

United Power Generation & Distribution Company Ltd.

Independent Auditor's Report and Financial Statements

As at and for the year ended 30 June 2021

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Power Generation & Distribution Company Ltd. ("the Company"), which comprise the statement of financial position as at 30 June 2021, and 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Revenue recognition See note 50 (E) and 24 to the financial statements	
Description of key audit matters	How the matters were addressed in our audit
<p>Revenue recognition and provision for customer receivables are key areas of judgement, particularly in relation to:</p> <ul style="list-style-type: none"> ▪ energy revenue is made based on the survey of the meter reading. The customer (or government authority) verifies the electrical energy output through physical inspection of meter and/or review of relevant reports generated from the meter. Upon agreement by both parties, the electrical energy delivered for the month is evidenced by the approvals of the professional engineers representing the Company and the customer. The meter is calibrated and certified by independent professional engineers on a regular basis; and ▪ identify conflicting issues relating to billing and assessing whether there is little prospect cash will be received for revenue that has been billed; 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> ▪ assessing whether revenue recognition policies are applied through comparison with relevant accounting standards and industry practice; ▪ testing the Company's controls over revenue recognition; ▪ re-calculate the invoice amount as per Power Purchase Agreement (PPA); ▪ assessing the assumptions used to calculate the metered accrued income by ensuring that inputs used to the calculation have been derived appropriately; ▪ assessing the Company's disclosures of its revenue recognition, including the estimation and uncertainty involved in recording revenue; and ▪ discussed with the management regarding the treatment for revenue recognition policy of the Company.

2. Additional charges claimed by the gas suppliers to the Company See note 41.2 to the financial statements	
Description of key audit matters	How the matters were addressed in our audit
<p>Based on a decision of the Ministry of Power, Energy and Mineral Resources with regard to gas rates applicable for gas based power plants, the gas suppliers of the Company have claimed additional amounts of BDT 2,815,279,689 and BDT 491,063,484 for Dhaka Export Processing Zone (DEPZ) and Chittagong Export Processing Zone (CEPZ) plants, respectively.</p> <p>The Company initiated legal proceedings against this decision. Outcome of this litigation inherently affects the amount and timing of potential cash outflows.</p> <p>The matter being sub judicial outcome cannot be predict with certainty. However, Legal Advisor of the company opined about positive grounds favouring the company.</p>	<p>Our substantive procedures in this area included:</p> <ul style="list-style-type: none"> ▪ reviewing of legal documents pertaining to the case. ▪ inquiry with management regarding probable outcome of the case. ▪ obtaining legal opinion from the Company's external legal counsel with regard to the outcome of the case. ▪ reviewing contingent liability disclosures.

Other Information included in the Company's June 30, 2021 Annual Report

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

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

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

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



Mohammad Motaleb Hossain FCA

Partner

Enrolment Number: 0950

DVC: 2110280950AS205587

Dhaka, 27 October 2021

United Power Generation and Distribution Company Limited
Statement of financial position

<i>In Taka</i>	Notes	As at	
		30 June 2021	30 June 2020
Assets			
Property, plant and equipment	5	7,765,391,289	8,021,031,738
Right of use assets	6	23,284,320	24,747,212
Investment in subsidiary	7	5,317,935,192	3,297,000
Non-current assets		13,106,610,801	8,049,075,950
Inventories	8	733,416,780	734,840,489
Trade and other receivables	9	1,148,461,551	1,407,646,707
Advances, deposits and prepayments	10	73,463,821	71,814,584
Investment in marketable securities	11	151,883,809	92,817,221
Receivable from related parties	12	13,750,829,655	5,176,876,020
Cash and cash equivalents	13	540,731,531	323,879,180
Current assets		16,398,787,147	7,807,874,201
Total assets		29,505,397,948	15,856,950,151
Equity			
Share capital	14	5,796,952,700	5,269,957,000
Share premium	15	2,046,000,000	2,046,000,000
Retained earnings	16	21,162,493,545	8,305,986,678
Total equity		29,005,446,245	15,621,943,678
Liabilities			
Security money received	17	700,000	700,000
Land lease Liability- Non-current portion	18	23,489,811	24,449,893
Non-current liabilities		24,189,811	25,149,893
Trade and other payables	19	163,966,596	147,446,988
Accrued expenses	20	24,287,675	18,178,856
Unclaimed dividend	21	13,155,151	9,676,552
Payable to related parties	22	272,751,968	33,648,445
Land lease Liability- Current portion	18	960,083	905,739
Provision for taxation	23	640,419	-
Current liabilities		475,761,892	209,856,580
Total liabilities		499,951,703	235,006,473
Total equity and liabilities		29,505,397,948	15,856,950,151
Net asset value per share	32	50.04	26.95

The annexed notes 1 to 50 form an integral part of these financial statements.

As per our report of same date


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




Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950

DVC: 2110280950AS205587

Dhaka, 27 October 2021


Moinuddin Hasan Rashid
Managing Director


Professor Mohammad Musa, PhD.
Director


Badrul Haque Khan, FCA
Company Secretary



United Power Generation and Distribution Company Limited
Statement of profit or loss and other comprehensive income

<i>In Taka</i>	Notes	For the Year ended	
		30 June 2021	30 June 2020
Revenue	24	6,764,777,909	6,223,160,052
Cost of sales	25	(2,368,312,092)	(2,328,672,071)
Gross profit		4,396,465,817	3,894,487,981
Other operating income	26	16,310,409,668	3,948,448
General and administrative expenses	27	(67,774,889)	(54,937,223)
Operating profit		20,639,100,596	3,843,499,206
Finance income	28	388,482,386	508,260,780
Finance charge	29	(1,468,565)	(1,519,833)
Profit before tax		21,026,114,417	4,350,240,153
Income tax expenses	30	(1,174,200)	(1,473,234)
Profit after tax		21,024,940,217	4,348,766,919
Other comprehensive income		-	-
Total comprehensive income		21,024,940,217	4,348,766,919
Basic Earnings per share (EPS) Tk.	31	36.27	7.50

The annexed notes 1 to 50 form an integral part of these financial statements.

As per our report of same date

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

Motaleb

Mohammad Motaleb Hossain FCA
Partner
Enrolment Number: 0950

DVC: 2110280950AS205587

Dhaka, 27 October 2021

Moinuddin Hasan Rashid

Moinuddin Hasan Rashid
Managing Director

Mohd Musa

Professor Mohammad Musa, PhD.
Director

Badrul Haque Khan

Badrul Haque Khan, FCA
Company Secretary



United Power Generation and Distribution Company Limited
Statement of changes in equity

<i>In Taka</i>	For the Year ended 30 June 2021			
	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 July 2020	5,269,957,000	2,046,000,000	8,305,986,678	15,621,943,678
Total comprehensive income				
Profit for the year	-	-	21,024,940,217	21,024,940,217
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	21,024,940,217	21,024,940,217
Transactions with owners of the Company				
Contributions and distributions				
Issue of bonus shares	526,995,700	-	(526,995,700)	-
Cash dividend	-	-	(7,641,437,650)	(7,641,437,650)
Total transactions with owners of the Company	526,995,700	-	(8,168,433,350)	(7,641,437,650)
Balance at 30 June 2021	5,796,952,700	2,046,000,000	21,162,493,545	29,005,446,245


<i>In Taka</i>	For the Year ended 30 June 2020			
	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 July 2019	4,790,870,000	2,046,000,000	10,664,437,759	17,501,307,759
Total comprehensive income				
Profit for the year	-	-	4,348,766,919	4,348,766,919
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	4,348,766,919	4,348,766,919
Transactions with owners of the Company				
Contributions and distributions				
Issue of bonus shares	479,087,000	-	(479,087,000)	-
Cash dividend	-	-	(6,228,131,000)	(6,228,131,000)
Total transactions with owners of the Company	479,087,000	-	(6,707,218,000)	(6,228,131,000)
Balance at 30 June 2020	5,269,957,000	2,046,000,000	8,305,986,678	15,621,943,678

Notes 14 15 16

The annexed notes 1 to 50 form an integral part of these financial statements.


 Badrul Haque Khan, FCA
 Company Secretary


 Professor Mohammad Musa, PhD.
 Director


 Moinuddin Hasan Rashid
 Managing Director




United Power Generation and Distribution Company Limited
Statement of cash flows

<i>In Taka</i>	Notes	For the Year ended	
		30 June 2021	30 June 2020
Cash flows from operating activities			
Cash received from customers		7,026,082,368	6,003,014,356
Cash received from other income	26	95,008,669	39,724,530
Cash paid to suppliers and others		(2,039,288,987)	(2,253,640,442)
Finance charge paid	29	(1,468,565)	(1,519,833)
Income tax paid	23	(533,781)	(665,073)
Net cash generated from operating activities		5,079,799,705	3,786,913,538
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(288,939,918)	(141,827,724)
Investment in subsidiary company		(5,314,638,192)	(3,000,000)
Cash received from/(paid for) related party loan		(7,955,504,454)	1,857,076,496
Insurance claim received on disposal of fixed assets		-	41,503,257
Dividend from subsidiary company	26.1	16,335,000,000	-
Net cash flows from/(used in) investing activities		2,775,917,435	1,753,752,029
Cash flows from financing activities			
Dividend paid	16	(7,637,959,051)	(6,225,803,409)
Land lease payment	18	(905,738)	(854,470)
Net cash used in financing activities		(7,638,864,789)	(6,226,657,879)
Net (decrease)/increase in cash and cash equivalents		216,852,351	(685,992,312)
Opening Cash and cash equivalents	13	323,879,180	1,009,871,492
Cash and cash equivalents		540,731,531	323,879,180
Net operating cash flow per share (Basic)	33	8.76	6.53

The annexed notes 1 to 50 form an integral part of these financial statements.



Badrul Haque Khan, FCA
 Company Secretary



Professor Mohammad Musa, PhD.
 Director



Moinuddin Hasan Rashid
 Managing Director



Notes to the 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 United House, Madani Avenue, United City, Dhaka-1212, Bangladesh. The Company was initially registered as a private limited company, formerly known as Malancha Holdings Ltd. (MHL) and subsequently converted into a public limited company on 22 December 2010.

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

1.2 Nature of the business

The principal activity of the Company is to generate electricity by gas fired power plants, at Dhaka Export Processing Zone (DEPZ) with 82 MW capacity and Chattogram Export Processing Zone (CEPZ) with 72 MW capacity and to sell electricity to the export processing industries located inside DEPZ and CEPZ with the provision of selling surplus power outside the Export Processing Zones (EPZs) after fulfilling their requirement. The Company is also supplying electricity to Dhaka PBS-1 of Bangladesh Rural Electrification Board (BREB), Bangladesh Power Development Board (BPDB), Karnaphuli Export Processing Zone (KEPZ) and other private sector companies.

1.3 Power plant

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

DEPZ power plant came into commercial operation on 26 December 2008 with a capacity of 41 MW at DEPZ premises. In 2013, the Company increased its capacity from 41 MW to 86 MW and installed 2 heat recovery boilers to produce 8 ton/h of steam for sale to other customers. At DEPZ, there are four gas fired engines with a capacity of 8.73 MW each, five gas fired engines with a capacity of 9.34 MW each and two gas fired engines with a capacity of 2 MW each for generation of electricity. In 2021, the company dispose two gas fired MTU engines with a capacity of 2 MW each for generation of electricity. At present total install capacity of DEPZ power plant is 82 MW.

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

Gas Line : Dhaka EPZ and Chattogram EPZ power plant

According to Power Supply Agreement, dated 6 May 2007 and 16 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 terminated earlier. 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 the 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 Limited for further capacity enhancement. Thus total contract load is 15.91 MMCFD.

For the 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.

Gas line 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.

1.4 Investment in subsidiaries

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

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

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

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

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

Please see Note 7.

1.5 Expiry of Contract for Supply of Electricity on Rental Basis

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



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

2 Basis of accounting

2.1 Statement of compliance

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

Details of the Company's accounting policies are included in Note 50.

2.2 Date of authorisation

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

2.3 Reporting period

The reporting period of the Company covers from 1 July to 30 June 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 the 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 Note 50A	Property, plant and equipment
Note 8 and 50B	Inventories
Note 39, 41, and 50G	Contingent assets and Contingent liabilities

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 liability 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 have occurred.



Notes to the financial statements (Continued)

5 Property, plant and equipment
See accounting policy in Note 50A

Reconciliation of carrying amount

In Taka	Plant and machinery	Gas line	Office equipment	Furniture and fixture	Motor vehicle	Total
Cost						
Balance at 1 July 2020	10,513,086,214	354,286,635	11,583,530	3,102,923	62,493,836	10,944,553,138
Additions	293,574,200	-	901,711	36,975	578,854	295,091,739
Disposals/transfers	(314,601,128)	-	-	-	-	(314,601,128)
Balance at 30 June 2021	10,492,059,285	354,286,635	12,485,241	3,139,898	63,072,690	10,925,043,749
Balance at 1 July 2019	10,421,132,793	352,876,102	11,284,359	3,079,220	62,493,836	10,850,866,310
Additions	140,094,317	1,410,533	299,171	23,703	-	141,827,724
Disposals/transfers	(48,140,896)	-	-	-	-	(48,140,896)
Balance at 30 June 2020	10,513,086,214	354,286,635	11,583,530	3,102,923	62,493,836	10,944,553,137
Accumulated depreciation						
Balance at 1 July 2020	2,825,365,075	58,735,016	11,131,824	1,819,952	26,469,533	2,923,521,399
Depreciation for the year	345,623,704	7,085,733	182,447	283,763	5,723,024	358,898,671
Adjustment for disposals/transfers	(122,767,610)	-	-	-	-	(122,767,610)
Balance at 30 June 2021	3,048,221,169	65,820,749	11,314,271	2,103,715	32,192,557	3,159,652,460
Balance at 1 July 2019	2,493,994,151	51,668,090	10,977,794	1,517,354	20,645,375	2,578,802,764
Depreciation for the year	347,669,024	7,066,926	154,030	302,597	5,824,158	361,016,735
Adjustment for disposals/transfers	(16,298,100)	-	-	-	-	(16,298,100)
Balance at 30 June 2020	2,825,365,075	58,735,016	11,131,824	1,819,952	26,469,533	2,923,521,399
Carrying amounts						
At 30 June 2021	7,443,838,116	288,465,886	1,170,970	1,036,183	30,880,133	7,765,391,289
At 30 June 2020	7,687,721,139	295,551,619	451,706	1,282,971	36,024,303	8,021,031,738

a) Allocation of depreciation

In Taka	Note	2021	2020
Cost of sales	25.1	355,309,684	357,406,568
General and administrative expenses	27	3,588,987	3,610,167
		358,898,671	361,016,735

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 Right of Use Assets

See accounting policy in Note 50Q

<i>In Taka</i>	2021	2020
Cost		
Balance as at 01 July 2020	26,210,102	-
Additions	-	26,210,102
Disposals	-	-
Balance as at 30 June	26,210,102	26,210,102
Accumulated amortisation		
Balance as at 01 July 2020	1,462,890	-
Amortisation for the year	1,462,892	1,462,890
Adjustment for disposal/transfers	-	-
Balance as at 30 June	2,925,782	1,462,890
Carrying amounts		
Balance as at 30 June	23,284,320	24,747,212

Depreciation on right of use asset (land) has been charged to cost of sales.

7 Investment in subsidiary

<i>In Taka</i>	2021	2020
United Energy Ltd.	297,000	297,000
Leviathan Global BD Ltd.	3,000,000	3,000,000
United Anwara Power Limited	3,334,877,715	-
United Jamalpur Power Limited	1,979,760,477	-
	5,317,935,192	3,297,000

8 Inventories

See accounting policy in Note 50B

<i>In Taka</i>	Note	2021	2020
Spare parts	8.1	697,213,667	603,771,077
Lube oil and chemicals	8.1	12,362,084	20,906,529
Goods in transit		23,841,029	110,162,883
		733,416,780	734,840,489

8.1 Movement in inventories

<i>In Taka</i>	Spare parts	Lube oil and chemicals
Balance at 1 July 2020	603,771,077	20,906,529
Addition during the year	460,286,220	40,882,269
Loan/Transfer during the year	(12,162,333)	49,153
Consumption during the year	(354,681,298)	(49,475,867)
Balance at 30 June 2021	697,213,667	12,362,084
Balance at 1 July 2019	457,117,013	8,619,479
Addition during the year	509,768,425	54,907,753
Transfer during the year	9,781,993	-
Consumption during the year	(372,896,354)	(42,620,704)
Balance at 30 June 2020	603,771,077	20,906,529



Notes to the financial statements (Continued)

9 Trade and other receivables

See accounting policy in Note 50C

<i>In Taka</i>	<i>Note</i>	2021	2020
Trade receivables	9.1	1,141,745,643	1,403,050,102
Other receivables	9.2	6,715,908	4,596,605
		1,148,461,551	1,407,646,707

9.1 Trade receivables

<i>In Taka</i>	2021	2020
Bangladesh Rural Electrification Board (BREB)	215,069,206	231,669,177
Bangladesh Power Development Board (BPDB)	240,439,473	478,612,516
Bangladesh Export Processing Zone Authority (BEPZA)	415,417,053	386,377,099
Other private customers	270,819,911	306,391,310
	1,141,745,643	1,403,050,102

9.2 Other receivables

<i>In Taka</i>	2021	2020
Wartsila Bangladesh Ltd	4,891,198	4,401,754
Bergen Engine BD (Pvt.) Ltd	445,298	-
ABB Ltd.	936,609	-
Weber Power Solution Ltd.	109,641	109,641
EVP Chittagong Ltd.	333,162	85,210
	6,715,908	4,596,605

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

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

10 Advances, deposits and prepayments

See accounting policy in Note 50M

<i>In Taka</i>	<i>Note</i>	2021	2020
Advance	10.1	38,677,170	37,777,775
Deposits	10.2	24,911,344	24,911,344
Prepayments	10.3	9,875,307	9,125,465
		73,463,821	71,814,584



Notes to the financial statements (Continued)

10.1 Advances

<i>In Taka</i>	2021	2020
Advance against expenses	37,363,704	37,000,711
Advance against LC charges	1,313,465	277,064
Advance against salary and allowances	-	500,000
	38,677,170	37,777,775

10.2 Deposits

<i>In Taka</i>	2021	2020
Karnaphuli Gas Distribution Company Limited	17,448,825	17,448,825
Bank guarantee margin	5,850,000	5,850,000
Bangladesh Export Processing Zone Authority (BEPZA)	1,112,519	1,112,519
Central Depository Bangladesh Limited	500,000	500,000
	24,911,344	24,911,344

10.3 Prepayments

<i>In Taka</i>	2021	2020
Insurance premium	8,746,651	8,746,667
BERC license fees	1,128,656	378,798
	9,875,307	9,125,465



Notes to the financial statements (Continued)

11 Investment in marketable securities

See accounting policy in Note 50C

<i>In Taka</i>	Note	2021	2020
Cash available for share purchase		123,614	789,680
Financial assets classified as fair value through profit and loss	11.1	151,760,195	92,027,541
		151,883,809	92,817,221

11.1 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 2021	Cost price	Changes in fair value	Market value at 30 June 2020
BATBC	90,000	539.10	48,519,000	48,658,662	(139,662)	-
BERGERPBL	5,000	1,759.50	8,797,500	8,672,362	125,138	-
BXPBARMA	250,000	177.30	44,325,000	45,744,243	(1,419,243)	-
IDLC	100,000	59.90	5,990,000	6,174,600	(184,600)	-
Olympic Industries Ltd.	10,000	170.00	1,700,000	1,746,352	(46,352)	4,209,205
Renata Ltd.	20,000	1,319.70	26,394,000	25,632,383	761,617	14,366,800
Shahjalal Islami Bank Limited	797,746	20.10	16,034,695	18,065,677	(2,030,982)	13,892,736
BEXIMCO	100,000	69.20	-	-	-	6,920,000
Square Pharmaceuticals Ltd	65,000	172.50	-	-	-	11,212,500
Glaxosmith Ltd.	5,500	2,186.60	-	-	-	12,026,300
Singer BD Ltd	150,000	147.00	-	-	-	22,050,000
Pioneer Insurance Ltd.	250,000	29.40	-	-	-	7,350,000
			151,760,195	154,694,278	(2,934,083)	92,027,541



Notes to the financial statements (Continued)

12 Receivable from related parties
See accounting policy in Note 50C

<i>In Taka</i>	<i>Note</i>	2021	2020
United Mymensingh Power Ltd.		13,747,894,362	5,167,681,634
Inventory Receivable	12.1	2,935,293	9,194,386
		13,750,829,655	5,176,876,020

12.1 Inventory Receivable

<i>In Taka</i>		2021	2020
United Mymensingh Power Ltd.		512,355	531,782
United Anwara Power Ltd		13,178	7,272,176
United Lube Oil Ltd		377,392	377,392
United Jamalpur Power Ltd		68,114	68,114
United Energy Ltd		1,964,254	944,922
		2,935,293	9,194,386

13 Cash and cash equivalents
See accounting policy in Note 50C

<i>In Taka</i>	<i>Note</i>	2021	2020
Cash in hand		214,526	140,534
Cash at bank	13.1	540,517,005	323,738,646
		540,731,531	323,879,180

13.1 Cash at bank

<i>In Taka</i>		2021	2020
Dutch Bangla Bank Limited		7,815,298	7,317,281
Dhaka Bank Limited		494,836,042	290,207,455
The Hongkong and Shanghai Banking Corporation Ltd		8,123,326	971,447
Brac Bank Limited		13,681,649	13,498,490
The City Bank Limited - Dividend distribution account		13,183,567	8,916,088
Brac Bank Limited - Dividend distribution account 2013 and 2014		1,446,847	1,398,487
Dhaka Bank Limited - Dividend distribution account 2017		1,079,961	1,072,191
Shahjalal Islami Bank Limited		27,104	32,624
Trust Bank Limited		222,913	223,753
Jamuna Bank Limited		20,629	21,319
Eastern Bank Limited		79,672	79,511
		540,517,005	323,738,646

14 Share capital
See accounting policy in Note 50N

<i>In Taka</i>		2021	2020
Authorised			
800,000,000 ordinary shares of Tk. 10 each		8,000,000,000	8,000,000,000
200,000,000 redeemable preference shares of Tk. 10 each		2,000,000,000	2,000,000,000
		10,000,000,000	10,000,000,000
Ordinary shares issued, subscribed and paid up			
Opening balance (526,995,700 ordinary shares of Tk. 10 each)		5,269,957,000	4,790,870,000
Bonus shares issued (52,699,570 ordinary shares of Tk. 10 each)		526,995,700	479,087,000
Closing balance (579,695,270 ordinary shares of Tk. 10 each)		5,796,952,700	5,269,957,000



Notes to the financial statements (Continued)

Particulars of shareholding

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

14.1 Percentage of shareholdings

Name of shareholders	2021	2020
United Mymensingh Power Ltd	90%	90%
Investment Corporation of Bangladesh	2.79%	2.73%
General investors	7.21%	7.27%
	100%	100%

14.2 Classification of shareholders by holding

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

15 Share premium

In Taka	2021	2020
Share premium	2,046,000,000	2,046,000,000
	2,046,000,000	2,046,000,000

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

16 Retained earnings

In Taka	2021	2020
Opening balance	8,305,986,678	10,664,437,759
Net profit for the year	21,024,940,217	4,348,766,919
	29,330,926,895	15,013,204,678
Stock dividend for the year 2018-19	-	(479,087,000)
Cash dividend for the year 2018-19	-	(6,228,131,000)
Stock dividend for the year 2019-20	(526,995,700)	-
Cash dividend for the year 2019-20	(7,641,437,650)	-
	21,162,493,545	8,305,986,678



Notes to the financial statements (Continued)

17 Security money received
See accounting policy in Note 50C

<i>In Taka</i>	2021	2020
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.

18 Land lease Liability
See accounting policy in Note 50Q

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

Segregation of Land lease liability:

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

19 Trade and other payables
See accounting policy in Note 50C

<i>In Taka</i>	Note	2021	2020
Trade payables	19.1	141,402,265	121,372,274
Other payables	19.2	22,564,331	26,074,714
		163,966,596	147,446,988

19.1 Trade payables

<i>In Taka</i>	2021	2020
Gas bill	141,402,265	121,372,274
	141,402,265	121,372,274

19.2 Other payables

<i>In Taka</i>	2021	2020
Share application money payable	6,433,552	6,452,280
Service charge on gas bill	15,231,851	14,109,483
Bergen Engine BD (Pvt.) Ltd.	810,000	810,000
Other operating expenses	88,929	4,702,951
	22,564,331	26,074,714



Notes to the financial statements (Continued)

20 **Accrued expenses**
See accounting policy in Note 50C

<i>In Taka</i>	2021	2020
VAT payable	11,165,099	4,831,160
Service charge on gas bill	10,276,855	8,273,856
Other operating expenses	8,829	2,286,948
Directors' remuneration	1,000,000	1,000,000
Audit fee	850,000	800,000
Utility bill	691,153	691,153
Security expenses	211,583	211,583
Medical expenses	50,970	50,970
Welfare fund	16,985	16,985
Environmental expenses	16,200	16,200
	24,287,675	18,178,856

21 **Unclaimed dividend**

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

22 **Payable to related parties**
See accounting policy in Note 50C

<i>In Taka</i>	Note	2021	2020
United Engineering & Power Services Ltd		2,743,300	9,882,230
United Ashuganj Energy Ltd		16,939,348	23,766,215
Leviathan Global Bangladesh Limited	22.1	253,069,320	-
		272,751,968	33,648,445

22.1 Payable to Leviathan Global Bangladesh Limited arises due to temporary bond to bond transfer of 1 no's Gen-set (Wartsila 20V34SG) engine of LGBD (KEPZ) to UPGDCL (DEPZ) with a value of Euro 2,516,350.00 equivalent to Taka 253,069,320 vide BEPZA approval ref:03.062616.319.33.008.21-111(A).

23 **Provision for taxation**
See accounting policy in Note 50I

<i>In Taka</i>		2021	2020
Opening Balance		-	-
Charged during the year	30	1,174,200	-
Less: Paid during the year		(533,781)	-
		640,419	-

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.

BDT 1,174,200 is charged under section 30 of Income Tax Ordinance 1984 for the assessment year 2019-2020 and 2020-2021.



Notes to the financial statements (Continued)

24 Revenue

See accounting policy in Note 50E

<i>In Taka</i>	<i>Note</i>	2021	2020
Electricity supply	24.1	6,724,360,208	6,193,195,368
Steam supply	24.2	40,417,701	29,964,684
		6,764,777,909	6,223,160,052

24.1 Electricity supply

<i>In Taka</i>	2021	2020
Bangladesh Export Processing Zone Authority (BEPZA)	4,350,784,689	3,847,735,571
Private customers	1,265,735,304	946,141,736
Bangladesh Power Development Board (BPDB)	673,404,087	733,837,499
Bangladesh Rural Electrification Board (BREB)	434,436,128	665,480,562
	6,724,360,208	6,193,195,368

24.2 Steam supply

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

- During the year ended 30 June 2021, the Company generated 1,004,593 MWH electricity of which 482,577 MWH was from the DEPZ power plant and 522,016 MWH from the CEPZ power plant.
- Of the BDT 3,447,503,526 total revenue from DEPZ plant, BDT 2,015,897,788 is attributable to the plant's extended project which came into operation in 2013.
- Of the BDT 3,317,274,383 total revenue from CEPZ plant, BDT 1,185,048,477 is attributable to the plant's extended project which came into operation in 2013.

25 Cost of sales

<i>In Taka</i>	<i>Note</i>	2021	2020
Gas bill		1,352,563,958	1,334,140,283
Operation and maintenance expenses	25.1	611,590,969	579,014,730
Spare parts		354,681,298	372,896,354
Lube oil and chemicals		49,475,867	42,620,704
		2,368,312,092	2,328,672,071



Notes to the financial statements (Continued)

25.1 Operation and maintenance expenses

<i>In Taka</i>	<i>Note</i>	2021	2020
Depreciation	5	355,309,684	357,406,568
Direct overhead	25.2	103,232,436	105,160,573
Minimum load charge		47,082,934	27,278,956
Repair and maintenance		63,377,646	44,486,779
Insurance premium		16,480,016	15,264,000
Entertainment		6,379,799	7,367,168
Utility bill		6,991,139	9,105,228
Security expense		3,442,618	3,461,357
Vehicle running and maintenance		2,572,690	1,679,513
Travelling and conveyance		550,708	716,039
Carrying charge		1,646,092	1,819,175
Gardening and beautification		38,320	841,539
Advertisement expense		-	154,422
Site office expense		322,068	234,402
Wages		509,075	571,878
BERC license and others		523,514	296,626
Printing and stationery		121,990	439,831
Environmental expenses		910,228	668,957
Telephone, mobile and internet		295,234	277,971
Worker welfare fund		203,989	203,670
Automation and IP expense and others		92,855	87,304
Postage and courier		41,965	29,885
Amortisation of right of use assets		1,462,892	1,462,890
Fire Fighting Exp		3,077	-
		611,590,969	579,014,730

25.2 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 Other operating income

<i>In Taka</i>	<i>Note</i>	2021	2020
Scrap sale		24,817,425	18,850,148
Sale of used lube oil and drums		60,993,614	6,657,846
Foreign Exchange gain		2,890	3,248
Realised gain/(loss) from marketable securities		76,034,203	(11,552,297)
Gain/(Loss) on disposal of fixed assets		(185,681,697)	9,660,461
Dividend from subsidiary company	26.1	16,335,000,000	-
Dividend income from marketable securities		2,177,316	1,935,341
Unrealised gain/(loss) from marketable securities		(2,934,083)	(21,606,299)
		16,310,409,668	3,948,448

26.1 Dividend from subsidiary company

<i>In Taka</i>	2021	2020
United Energy Limited	13,365,000,000	-
United Jamalpur Power Limited	2,970,000,000	-
	16,335,000,000	-



Notes to the financial statements (Continued)

27 General and administrative expenses

<i>In Taka</i>	<i>Note</i>	2021	2020
Directors' remuneration		15,621,375	15,932,500
Office maintenance		10,890,000	10,890,000
Advertisement		9,055,899	9,467,194
Depreciation	5	3,588,987	3,610,167
AGM expenses		880,052	2,742,545
Vehicle running and maintenance		709,426	441,476
Bank charge and commission		1,861,372	361,444
Board meeting fees		1,980,000	1,812,000
Office rent		1,380,000	1,380,000
Consultancy fees		279,750	218,750
Traveling and conveyance		404,199	377,696
Entertainment		318,332	306,442
Postage, telephone and telex		57,334	50,658
Printing and stationery		38,719	26,266
Trade license and others		-	35,529
RJSC expenses		3,068,958	106,225
Medical Fees		88,960	-
CDBL and Listing fees		2,540,494	4,981,661
Brokerage commission		14,033,532	896,670
Auditor's fee		850,000	800,000
VAT on audit fee		127,500	120,000
Legal expense		-	380,000
		67,774,889	54,937,223

28 Finance income

See accounting policy in Note 50L

<i>In Taka</i>	2021	2020
Interest on related party loan	379,345,658	497,007,078
Interest on Short Term Deposits Account	9,136,728	11,253,702
	388,482,386	508,260,780

29 Finance charge

<i>In Taka</i>	2021	2020
Interest on leasehold land	1,468,565	1,519,833
	1,468,565	1,519,833

30 Income tax expenses

<i>In Taka</i>	2021	2020
Adjustment of advance tax on completion of assessment	-	808,161
Charged on assessment during the year	1,174,200	665,073
	1,174,200	1,473,234



Notes to the financial statements (Continued)

31 Earnings per share
See accounting policy in Note 500

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>	2021	2020
Profit attributable to the ordinary shareholders	21,024,940,217	4,348,766,919
Weighted average number of shares outstanding	579,695,270	579,695,270
Earnings per share (basic)	36.27	7.50

No diluted earnings per share is required to be calculated for the period as there was no scope for dilution during the year.

31.1 Weighted average number of shares outstanding

	Note	2021	2020
Ordinary shares outstanding at beginning of the year		526,995,700	479,087,000
Bonus shares issued in 2018-19		-	47,908,700
Bonus shares issued in 2019-20	14	52,699,570	52,699,570
Total weighted average number of share outstanding		579,695,270	579,695,270

According to paragraph 64 of IAS 33: Earnings per share, if the number of ordinary shares outstanding increases as a result of a bonus issue, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. Therefore, the basic earnings per share (EPS) for the year ended 30 June 2020 has been restated to reflect the bonus shares issued in 2021 on the basis of profit attributable to the ordinary shareholders for the year ended 30 June 2020.

32 Net asset value per share

	Note	2021	2020
Net assets		29,005,446,245	15,621,943,678
Weighted average number of shares outstanding	14.2	579,695,270	579,695,270
Net asset value per share		50.04	26.95

33 Net operating cash flow per share

	Note	2021	2020
Net cash generated from operating activities		5,079,799,705	3,786,913,538
Weighted average number of shares outstanding	14.2	579,695,270	579,695,270
Net operating cashflow per share		8.76	6.53



Notes to the financial statements (Continued)

34 Reconciliation of net profit with cash flow from operating activities

<i>In Taka</i>	2021	2020
Profit for the year	21,024,940,217	4,348,766,919
Adjustment for		
Depreciation	358,898,671	361,016,735
(Gain)/Loss on disposal of fixed assets	185,681,697	(9,660,461)
Amortisation of right of use assets	1,462,892	1,462,890
Realised (gain)/loss from marketable securities	(76,034,203)	11,552,297
Brokerage commission	14,033,532	896,670
Unrealised (gain)/loss from marketable securities	2,934,083	21,606,299
Interest on related party loan	(379,345,658)	(497,007,078)
Dividend from subsidiary company	(16,335,000,000)	-
Changes in		
Inventories	1,423,709	(241,443,149)
Trade and other receivables	259,185,156	(219,121,451)
Advances, deposits and prepayments	(1,649,237)	681,335
Trade and other payables	17,160,027	4,433,828
Accrued expenses	6,108,819	(3,878,210)
Payable to related parties	-	7,606,914
Net cash generated from operating activities	5,079,799,705	3,786,913,538



Notes to the financial statements (Continued)

35 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 IAS 24: *Related party disclosures*.

A Transactions with key management personnel

i. Loan to directors

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

ii. Key management personnel compensation comprised the following:

The Company's key management personnel includes the Company's Managing Directors.

a) Short-term employee benefit:

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

<i>In Taka</i>	2021	2020
Directors' remuneration	15,621,375	15,932,500
Board meeting fees	1,980,000	1,812,000
	17,601,375	17,744,500
b) Post employment benefit:	-	-
c) Other long-term benefit:	-	-
d) Termination benefit:	-	-
e) Share-based payment:	-	-
	17,601,375	17,744,500

B Other related party transactions

<i>In Taka</i>	Transaction value during the period ended		Receivable/ (Payable) Balance as at	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Sale of goods and services				
Gunze United Limited	27,746,710	21,852,432	2,843,897	4,057,473
Brokerage commission				
United Securities Ltd.	14,033,532	896,670	-	-
Purchase of services				
United Engineering & Power Services Ltd.	103,232,436	100,762,268	(402,500)	(7,541,430)
Loans				
United Mymensingh Power Ltd	-	-	13,747,894,362	5,167,681,634
Loan disbursed during the year	21,157,741,633	10,877,681,635	-	-
Loan repaid during the year	12,731,632,930	5,710,000,000	-	-
Transfer of inventory (spare parts)				
United Mymensingh Power Ltd	19,427	36,121	512,355	531,782
United Anwara Power Ltd	7,255,947	14,703	13,178	7,272,176
United Lube Oil Ltd	-	-	377,392	377,392
United Jamalpur Power Ltd	-	-	68,114	68,114
United Ashuganj Energy Ltd	8,361,959	13,327,300	(16,939,348)	(23,766,215)
United Energy Ltd	4,617,107	2,445,969	1,964,254	944,922
United Payra Power Plant	7,257,473	-	-	-
United Engineering & Power Services Ltd.	-	-	(2,340,800)	(2,340,800)
Sale of fixed asset				
Neptune Commercial Ltd.	6,151,821	-	-	-



Notes to the financial statements (Continued)

36 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.

In Taka	Note	Carrying amount					Fair value						
		Fair value- hedging instruments	Mandatorily at FVTPL - others	FVOCI - debt instrument	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
30 June 2021													
Financial assets measured at fair value													
	11	-	151,883,809	-	-	-	-	151,883,809	151,883,809	-	-	-	151,883,809
		-	151,883,809	-	-	-	-	151,883,809	151,883,809	-	-	-	151,883,809
Financial assets not measured at fair value													
	9	-	-	-	-	1,148,461,551	-	1,148,461,551	-	-	-	-	-
	12	-	-	-	-	13,750,829,655	-	13,750,829,655	-	-	-	-	-
	13	-	-	-	-	540,731,531	-	540,731,531	-	-	-	-	-
		-	-	-	-	15,440,022,737	-	15,440,022,737	-	-	-	-	-
Financial liabilities not measured at fair value													
	17	-	-	-	-	-	700,000	-	700,000	-	-	-	-
	18	-	-	-	-	-	24,449,894	-	24,449,894	-	-	-	-
	19	-	-	-	-	-	163,966,596	-	163,966,596	-	-	-	-
	20	-	-	-	-	-	24,287,675	-	24,287,675	-	-	-	-
	22	-	-	-	-	-	272,751,968	-	272,751,968	-	-	-	-
		-	-	-	-	-	486,156,133	-	486,156,133	-	-	-	-
30 June 2020													
Financial assets measured at fair value													
	11	92,817,221	-	-	-	-	-	-	-	-	-	92,817,221	92,817,221
		92,817,221	-	-	-	-	-	-	-	-	-	92,817,221	92,817,221
Financial assets not measured at fair value													
	9	-	-	-	-	-	-	1,407,646,707	-	-	-	-	1,407,646,707
	12	-	-	-	-	-	-	5,176,876,020	-	-	-	-	5,176,876,020
	13	-	-	-	-	-	-	323,879,180	-	-	-	-	323,879,180
		-	-	-	-	-	-	6,908,401,907	-	-	-	-	6,908,401,907
Financial liabilities not measured at fair value													
	17	-	-	-	-	-	-	-	700,000	-	-	-	700,000
	18	-	-	-	-	-	-	-	25,355,632	-	-	-	25,355,632
	19	-	-	-	-	-	-	-	147,446,988	-	-	-	147,446,988
	20	-	-	-	-	-	-	-	18,178,856	-	-	-	18,178,856
	22	-	-	-	-	-	-	-	33,648,445	-	-	-	33,648,445
		-	-	-	-	-	-	-	225,329,921	-	-	-	225,329,921

Notes to the financial statements (Continued)

37 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 have 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>	2021	2020
Trade and other receivables	9	1,148,461,551	1,407,646,707
Investment in marketable securities	11	151,883,809	92,817,221
Receivable from related parties	12	13,750,829,655	5,176,876,020
Cash and cash equivalents (excluding cash in hand)	13	540,517,005	323,738,646
		15,591,692,020	7,001,078,594

ii. Ageing of trade and other receivables

<i>In Taka</i>	2021	2020
Not past due	584,542,818	574,600,818
Past due 0-30 days	91,305,367	113,784,362
Past due 31-60 days	22,807,574	100,729,016
Past due 61-90 days	24,065,571	93,428,059
Past due 91-120 days	11,707,426	75,746,331
Past due 121-365 days	80,429,940	113,683,317
Past due 365+ days	333,602,854	335,674,803
	1,148,461,551	1,407,646,707



Notes to the financial statements (Continued)

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.

2021

<i>In Taka</i>	Note	Carrying amount	Contractual cash flows		
			Total 6 months or less	Over 6 months	
Non-derivative financial liabilities					
Trade and other payables	19	163,966,596	163,966,596	163,966,596	-
Accrued expenses	20	24,287,675	24,287,675	24,287,675	-
Unclaimed dividend	21	13,155,151	13,155,151	13,155,151	-
Payable to related parties	22	272,751,968	272,751,968	272,751,968	-
		474,161,390	474,161,390	474,161,390	-
Derivative financial liabilities					
		-	-	-	-
		474,161,390	474,161,390	474,161,390	-

2020

<i>In Taka</i>	Note	Carrying amount	Contractual cash flows		
			Total 6 months or less	Over 6 months	
Non-derivative financial liabilities					
Trade and other payables	19	147,446,988	147,446,988	147,446,988	-
Accrued expenses	20	18,178,856	18,178,856	18,178,856	-
Unclaimed dividend	21	9,676,552	9,676,552	9,676,552	-
Payable to related parties	22	33,648,445	33,648,445	33,648,445	-
		208,950,841	208,950,841	208,950,841	-
Derivative financial liabilities					
		-	-	-	-
		208,950,841	208,950,841	208,950,841	-

C Market risk

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



Notes to the financial statements (Continued)

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The 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 Great British Pound (GBP) are as follows:

	Note	2021		2020	
		USD	GBP	USD	GBP
Cash and cash equivalents	13	9,451	123	10,552	153
Share application money paye	19.2	(9,451)	(123)	(10,552)	(153)
Net exposure		-	-	-	-

The following significant exchange rates have been applied:

In Taka	Year-end spot rate	
	2021	2020
USD	84.90	84.90
GBP	117.49	104.37

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 deposits and receivables.

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	
		2021	2020
Fixed rate instruments			
Financial assets			
Receivable from related parties	12	13,750,829,655	5,176,876,020
Financial liabilities		-	-
		13,750,829,655	5,176,876,020
Variable rate instruments			
Financial assets		-	-
Financial liabilities		-	-



Notes to the financial statements (Continued)

38 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.

39 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.

<i>In Taka</i>	2021	2020
Service charge deducted by BEPZA ordered to return to the Company	18,733,918	18,733,918
Loss of warranty	17,424,510	17,424,510
	36,158,428	36,158,428

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.

40 Commitments

The Company has outstanding letters of credit amounting to USD 878,229 and EUR 322,070 against which it is committed to purchase spare parts & Lube Oil.

41 Contingent liabilities

41.1 Contingent liabilities relating to bank guarantees amounted to:

Beneficiary	Expiry date	Currency	2021	30 June 2020
Titas Gas Transmission & Distribution Co. Ltd.	11 Nov. 2023	BDT	78,790,400	78,790,400
Titas Gas Transmission & Distribution Co. Ltd.	11 Dec. 2022	BDT	6,628,382	6,628,382
Karnaphuli Gas Distribution Company Ltd.	23 Jan. 2023	BDT	34,897,650	34,897,650
Karnaphuli Gas Distribution Company Ltd.	20 June 2023	BDT	8,647,617	8,647,617
Karnaphuli Gas Distribution Company Ltd.	2 March 2024	BDT	71,724,353	71,724,353
Customs House-Dhaka and Chattogram	Unconditional & Continuous	BDT	17,544,403	20,421,244
			218,232,805	221,109,646



Notes to the financial statements (Continued)

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

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

Accordingly, in May 2019, the Company's gas suppliers, Titas Gas Transmission & Distribution Company Limited and Karnaphuli Gas Distribution Company Limited, have claimed additional charges amounting to BDT 2,815,279,689 (for the period January 2018 to June 2021) and BDT 491,063,484 (for the period May 2018 to June 2019) respectively.

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

42 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
Dhaka Bank Limited	350,000,000	300,000,000	150,000,000	50,000,000
Jamuna Bank Limited	1,000,000,000	250,000,000		300,000,000
HSBC, Bangladesh	425,000,000	-	51,000,000	-
Total	1,775,000,000	550,000,000	201,000,000	350,000,000

43 Expenditure in equivalent foreign currency

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

44 Capacity and production

Location of plant	Installed capacity (MWH)		Actual production (MWH)		Capacity utilisation (%)	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Dhaka EPZ	656,000	688,000	482,577	502,742	74%	73%
Chattogram EPZ	576,000	576,000	522,016	504,804	91%	88%
Total	1,232,000	1,264,000	1,004,593	1,007,546		

45 Number of employees

The Company has no employees. Operation and maintenance (O&M) activities of the Company is managed by 172 employees of United Engineering & Power Services Ltd under an O&M contract.



Notes to the financial statements (Continued)

46 Comparatives and rearrangement

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

47 Events after the reporting period

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

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

Following the declaration of COVID-19 as a pandemic by the World Health Organization (WHO) in early March 2020, like many other governments, the Government of Bangladesh introduced restrictive measures to contain further spread of the virus, affecting free movement of people and goods. Further lockdowns have been imposed locally as new variants of the virus have spread. Though demand of BEPZA fell during lockdown in July 2021, BPDB and REB bought low price electricity from UPGDCL as UPGDCL electricity price is lower for them. So, there was no material impact of ("COVID-19") during the reporting period as well as after the reporting period.

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

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

48 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.

49 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.



Notes to the financial statements (Continued)

50 Significant accounting policies

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

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

- A 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 and finance costs
- M Advances, deposits and prepayments
- N Share capital
- O Earnings per share
- P Dividends
- Q Leases

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

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

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



Notes to the financial statements (Continued)

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. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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



Notes to the financial statements (Continued)

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

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

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

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

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

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

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

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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



Notes to the financial statements (Continued)

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

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

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

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

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

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

Financial assets – Subsequent measurement and gains and losses

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



Notes to the financial statements (Continued)

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

(a) Cash and cash equivalents

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

(b) Trade and other receivables

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

iii. Financial liability

All financial liabilities are recognised initially on the transaction date at which the 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 include trade and other payables, accrued expenses, payable to related parties etc.

(a) Trade and other payables

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

(b) 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.



Notes to the financial statements (Continued)

E Revenue

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

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 benefit 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 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 has 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.



Notes to the financial statements (Continued)

I Income tax

Income tax expense comprises of 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

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

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

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

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

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

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

As of 30 June 2021, the Company's power plant operated under tax exemption regime. It has examined the precedent of tax assessment completed of a power generation company for the year when its tax exemption ended, which shows accounting depreciation charge to be equal to the tax depreciation charge, implying that there were no temporary differences between accounting net book value and tax written down value of at that point in time. On this basis, in the preparation of these financial statements, the Company has not considered any deferred tax as the Company is still under tax exemption as at the reporting date.



Notes to the financial statements (Continued)

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 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 IAS 7: *Statement of cash flows* under the direct method.

L Finance income and finance costs

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 Advances, deposits and prepayments

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

Deposits are measured at payment value.

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

N Share capital

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

O Earnings per share

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

P Dividends

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



Notes to the financial statements (Continued)

Q Leases

The Company as a Lessee

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

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

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

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

- i. fixed payments, including in-substance fixed payments;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii. amounts expected to be payable under a residual value guarantee; and
- iv. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

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

Short-term leases and leases of low-value assets

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

