

**United Power Generation & Distribution Company  
Ltd.  
Independent Auditor's Report and Financial  
Statements  
As at and for the year ended 30 June 2023**

# Hoda Vasi Chowdhury & Co

## Chartered Accountants

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

#### 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 2023, and the statements 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 present fairly, in all material respects, of the financial position of the Company as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as explained in note 51.

#### Basis of 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) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matters

The financial statements of United Power Generation & Distribution Company Ltd. for the year ended 30 June 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 27 October 2022.

#### 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, After several stages of legal proceedings, where the judgments 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. Meanwhile, the Energy and Mineral Resources Division of the Ministry of Power, Energy and Mineral Resources to consider the gas tariff as IPP category. 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, if any, 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>Revenue recognition</b>	
<b>Description of key audit matters</b>	<b>How the matters were addressed in our audit</b>
<p>Revenue recognition and provision for customer receivables are key areas of judgment, particularly in relation to energy revenue which is recognised 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 approval of the professional engineers representing the Company and the customer. The meter is calibrated and certified by independent professional engineers on a regular basis. Identification of conflicting issues relating to billing and assessing the prospect of recoverability for revenue that has been billed is hence regarded as a key audit matter.</p>	<p>Our audit procedures included:</p> <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>• Review of Power Supply/Purchase Agreement terms and recalculate invoice amount as per PSA/PPA;</li> <li>• testing the Company's controls over revenue recognition;</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>• checking of subsequent collection of revenue.</li> <li>• Discussions with management regarding their communications with customers (e.g. BPDB, BREB) regarding settlement of remaining invoices.</li> <li>• Review of management's assessment as to recoverability, including the need for any impairment provision.</li> </ul>
See note 51 (E) and 24 to the financial statements	

<b>Additional charges claimed by the gas suppliers to the Company</b>	
<b>Description of key audit matters</b>	<b>How the matters were addressed in our audit</b>
<p>Based on a decision of the Ministry of Power, Energy and Mineral Resources with regard to gas rates applicable for gas-based power plants, the gas suppliers of the Company, namely Titas Gas Transmission &amp; Distribution Company Limited and Karnaphuli Gas Distribution Company Limited have claimed additional amounts of BDT 3,844,873,992 and BDT 2,476,564,935 for Dhaka Export Processing Zone (DEPZ) and Chittagong Export Processing Zone (CEPZ) plants, respectively.</p> <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. Judgement was</p>	<p>Our substantive procedures in this area included:</p> <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 managements 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>

given against the Company and the Company then appealed to the Honorable 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 Honorable Appellate Division of the Supreme Court of Bangladesh as of the date of this report.

Pending final outcome of the Court proceedings, management has conclude 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. As the amount is considered material for the consolidated financial statements of the Group we considered this as a key audit matter.

See note 51 (G) and 41.2 to the financial statements

<b>Accuracy and completeness of disclosure of related party transactions</b>	
<b>Description of key audit matters</b>	<b>How the matters were addressed in our audit</b>
<p>The Company and its subsidiaries have undertaken various related party transactions as part of its operational activities. We identified the accuracy and completeness of disclosure of related party transactions as set out in respective notes to the financial statements as a key audit matter. Furthermore, the Company being a listed entity such related party transactions are subject to certain regulatory directives. Accordingly, we consider this as a key audit matter.</p>	<p>Our procedures in relation to the accuracy and completeness of disclosure of related parties' transactions included:</p> <ul style="list-style-type: none"> <li>• obtained an understanding of the Group's policies and procedures in respect of the capturing of related party transactions and how management ensures all transactions and balances with related parties have been accurately disclosed in the financial statements;</li> <li>• agreed the amounts disclosed to underlying documentation and reviewing relevant agreements, on a sample basis, as part of our evaluation of the disclosure; and</li> <li>• evaluated the disclosures through review of statutory information, books and records and other documents obtained during the course of our audit.</li> <li>• Checked the compliance with regulatory directives regarding related party transactions.</li> </ul>

**Other Information**

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 and fair presentation of these financial statements in accordance with IFRSs as explained in note 51, the Companies Act 1994, Securities and Exchange Rules 2020, and other applicable laws and regulations 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.

**Auditors' 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 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 2020, 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 the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purposes of the Company's Business.

Dhaka, 26 October 2023  
DVC: 2310310770AS723692



**Sabbir Ahmed FCA, Partner**  
**ICAB Enrolment Number: 770**  
**Hoda Vasi Chowdhury & Co**  
**Chartered Accountants**



**United Power Generation and Distribution Company Limited**  
**Statement of financial position**  
**As at 30 June 2023**

<b>In Taka</b>	<b>Notes</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
<b>Assets</b>			
Property, plant and equipment	5	7,394,485,991	7,590,793,770
Right of use assets	6	22,382,845	24,857,891
Investment in subsidiary	7	5,317,935,192	5,317,935,192
<b>Non-current assets</b>		<b>12,734,804,028</b>	<b>12,933,586,853</b>
Inventories	8	1,029,831,958	872,971,763
Trade and other receivables	9	1,008,167,609	1,299,832,388
Advances, deposits and prepayments	10	81,463,594	75,046,767
Investment in marketable securities	11	137,876,106	148,085,596
Receivable from related parties	12	18,643,558,535	15,273,283,533
Cash and cash equivalents	13	692,461,410	83,133,185
<b>Current assets</b>		<b>21,593,359,212</b>	<b>17,752,353,232</b>
<b>Total assets</b>		<b>34,328,163,240</b>	<b>30,685,940,085</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	26,051,181,553	22,567,015,683
<b>Total equity</b>		<b>33,894,134,253</b>	<b>30,409,968,383</b>
<b>Liabilities</b>			
Security money received	17	15,700,000	700,000
Lease Liability- Non-current portion	18	22,545,443	24,677,455
<b>Non-current liabilities</b>		<b>38,245,443</b>	<b>25,377,455</b>
Trade and other payables	19	299,423,166	173,646,747
Accrued expenses	20	48,730,694	29,151,759
Unclaimed dividend	21	12,944,122	13,322,091
Payable to related parties	22	32,553,550	32,493,028
Lease Liability- Current portion	18	2,132,012	1,980,622
Provision for taxation	23	-	-
<b>Current liabilities</b>		<b>395,783,544</b>	<b>250,594,247</b>
<b>Total liabilities</b>		<b>434,028,987</b>	<b>275,971,702</b>
<b>Total equity and liabilities</b>		<b>34,328,163,240</b>	<b>30,685,940,085</b>
<b>Net asset value per share</b>	<b>32</b>	<b>58.47</b>	<b>52.46</b>

The accompanying notes form an integral part of these financial statements.

See the annexed report of even date.

**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

*Sabbir Ahmed*

**Sabbir Ahmed FCA, Partner**  
Enrolment Number: 0770  
Dhaka, 26 October 2023  
DVC: 2310310770AS723692

*[Signature]*

Managing Director

*[Signature]*

Director

*Moshaq Ahmed*  
Company Secretary



**United Power Generation and Distribution Company Limited  
Statement of profit or loss and other comprehensive income  
For the year ended 30 June 2023**

<b>In Taka</b>	<b>Notes</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Revenue	24	5,596,545,912	6,784,995,520
Cost of sales	25	(3,852,265,779)	(2,318,903,614)
<b>Gross profit</b>		<b>1,744,280,133</b>	<b>4,466,091,906</b>
Other operating income	26	11,415,506,942	6,035,493,965
General and administrative expenses	27	(359,961,682)	(62,415,291)
<b>Operating profit</b>		<b>12,799,825,393</b>	<b>10,439,170,580</b>
Finance income	28	540,850,405	821,937,512
Finance charge	29	(1,690,338)	(1,766,364)
<b>Profit before tax</b>		<b>13,338,985,460</b>	<b>11,259,341,728</b>
Income tax expenses	30	-	-
<b>Profit after tax</b>		<b>13,338,985,460</b>	<b>11,259,341,728</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>13,338,985,460</b>	<b>11,259,341,728</b>
<b>Basic Earnings per share (EPS) Tk.</b>	<b>31</b>	<b>23.01</b>	<b>19.42</b>

The accompanying notes form an integral part of these financial statements.

See the annexed report of even date.

**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

*Sabbir Ahmed*

**Sabbir Ahmed FCA, Partner**  
Enrolment Number: 0770  
Dhaka, 26 October 2023  
DVC: 2310310770AS723692

*[Signature]*  
Managing Director

*[Signature]*  
Director

*Moshtak Ahmed*  
Company Secretary





**United Power Generation and Distribution Company Limited  
Statement of cash flows  
For the year ended 30 June 2023**

<b>In Taka</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	5,584,836,145	6,634,715,536
Cash received from other income	84,470,271	93,047,510
Cash paid to suppliers and others	(3,548,853,306)	(2,129,832,750)
Finance charge paid	(1,690,338)	(1,766,364)
Income tax paid	-	(640,419)
<b>Net cash generated from operating activities</b>	<b>2,118,762,772</b>	<b>4,595,523,513</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(176,440,930)	(191,082,195)
Investment in subsidiary company	-	-
Cash received from/(paid for) related party loan	(2,841,397,617)	(945,635,986)
Dividend from subsidiary company	11,261,250,000	5,940,000,000
<b>Net cash flows from/(used in) investing activities</b>	<b>8,243,411,453</b>	<b>4,803,281,820</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(9,855,197,559)	(9,854,652,650)
Insurance Claim received	89,332,181	-
Security money received	15,000,000	-
Lease payment	(1,980,622)	(1,840,434)
<b>Net cash used in financing activities</b>	<b>(9,752,846,000)</b>	<b>(9,856,493,084)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>609,328,225</b>	<b>(457,687,751)</b>
Opening cash and cash equivalents	83,133,185	540,731,531
Effect of changes in exchange rates on cash held	-	89,405
<b>Closing cash and cash equivalents</b>	<b>692,461,410</b>	<b>83,133,185</b>
<b>Net operating cash flow per share</b>	<b>3.65</b>	<b>7.93</b>

The accompanying notes form an integral part of these financial statements.



**Notes to the financial statements**

**1 Reporting entity**

**1.1 Company profile**

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

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

**1.2 Nature of the business**

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

**1.3 Power plant**

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

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

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

**Gas Line : Dhaka EPZ and Chattogram EPZ power plant**

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

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

For the CEPZ plant, the initial contract was for 10.68 MMCFD. An additional allocation was given for another 4 MMCFD by Karnaphuli Gas Distribution Company Ltd for further capacity enhancement. Thus total contract load is 14.68 MMCFD.

Gas line cost includes Electric Resistance Welded (ERW) carbon steel pipe, tape for gas line, Regulating & Metering System (RMS), Town Border Station (TBS), line accessories, and construction and commissioning expenditures.

#### **1.4 Investment in subsidiaries**

On 13 November 2018, the Board of Directors of the Company resolved to acquire 99% ordinary shares of United Energy Ltd (UEL) at face value. UEL is a power generation company established under the Private Sector Power Generation Policy of Bangladesh. It operates two power plants, a 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 2023.

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 26 October 2023.

### **2.3 Reporting period**

The reporting period of the Company covers from 1 July 2022 to 30 June 2023 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.





Notes to the financial statements (continued)

5 Property, plant and equipment		Reconciliation of carrying amount					Total
See accounting policy in Note 51A		In Taka	Plant and machinery	Gas line	Office equipment	Furniture and fixture	Motor vehicle
<b>Cost</b>							
Balance at 1 July 2022		10,674,032,634	355,038,770	13,202,701	3,164,148	70,687,690	11,116,125,943
Additions		127,593,998	47,334,685	1,495,047	17,200	-	176,440,930
Disposals/transfers		-	-	-	-	-	-
<b>Balance at 30 June 2023</b>		<b>10,801,626,632</b>	<b>402,373,455</b>	<b>14,697,748</b>	<b>3,181,348</b>	<b>70,687,690</b>	<b>11,292,566,873</b>
<b>Accumulated depreciation</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>3,164,149</b>	<b>70,687,690</b>	<b>11,116,125,943</b>
<b>Accumulated depreciation</b>							
Balance at 1 July 2022		3,399,972,284	72,908,989	11,670,802	2,368,123	38,411,976	3,525,332,173
Depreciation for the year		357,837,577	7,588,526	535,384	249,637	6,537,585	372,748,709
Adjustment for disposals/transfers		-	-	-	-	-	-
<b>Balance at 30 June 2023</b>		<b>3,757,809,860</b>	<b>80,497,515</b>	<b>12,206,185</b>	<b>2,617,761</b>	<b>44,949,561</b>	<b>3,898,080,882</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>
<b>Carrying amounts</b>							
At 30 June 2023		7,043,816,772	321,875,940	2,491,563	563,588	25,738,129	7,394,485,991
At 30 June 2022		7,274,060,350	282,129,781	1,531,899	796,025	32,275,714	7,590,793,770
<b>Allocation of depreciation</b>							
				Notes		For the Year ended	
In Taka						2022	2023
Cost of sales				25.1		369,021,222	355,309,684
General and administrative expenses				27		3,727,487	3,588,987
<b>Balance at 30 June 2023</b>						<b>372,748,709</b>	<b>358,898,671</b>

b) Basis of allocation

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

**Notes to the financial statements (continued)**

**6 Right of Use Assets**

See accounting policy in Note 51Q

In Taka	30 June 2023	30 June 2022
Land lease rent	20,358,536	21,821,428
Office rent	2,024,309	3,036,463
<b>Balance at</b>	<b>22,382,845</b>	<b>24,857,891</b>

**Reconciliation of carrying amount**

In BDT	Land lease rent	Office rent
<b>Cost</b>		
Balance at 1 July 2022	26,210,102	4,048,617
Addition	-	-
Disposals	-	-
<b>Balance at 30 June 2023</b>	<b>26,210,102</b>	<b>4,048,617</b>
Balance at 1 July 2021	26,210,102	-
Addition during the year	-	4,048,617
Disposals	-	-
Balance at 30 June 2022	26,210,102	4,048,617

**Accumulated amortisation**

Balance at 1 July 2022	4,388,674	1,012,154
Amortisation for the year	1,462,892	1,012,154
Disposals	-	-
<b>Balance at 30 June 2023</b>	<b>5,851,566</b>	<b>2,024,308</b>
Balance at 1 July 2021	2,925,782	-
Amortisation for the year	1,462,892	1,012,154
Disposals	-	-
Balance at 30 June 2022	4,388,674	1,012,154

**Carrying amounts**

<b>At 30 June 2023</b>	<b>20,358,536</b>	<b>2,024,309</b>
<b>At 30 June 2022</b>	<b>21,821,428</b>	<b>3,036,463</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**

In Taka	30 June 2023	30 June 2022
United Energy Ltd.	297,000	297,000
Leviathan Global BD Ltd.	3,000,000	3,000,000
United Anwara Power Ltd.	3,334,877,715	3,334,877,715
United Jamalpur Power Ltd.	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

In Taka	Notes	30 June 2023	30 June 2022
Spare parts	8.1	983,771,090	778,741,464
Lube oil and chemicals	8.1	12,340,269	12,018,214
Goods in transit		33,720,599	82,212,085
		<b>1,029,831,958</b>	<b>872,971,763</b>





**Notes to the financial statements (continued)**

**8.1 Movement in inventories**

In Taka	Spare parts	Lube oil and chemicals
Balance at 1 July 2022	778,741,464	12,018,214
Addition during the year	602,887,601	47,071,817
Loan/Transfer during the year	(13,879,410)	(59,258)
Consumption during the year	(383,978,566)	(46,690,505)
<b>Balance at 30 June 2023</b>	<b>983,771,090</b>	<b>12,340,269</b>
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>

**9 Trade and other receivables**

See accounting policy in Note 51C

In Taka	Notes	30 June 2023	30 June 2022
Trade receivables	9.1	1,303,945,258	1,292,235,491
Other receivables	9.2	10,294,419	7,596,897
Provision for impaired receivables		(306,072,068)	-
		<b>1,008,167,609</b>	<b>1,299,832,388</b>

**9.1 Trade receivables**

In Taka	30 June 2023	30 June 2022
Bangladesh Rural Electrification Board (BREB)	199,979,872	215,673,539
Bangladesh Power Development Board (BPDB)	362,330,092	401,124,359
Bangladesh Export Processing Zone Authority (BEPZA)	385,683,340	401,305,424
Other private customers	355,951,955	274,132,169
	<b>1,303,945,258</b>	<b>1,292,235,491</b>

**9.2 Other receivables**

In Taka	30 June 2023	30 June 2022
Wartsila Bangladesh Ltd	7,861,216	4,673,032
Bergen Engine BD (Pvt.) Ltd	1,053,791	1,509,407
ABB Ltd.	936,609	936,609
Weber Power Solution Ltd.	109,641	109,641
EPV Chittagong Ltd.	333,162	368,209
	<b>10,294,419</b>	<b>7,596,897</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. Management has created provision for impaired receivables on the disputed amount due from BREB.

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. Being these two matters are the same and the verdict goes against UPGDCL, management has created a provision for impaired receivables on disputed amount due from BPDB.



**Notes to the financial statements (continued)**

**10 Advances, deposits and prepayments**

See accounting policy in Note 51M

In Taka	Notes	30 June 2023	30 June 2022
Advance	10.1	34,132,865	40,023,702
Deposits	10.2	26,593,111	24,911,343
Prepayments	10.3	20,737,618	10,111,722
		<b>81,463,594</b>	<b>75,046,767</b>

**10.1 Advances**

In Taka	30 June 2023	30 June 2022
Advance against expenses	32,940,526	40,023,702
Advance against LC charges	989,896	-
Advance Income Tax	202,444	-
	<b>34,132,865</b>	<b>40,023,702</b>

**10.2 Deposits**

In Taka	30 June 2023	30 June 2022
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)	2,794,286	1,112,518
Central Depository Bangladesh Limited	500,000	500,000
	<b>26,593,111</b>	<b>24,911,343</b>

**10.3 Prepayments**

In Taka	30 June 2023	30 June 2022
Insurance premium	4,741,591	8,753,066
BERC license fees	144,900	1,358,656
Prepayment against LC Margin	15,851,126	-
	<b>20,737,618</b>	<b>10,111,722</b>



**Notes to the financial statements (continued)**

11	Investment in marketable securities	Notes	30 June 2023	30 June 2022
	See accounting policy in Note 51C			
	In Taka		31,346	31,796
	Cash available for share purchase		137,844,760	148,053,800
	Financial assets classified as fair value through profit or loss	11.1	137,876,106	148,085,596

**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 2023	Cost price	Changes in fair value	Market value at 30 June 2022
BEXIMCO	511,000	115.60	59,071,600	82,238,736	(23,167,136)	66,327,800
SHAHJABANK	865,200	18.30	15,833,160	18,117,047	(2,283,887)	16,716,000
Square Pharmaceuticals Ltd.	300,000	209.80	62,940,000	71,664,681	(8,724,681)	65,010,000
			137,844,760	172,020,464	(34,175,704)	148,053,800



**Notes to the financial statements (continued)**

**12 Receivable from related parties**

See accounting policy in Note 51C

In Taka	Notes	30 June 2023	30 June 2022
United Mymensingh Power Ltd.		18,641,838,057	15,270,771,194
Inventory Receivable	12.1	1,720,478	2,512,339
		<b>18,643,558,535</b>	<b>15,273,283,533</b>

**12.1 Inventory Receivable**

In Taka	30 June 2023	30 June 2022
United Mymensingh Power Ltd.	512,355	512,355
United Anwara Power Ltd	-	71,071
United Lube Oil Ltd	377,392	377,392
United Energy Ltd		1,551,520
United Hospital Ltd.	556,964	-
United Sulpho-Chemicals Ltd.	273,767	-
	<b>1,720,478</b>	<b>2,512,339</b>

**13 Cash and cash equivalents**

See accounting policy in Note 51C

In Taka	Notes	30 June 2023	30 June 2022
Cash in hand		201,361	168,834
Cash at bank	13.1	692,260,049	82,964,351
		<b>692,461,410</b>	<b>83,133,185</b>

**13.1 Cash at bank**

In Taka	30 June 2023	30 June 2022
Dutch Bangla Bank Limited	34,461,863	12,700,798
Dhaka Bank Limited	400,232,327	45,689,173
HSBC	225,405,258	6,488,123
Brac Bank Limited	1,365,840	1,203,722
The City Bank Limited	14,835,766	14,886,126
Shahjalal Islami Bank Limited	8,200	8,200
Jamuna Bank Limited	15,915,426	1,952,152
Eastern Bank Limited	35,368	36,058
	<b>692,260,049</b>	<b>82,964,351</b>

**14 Share capital**

See accounting policy in Note 51N

In Taka	30 June 2023	30 June 2022
<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	5,796,952,700
Bonus shares issued	-	-
Closing balance (579,695,270 ordinary shares of Tk. 10 each)	<b>5,796,952,700</b>	<b>5,796,952,700</b>



**Notes to the financial statements (continued)**

**Particulars of shareholding**

Name of shareholders	30 June 2023		30 June 2022	
	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	16,356,447	163,564,470	16,178,079	161,780,790
General investors	41,621,921	416,219,210	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 2023	30 June 2022
United Mymensingh Power Ltd	90%	90%
Investment Corporation of Bangladesh	2.82%	2.79%
General investors	7.18%	7.21%
	<b>100%</b>	<b>100%</b>

**14.2 Classification of shareholders by holding**

Range of holding in number of shares	30 June 2023		30 June 2022	
	No. of shareholders	No. of shares	No. of shareholders	No. of shares
01 to 5000 shares	12,589	5,900,477	12,685	5,818,770
5,001 to 20,000 shares	385	3,730,011	391	3,816,289
20,001 to 50,000 shares	112	3,651,645	110	3,515,898
50,001 to 1,000,000 shares	90	18,976,942	94	19,108,118
1,000,001 to 10,000,000 shares	7	25,719,293	7	25,719,293
over 10,000,000 shares	1	521,716,902	1	521,716,902
	<b>13,184</b>	<b>579,695,270</b>	<b>13,288</b>	<b>579,695,270</b>

**15 Share premium**

In Taka	30 June 2023	30 June 2022
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**

In Taka	30 June 2023	30 June 2022
Opening balance	22,567,015,683	21,162,493,545
Net profit for the year	13,338,985,460	11,259,341,728
	<b>35,906,001,143</b>	<b>32,421,835,273</b>
Cash dividend for the year 2020-21	-	(9,854,819,590)
Cash dividend for the year 2021-22	(9,854,819,590)	-
	<b>26,051,181,553</b>	<b>22,567,015,683</b>

**17 Security money received**

See accounting policy in Note 51C

In Taka	30 June 2023	30 June 2022
Lilac Fashion Wear Ltd	700,000	700,000
Huaxin Textile Industry Co. Ltd.	15,000,000	-
	<b>15,700,000</b>	<b>700,000</b>

Security deposit received comprises of an amount equal to two months minimum charge received from Lilac Fashion Wear Ltd. and Huaxin Textile Industry Co. Ltd.



**Notes to the financial statements (continued)**

**18 Lease Liability**

See accounting policy in Note 51Q

In Taka	30 June 2023	30 June 2022
Land lease rent	22,472,123	23,489,811
Office rent	2,205,332	3,168,266
<b>Balance at</b>	<b>24,677,455</b>	<b>26,658,077</b>

In Taka	Land lease rent	Office rent
Balance as at 01 July 2022	23,489,811	3,168,266
Add: Addition during the year	-	-
Add: Interest charged during the year	1,356,615	237,066
Less: Payment made during the year	(2,374,303)	(1,200,000)
<b>Balance as at 30 June 2023</b>	<b>22,472,123</b>	<b>2,205,332</b>

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>

**Segregation of Land lease liability:**

In Taka	Land lease rent	Office rent	Total
Non-current portion	21,393,375	1,152,068	22,545,443
Current portion	1,078,748	1,053,264	2,132,012
<b>Balance as at 30 June 2023</b>	<b>22,472,123</b>	<b>2,205,332</b>	<b>24,677,455</b>

In Taka	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>

**19 Trade and other payables**

See accounting policy in Note 51C

In Taka	Notes	30 June 2023	30 June 2022
Trade payables	19.1	239,070,898	153,235,984
Other payables	19.2	60,352,268	20,410,763
		<b>299,423,166</b>	<b>173,646,747</b>

**19.1 Trade payables**

In Taka	30 June 2023	30 June 2022
Gas bill	239,070,898	153,235,984
	<b>239,070,898</b>	<b>153,235,984</b>

**19.2 Other payables**

In Taka	30 June 2023	30 June 2022
Share application money payable	919,597	919,597
Service charge on gas bill	16,232,083	13,003,547
Bergen Engine BD (Pvt.) Ltd.	810,000	810,000
Other operating expenses	5,742,571	5,677,619
LC Liability-HSBC	36,648,017	-
	<b>60,352,268</b>	<b>20,410,763</b>



**Notes to the financial statements (continued)**

**20 Accrued expenses**

See accounting policy in Note 51C

In Taka	30 June 2023	30 June 2022
VAT payable	4,968,549	1,565,086
Service charge on gas bill	23,907,090	11,460,230
Other operating expenses	16,767,140	2,148,527
Directors' remuneration	1,000,000	1,000,000
Office Maintenance	-	10,890,000
Audit fee	1,035,000	1,035,000
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	66,025
Environmental expenses	16,200	16,200
	<b>48,730,694</b>	<b>29,151,759</b>

**21 Unclaimed dividend**

In Taka	30 June 2023	30 June 2022
Unclaimed cash dividend for the year 2018	-	1,072,116
Unclaimed cash dividend for the year 2019	-	2,747,534
Unclaimed cash dividend for the year 2020	3,914,680	3,950,608
Unclaimed cash dividend for the year 2021	5,406,305	5,551,834
Unclaimed cash dividend for the year 2022	3,623,136	-
	<b>12,944,122</b>	<b>13,322,091</b>

Unclaimed cash dividend for the year from 2018 to 2019 BDT 3,670,236 has been transferred to Capital Market Stabilization Fund.

**22 Payable to related parties**

See accounting policy in Note 51C

In Taka	30 June 2023	30 June 2022
United Engineering & Power Services Ltd.	2,340,800	11,094,651
United Ashuganj Energy Ltd.	27,299,124	19,927,593
United Jamalpur Power Ltd.	90,282	90,282
Neptune Land Development Ltd.	-	1,380,000
Leviathan Global Bangladesh Ltd.	502	502
United Anwara Power Ltd.	1,564,758	-
United Payra Power Ltd.	13,733	-
United Energy Ltd.	1,244,351	-
	<b>32,553,550</b>	<b>32,493,028</b>

**23 Provision for taxation**

See accounting policy in Note 51I

In Taka	30 June 2023	30 June 2022
Opening Balance	-	640,419
Charged during the year	-	-
Less: Paid during the year	-	(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.



## Notes to the financial statements (continued)

### 24 Revenue

See accounting policy in Note 51E

In Taka	Notes	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
Electricity supply	24.1	1,280,383,553	1,284,109,738	1,889,571,930	1,025,571,790	5,479,637,010	6,736,362,780
Steam supply	24.2	20,676,758	20,736,932	48,935,369	26,559,843	116,908,902	48,632,740
		<b>1,301,060,311</b>	<b>1,304,846,670</b>	<b>1,938,507,299</b>	<b>1,052,131,633</b>	<b>5,596,545,912</b>	<b>6,784,995,520</b>

#### 24.1 Electricity supply

In Taka	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
Bangladesh Export Processing Zone Authority (BEPZA)	744,248,789	746,414,709	1,549,923,545	841,226,438	3,881,813,482	4,535,849,302
Private customers	475,471,511	476,855,233	41,224,805	22,374,907	1,015,926,456	1,158,820,257
Bangladesh Power Development Board (BPDB)	-	-	298,423,579	161,970,444	460,394,023	643,903,934
Bangladesh Rural Electrification Board (BREB)	60,663,253	60,839,796	-	-	121,503,049	397,789,287
	<b>1,280,383,553</b>	<b>1,284,109,738</b>	<b>1,889,571,930</b>	<b>1,025,571,790</b>	<b>5,479,637,010</b>	<b>6,736,362,780</b>

#### 24.2 Steam supply

In Taka	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
Gunze United Ltd	13,992,740	14,033,462	-	-	28,026,201	34,048,054
Global Labels (Bangladesh) Ltd	2,698,363	2,706,216	-	-	5,404,578	4,994,183
Croydon-Kowloon Designs Ltd	2,042,643	2,048,587	-	-	4,091,230	5,916,271
Talisman Ltd	1,943,013	1,948,667	-	-	3,891,680	1,579,130
Sewtech Fashions Limited	-	-	4,429,974	2,404,384	6,834,358	2,095,101
Universal Jeans Limited	-	-	42,140,065	22,871,668	65,011,733	-
Pacific Jeans Ltd.	-	-	2,365,330	1,283,791	3,649,121	-
	<b>20,676,758</b>	<b>20,736,932</b>	<b>48,935,369</b>	<b>26,559,843</b>	<b>116,908,902</b>	<b>48,632,740</b>

#### Basis of segregation of revenue and all expenses

During the year, the Company generated 721,174.43 MWH of electricity of which 303,725.31 MWH was from the DEPZ power plant and 417,449.12 MWH from the CEPZ power plant. Out of the total generated 303,725.31 MWH from DEPZ power plant, 152,083.31 MWH was generated from the plant's extended project which came into operation in 2013. Out of the total generated 417,449.12 MWH from CEPZ power plant, 146,862.07 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

In Taka	Notes	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
Gas bill		657,166,908	659,079,402	876,797,586	475,884,964	2,668,928,860	1,390,587,196
Spare parts		104,978,956	105,284,467	112,600,711	61,114,431	383,978,566	289,946,379
Lube oil and chemicals		12,182,006	12,217,459	14,448,867	7,842,173	46,690,505	31,311,561
Operation and maintenance expenses	25.1	214,731,190	215,356,103	209,094,035	113,486,521	752,667,849	607,058,478
		<b>989,059,062</b>	<b>991,937,431</b>	<b>1,212,941,199</b>	<b>658,328,088</b>	<b>3,852,265,779</b>	<b>2,318,903,614</b>





**25.1 Operation and maintenance expenses**

In Taka	Notes	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
Depreciation	5	104,300,607	104,604,143	103,786,166	56,330,306	369,021,222	362,022,916
Direct overhead	25.2	34,386,343	34,486,414	39,216,834	21,285,074	129,374,665	114,443,501
Minimum load charge		28,095,803	28,177,568	20,125,154	10,922,998	87,321,523	48,385,390
Repair and maintenance		13,932,502	13,973,048	21,262,332	11,540,205	60,708,088	34,787,102
Insurance premium		4,179,322	4,191,485	4,191,640	2,275,027	14,837,475	16,023,668
Entertainment		572,192	573,858	577,224	313,291	2,036,565	6,482,899
Utility bill		1,530,443	1,534,896	8,332,430	4,522,456	15,920,225	10,592,222
Security expense		1,081,655	1,084,803	1,286,961	698,503	4,151,922	3,562,709
Vehicle running and maintenance		843,707	846,162	1,454,863	789,632	3,934,364	1,817,766
Travelling and conveyance		40,858	40,977	321,880	174,702	578,417	609,245
Carrying charge		287,991	288,829	592,719	321,701	1,491,240	1,158,230
Site office expense		332,473	333,440	723,826	392,859	1,782,598	2,243,860
Wages		85,714	85,964	468,724	254,401	894,803	576,323
BERC license and others		76,398	76,620	110,824	60,150	323,991	276,757
Stationeries		50,199	50,346	149,016	80,879	330,439	252,737
Environmental expenses		83,249	83,491	146,954	79,760	393,454	621,257
Telephone, mobile and internet		61,261	61,439	79,533	43,167	245,400	273,532
Medical Fees		186,101	186,643	242,072	131,386	746,202	1,116,023
VAT Expenses		24,126,445	24,196,659	5,424,610	2,944,226	56,691,940	-
Worker welfare fund		62,034	62,214	80,691	43,795	248,734	211,133
Automation and IP expense and others		16,701	16,749	44,822	24,328	102,600	89,466
Postage and courier		14,576	14,619	25,860	14,035	69,090	48,850
Amortisation of right of use assets		384,616	385,736	448,899	243,641	1,462,892	1,462,892
		<b>214,731,190</b>	<b>215,356,103</b>	<b>209,094,035</b>	<b>113,486,521</b>	<b>752,667,849</b>	<b>607,058,478</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**

In Taka	Notes	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
Burn lube oil sale/used drum sale		6,821,339	6,841,191	7,775,946	4,220,422	25,658,898	49,068,204
Srape sale		12,301,305	12,337,104	14,022,800	7,610,924	46,272,133	36,360,839
Dividend Income from Mkt security		964,067	966,873	1,098,983	596,477	3,626,400	3,545,443
Foreign Exchange gain/(Loss)		(112,501)	(112,829)	(128,245)	(69,605)	(423,181)	93,332
Realized Profit/(loss) from Marketable securities		6,371,344	6,389,886	7,262,977	3,942,006	23,966,214	30,093,542
Unrealised gain/(loss) from Trade receivable		-	-	-	-	-	209,865
Unrealised gain /(loss) from cash and cash equivalent		-	-	-	-	-	89,405
Unrealized Profit/(Loss) from Marketable securities		(9,085,506)	(9,111,947)	(10,356,970)	(5,621,282)	(34,175,704)	(23,966,665)
Insurance Claim received		23,748,686	23,817,800	27,072,176	14,693,519	89,332,181	-
Dividend from subsidiary company	26.1	2,367,913,228	2,374,804,352	4,225,258,537	2,293,273,884	11,261,250,000	5,940,000,000
		<b>2,408,921,963</b>	<b>2,415,932,430</b>	<b>4,272,006,205</b>	<b>2,318,646,344</b>	<b>11,415,506,942</b>	<b>6,035,493,965</b>

**26.1 Dividend from subsidiary company**

In Taka	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
United Jamalpur Power Ltd	541,237,309	542,812,423	965,773,380	524,176,888	2,574,000,000	-
United Energy Ltd	671,342,432	673,296,179	1,197,930,442	650,180,947	3,192,750,000	-
United Anwara Power Ltd	1,155,333,487	1,158,695,750	2,061,554,715	1,118,916,049	5,494,500,000	5,940,000,000
	<b>2,367,913,228</b>	<b>2,374,804,352</b>	<b>4,225,258,537</b>	<b>2,293,273,884</b>	<b>11,261,250,000</b>	<b>5,940,000,000</b>

**27 General and administrative expenses**

In Taka	Notes	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
Directors' remuneration		6,913,482	6,933,602	7,880,984	4,277,432	26,005,500	15,621,375
Office maintenance		4,929	4,944	5,619	3,050	18,542	10,909,541
Advertisement		1,811,300	1,816,571	2,064,781	1,120,667	6,813,318	5,477,063
Depreciation	5	990,941	993,825	1,129,617	613,104	3,727,487	3,656,797
Bad debt expenses		177,171,835	-	128,900,233	-	306,072,068	-
Vehicle running and maintenance		604,044	605,801	688,576	373,727	2,272,148	462,929
Bank charge and commission		489,025	490,448	557,461	302,564	1,839,499	1,672,276
Board meeting fees		586,990	588,698	669,136	363,176	2,208,000	2,046,000
Office rent- VAT portion		47,852	47,992	54,549	29,607	180,000	180,000
Traveling and conveyance		257,461	258,210	293,491	159,293	968,455	417,493
Entertainment		173,971	174,477	198,317	107,637	654,403	1,974,936
Consultancy fees		412,173	413,372	469,854	255,015	1,550,414	530,354
Postage, telephone and telex		12,019	12,054	13,701	7,436	45,211	35,410
Stationeries		330,372	331,333	376,606	204,404	1,242,715	12,910
AGM Expense		62,124	62,305	70,818	38,437	233,683	845,085
License fees and others		399,974	401,138	455,949	247,468	1,504,529	24,400
RISC expenses		19,942	20,000	22,733	12,338	75,013	53,199
Auditor's fee		275,152	275,952	313,657	170,239	1,035,000	1,035,000
Legal fee		110,326	110,648	125,766	68,260	415,000	1,452,800
Medical Fees		-	-	-	-	-	25,800
CDBL and Listing fees		375,376	376,468	427,908	232,248	1,412,000	5,044,678
Brokerage commission		-	-	-	-	-	9,925,090
Amortisation of ROU asset- Office rent		269,078	269,861	306,734	166,481	1,012,154	1,012,154
Overseas Travelling		28,470	28,553	32,455	17,615	107,093	-
EGM Expenses		91,651	91,917	104,477	56,705	344,750	-
Software Maintenance		59,736	59,910	68,095	36,959	224,700	-
		<b>191,498,224</b>	<b>14,368,081</b>	<b>145,231,516</b>	<b>8,863,861</b>	<b>359,961,682</b>	<b>62,415,291</b>

**28 Finance income**

See accounting policy in Note 51L

In Taka	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
Interest on related party loan	140,584,340	140,993,470	160,258,299	86,980,754	528,816,863	817,076,832
Interest on Short Term Deposits Account	3,199,080	3,208,390	3,646,773	1,979,299	12,033,542	4,860,680
	<b>143,783,420</b>	<b>144,201,860</b>	<b>163,905,072</b>	<b>88,960,052</b>	<b>540,850,405</b>	<b>821,937,512</b>

**29 Finance charge**

In Taka	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
Interest on lease liability	449,371	450,679	512,258	278,030	1,690,338	1,766,364
	<b>449,371</b>	<b>450,679</b>	<b>512,258</b>	<b>278,030</b>	<b>1,690,338</b>	<b>1,766,364</b>

**30 Income tax expenses**

In Taka	DEPZ Existing	DEPZ Expansion	CEPZ Existing	CEPZ Expansion	30 June 2023	30 June 2022
Adjustment of advance tax on completion of assessment	-	-	-	-	-	-
Charged on assessment during the year	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Notes to the financial statements (continued)**

**31 Earnings per share**

See accounting policy in Note 51O

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.

In Taka	30 June 2023	30 June 2022
Profit attributable to the ordinary shareholders	13,338,985,460	11,259,341,728
Weighted average number of shares outstanding	579,695,270	579,695,270
<b>Earnings per share (basic)</b>	<b>23.01</b>	<b>19.42</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**

	Notes	30 June 2023	30 June 2022
Ordinary shares outstanding at beginning of the year		579,695,270	579,695,270
Bonus shares issued	14	-	-
<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**

	Notes	30 June 2023	30 June 2022
Net assets		33,894,134,253	30,409,968,383
Weighted average number of shares outstanding	14	579,695,270	579,695,270
<b>Net asset value per share</b>		<b>58.47</b>	<b>52.46</b>

**33 Net operating cash flow per share**

	Notes	30 June 2023	30 June 2022
Net cash generated from operating activities		2,118,762,772	4,595,523,513
Weighted average number of shares outstanding	14	579,695,270	579,695,270
<b>Net operating cashflow per share</b>		<b>3.65</b>	<b>7.93</b>

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

In Taka	30 June 2023	30 June 2022
<b>Profit for the period</b>	13,338,985,460	11,259,341,728
<b>Adjustment for</b>		
Depreciation	372,748,709	365,679,713
Gain on disposal of fixed assets	-	-
Amortisation of right of use assets	2,475,046	2,475,046
Brokerage commission	-	9,925,090
Foreign Exchange gain/(Loss)		
Realised (gain)/loss from marketable securities	10,209,490	(30,093,542)
Unrealised (gain)/loss from marketable securities	34,175,704	23,966,665
Unrealised gain/(loss) from Trade receivable	-	(209,865)
Unrealised gain/(loss) from cash and cash equivalent	-	(89,405)
Interest on related party loan	(528,816,863)	(817,076,832)
Insurance Claim received	(89,332,181)	
Bad debt expenses	306,072,068	
Dividend income	(11,261,250,000)	(5,940,000,000)
<b>Changes in</b>		
Inventories	(156,860,195)	(139,554,983)
Trade and other receivables	(48,582,993)	(151,160,973)
Advances, deposits and prepayments	(6,416,827)	(1,582,946)
Trade and other payables	125,776,419	9,680,151
Accrued expenses	19,578,935	4,223,665
<b>Net cash generated from operating activities</b>	<b>2,118,762,772</b>	<b>4,595,523,513</b>

**Notes to the financial statements (continued)**

**35 Related party transactions**

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

**A Transactions with key management personnel**

**i. Loan to directors**

During the 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.

In Taka	30 June 2023	30 June 2022
Directors' remuneration	26,005,500	15,621,375
Board meeting fees	2,208,000	2,046,000
	<b>28,213,500</b>	<b>17,667,375</b>
b) Post employment benefit:	-	-
c) Other long-term benefit:	-	-
d) Termination benefit:	-	-
e) Share-based payment:	-	-
	<b>28,213,500</b>	<b>17,667,375</b>

**B Other related party transactions**

In Taka	Transaction value during the year ended 30 June		Receivable/ (Payable) Balance as at	
	2023	2022	30 June 2023	30 June 2021
<b>Sale of goods and services</b>				
Gunze United Limited	28,026,201	34,048,054	2,377,690	2,919,823
<b>Brokerage commission</b>				
United Securities Ltd.	-	(9,925,090)	-	-
<b>Purchase of services</b>				
United Engineering & Power Ser. Ltd.	(129,374,665)	(114,443,501)	-	(8,753,851)
<b>Loans</b>				
United Mymensingh Power Ltd.			18,641,838,057	15,270,771,194
Loan disbursed during the year	20,400,066,863	11,873,576,832	-	-
Loan repaid during the year	(17,029,000,000)	(10,350,700,000)	-	-
<b>Transfer of inventory (spare parts)</b>				
United Mymensingh Power Ltd.	-	-	512,355	512,355
United Anwara Power Ltd.	(71,071)	57,894	-	71,071
United Lube Oil Ltd.	-	-	377,392	377,392
United Jamalpur Power Ltd.	-	158,396	(90,282)	(90,282)
United Ashuganj Energy Ltd.	(7,371,531)	(2,988,245)	(27,299,124)	(19,927,593)
United Energy Ltd.	(1,551,520)	(412,734)	-	1,551,520
United Engineering & Power Services Ltd.	-	-	(2,340,800)	(11,094,651)
Leviathan Global Bangladesh Ltd.	-	-	(502)	(502)
<b>Office rent</b>				
Neptune Commercial Ltd.	-	(1,380,000)	-	(1,380,000)



Notes to the financial statements (continued)

36 Financial instruments - Fair values and risk management

Accounting classifications and fair values

The following table shows the carrying amounts and fair values, where applicable, of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

In Taka	Notes	Carrying amount					Fair value						
		Fair value- hedging instruments	Mandatorily at FVTPL – others	FVOCI – debt instruments	FVOCI – equity instruments	Financial assets receivables at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>30 June 2023</b>													
<b>Financial assets measured at fair value</b>													
	11	-	137,876,106	-	-	-	-	-	137,876,106	-	-	-	137,876,106
		-	137,876,106	-	-	-	-	-	137,876,106	-	-	-	137,876,106
<b>Financial assets not measured at fair value</b>													
	9	-	-	-	-	1,008,167,609	-	-	1,008,167,609	-	-	-	-
	12	-	-	-	-	18,643,558,535	-	-	18,643,558,535	-	-	-	-
	13	-	-	-	-	692,461,410	-	-	692,461,410	-	-	-	-
		-	-	-	-	20,344,187,554	-	-	20,344,187,554	-	-	-	-
<b>Financial liabilities not measured at fair value</b>													
	17	-	-	-	-	-	-	-	-	15,700,000	-	-	-
	18	-	-	-	-	-	-	-	-	24,677,455	-	-	-
	19	-	-	-	-	-	-	-	-	299,423,166	-	-	-
	20	-	-	-	-	-	-	-	-	48,730,694	-	-	-
	22	-	-	-	-	-	-	-	-	32,553,550	-	-	-
		-	-	-	-	-	-	-	-	421,084,865	-	-	-



Notes to the financial statements (continued)

30 June 2022		Carrying amount						Fair value					
<i>In Taka</i>	Notes	Held-for- trading	Designated at fair value	Fair value- hedging instruments	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>													
	Investment in marketable securities	11	148,085,596	-	-	-	-	-	148,085,596	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>													
	Trade and other receivables	9	-	-	-	-	1,299,832,388	-	1,299,832,388	-	-	-	-
	Receivable from related parties	12	-	-	-	-	15,273,283,533	-	15,273,283,533	-	-	-	-
	Cash and cash equivalents	13	-	-	-	-	83,133,185	-	83,133,185	-	-	-	-
			-	-	-	-	16,656,249,106	-	16,656,249,106	-	-	-	-
<b>Financial liabilities not measured at fair value</b>													
	Security money received	17	-	-	-	-	-	700,000	700,000	-	-	-	-
	Land lease Liability	18	-	-	-	-	-	26,658,077	26,658,077	-	-	-	-
	Trade and other payables	19	-	-	-	-	-	173,646,747	173,646,747	-	-	-	-
	Accrued expenses	20	-	-	-	-	-	29,151,759	29,151,759	-	-	-	-
	Payable to related parties	22	-	-	-	-	-	32,493,028	32,493,028	-	-	-	-
			-	-	-	-	-	262,649,611	262,649,611	-	-	-	-



**Notes to the financial statements (continued)**

**37 Financial risk management**

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

- A Credit risk
- B Liquidity risk
- C Market risk

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board oversees how management monitors compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risks faced by the Company. The Board is assisted in its oversight role by the Audit Committee. Internal audit, under the purview of Audit Committee, undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**A Credit risk**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from buyers.

Management monitors the exposure to credit risk on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of financial assets in the statement of financial position.

**i. Exposure to credit risk**

The maximum exposure to credit risk at the reporting date was:

In Taka	Notes	30 June 2023	30 June 2022
Trade and other receivables	9	1,008,167,609	1,299,832,388
Investment in marketable securities	11	137,876,106	148,085,596
Receivable from related parties	12	18,643,558,535	15,273,283,533
Cash and cash equivalents (excluding cash in hand)	13	692,260,049	82,964,351
		<b>20,481,862,299</b>	<b>16,804,165,868</b>

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

In Taka	30 June 2023	30 June 2022
Not past due	579,716,407	578,714,092
Past due 0-30 days	73,293,371	91,441,601
Past due 31-60 days	87,173,115	61,222,550
Past due 61-90 days	37,108,321	72,534,577
Past due 91-120 days	16,446,233	61,262,079
Past due 121-365 days	138,692,189	74,621,436
Past due 365+ days	75,737,974	360,036,054
	<b>1,008,167,609</b>	<b>1,299,832,388</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.



Notes to the financial statements (continued)

**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 2023**

In Taka	Note	Contractual cash flows			
		Carrying amount	Total	6 months or less	Over 6 months
<b>Non-derivative financial liabilities</b>					
Trade and other payables	19	299,423,166	299,423,166	299,423,166	-
Accrued expenses	20	48,730,694	48,730,694	48,730,694	-
Unclaimed dividend	21	12,944,122	12,944,122	12,944,122	-
Payable to related parties	22	32,553,550	32,553,550	32,553,550	-
		<b>393,651,532</b>	<b>393,651,532</b>	<b>393,651,532</b>	-
<b>Derivative financial liabilities</b>					
		-	-	-	-
		<b>393,651,532</b>	<b>393,651,532</b>	<b>393,651,532</b>	-

**30 June 2022**

In Taka	Note	Contractual cash flows			
		Carrying amount	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>	-

**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 2023		30 June 2022	
		USD	GBP	USD	GBP
Cash and cash equivalents	13	10,510	153	10,540	153
Share application money payable	19.2	(10,510)	(153)	(10,540)	(153)
Net exposure		-	-	-	-

The following significant exchange rates have been applied:

In Taka	Period-end spot rate	
	30 June 2023	30 June 2022
USD	109.18	93.50
GBP	141.79	115.72

**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.



**Notes to the financial statements (continued)**

**ii. Interest rate risk**

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

**Exposure to interest rate risk**

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

In Taka	Note	Nominal Amount	
		30 June 2023	30 June 2022
<b>Fixed rate instruments</b>			
<b>Financial assets</b>			
Receivable from related parties	12	18,643,558,535	15,273,283,533
<b>Financial liabilities</b>			
		-	-
		<b>18,643,558,535</b>	<b>15,273,283,533</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 and Geen Delta Insurance Company Ltd. to

**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.

In Taka	30 June 2023	30 June 2022
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 USD 1,098,690 against which it is committed to purchase spare parts.

**41 Contingent liabilities**

**41.1 Contingent liabilities relating to bank guarantees amounted to:**

Beneficiary	Expiry date	Currency	30 June 2023	30 June 2022
Titas Gas Transmission & Distribution Co. Ltd.	11 Nov. 2023	BDT	78,790,400	78,790,400
Titas Gas Transmission & Distribution Co. Ltd.	11 Dec. 2027	BDT	6,628,382	6,628,382
Karnaphuli Gas Distribution Company Ltd.	23 Jan. 2028	BDT	34,897,650	34,897,650
Karnaphuli Gas Distribution Company Ltd.	20 June 2028	BDT	8,647,617	8,647,617
Karnaphuli Gas Distribution Company Ltd.	2 March 2024	BDT	71,724,353	71,724,353
Customs House-Dhaka and Chattogram	Unconditional & Continuous	BDT	17,632,152	18,098,475
			<b>218,320,554</b>	<b>218,786,877</b>

**Notes to the financial statements (continued)**

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

- a) Gas consumed for generating power supplied to the national grid will be charged at the rate set for IPPs.
- b) Gas consumed for generating power supplied to other customers other than national grid 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 3,844,873,992 (for the period January 2018 to January 2023) and BDT 2,476,564,935 (for the period May 2018 to January 2023) respectively for payment at captive rate although all gas consumptions have been paid at IPP rate in due time as per agreement.

Having been aggrieved, the Company has filed two separate writ petitions, dated 22 May 2019 and 23 June 2019 respectively, with the Honorable High Court Division of the Supreme Court of Bangladesh against the above decision of Energy & Mineral Resources Division, and claim from the Gas Suppliers. As the Judgments from the High Court Division and subsequently from the Supreme Court Division were not in its favour UPGD filed a review petition in the Supreme Court which has been pending for hearing. Management strongly believe that, this time, the review petition will be considered by the Hon'ble court.

Afterwards, in 2023, Energy & Mineral Resources Division, acknowledging the rightful entitlement of UPGD for an IPP gas consumer, issued a letter dated 18 September 2023 to Bangladesh Energy Regulating Commission (BERC), with copies to gas suppliers, to issue IPP licences to UPGD giving effect from February 2023 for supplying gas to UPGD at IPP gas rate.

Accordingly, no provision for these additional claim have been made in the financial statements as management consider that at present there exist significant uncertainty regarding the ultimate outcome about this matters upon completion of all legal review process.

**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
Dutch Bangla Bank Limited		-	-	-
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	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**

In Taka	30 June 2023	30 June 2022
Foreign travel for business purpose	107,093	-
	<b>107,093</b>	<b>-</b>

**44 Capacity and production**

Location of plant	Installed capacity (MWH)		Actual production (MWH)		Capacity utilisation (%)	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Dhaka EPZ	656,000	656,000	303,725	473,878	46%	72%
Chattogram EPZ	576,000	576,000	417,449	517,737	72%	90%
<b>Total</b>	<b>1,232,000</b>	<b>1,232,000</b>	<b>721,174</b>	<b>991,615</b>		

**45 Number of employees**

The Company has no employees. Operation and maintenance (O&M) activities of the Company is managed by 171 employees of United Engineering & Power Services Ltd. under an O&M contract.



**Notes to the financial statements (continued)**

**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 107th meeting held on 26 October 2023 recommended cash dividend @80% per share equivalent to Taka 8.00 of Face Value Taka 10.00 per share aggregating Tk.4,637,562,160 for the year ended 30 June 2023. 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 Jamalpur 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 passed an order on 1 September 2022 for further compliance. The company submitted the compliance on 15 January 2023 to the Honourable Court. The Honourable High Court by its Judgement and Order dated 05.06.2023 approved the amalgamation Scheme. By a subsequent Order dated 01.08.2023, the Honourable High Court determined 1 July 2023 as the "Appointment Date" under the scheme.

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.



**Notes to the financial statements (continued)**

**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.



Notes to the financial statements (continued)

**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.



**Notes to the financial statements (continued)**

**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.

**Notes to the financial statements (continued)**

**(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.

**Notes to the financial statements (continued)**

**(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 2023, 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.



**Notes to the financial statements (continued)**

**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.



**Notes to the financial statements (continued)**

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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.

