

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

Report and financial statements as at and  
for the year ended 30 June 2018



**Rahman Rahman Huq**  
Chartered Accountants  
9 & 5 Mohakhali C/A  
Dhaka 1212  
Bangladesh

Telephone +880 (2) 988 6450-2  
Fax +880 (2) 988 6449  
E-mail dhaka@kpmg.com  
Internet www.kpmg.com/bd

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

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### Report on the Financial Statements

We have audited the accompanying financial statements of United Power Generation & Distribution Company Ltd. ("the Company") which comprise the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical 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 our 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 of financial statements that give a true and fair view 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.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

### 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 explanation 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 statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.




Dhaka, 08 AUG 2018

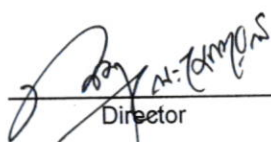


**United Power Generation & Distribution Company Ltd.**  
**Statement of financial position**

<i>In Taka</i>	<i>Note</i>	<b>30 June 2018</b>	<b>30 June 2017</b>
<b>Assets</b>			
Property, plant and equipment	5	8,550,236,159	8,641,515,573
<b>Non-current assets</b>		<b>8,550,236,159</b>	<b>8,641,515,573</b>
Inventories	6	718,082,928	550,768,468
Trade and other receivables	7	950,161,525	848,934,084
Advances, deposits and prepayments	8	85,931,677	58,853,279
Investment in marketable securities	9	81,507,659	256,089,786
Advance income tax	10	760,161	670,161
Receivable from related parties	11	4,759,627,601	3,297,678,859
Cash and cash equivalents	12	1,278,881,647	1,438,794,615
<b>Current assets</b>		<b>7,874,953,198</b>	<b>6,451,789,252</b>
<b>Total assets</b>		<b>16,425,189,357</b>	<b>15,093,304,825</b>
<b>Equity</b>			
Share capital	13	3,992,391,670	3,629,446,980
Share premium	14	2,046,000,000	2,046,000,000
Retained earnings		10,252,390,068	9,285,474,486
<b>Total equity</b>		<b>16,290,781,738</b>	<b>14,960,921,466</b>
<b>Liabilities</b>			
Security money received	15	700,000	700,000
<b>Non-current liabilities</b>		<b>700,000</b>	<b>700,000</b>
Trade and other payables	16	114,627,170	112,436,707
Accrued expenses	17	12,090,945	11,479,560
Payable to related parties	18	6,989,504	6,046,779
Provision for taxation	19	-	1,720,313
<b>Current liabilities</b>		<b>133,707,619</b>	<b>131,683,359</b>
<b>Total liabilities</b>		<b>134,407,619</b>	<b>132,383,359</b>
<b>Total equity and liabilities</b>		<b>16,425,189,357</b>	<b>15,093,304,825</b>

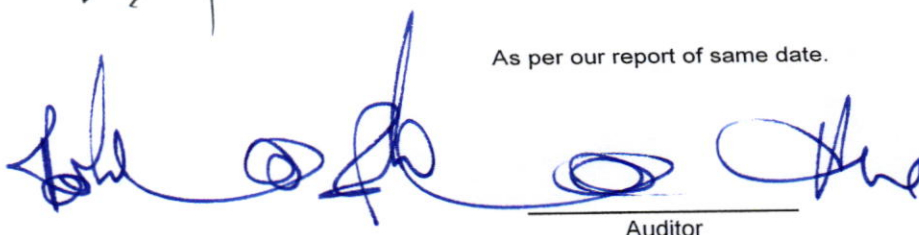
The notes on pages 7 to 31 are an integral part of these financial statements.

  
Managing Director

  
Director

  
Company Secretary

As per our report of same date.

  
Auditor

Dhaka, 08 AUG 2018



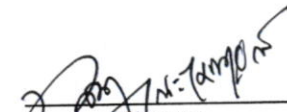
**Rahman Rahman Huq**  
Chartered Accountants

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

<i>In Taka</i>	<i>Note</i>	<b>For the year ended</b>	
		<b>30 June 2018</b>	<b>30 June 2017</b>
Revenue	20	6,144,608,026	5,759,239,628
Cost of sales	21	(1,925,890,090)	(1,727,288,419)
<b>Gross profit</b>		<b>4,218,717,936</b>	<b>4,031,951,209</b>
Other operating income	22	(6,013,780)	10,183,066
General and administrative expenses	23	(55,366,720)	(60,794,057)
<b>Operating profit</b>		<b>4,157,337,436</b>	<b>3,981,340,218</b>
Finance income	24	439,025,118	196,266,965
<b>Profit before tax</b>		<b>4,596,362,554</b>	<b>4,177,607,183</b>
Income tax expense	25	-	(2,642,794)
<b>Profit</b>		<b>4,596,362,554</b>	<b>4,174,964,389</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>4,596,362,554</b>	<b>4,174,964,389</b>
<b>Earnings per share</b>	26	<b>11.51</b>	<b>10.46</b>

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 Managing Director

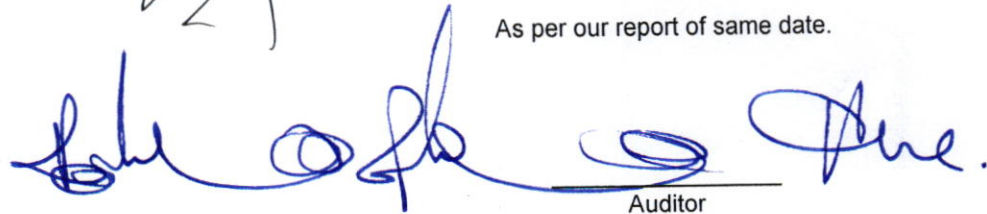
  
 Director

  
 Company Secretary

As per our report of same date.

Dhaka, 08 AUG 2018





Auditor

**Rahman Rahman Huq**  
 Chartered Accountants

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

<i>In Taka</i>	For the year ended 30 June 2018			
	Share capital	Share premium	Retained earnings	Total equity
<b>Balance at 1 July 2017</b>	<b>3,629,446,980</b>	<b>2,046,000,000</b>	<b>9,285,474,486</b>	<b>14,960,921,466</b>
<b>Total comprehensive income</b>				
Profit for the year	-	-	4,596,362,554	4,596,362,554
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>4,596,362,554</b>	<b>4,596,362,554</b>
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Issue of bonus shares	362,944,690	-	(362,944,690)	-
Cash dividend	-	-	(3,266,502,282)	(3,266,502,282)
<b>Total transactions with owners of the Company</b>	<b>362,944,690</b>	<b>-</b>	<b>(3,629,446,972)</b>	<b>(3,266,502,282)</b>
<b>Balance at 30 June 2018</b>	<b>3,992,391,670</b>	<b>2,046,000,000</b>	<b>10,252,390,068</b>	<b>16,290,781,738</b>

<i>In Taka</i>	For the year ended 30 June 2017			
	Share capital	Share premium	Retained earnings	Total equity
<b>Balance at 1 July 2016</b>	<b>3,629,446,980</b>	<b>2,046,000,000</b>	<b>6,743,761,238</b>	<b>12,419,208,218</b>
<b>Total comprehensive income</b>				
Profit for the year	-	-	4,174,964,389	4,174,964,389
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>4,174,964,389</b>	<b>4,174,964,389</b>
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Cash dividend	-	-	(1,633,251,141)	(1,633,251,141)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>(1,633,251,141)</b>	<b>(1,633,251,141)</b>
<b>Balance at 30 June 2017</b>	<b>3,629,446,980</b>	<b>2,046,000,000</b>	<b>9,285,474,486</b>	<b>14,960,921,466</b>

The notes on pages 7 to 31 are an integral part of these financial statements.



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

<i>In Taka</i>	For the year ended	
	30 June 2018	30 June 2017
<b>Cash flows from operating activities</b>		
Cash received from customers	6,045,781,585	5,778,042,661
Cash received from other income	87,143,225	29,920,338
Cash paid to suppliers and others	(1,817,132,612)	(1,816,857,261)
Tax paid	(1,810,313)	(670,161)
<b>Net cash generated from operating activities</b>	<b>4,313,981,885</b>	<b>3,990,435,577</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(263,645,569)	(165,350,795)
Cash paid for related party loan	(1,103,000,000)	(1,125,000,000)
Investment in marketable securities	159,100,499	(250,000,000)
<b>Net cash used in investing activities</b>	<b>(1,207,545,070)</b>	<b>(1,540,350,795)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(3,266,349,783)	(1,642,068,864)
<b>Net cash used in financing activities</b>	<b>(3,266,349,783)</b>	<b>(1,642,068,864)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(159,912,968)</b>	<b>808,015,918</b>
Cash and cash equivalents at 1 July	1,438,794,615	630,778,697
<b>Cash and cash equivalents at 30 June</b>	<b>1,278,881,647</b>	<b>1,438,794,615</b>

The notes on pages 7 to 31 are an integral part of these financial statements.



## 1 Reporting entity

### 1.1 Company profile

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

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

### 1.2 Nature of the business

The principal activity of the Company is to generate electricity by gas fired power plants, at Dhaka Export Processing Zone (DEPZ) with 86 MW capacity and Chittagong 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.

### 1.3 Power plant

The natural gas fired power plants of Dhaka EPZ and Chittagong EPZ 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.

DEPZ power plant came into commercial operation on 26th December 2008 with 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 capacity of 8.73 MW each, five gas fired engines with capacity of 9.34 MW each and two gas fired engines with capacity of 2 MW each for generation of electricity.

CEPZ power plant came into commercial operation on 12 August 2009 with 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 capacity of 8.73 MW each and three gas fired engines with capacity of 9.34 MW each.

#### Gas Line : Dhaka EPZ and Chittagong EPZ power plant

According to Power Supply Agreement, dated 6th and 16th May 2007, Bangladesh Export Processing Zone Authority (BEPZA) at their own cost, was to 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 Karnaphuli Gas Distribution Company Limited (formerly known as Bakhrabad Gas System Limited). BEPZA was to maintain such gas connection until the expiry of a period of 50 years unless extended or earlier termination. Although both parties agreed upon this arrangement, the Company established the gas line back on 17 November 2008 at its own cost due to lack of initiative by BEPZA in this regard.

For DEPZ plant, the initial contract was for 6.91 (million cubic feet per day) MMCFD. Subsequently, additional allocation of 9 MMCFD gas was given by Titas Gas Transmission & Distribution Company Ltd. for further capacity enhancement. Thus total contract load is 15.91 MMCFD.

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 enhancement. Thus total contract load is 14.68 MMCFD.



**2 Basis of accounting**

**2.1 Statement of compliance**

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

Details of the Company's accounting policies are included in Note 41.

**2.2 Date of authorisation**

The financial statements were authorised for issue by the Board of Directors on 08 AUG 2018.

**2.3 Reporting period**

The current financial period of the Company covers one year from 1 July 2017 to 30 June 2018 and it is followed consistently.

**3 Functional and presentation currency**

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

**4 Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of Company'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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statement is included in the following notes:

Note 5 and 41A	Property, plant and equipment
Note 6 and 41B	Inventories
Note 7 and 41C	Trade and other receivables
Note 19 and 41I	Provision for taxation
Note 34, 36, and 41	Contingencies

When measuring the fair value of an asset or a liability, the Company 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 asset or liabilities that are not based on observable market data.

The Company, 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 has occurred.

# Notes to the financial statements (Continued)

## 5 Property, plant and equipment

See accounting policy in Note 41A

### Reconciliation of carrying amount

In Taka	Plant and machinery	Gas line	Office equipment	Furniture and fixture	Motor vehicle	Total
<b>Cost</b>						
Balance at 1 July 2016	10,083,664,778	225,054,911	10,588,552	2,403,151	18,484,836	10,340,196,228
Additions	140,205,599	-	486,784	219,412	24,439,000	165,350,795
Disposals/transfers	-	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>10,223,870,377</b>	<b>225,054,911</b>	<b>11,075,336</b>	<b>2,622,563</b>	<b>42,923,836</b>	<b>10,505,547,023</b>
Balance at 1 July 2017	10,223,870,377	225,054,911	11,075,336	2,622,563	42,923,836	10,505,547,023
Additions	120,396,759	125,823,736	85,073	-	17,340,000	263,645,569
Disposals/transfers	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>10,344,267,136</b>	<b>350,878,647</b>	<b>11,160,409</b>	<b>2,622,563</b>	<b>60,263,836</b>	<b>10,769,192,592</b>
<b>Accumulated depreciation</b>						
Balance at 1 July 2016	1,366,811,636	32,342,318	5,764,260	606,957	4,755,295	1,410,280,466
Depreciation for the year	438,847,090	7,357,412	2,373,918	373,237	4,799,327	453,750,984
Adjustment for disposal/transfers	-	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>1,805,658,726</b>	<b>39,699,730</b>	<b>8,138,178</b>	<b>980,194</b>	<b>9,554,622</b>	<b>1,864,031,450</b>
Balance at 1 July 2017	1,805,658,726	39,699,730	8,138,178	980,194	9,554,622	1,864,031,450
Depreciation for the year	343,010,263	4,934,142	1,671,229	260,278	5,049,070	354,924,982
Adjustment for disposal/transfers	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>2,148,668,989</b>	<b>44,633,872</b>	<b>9,809,407</b>	<b>1,240,472</b>	<b>14,603,692</b>	<b>2,218,956,432</b>
<b>Carrying amounts</b>						
At 30 June 2017	8,418,211,651	185,355,181	2,937,158	1,642,369	33,369,214	8,641,515,573
<b>At 30 June 2018</b>	<b>8,195,598,147</b>	<b>306,244,775</b>	<b>1,351,002</b>	<b>1,382,091</b>	<b>45,660,144</b>	<b>8,550,236,159</b>

### a) Allocation of depreciation

In Taka	Note	2018	2017
Cost of sales	21.1	351,375,732	449,213,474
General and administrative expenses	23	3,549,250	4,537,510
		<b>354,924,982</b>	<b>453,750,984</b>

### b) Basis of allocation

99% of total depreciation cost charged to cost of sales. Remaining 1% of total depreciation cost charged to the general and administrative expenses.



## Notes to the financial statements (Continued)

### 6 Inventories

See accounting policy in Note 41B

<i>In Taka</i>	<i>Note</i>	<b>2018</b>	<b>2017</b>
Spare parts	6.1	626,739,151	505,976,580
Goods in transit		87,936,133	33,826,578
Lube oil and chemicals	6.1	3,407,644	10,965,310
		<b>718,082,928</b>	<b>550,768,468</b>

### 6.1 Movement in inventories

<i>In taka</i>	<b>Lube oil and chemicals</b>	<b>Spare parts</b>
Balance at 1 July 2016	11,900,902	494,164,198
Addition during the year	32,279,053	198,101,888
Consumption during the year	(33,214,645)	(186,289,506)
<b>Balance at 30 June 2017</b>	<b>10,965,310</b>	<b>505,976,580</b>
Balance at 1 July 2017	10,965,310	505,976,580
Addition during the year	25,844,824	496,882,801
Consumption during the year	(33,402,490)	(376,120,230)
<b>Balance at 30 June 2018</b>	<b>3,407,644</b>	<b>626,739,151</b>

### 7 Trade and other receivables

See accounting policy in Note 41C(i)

<i>In Taka</i>	<i>Note</i>	<b>2018</b>	<b>2017</b>
<b>Trade receivables</b>			
BREB	7.1	227,827,395	217,025,515
BPDB	7.2	209,493,349	210,909,942
CEPZ		112,532,682	124,161,565
DEPZ		133,525,502	115,223,936
KEPZ		38,750,296	41,335,296
Mega Yarn Dyeing Mills Limited		104,420,999	40,889,846
Matin Spinning Mills Ltd		22,279,760	27,969,033
Square Textile Ltd		19,584,003	20,208,122
GMS Composite Knitting Ltd		12,608,068	14,022,858
Oli Knitting Fabrics Ltd		5,701,713	7,778,343
Transcom Beverage Ltd		8,362,757	5,097,076
Dhaka Thai Ltd-2		6,296,941	4,516,461
Rahimafrooz Accumulators Ltd		1,771,986	3,992,294
NGS Cement Industries Ltd		3,041,334	2,506,400
Rahimafrooz Batteries Ltd (Unit-2)		7,287,027	2,313,442
Lilac Fashion Wear Ltd		2,287,964	2,200,377
Gunze United Limited		5,687,309	1,970,244
Plastoccats Ltd		3,890,960	1,570,279
Fountain Garments Ltd		1,320,130	1,423,595
Mashihata Swetars Ltd		10,399,891	1,103,420
Atomic Energy		2,284,879	827,344
Ahad Fashion Ltd		789,024	822,299
Dhaka Thai Ltd		-	558,038
Zam Zam Engineering		243,200	273,200
Global Labels (Bangladesh) Ltd		1,250,109	235,159
Saadatia Sweaters Ltd		1,702,457	-
United Polimers Ltd		152,937	-
MI Green Lon company Limited		2,354,309	-
Nice Cotton Ltd		1,629,434	-
Regency Garments Limited		284,107	-
		<b>947,760,525</b>	<b>848,934,084</b>
<b>Other receivables</b>			
Interest on fixed deposits		1,875,000	-
Dividend receivable		526,000	-
		<b>2,401,000</b>	<b>-</b>
		<b>950,161,525</b>	<b>848,934,084</b>

## Notes to the financial statements (Continued)

- 7.1 Out of total receivable with BREB, an amount of BDT 177,171,835 for the period from 2009 to 2012 was under arbitration in Bangladesh Energy Regulatory Commission (BERC) for determination. In May 2018, the arbitration panel awarded in favor of BREB. The Company is in the process to file 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.
- 7.2 Out of total receivable with BPDB, an amount of BDT 128,900,233 is disputed by BPDB dating back to the period 2009 to 2012. The Company will pursue this amount upon satisfactory resolution of the above matter, but is confident of recovery.

### 8 Advances, deposits and prepayments

See accounting policy in Note 41C(i)

<i>In Taka</i>	2018	2017
<b>Advances</b>		
Against expenses	54,885,500	45,206,760
Against salary	500,000	500,000
	<b>55,385,500</b>	<b>45,706,760</b>
<b>Deposits</b>		
Bank guarantee margin	5,850,000	5,850,000
BEPZA	1,112,519	1,112,519
Central Depository Bangladesh Limited (CDBL)	500,000	500,000
Karnaphuli Gas Distribution Company Limited	17,448,825	-
	<b>24,911,344</b>	<b>7,462,519</b>
<b>Prepayments</b>		
Insurance premium-DEPZ	3,813,333	3,813,333
Insurance premium-CEPZ	1,664,000	1,664,000
BERC license fees-DEPZ	57,500	106,667
BERC license fees-CEPZ	100,000	100,000
	<b>5,634,833</b>	<b>5,684,000</b>
	<b>85,931,677</b>	<b>58,853,279</b>



## Notes to the financial statements (Continued)

### 9 Investment in marketable securities

See accounting policy in Note 41C(i)

In Taka	Note	2018	2017
Cash available for share purchase		22,653	946,977
Financial assets classified as fair value through profit and loss	9.1	81,485,006	220,446,674
Receivable from sales of shares		-	34,696,135
		<b>81,507,659</b>	<b>256,089,786</b>

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

Name of the Company	No. of shares	Rate per share	Market value at 30 June 2018	Market value at 30 June 2017	Cost price	Changes in fair value
ACI Limited	78,831	516.50	-	40,716,212	-	-
Confidence Cement Limited	441,767	134.60	-	59,461,838	-	-
Far East Knitting & Dyeing Industries Limited	291,892	25.70	-	7,501,624	-	-
Grameenphone Ltd.	100,000	344.40	-	34,440,000	-	-
Square Pharmaceuticals Limited	270,000	290.10	-	78,327,000	-	-
Square Pharmaceuticals Limited	12,500	293.10	3,663,750		3,575,243	88,507
The ACME Laboratories Ltd	60,000	99.90	5,994,000		7,108,712	(1,114,712)
Active Fine Chemicals Ltd	250,000	28.80	7,200,000		9,776,638	(2,576,638)
Bank Asia Limited	112,500	17.20	1,935,000		2,176,783	(241,783)
BRAC Bank Limited	11,000	71.20	783,200		951,036	(167,836)
Delta Life Insurance Company Ltd	3,000	100	300,000		347,767	(47,767)
Dhaka Bank Limited	168,750	14.20	2,396,250		3,336,242	(939,992)
Fareast Islami Life Insurance Company Ltd	23,500	66.80	1,569,800		1,799,531	(229,731)
GPH Ispat Ltd	40,400	36.70	1,482,680		1,617,092	(134,412)
IFIC Bank Limited	504,000	12.70	6,400,800		9,063,157	(2,662,357)
Islami Bank Bangladesh Ltd	240,000	23.80	5,712,000		8,486,576	(2,774,576)
MJL Bangladesh Limited	30,890	101.90	3,147,691		3,783,310	(635,619)
NCC Bank Ltd	275,000	14.70	4,042,500		4,873,475	(830,975)
Prime Bank Limited	357,500	16.10	5,755,750		9,244,554	(3,488,804)
Pubali Bank Limited	131,250	23.10	3,031,875		3,643,904	(612,029)
SAIF Powertec Limited	129,000	24.50	3,160,500		4,765,283	(1,604,783)
Shahjalal Islami Bank Ltd	657,800	23.20	15,260,960		17,744,698	(2,483,738)
Southeast Bank Limited	172,500	15.70	2,708,250		3,117,775	(409,525)
Titans Gas Transmission & Distribution Company Limited	50,000	40	2,000,000		2,466,150	(466,150)
Uttara Bank Limited	200,000	24.70	4,940,000		7,646,865	(2,706,865)
			<b>81,485,006</b>	<b>220,446,674</b>	<b>105,524,791</b>	<b>(24,039,785)</b>



**10 Advance income tax**

See accounting policy in Note 41I(i)

	2018	2017
<i>In Taka</i>		
Opening balance	670,161	922,481
Deducted at source	90,000	670,161
Adjustment of advance tax on completion of assessment	-	(922,481)
Closing balance	760,161	670,161

**11 Receivable from related parties**

See accounting policy in Note 41C(i)

	2018	2017
<i>In Taka</i>		
United Enterprises & Co. Ltd.	4,759,627,601	3,297,678,859
	4,759,627,601	3,297,678,859

The above inter-company loan is interest bearing.

**12 Cash and cash equivalents**

See accounting policy in Note 41C(i)

	2018	2017
<i>In Taka</i>		
Cash in hand	132,157	265,402
<b>Cash at bank</b>	<b>81,327</b>	<b>705,078,800</b>
Eastern Bank Limited	1,136,376,008	499,670,252
Dhaka Bank Limited	103,329,626	197,172,716
Dutch Bangla Bank Limited	18,942,788	15,652,489
Jamuna Bank Limited	14,209,710	13,941,786
Brac Bank Limited	4,109,624	4,942,749
The City Bank Limited	769,897	1,047,051
Trust Bank Limited	930,510	932,160
Shahjalal Islami Bank Limited	-	91,210
Standard Chartered Bank	1,278,749,490	1,438,529,213
	1,278,881,647	1,438,794,615



## 13 Share capital

See accounting policy in Note 41M

In Taka	2018	2017
<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>Issued, subscribed and paid up</b>		
Opening balance (362,944,698 ordinary shares of Tk. 10 each)	3,629,446,980	3,629,446,980
Bonus shares issued (36,294,469 ordinary shares of Tk. 10 each)	362,944,690	-
Closing balance (399,239,167 ordinary shares of Tk. 10 each)	<b>3,992,391,670</b>	<b>3,629,446,980</b>

## Particulars of shareholding

Name of shareholders	2018		2017	
	No. of shares	Value (Tk)	No. of shares	Value (Tk)
Hasan Mahmood Raja	-	-	28,038,921	280,389,210
Ahmed Ismail Hossain	-	-	28,038,921	280,389,210
Akhter Mahmud Rana	-	-	28,038,921	280,389,210
Khandaker Moinul Ahsan Shamim	-	-	28,038,921	280,389,210
Faridur Rahman Khan	-	-	7,788,575	77,885,750
Abul Kalam Azad	-	-	7,788,575	77,885,750
Moinuddin Hasan Rashid	-	-	28,038,921	280,389,210
United Enterprises & Co. Ltd	-	-	170,872,938	1,708,729,380
United Energy Ltd	359,309,162	3,593,091,620	-	-
Investment Corporation of Bangladesh	8,136,283	81,362,830	7,336,786	73,367,860
General investors	31,793,722	317,937,220	28,963,219	289,632,190
	<b>399,239,167</b>	<b>3,992,391,670</b>	<b>362,944,698</b>	<b>3,629,446,980</b>

During the year (prior to allotment of 10% bonus shares), 90% of ordinary shares outstanding on 30 June 2017 equivalent to 326,644,693 shares held by sponsor shareholders, were transferred to United Energy Ltd (UEL). This transfer was carried out based on approval from the Bangladesh Securities and Exchange Commission (BSEC).

## 13.1 Percentage of shareholdings

Name of shareholders	2018	2017
Hasan Mahmood Raja	-	7.73%
Ahmed Ismail Hossain	-	7.73%
Akhter Mahmud Rana	-	7.73%
Khandaker Moinul Ahsan Shamim	-	7.73%
Faridur Rahman Khan	-	2.15%
Abul Kalam Azad	-	2.15%
Moinuddin Hasan Rashid	-	7.73%
United Enterprises & Co. Ltd	-	47.08%
United Energy Ltd	90.00%	-
Investment Corporation of Bangladesh	2.04%	2.02%
General Investors	7.96%	7.98%
	<b>100%</b>	<b>100%</b>

## 13.2 Classification of shareholders by holding

Range of holding in number of shares	2018		2017	
	No. of shareholders	No. of shares	No. of shareholders	No. of shares
01 to 5000 shares	4,956	2,519,442	7,006	3,535,480
5,001 to 20,000 shares	310	3,028,731	373	3,900,621
20,001 to 50,000 shares	97	2,989,387	102	3,338,488
50,001 to 1,000,000 shares	84	13,837,409	113	18,188,630
1,000,001 to 10,000,000 shares	6	17,555,036	3	22,913,936
over 10,000,001 shares	1	359,309,162	6	311,067,543
	<b>5,454</b>	<b>399,239,167</b>	<b>7,603</b>	<b>362,944,698</b>

## Notes to the financial statements (Continued)

### 14 Share premium

	2018	2017
<i>In Taka</i>		
Share premium	2,046,000,000	2,046,000,000
	2,046,000,000	2,046,000,000

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

### 15 Security money received

See accounting policy in Note 41C(ii)

	2018	2017
<i>In Taka</i>		
Lilac Fashion Wear Ltd	700,000	700,000
	700,000	700,000

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

### 16 Trade and other payables

See accounting policy in Note 41C(ii)

	Note	2018	2017
<i>In Taka</i>			
Trade payables	16.1	98,859,737	96,753,909
Other payables	16.2	15,767,433	15,682,798
		114,627,170	112,436,707

#### 16.1 Trade payables

	2018	2017
<i>In Taka</i>		
Gas bill-CEPZ	62,970,081	65,229,183
Gas bill-DEPZ	35,889,656	31,524,726
	98,859,737	96,753,909

#### 16.2 Other payables

	Note	2018	2017
<i>In Taka</i>			
Share application money payable		6,481,080	6,535,582
Unclaimed dividend	16.3	5,890,072	5,737,573
Service charge on gas bill		3,297,008	2,844,357
Other operating expenses		99,273	562,945
Tax deducted at source		-	2,341
		15,767,433	15,682,798

#### 16.3 Unclaimed dividend

	2018	2017
<i>In Taka</i>		
Unclaimed cash dividend for the year 2013 & 2014	1,406,539	1,408,197
Unclaimed interim & final cash dividend for the period ended on 30 June 2016	3,403,915	4,329,376
Unclaimed cash dividend for the year 2017	1,079,618	-
	5,890,072	5,737,573



**17 Accrued expenses**

See accounting policy in Note 41C(ii)

	2018	2017
<i>In Taka</i>		
Service charge on gas bill	3,000,000	3,678,561
VAT payable	3,450,016	2,406,411
Other operating expenses	1,888,353	1,697,802
Directors' remuneration	1,400,000	1,250,000
C&F bill	734,717	1,163,587
Audit fees	747,500	650,000
Utility bill	564,450	326,182
Security expenses	233,653	238,117
Medical expenses	50,235	48,400
Welfare fund	16,745	16,100
Tax deducted at source	876	-
Environmental expenses	4,400	4,400
	<b>12,090,945</b>	<b>11,479,560</b>

**18 Payable to related parties**

See accounting policy in Note 41C(ii)

	2018	2017
<i>In Taka</i>		
United Engineering and Power Services Ltd	6,989,504	6,046,779
	<b>6,989,504</b>	<b>6,046,779</b>

**19 Provision for taxation**

See accounting policy in Note 41I(i)

	2018	2017
<i>In Taka</i>		
Opening balance	1,720,313	-
Charged/(paid) during the year	(1,720,313)	1,720,313
Closing balance	-	1,720,313

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

The BDT 1.7m adjustment booked in the previous reporting period relates to taxation arising from various expenses being disallowed under section 30AA of ITO 1984 as per the assessment of Deputy Commissioner of Taxes (DCT) for the year ended 30 June 2016. This has been duly paid during this period.

**20 Revenue**

See accounting policy in Note 41E

	Note	2018	2017
<i>In Taka</i>			
Electricity supply	20.1	6,119,900,443	5,744,568,968
Steam supply	20.2	24,707,583	14,670,660
		<b>6,144,608,026</b>	<b>5,759,239,628</b>

**20.1 Electricity supply**

	2018	2017
<i>In Taka</i>		
BEPZA	4,082,381,550	3,685,495,219
Other private customers	1,250,810,404	1,168,094,547
BPDB	472,168,504	511,415,979
REB	302,271,679	370,007,520
Atomic Energy Research Establishment (AERE)	12,268,307	9,555,703
	<b>6,119,900,443</b>	<b>5,744,568,968</b>

## Notes to the financial statements (Continued)

### 20.2 Steam supply

	2018	2017
<i>In Taka</i>		
Gunze United Limited	19,603,507	14,375,295
Global Labels (Bangladesh) Ltd	3,944,305	295,365
Regency Garments Limited	1,159,772	-
	<b>24,707,583</b>	<b>14,670,660</b>

- a. During the year ended 30 June 2018, the Company generated 941,030 MWH electricity of which 472,196 MWH was from DEPZ power plant and 468,834 MWH from CEPZ power plant.
- b. Of the BDT 3,360,248,535 total revenue from DEPZ, BDT 1,750,097,965 is attributable to the plant's extended project which came into operation in 2013.
- c. Of the BDT 2,784,359,491 total revenue from CEPZ, BDT 1,001,496,236 is attributable to the plant's extended project which came into operation in 2013.

### 21 Cost of sales

	Note	2018	2017
<i>In Taka</i>			
Gas bill		861,913,843	789,432,643
Spare parts		376,120,230	186,289,506
Operation and maintenance expenses	21.1	654,453,527	718,351,625
Lube oil and chemicals		33,402,490	33,214,645
		<b>1,925,890,090</b>	<b>1,727,288,419</b>

### 21.1 Operation and maintenance expenses

	Note	2018	2017
<i>In Taka</i>			
Depreciation		351,375,732	449,213,474
Minimum load charge		123,412,153	92,894,277
Direct overhead	21.2	95,224,727	83,583,083
Repair and maintenance		48,668,489	59,328,981
Insurance premium		10,712,000	10,712,000
Entertainment		7,292,848	6,015,856
Utility bill		5,800,678	3,285,946
Security expense		2,801,045	3,095,316
Carrying charge		2,101,400	2,583,340
Land lease rent		2,292,184	2,162,099
Advertisement expense		-	810,000
Travelling and conveyance		738,813	764,063
Labour and wages		797,642	752,325
Vehicle running and maintenance		1,311,601	625,348
Environmental expenses		20,290	570,300
Printing and stationery		344,450	486,354
Site office expense		494,715	414,351
Telephone, mobile and internet		272,071	414,162
BERC license and others		481,980	311,330
Worker welfare fund		-	190,716
Postage and courier		61,691	55,310
Fire fighting expense		-	24,555
Automation and IP expense and others		86,550	22,224
Gardening and beautification		139,008	21,515
Computer maintenance		23,460	14,700
		<b>654,453,527</b>	<b>718,351,625</b>

- 21.2 The Company signed an agreement 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.



## 26 Earnings per share

See accounting policy in Note 41N

## 26.1 Basic earnings per share

The calculation of basic earnings per share is based on profit of the Company attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

<i>In Taka</i>	<i>Note</i>	<b>2018</b>	<b>2017</b>
Profit attributable to the ordinary shareholders (basic)		<b>4,596,362,554</b>	4,174,964,389
Weighted average number of shares outstanding (basic)	26.2	<b>399,239,167</b>	399,239,167
<b>Earnings per share</b>		<b>11.51</b>	10.46

## 26.2 Weighted average number of shares outstanding (basic)

	<i>Note</i>	<b>2018</b>	<b>2017</b>
Ordinary shares outstanding at beginning of the year		<b>362,944,698</b>	362,944,698
Bonus shares issued in 2017-18	13	<b>36,294,469</b>	36,294,469
<b>Total weighted average no. of share outstanding</b>		<b>399,239,167</b>	399,239,167

According to paragraph 64 of BAS 33: *Earnings per share*, if the number of ordinary shares outstanding increases as a result of a bonus issue, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. Therefore, the basic earnings per share (EPS) for the year ended 30 June 2017 has been restated to reflect the bonus shares issued in 2018 on the basis of profit attributable to the ordinary shareholders for the year ended 30 June 2017.

## 27 Net asset value per share

	<i>Note</i>	<b>2018</b>	<b>2017</b>
Net assets	27.1	<b>16,290,781,738</b>	14,960,921,466
Weighted average number of shares outstanding (basic)	26.2	<b>399,239,167</b>	399,239,167
<b>Net asset value per share</b>		<b>40.80</b>	37.47

## 27.1 Net assets

	<b>2018</b>	<b>2017</b>
Total assets	<b>16,425,189,357</b>	15,093,304,825
Total liabilities	<b>134,407,619</b>	132,383,359
<b>Net assets</b>	<b>16,290,781,738</b>	14,960,921,466

## 28 Net operating cashflow per share

	<i>Note</i>	<b>2018</b>	<b>2017</b>
Net cash generated from operating activities		<b>4,313,981,885</b>	3,990,435,577
Weighted average number of shares outstanding (basic)	26.2	<b>399,239,167</b>	399,239,167
<b>Net operating cashflow per share</b>		<b>10.81</b>	10.00

## 29 Reconciliation of net profit with cashflow from operating activities

	<b>2018</b>	<b>2017</b>
Profit for the year	<b>4,596,362,554</b>	4,174,964,389
<b>Adjustment for:</b>		
Depreciation	<b>354,924,982</b>	453,750,984
Unrealised gain/(loss) from marketable securities	<b>24,039,785</b>	(4,306,907)
Realised gain from marketable securities	<b>(8,558,157)</b>	(1,782,880)
Interest on related party loan	<b>(358,948,742)</b>	(170,439,906)
<b>Changes in:</b>		
Inventories	<b>(167,314,460)</b>	(41,053,935)
Trade and other receivables	<b>(101,227,441)</b>	18,803,032
Advances, deposits and prepayments	<b>(27,078,398)</b>	14,228,930
Advance income tax	<b>(90,000)</b>	252,320
Trade and other payables	<b>2,037,964</b>	779,383
Accrued expenses	<b>611,385</b>	(1,926,926)
Payable to related parties	<b>942,725</b>	(454,553,221)
Provision for income tax	<b>(1,720,313)</b>	1,720,313
<b>Net cash generated from operating activities</b>	<b>4,313,981,885</b>	3,990,435,577

**22 Other operating income**

See accounting policy in Note 41C(i)

	2018	2017
<i>In Taka</i>		
Unrealised gain/(loss) from marketable securities	(24,039,785)	4,306,907
Realised gain from marketable securities	8,558,157	1,782,880
Sale of used lube oil and drums	3,578,960	3,767,650
Foreign exchange gain	34,134	-
Scrap sale	4,210,755	325,629
Dividend income	1,644,000	-
	(6,013,780)	10,183,066

**23 General and administrative expenses**

	2018	2017
<i>In Taka</i>		
Directors' remuneration	19,932,500	19,032,500
Office maintenance	10,890,000	10,890,000
Advertisement	4,688,723	6,893,684
Contribution to prime minister relief fund	-	5,000,000
Depreciation	3,549,250	4,537,510
AGM expenses	1,653,220	2,460,750
Vehicle running expenses	732,589	1,901,086
Bank charge and commission	1,816,112	1,798,533
CDBL and listing fee	3,849,408	1,486,000
Office rent	1,380,000	1,380,000
Board meeting fees	3,100,000	1,187,500
Consultancy fees	177,183	840,500
Auditor's fee	650,000	650,000
Entertainment	1,231,730	623,651
Legal fees	47,750	508,000
Gifts and complements	-	494,000
Traveling and conveyance	340,480	493,376
Postage, telephone and telex	135,658	285,709
Printing and stationery	92,627	148,618
VAT on audit fee	97,500	97,500
Trade license and others	116,254	45,560
RJSC	90,810	31,580
Medical expenses	-	8,000
Overseas travelling	259,018	-
Donation	500,000	-
Office expenses	35,908	-
	55,366,720	60,794,057

**24 Finance income**

See accounting policy in Note 41L

	2018	2017
<i>In Taka</i>		
Interest on related party loan	358,948,742	170,439,906
Interest income on bank balance and fixed deposits	80,076,376	25,827,059
	439,025,118	196,266,965

**25 Income tax expense**

See accounting policy in Note 41I(i)

	2018	2017
<i>In Taka</i>		
Prior year adjustment	-	1,720,313
Adjustment of advance tax on completion of assessment	-	922,481
	-	2,642,794

## Notes to the financial statements (Continued)

### 30 Related party transactions

During the year, the Company 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 *BAS 24: Related party disclosures*.

#### A Transactions with key management personnel

##### i. Loans to directors

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

##### ii. Key management personnel compensation comprised the following:

<i>In Taka</i>	2018	2017
Directors' remuneration	19,932,500	19,032,500
Board meeting fees	3,100,000	1,187,500
	<b>23,032,500</b>	<b>20,220,000</b>

The Company's key management personnel includes the Company's directors. Compensation includes salaries, festival bonus and meeting attendance fees.

#### B Other related party transactions

<i>In Taka</i>	Transaction value during the year ended 30 June		Balance outstanding as at 30 June	
	2018	2017	2018	2017
<b>Sale of goods and services</b>				
Gunze United Limited (see Note 20.2)	19,603,507	14,375,295	5,687,309	1,970,244
<b>Purchase of services</b>				
United Engineering and Power Services Ltd (see Note 18 and 21.1)	95,224,727	83,583,083	6,989,504	6,046,779
<b>Others</b>				
United Enterprises & Co. Ltd. (see Note 11)			4,759,627,601	3,297,678,859
Loan disbursed during the year	11,353,000,000	1,760,000,000		
Loan repaid during the year	10,250,000,000	635,000,000		



Notes to the financial statements (Continued)

31 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.

Carrying amount													Fair value		
Fair value-													Other		
Held-for-													financial		
trading													liabilities		
Held to													Available		
maturity													for sale		
Loans and													Total		
receivables													Level 1		
Fair value-													Level 2		
hedging													Level 3		
instruments													Total		
Designated													Total		
at fair value													Level 1		
Note													Level 2		
													Level 3		
													Total		
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**32 Financial risk management**

The Company 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 has overall responsibility for the establishment and oversight of the Company'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 Company. 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from buyers.

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:

<i>In Taka</i>	<i>Note</i>	<b>2018</b>	<b>2017</b>
Trade and other receivables	7	950,161,525	848,934,084
Investment in marketable securities	9	81,507,659	256,089,786
Receivable from related parties	11	4,759,627,601	3,297,678,859
Cash and cash equivalents (excluding cash in hand)	12	1,278,749,490	1,438,529,213
		<b>7,070,046,275</b>	<b>5,841,231,942</b>

**ii. Ageing of trade receivables**

<i>In Taka</i>	<b>2018</b>	<b>2017</b>
Not past due	464,139,002	492,461,850
Past due 0-30 days	76,812,930	27,700,581
Past due 31-60 days	33,248,051	3,747,795
Past due 61-90 days	24,283,245	661,103
Past due 91-120 days	19,774,075	2,744,301
Past due 121-365 days	2,598,024	1,211,129
Past due 365+ days	326,905,198	320,407,325
	<b>947,760,525</b>	<b>848,934,084</b>

**B Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. 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 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 risk**

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

**30 June 2018**

<i>In Taka</i>	Contractual cash flows			
	Carrying amount	Total	6 months or less	Over 6 months
<b>Non-derivative financial liabilities</b>				
Trade and other payables	114,627,170	114,627,170	114,627,170	-
Accrued expenses	12,090,945	12,090,945	12,090,945	-
Payable to related parties	6,989,504	6,989,504	6,989,504	-
	133,707,619	133,707,619	133,707,619	-
<b>Derivative financial liabilities</b>	-	-	-	-
	133,707,619	133,707,619	133,707,619	-

**30 June 2017**

<i>In Taka</i>	Contractual cash flows			
	Carrying amount	Total	6 months or less	Over 6 months
<b>Non-derivative financial liabilities</b>				
Trade and other payables	112,436,707	112,436,707	112,436,707	-
Accrued expenses	11,479,560	11,479,560	11,479,560	-
Payable to related parties	6,046,779	6,046,779	6,046,779	-
	129,963,046	129,963,046	129,963,046	-
<b>Derivative financial liabilities</b>	-	-	-	-
	129,963,046	129,963,046	129,963,046	-

**C Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect 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 optimising the return.

**i. Currency risk**

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

**Exposure to currency risk**

The Company'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:

	<i>Note</i>	2018		2017	
		USD	GBP	USD	GBP
Cash and cash equivalents	12	10,564	152	10,749	461
Share application money payable	16.2	(10,564)	(152)	(10,749)	(461)
Net exposure		-	-	-	-

The following significant exchange rates have been applied:

<i>In Taka</i>	Year-end spot rate	
	2018	2017
USD	83.75	80.60
GBP	110.63	105.01

**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. As the Company's net exposure to foreign currency risk arising from such assets and liabilities as on the date of statement of financial position was nil, no sensitivity analysis is required.



## 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 Company's interest-bearing financial instruments as at the date of statement of financial position is as follows:

In Taka	Note	Nominal Amount	
		2018	2017
<b>Fixed rate instruments</b>			
<b>Financial assets</b>			
Receivable from related parties	11	4,759,627,601	3,297,678,859
<b>Financial liabilities</b>		-	-
		<b>4,759,627,601</b>	<b>3,297,678,859</b>
<b>Variable rate instruments</b>			
<b>Financial assets</b>		-	-
<b>Financial liabilities</b>		-	-

## 33 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 timely and appropriate maintenance of the distribution networks undertaken by BEPZA reduces the chance of major disruptions. However, severe natural calamities which are unpredictable and unforeseen have the potential to disrupt normal operations of the Company. 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 Pragati Insurance company Limited to compensate for all the potential damages caused in such situations.

## 34 Contingent assets

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

In March 2015 an arbitration panel (consisting of three arbitrators, appointed by the Company, BEPZA and the Government of Bangladesh, respectively) ordered that BEPZA compensate the Company for the following amounts. In April 2015, BEPZA took the matter to the court of district judge, Dhaka. Multiple hearings took place during this year with no significant developments to date.

In Taka	2018	2017
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>36,158,428</b>	<b>36,158,428</b>

## 35 Commitments

The Company has outstanding letters of credit amounting to USD 744,060 and EURO 627,453 (2017: USD 1,195,640; EURO 359,178; GBP 288,136) against which it is committed to purchase spare parts.

## 36 Contingent liabilities

Contingent liabilities relating to bank guarantees amounted to:

Beneficiary	Expiry date	Currency	2018	2017
Titas Gas Transmission & Distribution Company Limited	11 Nov 2018	BDT	78,790,400	78,790,400
Titas Gas Transmission & Distribution Company Limited	11 Dec 2022	BDT	6,628,382	-
Karnaphuli Gas Distribution Company Limited	23 Jan 2023	BDT	34,897,650	-
Karnaphuli Gas Distribution Company Limited	20 Jun 2023	BDT	8,647,617	-
			<b>128,964,049</b>	<b>78,790,400</b>



**37 Bank facilities**

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

Name of the bank	Letter of credit - limit	Loan against Trust Receipt - limit	Overdraft limit	Bank guarantee facilities - limit
Dutch Bangla Bank Limited	280,000,000	200,000,000	100,000,000	100,000,000
Dhaka Bank Limited	350,000,000	300,000,000	300,000,000	50,173,649
Jamuna Bank Limited	1,000,000,000	250,000,000	50,000,000	300,000,000
Trust bank Limited	-	-	-	78,790,400
<b>Total</b>	<b>1,630,000,000</b>	<b>750,000,000</b>	<b>450,000,000</b>	<b>528,964,049</b>

**38 Expenditure in equivalent foreign currency**

<i>In Taka</i>	2018	2017
Foreign travel for business purpose	259,018	93,300
	259,018	93,300

**39 Other disclosures****39.1 Capacity and production**

Name of Plant	Installed capacity (MWH)		Actual Production (MWH)		Capacity utilisation (%)	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Dhaka EPZ	688,000	688,000	472,196	465,232	69%	68%
Chittagong EPZ	576,000	576,000	468,834	485,134	81%	84%
<b>Total</b>	<b>1,264,000</b>	<b>1,264,000</b>	<b>941,030</b>	<b>950,366</b>		

**39.2 Number of employees**

The Company has no employees. Operation and maintenance activities of the Company is managed by 184 employees of United Engineering and Power Services Ltd under an O&M contract.

**39.3 Comparatives and rearrangement**

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

**39.4 Investment in power plant:**

The Board of Directors of the Company in its 85th meeting held on 27 June 2018 approved the following investments, subject to approval from relevant authorities, to be given effect from 1 July 2018.

a) Acquisition of majority shares (92.41%) of United Ashuganj Energy Ltd. (UAEL) at face value from United Energy Limited (UEL). UAEL is a 195 MW gas based power plant located at Ashuganj, Brahmanbaria. UAEL is a PPP (Public Private Partnership) project with the Ashuganj Power Station Company Ltd (APSCL) and has a fixed term of 15 years from the date of commercial operations (08 May 2015).

b) Acquisition of a 53 MW gas based power plant at net asset value (NAV) from United Energy Limited (UEL). The plant is located at Char Chartola, Ashuganj, Brahmanbaria.

**39.5 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 86th meeting held on 8 August 2018 have recommended cash dividend @ 90% per share of Taka 10 each aggregating to Taka 3,593,152,503 and stock dividend @ 20% i.e. 2 (two) bonus shares for every 10 (ten) ordinary shares of Taka 10 each aggregating to Taka 798,478,334 for the year ended 30 June 2018. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

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

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

**39.6 Going concern**

The Company 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 Company provide sufficient fund to meet the present requirements of its existing business.

**40 Basis of measurement**

The 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.

**41 Significant accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless stated otherwise.

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

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

**A 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 Company 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) No depreciation is charged on land and capital work in progress.
- ii) Property, plant and equipment are stated at cost less accumulated depreciation. All property, plant and equipment have been depreciated on straight line method.
- iii) 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.

Previously, the Company charged full year depreciation in the year of disposal and no depreciation in the year of purchase. The Company's current policy in this regard is stated above. Given the amount involved, in accordance with BAS 8 this is accounted for in the profit and loss account in 2017.



## Notes to the financial statements (Continued)

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%
Gas line	2%
Office equipment	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.

### B 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.

### C 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) Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the date on which the Company becomes a party to the contractual provisions of the transaction.

The Company derecognises a financial asset when the contractual rights or probabilities of receiving the cash flow from the asset expire, or it transfers the right to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.



**Financial assets at fair value through profit or loss;**

A financial asset is classified as fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. A financial asset is designated as fair value through profit or loss if the Company manages such investments and make purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in the profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes there in, which takes into account any dividend income, are recognised in the profit or loss.

As at the reporting date the Company had investment in this category of financial assets.

**Loans and receivables**

Loans and receivables are financial assets with fixed and determinable payments that are not quoted in the active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

**Cash and cash equivalent**

Cash and cash equivalents include cash in hand and cash at bank which are held and available for use by the Company without any restriction. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at bank and financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition.

**Trade and other receivables**

Trade receivables represent the amounts due from customers for rendering services. Trade receivables are recognised initially at cost which is the fair value of the consideration given for them. Provision for debts doubtful of recovery, if any, are made at the discretion of management.

Other receivables include accrued interest on fixed deposits and dividend income which are recognised at the amount that would be received at the contractual interest rate and declared dividend rate.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

**(ii) Financial liabilities**

The Company initially recognises financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

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

Financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities include trade and other payables, borrowings and inter-company payable.

**Trade and other payables**

The Company recognises a financial liability 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.

**Accrued expenses**

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

**D 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 Company assesses yearly whether there is any indication that an asset may be impaired. If any such indication exists, the company 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.

**E Revenue**

Revenue is recognised in the statement of comprehensive income upon supply of electricity and steam, quantum of which is determined by survey of meter reading. As per *BAS-18 Revenue* is recognised 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.

Revenue is recognised, excluding 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. Revenues are valued using rates in effect when services are provided to customers.

**F Provisions**

A provision is recognised in the statement of financial position when the company 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.

**G 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.

**H 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.

**I 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. No provision is required for income tax on the Company's 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 (#36) 1984 dated 01 July 2009. Such exemption for Dhaka EPZ power plant will expire in 2023 and for Chittagong EPZ power plant in 2024.

**(ii) 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.

**J 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 Company are managed by 184 employees of United Engineering and Power Services Limited under an O&M contract. Therefore, the provision of WPPF is not applicable for the Company.

**K Statement of cash flows**

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

**L Finance income**

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.

**M 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 BAS 12.

**N Earnings per share**

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

Diluted EPS is determined by the adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no potential dilutive ordinary shares during the year ended 30 June 2018.

**O 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.

**42 Standards issued but not yet effective**

In January 2018 the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company going forward.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Company has not early applied the following new standards in preparing these financial statements.

**(i) IFRS 9 Financial Instruments**

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact of IFRS 9 on its financial statements.

**(ii) IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRS 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact of IFRS 15 on its financial statements.

**(iii) IFRS 16 Leases**

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

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

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. The Company is assessing the potential impact of IFRS 16 on its financial statements.