

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

**Independent Auditor's Report and Financial Statements**

**As at and for the year ended 30 June 2022**

**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 2022, 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 2022, 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.

**Emphasis of matter**

We draw attention to Note 41.2 to the financial statements, wherein the management has explained the status of additional claim by the Company's gas suppliers, Titas Gas Transmission & Distribution Company Limited and Karnaphuli Gas Distribution Company Limited amounting to BDT 3,949,464,742 (for the period January 2018 to June 2022) and BDT 2,486,826,134 (for the period May 2018 to July 2022) respectively based on a directive dated 2 January 2018 from the Energy and Mineral Resources Division of the Ministry of Power, Energy and Mineral Resources. After several stages of legal proceedings, where the judgements did not go in favour of the Company, the Company has filed two Civil Review Petitions which are still pending for hearing before the Honourable Appellate Division of the Supreme Court of Bangladesh as of the date of this report. Pending final outcome of the Court proceedings, management has concluded that a significant uncertainty exists in order to enable any reliable estimation of a potential obligation, and no provision for these claims has been made in the accompanying financial statements.

Our opinion is not modified in respect of the above matter.

**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.

<b>1. Revenue recognition</b> See note 51 (E) and 24 to the financial statements	
<b>Description of key audit matters</b>	<b>How the matters were addressed in our audit</b>
Revenue recognition and provision for customer receivables are key areas of judgement, particularly in relation to: <ul style="list-style-type: none"> <li>▪ energy revenue is made based on the survey of the meter reading. The customer (or government authority) 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</li> <li>▪ identify conflicting issues relating to billing and assessing whether there is little prospect cash will be received for revenue that has been billed;</li> </ul>	Our audit procedures included: <ul style="list-style-type: none"> <li>▪ assessing whether revenue recognition policies are applied through comparison with relevant accounting standards and industry practice;</li> <li>▪ testing the Company's controls over revenue recognition;</li> <li>▪ re-calculate the invoice amount as per Power Purchase Agreement (PPA);</li> <li>▪ assessing the assumptions used to calculate the metered accrued income by ensuring that inputs used to the calculation have been derived appropriately;</li> <li>▪ assessing the Company's disclosures of its revenue recognition, including the estimation and uncertainty involved in recording revenue; and</li> <li>▪ discussed with the management regarding the treatment for revenue recognition policy of the Company.</li> </ul>
<b>2. Additional charges claimed by the gas suppliers to the Company</b> See note 51 (G) and 41.2 to the financial statements	
<b>Description of key audit matters</b>	<b>How the matters were addressed in our audit</b>
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, namely Titas Gas Transmission & Distribution Company Limited and Karnaphuli Gas Distribution Company Limited have claimed additional amounts of BDT 3,949,464,742 and BDT 2,486,826,134 for Dhaka Export Processing Zone (DEPZ) and Chittagong Export Processing Zone (CEPZ) plants, respectively. <p>The Company had 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. Judgment was given against the Company and the Company then appealed to Honourable Supreme Court which was also discharged by the Court. The Company has now filed two review petitions which are still pending for hearing before the Honourable Appellate Division of the Supreme Court of Bangladesh as of the date of this report.</p> <p>Pending final outcome of the Court proceedings, management has concluded that a significant uncertainty exists in order to enable any reliable estimation of a potential obligation, and no provision for these claims has been made in the accompanying financial statements.</p>	Our substantive procedures in this area included: <ul style="list-style-type: none"> <li>▪ discussion of material legal cases with the Company's Legal Department;</li> <li>▪ review of legal documents pertaining to the case.</li> <li>▪ inquiry with management and review and analysis of management's detailed assessment of the probability of outcome of the case.</li> <li>▪ directly obtaining assessment and legal opinion from the Company's external legal counsel with regard to the outcome of the case.</li> <li>▪ assessment of disclosures in the financial statements of material contingencies, nature and their measurement.</li> </ul>

### **Other Information included in the Company's June 30, 2022 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: 2210270950AS447461

Dhaka, 27 October 2022

United Power Generation and Distribution Company Limited  
Statement of financial position

In Taka	Notes	As at	
		30 June 2022	30 June 2021
<b>Assets</b>			
Property, plant and equipment	5	7,590,793,770	7,765,391,289
Right of use assets	6	24,857,891	23,284,320
Investment in subsidiary	7	5,317,935,192	5,317,935,192
<b>Non-current assets</b>		<b>12,933,586,853</b>	<b>13,106,610,801</b>
Inventories	8	872,971,763	733,416,780
Trade and other receivables	9	1,299,832,388	1,148,461,551
Advances, deposits and prepayments	10	75,046,767	73,463,821
Investment in marketable securities	11	148,085,596	151,883,809
Receivable from related parties	12	15,273,283,533	13,750,829,655
Cash and cash equivalents	13	83,133,185	540,731,531
<b>Current assets</b>		<b>17,752,353,232</b>	<b>16,398,787,147</b>
<b>Total assets</b>		<b>30,685,940,085</b>	<b>29,505,397,948</b>
<b>Equity</b>			
Share capital	14	5,796,952,700	5,796,952,700
Share premium	15	2,046,000,000	2,046,000,000
Retained earnings	16	22,567,015,683	21,162,493,545
<b>Total equity</b>		<b>30,409,968,383</b>	<b>29,005,446,245</b>
<b>Liabilities</b>			
Security money received	17	700,000	700,000
Lease Liability- Non-current portion	18	24,677,455	23,489,811
<b>Non-current liabilities</b>		<b>25,377,455</b>	<b>24,189,811</b>
Trade and other payables	19	173,646,747	163,966,596
Accrued expenses	20	29,151,759	24,287,675
Unclaimed dividend	21	13,322,091	13,155,151
Payable to related parties	22	32,493,028	272,751,968
Lease Liability- Current portion	18	1,980,622	960,083
Provision for taxation	23	-	640,419
<b>Current liabilities</b>		<b>250,594,247</b>	<b>475,761,892</b>
<b>Total liabilities</b>		<b>275,971,702</b>	<b>499,951,703</b>
<b>Total equity and liabilities</b>		<b>30,685,940,085</b>	<b>29,505,397,948</b>
<b>Net asset value per share</b>	32	<b>52.46</b>	<b>50.04</b>

The annexed notes 1 to 51 form an integral part of these financial statements.

As per our report of date.

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

*Motaleb*

Mohammad Motaleb Hossain FCA  
Partner  
Enrolment Number: 0950

DVC: 2210270950AS447461

Dhaka, 27 October 2022

*Moinuddin Hasan Rashid*  
Moinuddin Hasan Rashid  
Managing Director

*Mohammad Musa*  
Professor Mohammad Musa, PhD  
Director

*Mostak Ahmmed*  
Mostak Ahmmed 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 2022	30 June 2021
Revenue	24	6,784,995,520	6,764,777,909
Cost of sales	25	(2,318,903,614)	(2,368,312,092)
<b>Gross profit</b>		<b>4,466,091,906</b>	<b>4,396,465,817</b>
Other operating income	26	6,035,493,965	16,310,409,668
General and administrative expenses	27	(62,415,291)	(67,774,889)
<b>Operating profit</b>		<b>10,439,170,580</b>	<b>20,639,100,596</b>
Finance income	28	821,937,512	388,482,386
Finance charge	29	(1,766,364)	(1,468,565)
<b>Profit before tax</b>		<b>11,259,341,728</b>	<b>21,026,114,417</b>
Income tax expenses	30	-	(1,174,200)
<b>Profit after tax</b>		<b>11,259,341,728</b>	<b>21,024,940,217</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>11,259,341,728</b>	<b>21,024,940,217</b>
<b>Basic Earnings per share (EPS) Tk.</b>	31	<b>19.42</b>	<b>36.27</b>

The annexed notes 1 to 51 form an integral part of these financial statements.

As per our report of date.

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

  
Moinuddin Hasan Rashid  
Managing Director

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

  
Professor Mohammad Musa, PhD  
Director

DVC: 2210270950AS447461

Dhaka, 27 October 2022

  
**Mostak Ahmmad 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 2022			
	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 July 2021	5,796,952,700	2,046,000,000	21,162,493,545	29,005,446,245
Total comprehensive income				
Profit for the year	-	-	11,259,341,728	11,259,341,728
Total comprehensive income	-	-	11,259,341,728	11,259,341,728
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Cash dividend	-	-	(9,854,819,590)	(9,854,819,590)
Total transactions with owners of the Company	-	-	(9,854,819,590)	(9,854,819,590)
Balance at 30 June 2022	5,796,952,700	2,046,000,000	22,567,015,683	30,409,968,383

<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**

<b>Contributions and distributions</b>				
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

Notes 14 15 16

The annexed notes 1 to 51 form an integral part of these financial statements.





**United Power Generation and Distribution Company Limited**  
**Statement of cash flows**

<i>In Taka</i>	Notes	For the year ended	
		30 June 2022	30 June 2021
<b>Cash flows from operating activities</b>			
Cash received from customers		6,634,715,536	7,026,082,368
Cash received from other income	26	93,047,509	95,008,669
Cash paid to suppliers and others		(2,129,832,750)	(2,039,288,987)
Finance charge paid	29	(1,766,364)	(1,468,565)
Income tax paid	23	(640,419)	(533,781)
<b>Net cash generated from operating activities</b>		<b>4,595,523,513</b>	<b>5,079,799,705</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	5	(191,082,195)	(288,939,918)
Investment in subsidiary company		-	(5,314,638,192)
Cash received from/(paid for) related party loan		(945,635,986)	(7,955,504,454)
Dividend from subsidiary company	26.1	5,940,000,000	16,335,000,000
<b>Net cash flows from/(used in) investing activities</b>		<b>4,803,281,820</b>	<b>2,775,917,435</b>
<b>Cash flows from financing activities</b>			
Dividend paid	16	(9,854,652,650)	(7,637,959,051)
Lease payment	18	(1,840,434)	(905,738)
<b>Net cash used in financing activities</b>		<b>(9,856,493,084)</b>	<b>(7,638,864,789)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(457,687,751)</b>	<b>216,852,351</b>
Opening Cash and cash equivalents	13	540,731,531	323,879,180
Effect of changes in exchange rates on cash held		89,405	-
<b>Cash and cash equivalents</b>		<b>83,133,185</b>	<b>540,731,531</b>
<b>Net operating cash flow per share (Basic)</b>	33	<b>7.93</b>	<b>8.76</b>

*The annexed notes 1 to 51 form an integral part of these financial statements.*



## Notes to the financial statements

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### 1 Reporting entity

#### 1.1 Company profile

United Power Generation & Distribution Company Ltd. (UPGDCL) (hereinafter referred to as "the Company"), a public limited company, was incorporated in Bangladesh on 15 January 2007 under the Companies Act (#18) 1994 under registration no. C-65291(2783)/07 with its corporate office at 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 28 MW plant at Sylhet and a 53 MW plant at Ashuganj respectively.

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. The plant further extended its contract to supply of electricity on rental basis with BPDB vide # 10640 for another five years execution on 31/03/2022.

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 2022.

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.



## **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 51.

### **2.2 Date of authorisation**

The financial statements were authorised for issue by the Board of Directors on 27 October 2022.

### **2.3 Reporting period**

The reporting period of the Company covers from 1 July 2021 to 30 June 2022 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 has been rounded off to the nearest integer unless otherwise indicated.

## **4 Use of estimates and judgements**

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the 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 51A	Property, plant and equipment
Note 8 and 51B	Inventories
Note 39 and 51G	Contingent assets
Note 41 and 51G	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.



5 Property, plant and equipment  
See accounting policy in Note 51A

Reconciliation of carrying amount		Plant and machinery	Gas line	Office equipment	Furniture and fixture	Motor vehicle	Total
<i>In Taka</i>							
<b>Cost</b>							
Balance at 1 July 2021		10,492,059,285	354,286,635	12,485,241	3,139,898	63,072,690	10,925,043,749
Additions		181,973,349	752,135	717,461	24,250	7,615,000	191,082,195
Disposals/transfers		-	-	-	-	-	-
<b>Balance at 30 June 2022</b>		<b>10,674,032,634</b>	<b>355,038,770</b>	<b>13,202,701</b>	<b>3,164,148</b>	<b>70,687,690</b>	<b>11,116,125,943</b>
<b>Accumulated depreciation</b>							
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)
<b>Balance at 30 June 2021</b>		<b>10,492,059,285</b>	<b>354,286,635</b>	<b>12,485,241</b>	<b>3,139,898</b>	<b>63,072,690</b>	<b>10,925,043,749</b>
<b>Accumulated depreciation</b>							
Balance at 1 July 2021		3,048,221,169	65,820,749	11,314,271	2,103,715	32,192,557	3,159,652,460
Depreciation for the year		351,751,115	7,088,240	356,531	264,408	6,219,419	365,679,713
Adjustment for disposals/transfers		-	-	-	-	-	-
<b>Balance at 30 June 2022</b>		<b>3,399,972,284</b>	<b>72,908,989</b>	<b>11,670,802</b>	<b>2,368,123</b>	<b>38,411,976</b>	<b>3,525,332,173</b>
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)
<b>Balance at 30 June 2021</b>		<b>3,048,221,169</b>	<b>65,820,749</b>	<b>11,314,271</b>	<b>2,103,715</b>	<b>32,192,557</b>	<b>3,159,652,460</b>
<b>Carrying amounts</b>							
<b>At 30 June 2022</b>		<b>7,274,060,350</b>	<b>282,129,781</b>	<b>1,531,899</b>	<b>796,025</b>	<b>32,275,714</b>	<b>7,590,793,770</b>
At 30 June 2021		7,443,838,116	288,465,886	1,170,970	1,036,184	30,880,133	7,765,391,289
<b>a) Allocation of depreciation</b>							
						<b>For the Year ended</b>	
<i>In Taka</i>				<b>Note</b>		<b>2021</b>	<b>2022</b>
Cost of sales				25.1		362,022,916	355,309,684
General and administrative expenses				27		3,656,797	3,588,987
						<b>365,679,713</b>	<b>358,898,671</b>
<b>b) Basis of allocation</b>							



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

**6 Right of Use Assets**

See accounting policy in Note 51Q

<i>In Taka</i>	30 June 2022	30 June 2021
Land lease rent	21,821,428	23,284,320
Office rent	3,036,463	-
<b>Balance at</b>	<b>24,857,891</b>	<b>23,284,320</b>

**Reconciliation of carrying amount**

<i>In BDT</i>	Land lease rent	Office rent
<b>Cost</b>		
Balance at 1 July 2021	26,210,102	-
Addition	-	4,048,617
Disposals	-	-
<b>Balance at 30 June 2022</b>	<b>26,210,102</b>	<b>4,048,617</b>

Balance at 1 July 2020	26,210,102	-
Addition during the year	-	-
Disposals	-	-
<b>Balance at 30 June 2021</b>	<b>26,210,102</b>	<b>-</b>

**Accumulated amortisation**

Balance at 1 July 2021	2,925,782	-
Amortisation for the year	1,462,892	1,012,154
Disposals	-	-
<b>Balance at 30 June 2022</b>	<b>4,388,674</b>	<b>1,012,154</b>

Balance at 1 July 2020	1,462,890	-
Amortisation for the year	1,462,892	-
Disposals	-	-
<b>Balance at 30 June 2021</b>	<b>2,925,782</b>	<b>-</b>

**Carrying amounts**

<b>At 30 June 2022</b>	<b>21,821,428</b>	<b>3,036,463</b>
<b>At 30 June 2021</b>	<b>23,284,320</b>	<b>-</b>

Amortisation on right of use asset (land) has been charged to cost of sales and amortisation on right of use asset (office rent) has been charged to general and administrative expenses.

**7 Investment in subsidiary**

<i>In Taka</i>	30 June 2022	30 June 2021
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	3,334,877,715
United Jamalpur Power Limited	1,979,760,477	1,979,760,477
	<b>5,317,935,192</b>	<b>5,317,935,192</b>

**8 Inventories**

See accounting policy in Note 51B

<i>In Taka</i>	Note	30 June 2022	30 June 2021
Spare parts	8.1	778,741,464	697,213,666
Lube oil and chemicals	8.1	12,018,214	12,362,084
Goods in transit		82,212,085	23,841,029
		<b>872,971,763</b>	<b>733,416,780</b>



## 8.1 Movement in inventories

<i>In Taka</i>	Spare parts	Lube oil and chemicals
Balance at 1 July 2021	697,213,667	12,362,084
Addition during the year	410,373,527	26,492,040
Loan/Transfer during the year	(38,899,351)	4,475,651
Consumption during the year	(289,946,379)	(31,311,561)
<b>Balance at 30 June 2022</b>	<b>778,741,464</b>	<b>12,018,214</b>
Balance at 1 July 2020	603,771,077	20,906,529
Addition during the year	460,286,220	40,882,269
Transfer during the year	(12,162,333)	49,153
Consumption during the year	(354,681,298)	(49,475,867)
<b>Balance at 30 June 2021</b>	<b>697,213,666</b>	<b>12,362,084</b>

## 9 Trade and other receivables

See accounting policy in Note 51C

<i>In Taka</i>	Note	30 June 2022	30 June 2021
Trade receivables	9.1	1,292,235,491	1,141,745,643
Other receivables	9.2	7,596,897	6,715,908
		<b>1,299,832,388</b>	<b>1,148,461,551</b>

### 9.1 Trade receivables

<i>In Taka</i>	30 June 2022	30 June 2021
Bangladesh Rural Electrification Board (BREB)	215,673,539	215,069,206
Bangladesh Power Development Board (BPDB)	401,124,359	240,439,473
Bangladesh Export Processing Zone Authority (BEPZA)	401,305,424	415,417,053
Other private customers	274,132,169	270,819,911
	<b>1,292,235,491</b>	<b>1,141,745,643</b>

### 9.2 Other receivables

<i>In Taka</i>	30 June 2022	30 June 2021
Wartsila Bangladesh Ltd	4,673,032	4,891,198
Bergen Engine BD (Pvt.) Ltd	1,509,407	445,298
ABB Ltd.	936,609	936,609
Weber Power Solution Ltd.	109,641	109,641
EVP Chittagong Ltd.	368,209	333,162
	<b>7,596,897</b>	<b>6,715,908</b>

9.3 Out of the total receivable from BREB, an amount of BDT 177,171,835 for the year from 2009 to 2012 was under arbitration in Bangladesh Energy Regulatory Commission (BERC) for determination. In May 2018, the arbitration panel awarded in favor of BREB. The Company has filed a writ petition with the BERC against the arbitration award. Judgment has been given against UPGDCL on 3 July 2022. The company will file a petition against the judgment in the High Court. Management believes that the review petition will be considered by the court.

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



**10 Advances, deposits and prepayments**  
See accounting policy in Note 51M

<i>In Taka</i>	<i>Note</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
Advance	10.1	40,023,702	38,677,170
Deposits	10.2	24,911,343	24,911,344
Prepayments	10.3	10,111,722	9,875,307
		<b>75,046,767</b>	<b>73,463,821</b>

**10.1 Advances**

<i>In Taka</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
Advance against expenses	40,023,702	37,363,704
Advance against LC charges	-	1,313,465
	<b>40,023,702</b>	<b>38,677,170</b>

**10.2 Deposits**

<i>In Taka</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
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)	1,112,518	1,112,519
Central Depository Bangladesh Limited	500,000	500,000
	<b>24,911,343</b>	<b>24,911,344</b>

**10.3 Prepayments**

<i>In Taka</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
Insurance premium	8,753,066	8,746,651
BERC license fees	1,358,656	1,128,656
	<b>10,111,722</b>	<b>9,875,307</b>





**11 Investment in marketable securities**

See accounting policy in Note 51C

<i>In Taka</i>	Note	30 June 2022	30 June 2021
Cash available for share purchase		31,796	123,614
Financial assets classified as fair value through profit or loss	11.1	148,053,800	151,760,195
		148,085,596	151,883,809

**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 2022	Cost price	Changes in fair value	Market value at 30 June 2021
BEXIMCO	511,000	129.80	66,327,800	82,238,736	(15,910,936)	-
SHAHJABANK	840,000	19.90	16,716,000	18,117,047	(1,401,047)	16,034,695
Square Pharmaceuticals Ltd.	300,000	216.70	65,010,000	71,664,681	(6,654,681)	-
IDLC	100,000	59.90	-	-	-	5,990,000
BXPHERMA	167,000	192.70	-	-	-	44,325,000
BATBC	90,000	539.10	-	-	-	48,519,000
BERGERPBL	5,000	1,759.50	-	-	-	8,797,500
Olympic Industries Ltd.	10,000	170.00	-	-	-	1,700,000
Renata Ltd.	20,000	1,319.70	-	-	-	26,394,000
			148,053,800	172,020,464	(23,966,664)	151,760,195



**12 Receivable from related parties**  
See accounting policy in Note 51C

<i>In Taka</i>	<i>Note</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
United Mymensingh Power Ltd.		15,270,771,194	13,747,894,362
Inventory Receivable	12.1	2,512,339	2,935,293
		<b>15,273,283,533</b>	<b>13,750,829,655</b>

**12.1 Inventory Receivable**

<i>In Taka</i>		<b>30 June 2022</b>	<b>30 June 2021</b>
United Mymensingh Power Ltd.		512,355	512,355
United Anwara Power Ltd		71,071	13,178
United Lube Oil Ltd		377,392	377,392
United Jamalpur Power Ltd		-	68,114
United Energy Ltd		1,551,520	1,964,254
		<b>2,512,339</b>	<b>2,935,293</b>

**13 Cash and cash equivalents**  
See accounting policy in Note 51C

<i>In Taka</i>	<i>Note</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
Cash in hand		168,834	214,526
Cash at bank	13.1	82,964,351	540,517,005
		<b>83,133,185</b>	<b>540,731,531</b>

**13.1 Cash at bank**

<i>In Taka</i>		<b>30 June 2022</b>	<b>30 June 2021</b>
Dutch Bangla Bank Limited		12,700,798	7,815,298
Dhaka Bank Limited		45,689,173	495,916,002
The Hongkong and Shanghai Banking Corporation Ltd		6,488,123	8,123,326
Brac Bank Limited		1,203,722	15,128,495
The City Bank Limited		14,886,126	13,183,567
Shahjalal Islami Bank Limited		8,200	27,104
Trust Bank Limited		-	222,913
Jamuna Bank Limited		1,952,152	20,629
Eastern Bank Limited		36,058	79,672
		<b>82,964,351</b>	<b>540,517,005</b>

**14 Share capital**

See accounting policy in Note 51N

<i>In Taka</i>	30 June 2022	30 June 2021
<b>Authorised</b>		
800,000,000 ordinary shares of Tk. 10 each	8,000,000,000	8,000,000,000
200,000,000 redeemable preference shares of Tk. 10 each	2,000,000,000	2,000,000,000
	<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>Ordinary shares issued, subscribed and paid up</b>		
Opening balance	5,796,952,700	5,269,957,000
Bonus shares issued (52,699,570 ordinary shares of Tk. 10 each)	-	526,995,700
Closing balance (579,695,270 ordinary shares of Tk. 10 each)	<b>5,796,952,700</b>	<b>5,796,952,700</b>

**Particulars of shareholding**

Name of shareholders	30 June 2022		30 June 2021	
	No. of shares	Value (Tk)	No. of shares	Value (Tk)
United Mymensingh Power Ltd	521,716,902	5,217,169,020	521,716,902	5,217,169,020
Investment Corporation of Bangladesh	16,178,079	161,780,790	16,178,079	161,780,790
General investors	41,800,289	418,002,890	41,800,289	418,002,890
	<b>579,695,270</b>	<b>5,796,952,700</b>	<b>579,695,270</b>	<b>5,796,952,700</b>

**14.1 Percentage of shareholdings**

Name of shareholders	30 June 2022	30 June 2021
United Mymensingh Power Ltd	90%	90%
Investment Corporation of Bangladesh	2.79%	2.79%
General investors	7.21%	7.21%
	<b>100%</b>	<b>100%</b>

**14.2 Classification of shareholders by holding**

Range of holding in number of shares	30 June 2022		30 June 2021	
	No. of shareholders	No. of shares	No. of shareholders	No. of shares
01 to 5000 shares	12,685	5,818,770	11,723	5,160,459
5,001 to 20,000 shares	391	3,816,289	446	4,353,958
20,001 to 50,000 shares	110	3,515,898	94	3,008,485
50,001 to 1,000,000 shares	94	19,108,118	101	18,670,495
1,000,001 to 10,000,000 shares	7	25,719,293	8	26,784,971
over 10,000,001 shares	1	521,716,902	1	521,716,902
	<b>13,288</b>	<b>579,695,270</b>	<b>12,373</b>	<b>579,695,270</b>

**15 Share premium**

<i>In Taka</i>	30 June 2022	30 June 2021
Share premium	2,046,000,000	2,046,000,000
	<b>2,046,000,000</b>	<b>2,046,000,000</b>

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



**16 Retained earnings**

<i>In Taka</i>	30 June 2022	30 June 2021
Opening balance	21,162,493,545	8,305,986,678
Net profit for the year	11,259,341,728	21,024,940,217
	32,421,835,273	29,330,926,895
Cash dividend for the year 2020-21	(9,854,819,590)	-
Stock dividend for the year 2019-20	-	(526,995,700)
Cash dividend for the year 2019-20	-	(7,641,437,650)
	22,567,015,683	21,162,493,545

**17 Security money received**

See accounting policy in Note 51C

<i>In Taka</i>	30 June 2022	30 June 2021
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 Lease Liability**

See accounting policy in Note 51Q

<i>In Taka</i>	30 June 2022	30 June 2021
Land lease rent	23,489,811	24,449,894
Office rent	3,168,266	-
<b>Balance at</b>	<b>26,658,077</b>	<b>24,449,894</b>

<i>In Taka</i>	Land lease rent	Office rent
Balance as at 01 July 2021	24,449,894	-
Add: Addition during the year	-	4,048,617
Add: Interest charged during the year	1,414,220	319,649
Less: Payment made during the year	(2,374,303)	-
Less: Transfer to intercompany payable during the year	-	(1,200,000)
<b>Balance as at 30 June 2022</b>	<b>23,489,811</b>	<b>3,168,266</b>

Balance as at 01 July 2020	25,355,632	-
Add: Addition during the year	-	-
Add: Interest charged during the year	1,468,565	-
Less: Payment made during the year	(2,374,303)	-
Balance as at 30 June 2021	24,449,894	-

**Segregation of Land lease liability:**

<i>In Taka</i>	Land lease rent	Office rent	Total
Non-current portion	22,472,123	2,205,332	24,677,455
Current portion	1,017,688	962,934	1,980,622
<b>Balance as at 30 June 2022</b>	<b>23,489,811</b>	<b>3,168,266</b>	<b>26,658,077</b>

<i>In Taka</i>	Land lease rent	Office rent	Total
Non-current portion	23,489,811	-	23,489,811
Current portion	960,083	-	960,083
Balance as at 30 June 2021	24,449,894	-	24,449,894



## 19 Trade and other payables

See accounting policy in Note 51C

<i>In Taka</i>	<i>Note</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
Trade payables	19.1	153,235,984	141,402,265
Other payables	19.2	20,410,763	22,564,331
		<b>173,646,747</b>	<b>163,966,596</b>

### 19.1 Trade payables

<i>In Taka</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
Gas bill	153,235,984	141,402,265
	<b>153,235,984</b>	<b>141,402,265</b>

### 19.2 Other payables

<i>In Taka</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
Share application money payable	919,597	6,433,552
Service charge on gas bill	13,003,547	15,231,851
Bergen Engine BD (Pvt.) Ltd.	810,000	810,000
Other operating expenses	5,677,619	88,929
	<b>20,410,763</b>	<b>22,564,331</b>

Share application money BDT 5,513,955 has been transferred to Capital Market Stabilization Fund.

## 20 Accrued expenses

See accounting policy in Note 51C

<i>In Taka</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
VAT payable	1,700,086	11,165,099
Service charge on gas bill	11,460,230	10,276,855
Other operating expenses	2,148,527	8,829
Directors' remuneration	1,000,000	1,000,000
Office Maintenance	10,890,000	-
Audit fee	900,000	850,000
Utility bill	691,153	691,153
Security expenses	211,583	211,583
Medical expenses	50,970	50,970
Welfare fund	16,985	16,985
TDS Payable	66,025	-
Environmental expenses	16,200	16,200
	<b>29,151,759</b>	<b>24,287,675</b>



**21 Unclaimed dividend**

<i>In Taka</i>	30 June 2022	30 June 2021
Unclaimed cash dividend for the year 2013 & 2014	-	1,404,329
Unclaimed interim & final cash div. for the year ended 30 June 2016	-	3,319,650
Unclaimed cash dividend for the year 2017	-	808,572
Unclaimed cash dividend for the year 2018	1,072,116	1,026,883
Unclaimed cash dividend for the year 2019	2,747,534	2,819,121
Unclaimed cash dividend for the year 2020	3,950,608	3,776,596
Unclaimed cash dividend for the year 2021	5,551,834	-
	<b>13,322,091</b>	<b>13,155,151</b>

Unclaimed cash dividend for the year from 2013 to 2017 BDT 5,554,099 has been transferred to Capital Market Stabilization Fund.

**22 Payable to related parties**

See accounting policy in Note 51C

<i>In Taka</i>	Note	30 June 2022	30 June 2021
United Engineering & Power Services Ltd		11,094,651	2,743,300
United Ashuganj Energy Ltd		19,927,593	16,939,348
United Jamalpur Power Ltd		90,282	-
Neptune Land Development Ltd.		1,380,000	-
Leviathan Global Bangladesh Limited		502	253,069,320
		<b>32,493,028</b>	<b>272,751,968</b>

**23 Provision for taxation**

See accounting policy in Note 51I

<i>In Taka</i>	30 June 2022	30 June 2021
Opening Balance	640,419	-
Charged during the year	-	1,174,200
Less: Paid during the year	(640,419)	(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.



**24 Revenue**

See accounting policy in Note 51E

<i>In Taka</i>	<i>Note</i>	<i>DEPZ Existing</i>	<i>DEPZ Expansion</i>	<i>CEPZ Existing</i>	<i>CEPZ Expansion</i>	<i>30 June 2022</i>	<i>30 June 2021</i>
Electricity supply	24.1	1,455,390,058	1,910,760,607	2,183,794,581	1,186,417,534	6,736,362,780	6,724,360,208
Steam supply	24.2	20,121,029	26,416,609	1,357,561	737,540	48,632,740	40,417,701
		<b>1,475,511,087</b>	<b>1,937,177,216</b>	<b>2,185,152,142</b>	<b>1,187,155,074</b>	<b>6,784,995,520</b>	<b>6,764,777,909</b>

**24.1 Electricity supply**

<i>In Taka</i>	<i>DEPZ Existing</i>	<i>DEPZ Expansion</i>	<i>CEPZ Existing</i>	<i>CEPZ Expansion</i>	<i>30 June 2022</i>	<i>30 June 2021</i>
Bangladesh Export Processing Zone Authority (BEPZA)	805,041,944	1,056,927,951	1,732,592,241	941,287,166	4,535,849,302	4,350,784,689
Private customers	478,359,802	628,031,682	33,972,244	18,456,528	1,158,820,257	1,265,735,304
Bangladesh Power Development Board (BPDB)	-	-	417,230,095	226,673,839	643,903,934	673,404,087
Bangladesh Rural Electrification Board (BREB)	171,988,313	225,800,974	-	-	397,789,287	434,436,128
	<b>1,455,390,058</b>	<b>1,910,760,607</b>	<b>2,183,794,581</b>	<b>1,186,417,534</b>	<b>6,736,362,780</b>	<b>6,724,360,208</b>

**24.2 Steam supply**

<i>In Taka</i>	<i>DEPZ Existing</i>	<i>DEPZ Expansion</i>	<i>CEPZ Existing</i>	<i>CEPZ Expansion</i>	<i>30 June 2022</i>	<i>30 June 2021</i>
Gunze United Ltd	14,721,028	19,327,026	-	-	34,048,054	27,746,710
Global Labels (Bangladesh) Ltd	2,159,287	2,834,896	-	-	4,994,183	4,838,316
Croydon-Kowloon Designs Ltd	2,557,961	3,358,310	-	-	5,916,271	7,000,558
Talisman Ltd	682,753	896,377	-	-	1,579,130	832,116
Sewtech Fashions Limited	-	-	1,357,561	737,540	2,095,101	-
	<b>20,121,029</b>	<b>26,416,609</b>	<b>1,357,561</b>	<b>737,540</b>	<b>48,632,740</b>	<b>40,417,701</b>

**Basis of segregation of revenue and all expenses**

During the year, the Company generated 991,615.09 MWH of electricity of which 473,877.87 MWH was from the DEPZ power plant and 517,737.22 MWH from the CEPZ power plant. Out of the total generated 473,877.87 MWH from DEPZ power plant, 268,991.87 MWH was generated from the plant's extended project which came into operation in 2013. Out of the total generated 517,737.22 MWH from CEPZ power plant, 182,259.30 MWH was generated from the plant's extended project which also came into operation in 2013. Revenue and all expenses has been segregated based on the plants existing and expansion production.

**25 Cost of sales**

<i>In Taka</i>	<i>Note</i>	<i>DEPZ Existing</i>	<i>DEPZ Expansion</i>	<i>CEPZ Existing</i>	<i>CEPZ Expansion</i>	<i>30 June 2022</i>	<i>30 June 2021</i>
Gas bill		290,636,540	381,572,520	465,487,105	252,891,031	1,390,587,196	1,352,563,958
Spare parts		59,170,558	77,684,172	99,198,716	53,892,933	289,946,379	354,681,298
Lube oil and chemicals		8,513,728	11,177,551	7,529,588	4,090,694	31,311,561	49,475,867
Operation and maintenance expenses	25.1	143,840,625	188,848,281	177,784,404	96,587,168	607,058,478	611,590,969
		<b>502,161,451</b>	<b>659,280,523</b>	<b>749,999,813</b>	<b>407,461,826</b>	<b>2,318,903,614</b>	<b>2,368,312,092</b>

**25.1 Operation and maintenance expenses**

<i>In Taka</i>	<i>Note</i>	<i>DEPZ Existing</i>	<i>DEPZ Expansion</i>	<i>CEPZ Existing</i>	<i>CEPZ Expansion</i>	<i>30 June 2022</i>	<i>30 June 2021</i>
Depreciation	5	89,056,005	116,920,344	101,113,412	54,933,155	362,022,916	355,309,684
Direct overhead	25.2	27,065,753	35,534,236	33,593,013	18,250,498	114,443,501	102,556,926
Minimum load charge		11,802,668	15,495,552	13,663,843	7,423,327	48,385,390	47,082,934
Repair and maintenance		5,210,398	6,840,656	14,732,266	8,003,783	34,787,102	63,380,723
Insurance premium		3,616,431	4,747,981	4,962,977	2,696,299	16,023,668	18,480,016
Entertainment		1,660,492	2,180,036	1,712,176	930,195	6,482,899	6,379,799
Utility bill		2,142,058	2,812,276	3,653,179	1,984,709	10,592,222	6,991,139
Security expense		887,842	1,165,638	977,936	531,295	3,562,709	3,442,818
Vehicle running and maintenance		290,431	381,302	742,594	403,439	1,817,766	2,572,690
Travelling and conveyance		62,401	81,926	301,253	163,665	609,245	550,708
Carrying charge		167,138	219,432	500,012	271,648	1,158,230	1,646,092
Gardening and beautification		-	-	-	-	-	38,320
Site office expense		780,924	1,025,264	263,597	154,074	2,243,860	322,068
Wages		48,289	63,399	301,069	163,566	576,323	509,075
BERC license and others		64,049	84,088	83,342	45,278	276,757	523,514
Printing and stationery		58,561	76,884	76,002	41,291	252,737	121,990
Environmental expenses		96,793	127,077	257,495	139,892	621,257	910,228
Telephone, mobile and internet		68,035	89,322	75,278	40,897	273,532	295,234
Medical Fees		359,879	472,479	183,806	99,859	1,116,023	675,510
Worker welfare fund		44,627	58,589	69,927	37,990	211,133	203,989
Automation and IP expense and others		14,437	18,953	36,336	19,740	89,466	92,855
Postage and courier		10,346	13,584	16,147	8,773	48,850	41,965
Amortisation of right of use assets		333,070	437,282	448,745	243,795	1,462,892	1,462,892
		<b>143,840,625</b>	<b>188,848,281</b>	<b>177,784,404</b>	<b>96,587,168</b>	<b>607,058,478</b>	<b>611,590,969</b>

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>	Note	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2022	30 June 2021
Scrap sale		8,370,914	10,990,052	11,015,399	5,984,474	36,360,839	24,817,425
Sale of used lube oil and drums		11,296,376	14,830,849	14,865,054	8,075,925	49,068,204	60,993,614
Realised Foreign Exchange gain/(loss)		21,487	28,210	28,275	15,361	93,332	2,890
Realised gain/(loss) from marketable securities		6,928,070	9,095,764	9,116,741	4,952,967	30,093,542	76,034,203
Gain/(Loss) on disposal of fixed assets		-	-	-	-	-	(185,681,697)
Dividend income from marketable securities		816,224	1,071,609	1,074,081	583,529	3,545,443	2,177,316
Unrealised gain/(loss) from marketable securities		(5,517,554)	(7,243,917)	(7,260,624)	(3,944,570)	(23,966,665)	(2,934,083)
Unrealised gain/(loss) from Trade receivable		48,315	63,431	63,578	34,541	209,865	-
Unrealised gain/(loss) from cash and cash equivalent		20,583	27,023	27,085	14,715	89,405	-
Dividend from subsidiary company	26.1	1,367,494,001	1,795,363,142	1,799,503,805	977,839,053	5,940,000,000	16,335,000,000
		<b>1,389,478,416</b>	<b>1,824,226,163</b>	<b>1,828,433,393</b>	<b>993,355,994</b>	<b>6,035,493,965</b>	<b>16,310,409,668</b>

26.1 Dividend from subsidiary company

<i>In Taka</i>	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2022	30 June 2021
United Anwara Power Limited	1,227,313,753	1,611,322,517	2,009,589,034	1,091,774,696	5,940,000,000	-
United Energy Limited	-	-	-	-	-	13,365,000,000
United Jamalpur Power Limited	-	-	-	-	-	2,970,000,000
	<b>1,227,313,753</b>	<b>1,611,322,517</b>	<b>2,009,589,034</b>	<b>1,091,774,696</b>	<b>5,940,000,000</b>	<b>16,335,000,000</b>

27 General and administrative expenses

<i>In Taka</i>	Note	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2022	30 June 2021
Directors' remuneration		3,596,319	4,721,556	4,732,445	2,571,055	15,621,375	15,621,375
Office maintenance		2,511,571	3,297,405	3,305,010	1,795,554	10,909,541	10,890,000
Advertisement		1,260,918	1,655,441	1,659,259	901,446	5,477,063	9,055,899
Depreciation	5	841,860	1,105,266	1,107,815	601,857	3,656,797	3,588,987
Vehicle running and maintenance		106,575	139,920	140,243	76,191	462,929	709,426
Bank charge and commission		364,988	505,445	506,611	275,233	1,672,276	1,861,372
Board meeting fees		471,026	618,403	619,829	336,742	2,046,000	1,980,000
Office rent- VAT portion		41,439	54,405	54,530	29,625	180,000	1,380,000
Traveling and conveyance		96,114	126,187	126,478	68,713	417,493	404,199
Entertainment		454,666	596,924	598,300	325,046	1,974,936	318,332
Consultancy fees		122,097	160,299	160,669	87,289	530,354	279,750
Postage, telephone and telex		8,152	10,703	10,727	5,828	35,410	57,334
Printing and stationery		2,972	3,902	3,911	2,125	12,910	38,719
AGM Expense		194,554	255,427	256,016	139,089	845,085	880,052
Trade license and others		5,617	7,375	7,392	4,016	24,400	-
RJSC expenses		12,247	16,079	16,116	8,756	53,199	3,068,958
Auditor's fee		238,275	312,828	313,550	170,346	1,035,000	977,500
Legal fee		334,460	439,108	440,121	239,110	1,452,800	-
Medical Fees		5,940	7,798	7,816	4,246	25,800	88,960
CDBL and Listing fees		1,161,375	1,524,752	1,528,269	830,282	5,044,678	2,540,494
Brokerage commission		2,284,933	2,999,855	3,006,774	1,633,528	9,925,090	14,033,532
Amortisation of right of use assets- Office rent		233,016	305,923	306,629	166,586	1,012,154	-
		<b>14,369,114</b>	<b>18,865,002</b>	<b>18,908,511</b>	<b>10,272,664</b>	<b>62,415,291</b>	<b>67,774,889</b>

28 Finance income

See accounting policy in Note 51L

<i>In Taka</i>	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2022	30 June 2021
Interest on related party loan	188,105,668	246,961,217	247,530,786	134,479,162	817,076,832	379,345,668
Interest on Short Term Deposits Account	1,119,015	1,469,139	1,472,527	799,998	4,860,680	9,136,728
	<b>189,224,683</b>	<b>248,430,356</b>	<b>249,003,313</b>	<b>135,279,160</b>	<b>821,937,512</b>	<b>388,482,396</b>

29 Finance charge

<i>In Taka</i>	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2022	30 June 2021
Interest on lease liability	350,882	460,668	618,690	336,124	1,766,364	1,468,565
	<b>350,882</b>	<b>460,668</b>	<b>618,690</b>	<b>336,124</b>	<b>1,766,364</b>	<b>1,468,565</b>

30 Income tax expenses

<i>In Taka</i>	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2022	30 June 2021
Charged on assessment during the year	-	-	-	-	-	1,174,200
	-	-	-	-	-	<b>1,174,200</b>





**31 Earnings per share**  
See accounting policy in Note 510

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>	30 June 2022	30 June 2021
Profit attributable to the ordinary shareholders	11,259,341,728	21,024,940,217
Weighted average number of shares outstanding	579,695,270	579,695,270
<b>Earnings per share (basic)</b>	<b>19.42</b>	<b>36.27</b>

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

**31.1 Weighted average number of shares outstanding**

	Note	30 June 2022	30 June 2021
Ordinary shares outstanding at beginning of the year		579,695,270	526,995,700
Bonus shares issued	14	-	52,699,570
<b>Total weighted average number of share outstanding</b>		<b>579,695,270</b>	<b>579,695,270</b>

**32 Net asset value per share**

	Note	30 June 2022	30 June 2021
Net assets		30,409,968,383	29,005,446,245
Weighted average number of shares outstanding	14	579,695,270	579,695,270
<b>Net asset value per share</b>		<b>52.46</b>	<b>50.04</b>

**33 Net operating cash flow per share**

	Note	30 June 2022	30 June 2021
Net cash generated from operating activities		4,595,523,513	5,079,799,705
Weighted average number of shares outstanding	14.0	579,695,270	579,695,270
<b>Net operating cashflow per share</b>		<b>7.93</b>	<b>8.76</b>

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

<i>In Taka</i>	30 June 2022	30 June 2021
<b>Profit for the period</b>	<b>11,259,341,728</b>	<b>21,024,940,217</b>
<b>Adjustment for</b>		
Depreciation	365,679,713	358,898,671
Gain on disposal of fixed assets	-	185,681,697
Amortisation of right of use assets	2,475,046	1,462,892
Brokerage commission	9,925,090	14,033,532
Realised (gain)/loss from marketable securities	(30,093,542)	(76,034,203)
Unrealised (gain)/loss from marketable securities	23,966,665	2,934,083
Unrealised gain/(loss) from Trade receivable	(209,865)	-
Unrealised gain/(loss) from cash and cash equivalent	(89,405)	-
Interest on related party loan	(817,076,832)	(379,345,658)
Dividend income	(5,940,000,000)	(16,335,000,000)
<b>Changes in</b>		
Inventories	(139,554,983)	1,423,709
Trade and other receivables	(151,160,973)	259,185,156
Advances, deposits and prepayments	(1,582,946)	(1,649,237)
Trade and other payables	9,680,151	17,160,027
Accrued expenses	4,223,665	6,108,819
<b>Net cash generated from operating activities</b>	<b>4,595,523,513</b>	<b>5,079,799,705</b>



### 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 period, 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>	30 June 2022	30 June 2021
Directors' remuneration	15,621,375	15,621,375
Board meeting fees	2,046,000	1,980,000
	<b>17,667,375</b>	<b>17,601,375</b>
b) Post employment benefit:	-	-
c) Other long-term benefit:	-	-
d) Termination benefit:	-	-
e) Share-based payment:	-	-
	<b>17,667,375</b>	<b>17,601,375</b>

#### B Other related party transactions

<i>In Taka</i>	Transaction value during the year ended 30 June		Receivable/ (Payable) Balance as at	
	2022	2021	30 June 2022	30 June 2021
<b>Sale of goods and services</b>				
Gunze United Limited	34,048,054	27,746,710	2,919,823	2,843,897
<b>Brokerage commission</b>				
United Securities Ltd.	(9,925,090)	(14,033,532)	-	-
<b>Purchase of services</b>				
United Engineering & Power Ser. Ltd.	(114,443,501)	(103,232,436)	(8,753,851)	(402,500)
<b>Loans</b>				
United Mymensingh Power Ltd.			15,270,771,194	13,747,894,362
Loan disbursed during the year	11,873,576,832	21,311,845,658	-	-
Loan repaid during the year	(10,350,700,000)	(12,731,632,930)	-	-
<b>Transfer of inventory (spare parts)</b>				
United Mymensingh Power Ltd.	-	19,427	512,355	512,355
United Anwara Power Ltd.	57,894	(7,255,947)	71,071	13,178
United Lube Oil Ltd.	-	-	377,392	377,392
United Jamalpur Power Ltd.	158,396	-	(90,282)	68,114
United Ashuganj Energy Ltd.	(2,988,245)	8,361,959	(19,927,593)	(16,939,348)
United Energy Ltd.	(412,734)	4,617,107	1,551,520	1,964,254
United Payra Power Plant	-	7,257,473	-	-
United Engineering & Power Services Ltd.	-	-	(2,340,800)	(2,340,800)
Leviathan Global Bangladesh Limited	-	-	(502)	(253,069,320)
<b>Office rent</b>				
Neptune Commercial Ltd.	(1,380,000)	6,151,821	(1,380,000)	-



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 instruments	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2_Level 3	Total
<b>30 June 2022</b>											
<b>Financial assets measured at fair value</b>											
	11	-	148,085,596	-	-	-	-	148,085,596	-	-	148,085,596
		-	148,085,596	-	-	-	-	148,085,596	-	-	148,085,596
<b>Financial assets not measured at fair value</b>											
	9	-	-	-	-	1,299,832,388	-	1,299,832,388	-	-	-
	12	-	-	-	-	15,273,283,533	-	15,273,283,533	-	-	-
	13	-	-	-	-	83,133,185	-	83,133,185	-	-	-
		-	-	-	-	16,656,249,106	-	16,656,249,106	-	-	-
<b>Financial liabilities not measured at fair value</b>											
	17	-	-	-	-	-	700,000	700,000	-	-	-
	18	-	-	-	-	-	26,658,077	26,658,077	-	-	-
	19	-	-	-	-	-	173,646,747	173,646,747	-	-	-
	20	-	-	-	-	-	29,151,759	29,151,759	-	-	-
	22	-	-	-	-	-	32,493,028	32,493,028	-	-	-
		-	-	-	-	-	262,649,611	262,649,611	-	-	-
<b>30 June 2021</b>											
<b>Financial assets measured at fair value</b>											
	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
<b>Financial assets not measured at fair value</b>											
	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	-	-	-
<b>Financial liabilities not measured at fair value</b>											
	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	-	-	-



### 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>	<b>30 June 2022</b>	<b>30 June 2021</b>
Trade and other receivables	9	1,299,832,388	1,148,461,551
Investment in marketable securities	11	148,085,596	151,883,809
Receivable from related parties	12	15,273,283,533	13,750,829,655
Cash and cash equivalents (excluding cash in hand)	13	82,964,351	540,517,005
		<b>16,804,165,868</b>	<b>15,591,692,020</b>

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

<i>In Taka</i>	<b>30 June 2022</b>	<b>30 June 2021</b>
Not past due	578,714,092	584,542,818
Past due 0-30 days	91,441,601	91,305,367
Past due 31-60 days	61,222,550	22,807,574
Past due 61-90 days	72,534,577	24,065,571
Past due 91-120 days	61,262,079	11,707,426
Past due 121-365 days	74,621,436	80,429,940
Past due 365+ days	360,036,054	333,602,854
	<b>1,299,832,388</b>	<b>1,148,461,551</b>

#### B Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.



## Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

30 June 2022

<i>In Taka</i>	Note	Carrying amount	Contractual cash flows		
			Total	6 months or less	Over 6 months
<b>Non-derivative financial liabilities</b>					
Trade and other payables	19	173,646,747	173,646,747	173,646,747	-
Accrued expenses	20	29,151,759	29,151,759	29,151,759	-
Unclaimed dividend	21	13,322,091	13,322,091	13,322,091	-
Payable to related parties	22	32,493,028	32,493,028	32,493,028	-
		<b>248,613,625</b>	<b>248,613,625</b>	<b>248,613,625</b>	-
<b>Derivative financial liabilities</b>					
		-	-	-	-
		<b>248,613,625</b>	<b>248,613,625</b>	<b>248,613,625</b>	-

30 June 2021

<i>In Taka</i>	Note	Carrying amount	Contractual cash flows		
			Total	6 months or less	Over 6 months
<b>Non-derivative financial liabilities</b>					
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	-
		<b>474,161,390</b>	<b>474,161,390</b>	<b>474,161,390</b>	-
<b>Derivative financial liabilities</b>					
		-	-	-	-
		<b>474,161,390</b>	<b>474,161,390</b>	<b>474,161,390</b>	-

## 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.

### 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	30 June 2022		30 June 2021	
		USD	GBP	USD	GBP
Cash and cash equivalents	13	10,540	153	9,451	123
Share application money p:	19.2	(10,540)	(153)	(9,451)	(123)
Net exposure		-	-	-	-



The following significant exchange rates have been applied:

<i>In Taka</i>	Period-end spot rate	
	30 June 2022	30 June 2021
USD	93.50	84.90
GBP	115.72	117.49

### 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:

<i>In Taka</i>	<i>Note</i>	Nominal Amount	
		30 June 2022	30 June 2021
<b>Fixed rate instruments</b>			
<b>Financial assets</b>			
Receivable from related parties	12	15,273,283,533	13,750,829,655
<b>Financial liabilities</b>			
		-	-
		<b>15,273,283,533</b>	<b>13,750,829,655</b>
<b>Variable rate instruments</b>			
<b>Financial assets</b>			
		-	-
<b>Financial liabilities</b>			
		-	-

### 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>	30 June 2022	30 June 2021
Service charge deducted by BEPZA ordered to return to the Company	18,733,918	18,733,918
Loss of warranty	17,424,510	17,424,510
	<b>36,158,428</b>	<b>36,158,428</b>

In April 2015, BEPZA took the matter to the Court of District Judge, Dhaka. The final Judgment on 7 March 2022 goes in favor of UPGDCL.

### 40 Commitments

The Company has outstanding letters of credit amounting to EUR 4,05,754 and USD 14,22,046 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	30 June 2022	30 June 2021
Titas Gas Transmission & Distribution Co.	11 Nov. 2023	BDT	78,790,400	78,790,400
Titas Gas Transmission & Distribution Co.	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	18,098,475	17,544,403
			<b>218,786,877</b>	<b>218,232,805</b>

#### 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:

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

Accordingly, in May 2019, the Company's gas suppliers, Titas Gas Transmission & Distribution Company Limited and Karnaphuli Gas Distribution Company Limited, have claimed additional charges amounting to BDT 3,949,464,742 (for the period January 2018 to June 2022) and BDT 2,486,826,134 (for the period May 2018 to July 2022) 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. Judgment has been given against UPGDCL. The company appealed to Honourable Supreme Court which was discharged by the court. The company has filed a review petition against the judgment in the Supreme Court which is still pending for hearing. Management believes that the review petition will be considered by the court.



#### 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	-
<b>Total</b>	<b>1,775,000,000</b>	<b>550,000,000</b>	<b>201,000,000</b>	<b>350,000,000</b>

#### 43 Expenditure in equivalent foreign currency

<i>In Taka</i>	30 June 2022	30 June 2021
Foreign travel for business purpose	-	-
	-	-

#### 44 Capacity and production

Location of plant	Installed capacity (MWH)		Actual production (MWH)		Capacity utilisation (%)	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Dhaka EPZ	656,000	656,000	473,878	482,577	72%	74%
Chattogram EPZ	576,000	576,000	517,737	522,016	90%	91%
<b>Total</b>	<b>1,232,000</b>	<b>1,232,000</b>	<b>991,615</b>	<b>1,004,593</b>		

#### 45 Number of employees

The Company has no employees. Operation and maintenance (O&M) activities of the Company is managed by 176 employees of United Engineering & Power Services Ltd. under an O&M contract.

#### 46 Comparatives and rearrangement

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

#### 47 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.

#### 48 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.





#### 49 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 103rd meeting held on 27 October 2022 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 2022. The dividend is subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

The Board of Directors in its 102nd meeting held on 24 August 2022 has approved the amalgamation scheme of UPGDCL with UAnPL a 300 MW HFO-based power plant at Anwara, UJPL a 115 MW HFO-based power plant at Jamal pur and UEL 28 MW gas based at Sylhet and 53 MW gas based power plant at Ashuganj. The company made an application to the High court division of the Honourable Supreme court regarding the approval of the scheme of amalgamation. The Court admitted the application and pass an order on 1 September 2022 for further compliance. The amalgamation will be approved subject to final approval of the court.

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.

#### 50 Macro-economic conditions

The Russian-Ukrainian conflict has brought about global economic uncertainty and volatility, in particular giving rise to energy supply shortages and significant price volatility. In addition, the Bangladesh Taka has undergone rapid devaluation.

Bangladesh Government has for the time being reduced import of liquified natural gas and diesel and is thus focusing on procuring electricity from gas fired plants (by providing them locally sourced natural gas) like that of the Company and from HFO fired power plants. Management is closely monitoring these global and local factors and the impact it may have on electricity demand by the off-taker going forward.



## 51 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.

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.



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.



### 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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	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.
<b>Debt investments at FVOCI</b>	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.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.



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

**(a) Cash and cash equivalents**

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



## **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.



## 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 2022, 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.





## **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.



## 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.

