subscribed and paid-up capital (note 11.03)

296,949,726 ordinary shares of Tk. 10 each	2,969,497,260	1,979,664,840
	2,969,497,260	1,979,664,840

11.03 Movement of share capital

Balance as at 01 January	1,979,664,840	1,979,664,840
(Face value of each share is Tk.10 each)		
Issuance of stock dividend during the year	-	-
Balance as at 31 December	1,979,664,840	1,979,664,840
Issuance of stock dividend during the year in the ratio of 01 bonus share for every 02 ordinary shares (Face value of each share is Tk.10 each)	989,832,420	-
Balance as at 31 December	2,969,497,260	1,979,664,840

11.04 Position of shareholding

Name of Shareholders:	Percentage of holding		Value of shares (Tk.)	
	2013	2012	2013	2012
Hasan Mahmood Raja	8.58%	8.61%	254,899,290	169,932,860
Ahmed Ismail Hossain	8.58%	8.61%	254,899,290	169,932,860
Akhter Mahmud Rana	8.58%	8.61%	254,899,290	169,932,860
Khandaker Moinul Ahsan Shamim	8.58%	8.61%	254,899,290	169,932,860
Faridur Rahman Khan	2.38%	2.39%	70,805,230	47,203,490
Abul Kalam Azad	2.38%	2.39%	70,805,230	47,203,490
Moinuddin Hasan Rashid	8.58%	8.61%	254,899,290	169,932,860
United Enterprises & Co. Ltd	52.31%	52.31%	1,553,390,350	1,035,593,560
	100%	100%	2,969,497,260	1,979,664,840

11.05 Classification of shareholders' by holding

	No of shareholders		No of shares	
	2013	2012	2013	2012
5,001 to 20,000 shares	-	-	-	-
20,001 to 50,000 shares	-	-	-	-
50,001 to 1,000,000 shares	-	-	-	-
1,000,001 to 10,000,000 shares	2	2	14,161,046	9,440,698
over 10,000,000 shares	6	6	282,788,680	188,525,786
	8	8	296,949,726	197,966,484

11.06 Option on un-issued shares

There is no option of un-issued share capital

12 Retained earnings

	<u>Taka</u>	<u>Taka</u>
Opening balance	3,266,713,247	1,246,234,967
Net profit for the year	1,774,427,658	2,020,478,280
	5,041,140,905	3,266,713,247
Less: Stock Dividend paid for the year 2012 (note 11.03)	989,832,420	-
Accumulated profit transferred to Statement of Financial Position	<u>4,051,308,485</u>	<u>3,266,713,247</u>

13 Redeemable Preference Share capital**Authorized, Issued, subscribed and paid-up capital**

200,000,000 Redeemable Preference Shares of Tk. 10 each issued and fully paid up	<u>2,000,000,000</u>	-
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The composition of Preference Share capital is as follow:

<u>Name of the shareholders</u>	2,013		2012	
	No. of Shares	Face Value	No. of Shares	Face Value
Eastern Bank Ltd.	51,000,000	510,000,000	-	-
Pubali bank Ltd.	50,000,000	500,000,000	-	-
Delta Brac Housing Finance Ltd.	9,000,000	90,000,000	-	-
Trust Bank Ltd.	20,000,000	200,000,000	-	-
The City Bank Ltd.	30,000,000	300,000,000	-	-
Jamuna Bank Ltd.	20,000,000	200,000,000	-	-
Standard bank Ltd.	20,000,000	200,000,000	-	-
	<u>200,000,000</u>	<u>2,000,000,000</u>	-	-

Name of the Instrument is Redeemable cumulative preference share and other features of the instruments are as follows :

- a) Number of shares to be issued 200,000,000.00
- b) Issue size in currency is BDT 2,000,000,000.00
- c) Face value is BDT 10.00
- d) Issue price is BDT 10.00
- e) Purpose of issue is to expansion of power plants in DEPZ & CEPZ
- f) Security of the instrument is put option on expansion assets.
- g) Tenure is 5 years.
- h) Divident rate is 11.00% p.a
- i) Frequency of dividend payment is quterly payable in arrears commencing from 1st quarter of 1st year
- j) Frequency of Capital Redemption is yearly payable in arrears in equal installments commencing from 4 th quarter of 1st year
- k) Participation fee is 0.80% (upfront).

14 Long term loan

	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
Dhaka Bank Limited	775,016,167	895,494,452
Dutch-Bangla Bank Ltd.	919,403,833	1,039,221,330
Trust Bank Ltd	49,853,042	-
	<u>1,744,273,042</u>	<u>1,934,715,782</u>

14.01 Long term loan (Current portion)

Dhaka Bank Limited
Dutch-Bangla Bank Ltd.
Trust Bank Ltd.

121,495,845	105,895,871
122,726,155	112,187,466
552,257,149	-
796,479,149	218,083,337

a) Dhaka Bank Limited

This is a syndicated loan arranged by Dhaka Bank Ltd. Total facility amount is Taka 115.00 crore, out of which Investment Promotion and Financing Facility (IPFF) fund was Taka 92.00 crore and the remaining Taka 23.00 crore was syndicated non IPFF term loan.

a) Interest rate:

For IPFF loan: 364 days Bangladesh Bank Treasury bill rate plus 0.50%(IPFF margin) plus 2.50%(PFI's margin).

For Non-IPFF Syndicated Loan: 15.50% p.a.

b) Tenor: For IPFF Door -to-Door 120 months (10 years) from the date of disbursement.

c) Repayment: For IPFF- 34 equal quarterly installments and for non-IPFF- 21 equal installments.

d) Purpose: To pay off the Syndicated Term Loan arranged by SCB and IDLC.

e) Security:

Hypothecation of all fixed and floating assets including but not limited to machinery, book debts, furniture and equipment on first ranking pari passu basis creating present and future charge with the RJSC.

b) Dutch-Bangla Bank Ltd.

This is arranged by Dutch-Bangla Bank Ltd. Total facility amount is Taka 135.00 crore, out of which Investment Promotion and Financing Facility (IPFF) fund was Taka 108.00 crore and the remaining Taka 27.00 crore was non IPFF term loan.

a) Interest rate:

For IPFF loan: 360 days Bangladesh Bank Treasury bill rate plus 0.50% (IPFF margin) plus 2.10% (PFI's margin).

For Non-IPFF Syndicated Loan: 15.50% p.a.

b) Tenor: For IPFF Door - to - Door 120 months (10 years) from the date of 1st disbursement.

c) Repayment: 28 equal quarterly installments.

d) Purpose: To implement the CEPZ power project.

e) Security:

Hypothecation of all fixed and floating assets including but not limited to machinery, book debts, furniture, fixture and equipment on first ranking pari passu basis creating present and future charge with the RJSC.

c) Trust Bank Ltd

This a term loan amounting BDT 700 million for Erection, Procurement & Construction (EPC) against capacity expansion power plant of DEPZ and CEPZ.

a) Interest rate:

Interest to be charged at quarterly rests @ 15 % p.a.

b) Tenor: 2 years from the date of first disbursement.

c) Repayment : 16 numbers of equal installments starting from the following month of completion of moratorium.

d) Purpose : For Erection, Procurement & Construction (EPC) against capacity expansion power plant of DEPZ and CEPZ.

e) Security

The company will provide corporate guarantee of United Enterprise & Company Ltd / United Ashugonj Power Company Ltd supported by its board resolution in conformity with memorandum and articles of association and also undated/post dated cheque covering the credit facilities.

	2013	2012
	<u>Taka</u>	<u>Taka</u>
15 Trade payables		
Trade payables, note 15.01	<u>80,113,687</u>	<u>55,608,568</u>
	<u>80,113,687</u>	<u>55,608,568</u>

Trade payables consists of gas bills payable to Titas Gas Transmission & Distribution Company Limited for DEPZ power plant and Bakhraabad Gas Systems Limited, the former name of Karnaphuli Gas System Ltd. for CEPZ power plant.

15.01 Trade payables, note 15

Gas bill - Titas Gas Transmission & Distribution Company Ltd.	<u>22,596,914</u>	<u>17,191,155</u>
Gas bill - Karnaphuli Gas Distribution Company Ltd.	<u>57,516,773</u>	<u>38,417,413</u>
	<u>80,113,687</u>	<u>55,608,568</u>

16 Other payables and accrual

Other payables (note 16.01)	<u>23,539,960</u>	<u>5,411,169</u>
Security money received (note 16.02)	<u>700,000</u>	<u>-</u>
	<u>24,239,960</u>	<u>5,411,169</u>

16.01 Other payables (note 16)

Mobile bill	<u>15,000</u>	<u>14,163</u>
Salary and allowances	<u>490,625</u>	<u>-</u>
Utility bill	<u>30,528</u>	<u>31,105</u>
Security expenses	<u>253,439</u>	<u>-</u>
Service charge on gas bill	<u>5,751,677</u>	<u>3,841,741</u>
Medical expenses	<u>13,720</u>	<u>14,175</u>
Audit fees	<u>276,000</u>	<u>253,000</u>
TDS payable	<u>41,000</u>	<u>199,000</u>
Internet expenses	<u>-</u>	<u>24,000</u>
Welfare fund	<u>15,553</u>	<u>-</u>
Operation & Maintenance expense	<u>6,273,123</u>	<u>-</u>
Payable to REB	<u>9,115,215</u>	<u>-</u>
VAT deduction at source payable	<u>1,170,710</u>	<u>557,939</u>
Payable to provident fund	<u>93,370</u>	<u>476,046</u>
	<u>23,539,960</u>	<u>5,411,169</u>

United Power Generation & Distribution Company Limited has entered into a management agreement with United Engineering & Power Services Ltd. (UEPSL) for providing technical and operational support. Therefore, the no. of employees of UPGDCL has been reduced for the event as mentioned in Note # 38 Under Note # 16.01, payable to provident fund reduced from 2011 to 2012 due to provident fund balance has been transferred & hence reduced the balance. In 2013 balance payable to provident fund reduced due to resignation of permanent employee (note-40.02).

	2013	2012
	<u>Taka</u>	<u>Taka</u>
16.02 Security Money Received (note 16)		
Lilac Fashionwear Ltd.	<u>700,000</u>	<u>-</u>
	<u>700,000</u>	<u>-</u>

This amount received as security deposit received from Lilac Fashion Wear Ltd. in an amount equal to 2 months MMC (Monthly Minimum Charge).

17 Short term loan

Bank overdraft-Dhaka Bank Ltd.
Eastern Bank Ltd

-	74,585,139
-	250,000,000
-	324,585,139

a) Dhaka Bank Limited

Overdraft facilities was provided to the Company to meet up working capital requirement for the Business of Power Generation and other construction and trading.

Limit: Taka 300 Million
Interest rate: 15.50% p.a.
Security: Personal guarantee of all the Directors of the company

b) Eastern Bank Limited

The Company has received one time credit facility in the form of Demand Loan to finance the EPC (Erection Procurement and Commissioning) cost against expansion of both DEPZ & CEPZ projects.

Limit: Taka 250 Million
Interest rate: 15.50% p.a.
Tenor: 270 days from the date of creation (including moratorium period of 180 days)

Security: i. An undated cheque;
ii. Personal guarantee of all the Directors of the company;
iii. Corporate guarantee of United Enterprise & Co. Limited and Neptune Land Development Limited;
iv. Standard charge document, as per Bank's format

	2013	2012
	Taka	Taka
18 Provision for taxation (3.11)	12,094,683	84,500
	12,094,683	84,500

19 Contingent assets

The company has raised a claim to BEPZA amounting to Taka 388,521,161 due to losses caused to it by the claimant's obligation to provide vacant possession of land and gas connection which resulted in delayed commercial operation date. Break up of the figures are as follows :

Particulars	2013	2012
Loss of profit	200,288,084	200,288,084
Loss of interest and charges	156,473,346	156,473,346
Loss of overhead expenses	14,335,221	14,335,221
Loss of warranty	17,424,510	17,424,510
	388,521,161	388,521,161

	2013	2012
	Taka	Taka
20 Contingent liabilities and commitments		
i) Contingent liabilities		
Bank Guarantees issued by Shahjalal Islami Bank Ltd. with 5% margin in favor of Bangladesh Export Processing Zone (BEPZA).	117,000,000	117,000,000
Bank Guarantees issued by One Bank Ltd. with 10% margin in favor of TITAS Gas Transmission and Distribution Company Limited.	-	78,790,400
Bank Guarantees issued by Trust Bank Ltd. with Nil margin in favor of TITAS Gas Transmission and Distribution Company Limited.	78,790,400	-
ii) Financial Commitments		
Confirmed irrevocable letters of credit	220,438,107	87,815,200
	416,228,507	283,605,600

	2013	2012
	<u>Taka</u>	<u>Taka</u>
21 Revenue, note 3.6		
Sale of electricity (note 21.1)	3,396,097,108	3,273,488,057
	<u>3,396,097,108</u>	<u>3,273,488,057</u>

21.1 Sale of electricity (note 21)

Name of the customers

Dhaka Export Processing Zone (DEPZ)	1,261,237,385	1,100,824,551
Rural Electrification Board (REB)	295,898,351	452,632,775
Oli Knitting Fabrics Ltd.	25,547,750	18,398,990
Chittagong Export Processing Zone (CEPZ)	1,276,876,346	1,062,951,049
Bangladesh Power Development Board (BPDB)	358,203,255	578,378,919
Karnaphuli Export Processing Zone (KEPZ)	162,126,359	60,301,773
Dhaka Thai Ltd	10,540,559	-
Lilac Fashion	5,527,146	-
Ahad Fashion	139,957	-
	<u>3,396,097,108</u>	<u>3,273,488,057</u>

In 2013 electricity sale of the company increased by tk. 122,609,051/- as compared to the period 2012 due to the increasing production. Net sales increased by 3.75% during the period under review. During the year the Company produced electricity totally 624,317,017 kwh (DEPZ project produced 278,093,102 kwh & CEPZ project produced 346,223,915 kwh).

	2013	2012
	<u>Taka</u>	<u>Taka</u>
22 Operating expenses		
Personnel costs		
Salary, wages and bonus (note 38.1)	-	-
Welfare and other benefits (note 38.1)	-	-
	-	-
Fuel and energy	538,240,027	498,213,666
Operation and maintenance expenses, note 22.1	273,125,771	182,275,859
Depreciation expenses, note 4.03	129,315,460	128,530,534
Minimum load charge (note-22.2)	82,929,653	60,947,201
Liquidity damage charge (note-22.3)	1,311,481	270,010
Land lease rent	1,050,388	2,907,626
Traveling and conveyance	319,750	623,698
Entertainment	909,935	1,401,391
Telephone, mobile, internet & dish line bill	158,343	661,910
Printing and stationery	125,743	238,767
Newspaper, postage and courier	14,193	53,020
Vehicle running and maintenance	110,190	226,056
Rent, rates and taxes	412,266	703,924
Utility bill	184,736	158,681
Insurance premium	7,600,666	4,372,334
Fire fighting expenses	5,820	134,500
Medical expenses	136,816	428,811
Beautification and gardening expenses	-	6,915
License and other fees	1,272,000	1,027,500
Environmental expenses (note-22.4)	169,000	305,000
Site office expenses	174,414	641,884
Security expenses	1,047,314	422,803
	<u>1,038,613,966</u>	<u>884,552,090</u>

	2013	2012
	<u>Taka</u>	<u>Taka</u>
22.1 Operation and maintenance expenses		
Operational expenses (note 38.1)	39,494,390	19,348,152
Stores and spares consumed	211,510,106	130,608,341
Repair and maintenance	22,121,275	32,319,366
	<u>273,125,771</u>	<u>182,275,859</u>
22.2 Minimum load charge: Minimum bill has to pay whether the Company consumed Electricity or not. The Company has kept 20 MW load from Dhaka PBS-1 as standby to serve BEPZA in case of any shortfall.		
22.3 Liquidated damage charge: The Company is liable to pay liquidity damage for failure to supply electricity for more than one hour at the rate the company sells electricity to BEPZA.		
22.4 Environmental expenses: In order to comply with the regulations of Department of Environment (DoE), the Company needs to-		
1) Test and monitor air emissions & sound level and submit report to DoE quarterly.		
2) Every year the company need to obtained environment clearance certificate from DoE.		
23 Administrative expenses		
Personnel costs		
Salary, wages and bonus	11,165,013	7,375,994
Welfare and benefits	904,497	1,068,468
	<u>12,069,510</u>	<u>8,444,462</u>
Depreciation expense, note 4.03	1,306,217	1,298,288
Amortization of pre-operational expenses	-	17,380,575
Directors' remuneration (note 40.1)	8,698,839	4,320,000
Rent, rates and taxes	-	152,495
Traveling and conveyance	2,937,956	2,101,053
Postage, telephone and telex	79,277	318,235
Entertainment	1,449,407	616,987
Printing and stationery	1,304,033	1,197,758
Newspaper bill	7,656	20,942
Computer maintenance	-	15,100
Audit fee	448,500	253,000
Advertisement	1,264,423	10,000
Medical expenses	-	2,177,654
Vehicle running expenses	778,258	1,209,374
Office rent	13,080,000	12,720,000
Office expenses	80,914	79,963
Consultancy fees (note-23.1)	18,595,500	4,530,038
Capital Increasing Fees	682,966	-
Overseas Travelling	373,410	-
Other administrative expenses	93,957	550,965
Write off of Accounts receivable(note-23.2)	179,268,649	-
	<u>242,519,472</u>	<u>57,396,889</u>
23.1 Consultancy fees includes issuance of redeemable preference share raising fees to NDB capital Ltd. (note-13)		
23.2 The Directors in its Boarb meeting dated 26 December 2013 decided to write off of accounts receivables amounting to Tk. 17,92,68,649 against energy bill.		

	2013 Taka	2012 Taka
24 Other operating income		
Burn lube oil/use drum sales	3,531,880	225,333
Scrap Sale	756,157	-
Interest income	452,619	-
Interest on Inter Company Loan	27,511,833	-
	32,252,489	225,333

Other operating income derived from interest on inter company loan, interest income from bank, sale of scrap, used drums and burned lube oil which is directly related with the normal course of business activities. Interest on inter company loan has been charged as per 180 days T-bill rate as on 31 december 2013 which is 7.98% (note-8)

25 Financial expenses		
Interest on lease finance:		
United Leasing Company Limited	-	23,819
National Bank Limited	-	12,789
Syndication loan agency fees	2,196,250	-
Interest on long term loan:		
Dhaka Bank Limited	140,538,206	147,340,766
Dutch Bangla Bank Limited	157,148,632	157,191,198
Trust Bank Ltd.	23,389,533	-
Interest on overdraft:		
Dhaka Bank Limited	11,672,099	6,213,538
Preference share arrangement fees	20,931,380	-
Bank charge and commission	4,817,717	419,521
	360,693,817	311,201,631

	2013 Taka	2012 Taka
26 Earnings per share (Basic earnings per share - BAS 33)		
Basic EPS		
Net profit from core business	1,754,269,853	2,020,788,113
Weighted average number of shares outstanding during the period	296,949,726	197,966,484
Basic EPS on Core business	5.91	10.21
Extra ordinary income (Other operating income)	20,157,806	140,833
Weighted average number of shares outstanding during the period	296,949,726	197,966,484
Basic EPS on extra ordinary business	0.068	0.0007
Earning per Share (EPS)	5.98	10.21
Earning Per Share (Adjusted EPS)	-	6.81

*Since the stock/bonus issue is an issue without consideration, the issue has been treated as if it occurred at the beginning of 2013, the earliest period reported for the purposes of EPS calculation.

26.1 Diluted earning per share
No diluted earnings per share is required to be calculated for the years presented as there was no scope for dilution during these years.

27 Cash received from customers

Gross cash received from customers arrived after adjusting trade receivables with revenue for the period.

	2013 Taka	2012 Taka
Net Sales	3,396,097,108	3,273,488,057
Add: Opening balance of trade receivables	840,633,875	396,056,054
Less: Closing balance of trade receivables	(670,397,657)	(840,633,875)
	3,566,333,325	2,828,910,236

28 Cash paid to suppliers & contractors

Cash paid to various suppliers arrived after adjusting cost of gas consumption and cost of spare parts consumed with trade payable.

	2013	2012
	<u>Taka</u>	<u>Taka</u>
Cost of purchase (spare parts and gas bill)	749,750,133	628,822,007
Changes in inventories	58,957,221	(19,181,942)
Add: Opening balance of trade payables	55,608,568	66,590,189
Less: Closing balance of trade payables	(80,113,687)	(55,608,568)
	<u>784,202,235</u>	<u>620,621,685</u>

29 Cash paid for other operating expenses

Cash paid for other operating expenses arrived after adjusting non-cash items and other payables for revenue expenses.

	2013	2012
	<u>Taka</u>	<u>Taka</u>
Total expense	1,281,133,438	941,796,484
Fuel and energy	(538,240,027)	(498,213,666)
Stores and spares consumed	(211,510,106)	(130,608,341)
	<u>531,383,305</u>	<u>312,974,477</u>
Changes in advance deposits and prepayments	24,072,521	10,758,018
Depreciation	(130,621,677)	(129,828,822)
Amortization of pre-operational expenses	-	(17,380,575)
Add: Opening balance of other payables	5,411,169	22,320,787
Less: Closing balance of other payables	(23,539,960)	(5,411,169)
	<u>406,705,359</u>	<u>193,432,716</u>

Cash paid for other operating expenses has been rearranged due to income tax provision which was previously adjusted with 'Income tax payment' under 'Cash flows from operating activities' in statement of cash flows.

30 Payment of financial expenses

The interest paid has been shown separately in accordance with BAS 7 (Cash Flow Statements). This amount is calculated by adjusting the interest expenses for accruals and deferrals from the balance sheet.

	2013	2012
	<u>Taka</u>	<u>Taka</u>
Interest expense	360,693,817	311,201,631
Add: Opening balance of interest payable (other payable)	-	17,821,815
Less: Closing balance of interest payable (other payable)	-	-
	<u>360,693,817</u>	<u>329,023,446</u>

31 Payment for acquisition of property, plant and equipment.

Investment related to outflows of cash and cash equivalents for tangible fixed assets.

	2013	2012
	<u>Taka</u>	<u>Taka</u>
Total addition of property, plant and equipment	6,102,116,015	18,159,246
Less: Disposal of property, plant and equipment	-	-
Add: Work in progress	(368,104,364)	368,104,364
Add: Opening balance of capex liability	-	-
	<u>5,734,011,651</u>	<u>386,263,610</u>

32 Cash received / (paid) for inter-company loan

During the period under review the Company has received Inter-company loan amounting to Taka 1,692,188,108/- (2012: the Company has given Inter-company loan amounting to Taka 1,403,111,944/-).

	2013 Taka	2012 Taka
Opening balance of Inter-company balances	2,821,114,070	1,418,002,126
Less: Closing Balance of Inter-company balances	(1,128,541,871)	(2,821,114,070)
	<u>1,692,572,199</u>	<u>(1,403,111,944)</u>

33 Long term loan received

During the period under review the Company received long term loan amounting to Taka 388,949,309/-(2012: the Company paid long term loan amounting to Taka 211,331,135/-).

	2013 Taka	2012 Taka
Opening balance of long term loan	2,152,799,119	2,364,130,254
Less: Closing balance of long term loan	(2,540,752,191)	(2,152,799,119)
	<u>(387,953,072)</u>	<u>211,331,135</u>

34 Short term loan paid

During the period under review the Company paid short term loan amounting to Taka 324,585,139/- (2012: the Company received short term loan amounting to Taka 285,038,617/-).

	2013 Taka	2012 Taka
Opening balance of short term loan	324,585,139	39,546,522
Less: Closing balance of short term loan	-	(324,585,139)
	<u>324,585,139</u>	<u>(285,038,617)</u>

35 Cash paid for lease finance

In the year 2012: the Company paid lease finance amounting to Taka 674,762/-

	2013 Taka	2012 Taka
Opening balance of lease finance	-	674,762
Less: Closing balance of lease finance	-	-
	<u>-</u>	<u>674,762</u>

36 Net Asset Value (NAV) per share

	2013 Taka	2012 Taka
Total Shareholders' equity	7,020,805,745	5,246,378,087
Total No. of shares outstanding	296,949,726	296,949,726
	23.64	17.67

37 Bank facilities

The Company has got the following loan facilities from the followings financial institutions:

<u>Name of the bank (s)</u>	Term loan - Limit (million)	Short Term Loan Limit (million)	Letter of credit-limit (million)	LTR - limit (million)	Overdraft Limit (million)	Bank Guarantee Facilities - limit (million)
Dutch-Bangla Bank Ltd.	1,350	-	50	30	-	80
Dhaka Bank Ltd.	1,150	-	350	300	300	50
Trust bank Ltd.	700	-	250	237	-	79
Jamuna Bank Ltd.			250	200	50	300
Total	3,200	-	900	767	350	209

38 Number of employees

<u>Salary Range</u>	2013			2012
	Officers & staffs		Worker	Total employees
	Head office	factory		
Below Tk. 3,000	-	-	-	-
Above Tk. 3,000	9	-	-	7
Total	-	-	9	7

Employee remuneration includes all types of benefits paid and provided both in cash and in kind other than the re-imbursement of expenses incurred for the Company's business.

- 38.1** The Company has entered into an management agreement with United Engineering & Power Services Ltd. (UEPSL) for providing technical and operational support.

39 Expenditure in equivalent foreign currency

Foreign travel for Company's business purpose

	2013	2012
	<u>Taka</u>	<u>Taka</u>
	373,410	1,018,017
	<u>373,410</u>	<u>1,018,017</u>

40 Disclosure of managerial remuneration

40.01 The total amount of remuneration paid to the director of the Company in the accounting year is as follows:

<u>Name</u>	<u>Designation</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
General Md Abdul Mubeen (Retd.)	Chairman	2,250,000	-
Moinuddin Hasan Rashid	Managing Director	6,448,839	4,320,000
		8,698,839	4,320,000

40.02 The total amount of remuneration paid to the top five executives of the Company in the accounting year is as follows:

<u>Name</u>	<u>Designation</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
General Md Abdul Mubeen (Retd.)	Chairman	2,250,000	-
Moinuddin Hasan Rashid	Managing Director	6,448,839	4,320,000
Syed Abdul Mayeed	Adviser	2,658,065	2,625,000
Rear Admiral Bazlur Rahman	Chief Operating Officer	1,800,000	-
Sheikh Asraf Hossain	Chief Operating Officer	-	1,200,000
Md. Amir Khasru	Project Director	1,960,000	1,680,000
Md. Mojibul Islam Patoary	Manager (Finance and Accounts)	-	540,000
		15,116,904	10,365,000

40.03 Aggregate amount of remuneration paid to all Directors and Officers during the accounting year is as follows:

<u>Particulars</u>	<u>Nature of payment</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
1. Directors	Board meeting fees	-	-
2. Directors	Remuneration	8,698,839	4,320,000
3. Officers & executives	Salary, bonus & other allowances	10,440,437	10,686,383
		19,139,276	15,006,383

41 Financial risk management:

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

- * Credit risk
- * Liquidity risk
- * Market risk

41.01 Risk management framework

Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

41.02 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable from customers. The company's sales is made to Dhaka Export Processing Zone Authority (DEPZ), Chittagong Export Processing Zone Authority (CEPZ), Rural Electrification Board (REB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ), and other private sector under the conditions of the long term Power Purchase Agreement (PPA).

The Company held cash and cash equivalents of Taka at 31 December 2013 is 75,613,642 (2012: Taka 6,085,258), which represents its maximum credit exposure on these assets.

The Company's Inter-company balances is compose of loan to its parent and sister concern, where majority is avail by its parent company;

Moreover, the shareholder of all the sister concerns & the parent company are same. Thus management believes that there is no major credit risk associated with it.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

	2013	2012
	<u>Taka</u>	<u>Taka</u>

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk at the reporting date was:

Trade receivables	670,397,657	840,633,875
Security & other deposits	32,319,116	18,400,179
Cash and bank balances	75,613,642	6,085,258
Inter-company balances	1,128,541,871	2,821,114,070
	<u>1,906,872,286</u>	<u>3,686,233,381</u>

41.03 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash 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. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial bank (Note:17) to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with bank is negotiated accordingly.

41.04 Market risk

Market risk is the risk that any change in market conditions, such as interest rates that will affect the Company'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 optimizing the return.

41.05 Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Local loans and borrowings are however not affected by fluctuations in interest rates as the rate is below from market rate. The Company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

41.06 Capital management

Capital management refers to implement policies and measures to maintain sufficient capital, assessing Company's internal capital adequacy to ensure Company's operation as a going concern. Capital consists of share capital and retained earnings. All major investment and operational decisions with exposure to certain amount are evaluated and approved by the board. The Board of Directors monitors the level of dividends to ordinary shareholders.

41.07 Operational risk:

Operational risk constitutes the ability of the Company'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 routine & proper maintenance of the distribution networks undertaken by BEPZA reduces the chance of major disruptions. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of UPGD. Management believes that prudent rehabilitation schemes and quality maintenance will lessen the damages caused by such natural disasters. Most importantly, all the above risks are covered under the insurance agreement with Green Delta Insurance Company Ltd., to compensate for all the potential damages caused in such situations.

41.08 Risk associated with supply of raw material (Natural gas):

The main raw material used for generating electricity is natural gas. Any interruption of supplies of the gas to the power plants will hamper the generation of electricity, the only product of the Company.

The Company has a Gas Supply Agreement with Bakhrabad Gas Systems Limited and Titas Gas Transmission & Distribution Company Limited for 15 years which is renewable every 5 years thereafter. So there is no threat of interruption of supplies of the gas to the power plants that may hamper the generation of electricity, the only product of the company. Furthermore, new gas are being explored and discovered in many areas of the country such as Narayanganj, Narshindi, and Bay of Bengal. The Government of Bangladesh plans to add these discoveries to the national grid. Therefore, management does not expect gas supply interruption in the future.

42 Related party transactions

During the period under review the company carried out a number of transactions with related parties in the normal courses of business and on an arms' length basis. The name of the related parties and the nature of relationship have been set out in accordance with the provision of BSA 24: *Related Party Disclosers*

42.1 Transactions with key management personnel

	2013 Taka	2012 Taka
Employee benefits (Provident fund)	15,116,904	10,365,000
Employee benefits (Short term)	60,231	270,468
	15,177,135	10,635,468

Key management personnel includes managing director, directors, managers.

42.2 Other related party transactions

As at and for the year ended 31 December 2013

SL No	Name of the related parties	Relation ship	Nature of transaction	Opening Balance as on 01 January 2013	Transaction during the year		Closing Balance as on 31 December 2013
					Addition	Adjustment	
1	United Enterprises & Co Ltd.	Parent Company	Loan	2,569,378,523	1,799,533,577	3,240,370,229	1,128,541,871
2	United Ashuganj Power Ltd.	Sister concern	Loan	49,138,000	-	49,138,000	-
3	United Hospital Ltd.	Sister concern	Loan	4,493,256		4,493,256	-
4	United Engineering & Power Services Ltd.	Sister concern	O & M, EPC	1,785,175	2,926,737,639	2,928,522,814	-
5	Shahjanullah power Company Ltd.	Sister concern	Loan	71,600,000	-	71,600,000	-
6	Neptune Properties	Sister concern	Loan	100,000,000	-	100,000,000	-
7	Neptune Land Development Ltd.	Sister concern	Loan	20,000,000	-	20,000,000	-
8	Neptune Commercial Ltd.	Sister concern	Loan	4,719,107		4,719,107	-
9	Gulshan Properties Ltd	Sister concern	Office Rent	-	13,080,000	13,080,000	-

As at and for the year ended 31 December 2012

SL No	Name of the related parties	Relation ship	Nature of transaction	Opening Balance as on 01 January 2012	Transaction during the year		Closing Balance as on 31 December 2012
					Addition	Adjustment	
1	United Enterprises & Co Ltd.	Parent Company	Loan	1,378,954,791	1,587,000,710	396,576,978	2,569,378,523
2	United Ashuganj Power Ltd.	Sister concern	Loan	29,138,000	50,000,000	30,000,000	49,138,000
3	United Hospital Ltd.	Sister concern	Loan	4,493,256	-	-	4,493,256
4	United Engineering & Power Services Ltd.	Sister concern	Loan	696,963	19,936,183	18,847,971	1,785,175
5	United Engineering & Power Services Ltd.	Sister concern	Operating & Maintenance	-	19,328,252	19,328,252	-
6	Shahjanullah power Company Ltd.	Sister concern	Loan	-	71,600,000	-	71,600,000
7	Neptune Properties	Sister concern	Loan	-	100,000,000	-	100,000,000
8	Neptune Land Development Ltd.	Sister concern	Loan	-	50,000,000	30,000,000	20,000,000
9	Neptune Commercial Ltd.	Sister concern	Loan	4,719,107	-	-	4,719,107
10	Gulshan Properties Ltd	Sister concern	Office Rent	-	12,720,000	12,720,000	-

43 Capacity and Production

43.01 Own Manufacture

Name of Plant	Installed capacity (kwh)	Actual Production (kwh)		Capacity utilization (%)	
		2013	2012	2013	2012
DEPZ	359,333,333	278,093,102	276,463,636	77%	84%
CEPZ	426,720,000	346,223,915	321,555,370	81%	91%
Total	786,053,333	624,317,017	598,019,006	79%	88%

Capacity of production during the year is as under:

The production capacity of the company increased in the last of the year which was gone for operation from 1 December 2013 for DEPZ power plant and the middle of the year which was gone for operation from 1 July 2013 for CEPZ power plant.

The weighted average production is 79% of the installed capacity as details below:

	<u>DEPZ (kwh)</u>	<u>CEPZ (kwh)</u>
1) Capacity 41 MW from January 13 to December 13 for 12 months(existing plant)	328,000,000	-
Capacity 47 MW from December 13 to December 13 for 1 month(expansion plant)	31,333,333	-
1) Capacity 44 MW from January 13 to December 13 for 12 months (existing plant)	-	352,000,000
Capacity 18.68 MW from July 13 to December 13 for 6 month (expansion plant)	-	74,720,000
	<u>359,333,333</u>	<u>426,720,000</u>

43.02 Licensed capacity is no more applicable and the regulatory authority does not exercise any direct control over the procurement, production or sale.

44 General

44.01 Previous year's phrases and figures have been re-arranged, wherever necessary to conform to the presentation of financial statements for the period under audit.

44.02 Figures appearing in these financial statements have been rounded-off to the nearest Taka.


Company Secretary


Director


Managing Director