

**Deloitte.**

**Deloitte Yousuf Adil**  
Chartered Accountants

**Gujranwala Electric Power  
Company Limited  
Financial Statements  
June 30, 2015**

Member of  
**Deloitte Touche Tohmatsu Limited**

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Gujranwala Electric Power Company Limited** (the Company) as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that except as described in paragraph (a) below, 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.

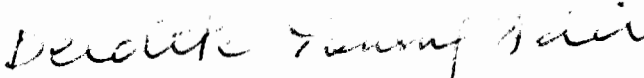
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

Except as described in paragraph (a) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that;

- (a) as stated in note 15.2 of the accompanying financial statements, trade debts include an amount of Rs. 6,451 million receivable from the Government of Azad Jammu and Kashmir (AJK) against supply of electricity and delayed payment surcharge. There is a dispute between the Company and Government of AJK over tariff rates as explained fully in the above referred note and hence the Government of AJK has not acknowledged the amount payable to the Company. Management is of the view that the matter is under consideration of Ministry of Water and Power. Resultantly we are unable to determine the amount that is likely to be recovered and the period over which such recovery will be made;
- (b) in our opinion, except for the possible effects of the matter described in paragraph (a) above, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (c) in our opinion:
  - (i) except for the possible effects of the matter described in paragraph (a) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement

- with the books of account and are further in accordance with accounting policies consistently applied;
- (ii) the expenditure incurred during the year was for the purpose of Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (d) in our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in paragraph (a) above, if any, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming parts thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and, respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (e) in our opinion no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to note 11.2 of the accompanying financial statements, the ultimate outcome of the contingencies disclosed in the above referred note cannot be presently determined. Hence, pending the resolution thereof, no provision for the same in the accompanying financial statements have been made. Our opinion is not qualified in respect of this matter.

  
Chartered Accountants

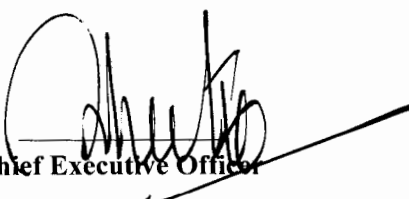
**Engagement Partner:**  
Rana M. Usman Khan

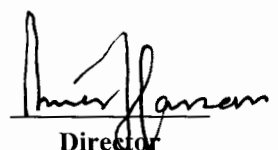
Dated: October 10, 2015  
Lahore

**Gujranwala Electric Power Company Limited**  
**Balance Sheet**  
**As at June 30, 2015**

	Note	2015 Rupees	2014 Rupees
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Authorized share capital 5,000,000,000 (2014: 5,000,000,000) ordinary shares of Rs. 10 each		<u>50,000,000,000</u>	<u>50,000,000,000</u>
<b>Issued, subscribed and paid up share capital</b>	4	10,000	10,000
<b>Accumulated losses</b>		(1,645,793,738)	(5,646,317,004)
<b>Deposit for issuance of shares</b>	5	<u>20,058,408,675</u>	<u>20,058,408,675</u>
		<u>18,412,624,937</u>	<u>14,412,101,671</u>
<b>Non-current liabilities</b>			
Deferred credit	6	14,303,240,723	13,197,097,623
Long term financing - secured	7	6,739,320,613	6,231,268,151
Deferred liabilities	8	26,719,990,910	18,446,389,536
Security deposits	9	3,521,863,246	3,140,330,313
		<u>51,284,415,492</u>	<u>41,015,085,623</u>
<b>Current liabilities</b>			
Trade and other payables	10	9,397,707,130	25,829,482,921
Interest accrued on long term financing		567,923,221	127,174,301
Current portion of long term financing	7	462,446,972	306,720,142
		<u>10,428,077,323</u>	<u>26,263,377,364</u>
<b>Contingencies and commitments</b>	11	<u>80,125,117,752</u>	<u>81,690,564,658</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Chief Executive Officer

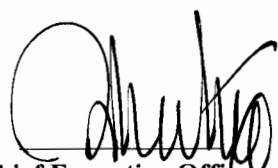
  
Director

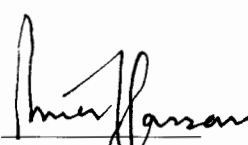
**Gujranwala Electric Power Company Limited**  
**Balance Sheet**  
**As at June 30, 2015**

	Note	2015 Rupees	2014 Rupees
<b>Non-current assets</b>			
Property, plant and equipment	12	38,369,598,305	35,778,690,170
Long term loans - considered good	13	425,581,217	324,958,985
		<u>38,795,179,522</u>	<u>36,103,649,155</u>
<b>Current assets</b>			
Stores and spares	14	1,186,937,817	694,409,908
Trade debts	15	13,598,897,757	12,483,608,246
Short term loans and advances	16	362,427,205	63,120,588
Interest receivable - accrued		5,854,524	108,950,288
Other receivables	17	25,141,560,683	28,493,066,371
Short term investments	18	155,000,000	2,771,000,000
Cash and bank balances	19	879,260,244	972,760,102
		<u>41,329,938,230</u>	<u>45,586,915,503</u>
		<u>80,125,117,752</u>	<u>81,690,564,658</u>

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The annexed notes from 1 to 35 form an integral part of these financial statements.

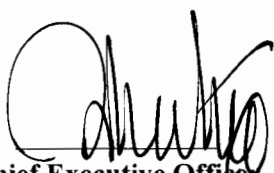
  
**Chief Executive Officer**

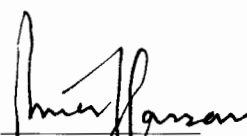
  
**Director**

**Gujranwala Electric Power Company Limited**  
**Balance Sheet**  
**As at June 30, 2015**

	Note	2015 Rupees	2014 Rupees
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The annexed notes from 1 to 35 form an integral part of these financial statements.

  
**Chief Executive Officer**

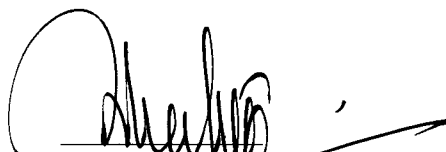
  
**Director**

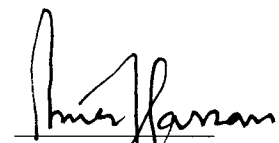
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**Gujranwala Electric Power Company Limited**  
**Profit and Loss Account**  
**For the year ended June 30, 2015**

	Note	2015 Rupees	2014 Rupees
Sale of electricity - net	20	70,264,775,811	66,850,773,145
Subsidy from Government of Pakistan on sale of electricity	21	24,573,923,006	23,978,503,672
		<u>94,838,698,817</u>	<u>90,829,276,817</u>
Cost of electricity	22	(75,761,673,466)	(84,146,479,929)
<b>Gross profit</b>		<u>19,077,025,351</u>	<u>6,682,796,888</u>
Amortization of deferred credit	6	659,272,857	599,827,964
		<u>19,736,298,208</u>	<u>7,282,624,852</u>
Operating expenses:			
Distribution expenses	23	(11,834,122,421)	(7,988,187,094)
Administrative expenses	24	(3,106,188,027)	(2,291,347,561)
		<u>(14,940,310,448)</u>	<u>(10,279,534,655)</u>
<b>Operating profit</b>		<u>4,795,987,760</u>	<u>(2,996,909,803)</u>
Other income	25	1,878,224,664	1,664,106,657
		<u>6,674,212,424</u>	<u>(1,332,803,146)</u>
Finance cost	26	(863,426,131)	(229,435,948)
Profit / (loss) before taxation		<u>5,810,786,293</u>	<u>(1,562,239,094)</u>
Taxation	28	(11,194,838)	(10,218,965)
<b>Profit / (loss) after taxation</b>		<u><u>5,799,591,455</u></u>	<u><u>(1,572,458,059)</u></u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

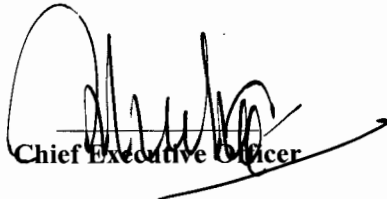
  
Chief Executive Officer

  
Director

**Gujranwala Electric Power Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended June 30, 2015**

	2015 Rupees	2014 Rupees
Profit after tax for the year	5,799,591,455	(1,572,458,059)
<b>Other comprehensive income:</b>		
Items that will not be reclassified subsequently to profit or loss		
- Remeasurement of post retirement benefits obligation	(1,799,068,189)	(1,314,669,955)
<b>Total comprehensive income for the year</b>	<u><u>4,000,523,266</u></u>	<u><u>(2,887,128,014)</u></u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director



**Gujranwala Electric Power Company Limited**  
**Statement of Changes in Equity**  
**For the year ended June 30, 2015**

	Note	Share capital	Accumulated losses	Deposit for issuance of shares	Total
-----Rupees-----					
<b>Balance as at June 30, 2013</b>		10,000	(2,759,188,990)	3,018,636,801	259,457,811
Loss for the year		-	(1,572,458,059)	-	(1,572,458,059)
Other comprehensive income		-	(1,314,669,955)	-	(1,314,669,955)
Total comprehensive income for the year		-	(2,887,128,014)	-	(2,887,128,014)
Govt. of Pakistan equity/investment	5.4	-	-	17,039,771,874	17,039,771,874
<b>Balance as at June 30, 2014</b>		<u>10,000</u>	<u>(5,646,317,004)</u>	<u>20,058,408,675</u>	<u>14,412,101,671</u>
Profit for the year		-	5,799,591,455	-	5,799,591,455
Other comprehensive income		-	(1,799,068,189)	-	(1,799,068,189)
Total comprehensive income for the year		-	4,000,523,266	-	4,000,523,266
<b>Balance as at June 30, 2015</b>		<u>10,000</u>	<u>(1,645,793,738)</u>	<u>20,058,408,675</u>	<u>18,412,624,937</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
 Chief Executive Officer


  
 Director

**Gujranwala Electric Power Company Limited**  
**Cash Flow Statement**  
**For the year ended June 30, 2015**

	Note	2015 Rupees	2014 Rupees
<b>Cash flows from operating activities</b>			
Cash generated from operations	29	(269,030,150)	4,826,613,565
Security deposits received - net		381,532,933	391,290,961
Receipts against deposit works-net		(48,104,084)	232,922,950
Post employment benefits paid		(1,368,479,740)	(863,675,369)
Finance cost paid		(89,782,436)	(637,965,530)
Taxes paid		(11,194,838)	(60,237,378)
<b>Net cash (used in) / generated from operating activities</b>		<b>(1,405,058,315)</b>	<b>3,888,949,199</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(2,146,640,990)	(5,004,872,151)
Proceeds from sale of property, plant and equipment		1,296,502	-
Long term advances given to employees - net		(101,816,160)	(145,787,280)
Short term investments		2,791,844,049	(571,000,000)
Interest income received		103,095,764	264,913,002
<b>Net cash generated from / (used in) investing activities</b>		<b>647,779,165</b>	<b>(5,456,746,429)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term financing - net		663,779,292	1,705,379,860
<b>Net cash generated from financing activities</b>		<b>663,779,292</b>	<b>1,705,379,860</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(93,499,858)</b>	<b>137,582,630</b>
Cash and cash equivalents at the beginning of the year		972,760,102	835,177,472
<b>Cash and cash equivalents at the end of the year</b>	19	<b>879,260,244</b>	<b>972,760,102</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
**Chief Executive Officer**

  
**Director**

***Gujranwala Electric Power Company Limited***  
***Notes to the Financial Statements***  
***For the year ended June 30, 2015***

**1 The Company and its operations**

- 1.1 Gujranwala Electric Power Company Limited (the Company) is a public limited company incorporated in Pakistan. The Company was established to take over all properties, rights, assets, obligations and liabilities of Gujranwala Area Electricity Board owned by Pakistan Water and Power Development Authority (WAPDA), and such other assets and liabilities as agreed. The Company was incorporated on April 02, 1998 and commenced commercial operations on July 01, 1998. The principal activity of the Company is the distribution of electricity within defined geographical territory.
- 1.2 The Company took over certain properties, assets, rights, obligations and liabilities relating to distribution of electricity from Pakistan Water and Power Development Authority (WAPDA) under Business Transfer Agreement (BTA) dated June 29, 1998. The details of assets, liabilities and related matters as provided under clause 1.1 of the BTA have been finalized with WAPDA through a Supplementary Business Transfer Agreement (SBTA).
- 1.3 Council of Common Interest (CCI) in its meeting held on September 12, 1993 approved the privatization of thermal power generation units (GENCOs) and power distribution companies (DISCOs) in a phased program. Cabinet Committee on Privatization (CCOP) in its meeting held on February 17, 2009 approved privatization of certain GENCOs and DISCOs, This decision was ratified by Federal Cabinet in its meeting, held on January 06, 2010. President and Prime Minister of Pakistan also approved privatization of GENCOs and DISCOs including the Company during a presentation given to them by Ministry of Privatization on November 22, 2010. Decision of President and Prime Minister has also been subsequently ratified by the Council of Common Interest (CCI) during its meeting held on April 28, 2011.

**2 Basis of preparation**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued under the Companies Ordinance, 1984 differ, the provision or directives of the Companies Ordinance, 1984 shall prevail.

DYK

**2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015**

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	<i>Effective date (annual periods beginning on or after)</i>
Amendments to IAS 19 Employee Benefits – Employee contributions	July 01, 2014
Amendments to IAS 32 Financial Instruments : Presentation – Offsetting financial assets and financial liabilities	January 01, 2014
Amendments to IAS 36 Impairment of Assets – Recoverable amount disclosures for non-financial assets	January 01, 2014
Amendments to IAS 39 Financial Instruments: Recognition and measurement Novation of derivatives and continuation of hedge accounting	January 01, 2014
IFRIC 21 Levies - Offsetting financial assets and financial liabilities	January 01, 2014

**2.3 New accounting standards / amendments and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	<i>Effective date (annual periods beginning on or after)</i>
Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 and IAS 41 – Bearer plants	January 01, 2016
IAS 27 (Revised 2011) – Separate Financial Statements This revised standard will concurrently apply with IFRS 10	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

DYK

### 3 Summary of significant accounting policies

#### 3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except to the extent of recognition of certain employee benefits at present value and financial instruments carried at fair value.

#### 3.2 Functional and presentation currency

The financial statements have been prepared using functional and presentation currency of Pakistan i.e. Pak Rupees. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee unless otherwise stated.

#### 3.3 Use of judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

	<i>Note</i>
- Employee retirement benefits	3.5
- Depreciation method, residual values and useful lives of depreciable assets	3.6
- Provisions and contingencies	3.10
- Taxation	3.13

#### 3.4 Deferred credit

As the Company has applied IFRIC 18, as a result of which amounts received from consumers and the Government as contributions towards the cost of extension of distribution network and of providing service connections are deferred for amortization over the estimated useful lives of related assets except for separately identifiable services in which case revenue is recognized upfront upon establishing a connection network.

#### 3.5 Employee retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

##### Defined benefit plans

The Company operates unfunded pension, post retirement free electricity and medical benefits schemes for all its permanent employees. Provisions are made in accordance with the actuarial recommendations. The latest valuation was carried out as at June 30, 2015. The future contribution rates of these plans include allowances for deficit and surplus. Projected Unit Credit Method with the following significant assumptions is used for valuation of these schemes:

	2015		
	Free electricity benefits	Free medical benefits	Pension and leave encashment benefits
Expected rate for discounting liabilities	10.50%	10.50%	10.50%
Expected rate for increase in electricity cost	9.50%	-	-
Expected rate for increase in medical cost	-	7.50%	-
Expected increase in pensionable pay	-	-	8.50%
Pension index rate	-	-	3.00%
Exposure inflation rate	-	3.00%	-

DYA

	2014		
	Free electricity benefits	Free medical benefits	Pension and leave encashment benefits
Expected rate for discounting liabilities	13.50%	13.50%	13.50%
Expected rate for increase in electricity cost	12.50%	-	-
Expected rate for increase in medical cost	-	9.50%	-
Expected increase in pensionable pay	-	-	10.00%
Pension index rate	-	-	5.00%
Exposure inflation rate	-	3.00%	-

#### Accumulating compensated absences

The employees of the Company are entitled to accumulating compensated absences, which are encashable at the time of retirement up to a maximum limit of 365 days. Provisions are made in accordance with the actuarial recommendations. The latest valuation was carried out as at June 30, 2015.

#### Other benefits

For General Provident Fund and WAPDA Welfare Fund, the Company makes deduction from salaries of the employees and remits these amounts to the funds established by WAPDA.

### 3.6 Property, plant and equipment

#### a) Cost

Operating fixed assets except freehold land are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing the part of such assets when that cost is incurred and if the recognition criteria are met. Freehold land is stated at cost. Capital work-in-progress is stated at cost plus applicable overheads.

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

#### b) Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account on straight line method so as to write off the carrying amount of an asset over its estimated remaining useful life at the rates given in note 12.1. Depreciation charge commences from the month in which asset is available for use and no depreciation in the month of disposal.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

#### c) Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

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**d) Impairment of assets**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss account.

**3.7 Stores and spares**

These are valued at lower of fortnightly weighted average cost and net realizable value. Provision is made for obsolete items, except items in transit, which are stated at cost. Furthermore 100% provision is created for the items of stores and spares which are slow moving and older than 12 months.

**3.8 Trade debts**

Trade debts are carried at original billed value less an estimate for provision for doubtful debts. 100% provision for doubtful debts, for private consumers, is made which are more than one year old, where as no provision is made for amount due from federal and provincial government consumers.

**3.9 Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

**3.10 Provisions and contingencies**

Provisions are recognized in the balance sheet when the Company has legal or constructive obligation as a result of past events, and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

**3.11 Investments - Held to maturity**

Investments with fixed maturity that the management has intent and ability to hold to maturity are classified as held to maturity and are initially measured at fair value and at subsequent reporting dates measured at amortized cost using the effective interest method.

**3.12 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account whenever incurred.

**3.13 Taxation**

**Current**

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing current tax rates or tax rates after taking into account rebates and tax credits, if any, expected to apply to the profit for the year, if enacted or minimum tax at the rate of 1 percent of the turnover, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

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### Deferred

Deferred tax is accounted for all timing differences between carrying amounts of assets and liabilities in the financial statements and their tax base. Deferred tax liabilities are recognized for all taxable temporary differences. The Company recognizes deferred tax assets on all deductible temporary differences to the extent it is probable that future taxable profits will be available against which these deductible temporary differences can be utilized. Deferred tax asset is also recognized for the carry forward of unused tax losses and unused tax credits to the extent it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized. Deferred tax is charged to/credited in the profit and loss account except in case of items credited or charged to equity in which case it is included in equity.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and adjusted to the appropriate extent if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

#### **3.14 Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and revenue can be measured reliably. The specific accounting policies are:

- a) Revenue from electricity sales is recognized on the basis of electricity supplied to consumers at rates determined by NEPRA and notified by GOP which may be less than as determined by NEPRA.
- b) Tariff differential subsidy is recognized in the relevant period on the basis of rates notified by NEPRA, on accrual basis up to the date of approval of financial statements by the Board of Directors of the Company.
- c) Meter and service rentals are recognized on time proportionate basis.
- d) Surcharge on delayed payments is recognized on the basis of energy charges and Neelum Jhelum surcharge (NJS) due from consumers.
- e) Fuel price adjustment is recognized on the basis of rates notified by NEPRA on accrual basis.
- f) Gain or loss on installation of new connections / deposit works is recognized up to 10% variation between receipts against deposit works and actual expenditures incurred on the project.
- g) Commission on collection of PTV fee and electricity duty is recognized on the basis of actual billing collections from consumers.
- h) Interest on bank deposits is recognized on time proportionate basis.
- i) Profit on investments is recognized on the basis of effective yield.
- j) Revenue from sale of scrap is recognized on dispatch of goods.
- k) Deferred credit against consumers' contributions is released to profit and loss account over the expected useful life of the asset underlying the contribution except for separately indefinable services in which case revenue is recognized upfront upon establishing a connection network. (also refer note 3.4).
- l) All other miscellaneous incomes are recognized on actual receipt basis.

#### **3.15 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks on current and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **3.16 Financial instruments**

Financial instruments comprise long term loans, trade debts, loans and receivables, cash and bank balances, long term financings and trade and other payables.

Financial assets and liabilities are recognized at fair value at the time the Company becomes a party to the contractual provisions of the instruments.

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Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and derecognition is charged to the profit and loss account currently.

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

### 3.17 Foreign currencies

The financial statements are presented in Pak Rupees, which is the Company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at functional currency rate of exchange prevailing at the balance sheet date. All differences are taken to the profit and loss account.

### 3.18 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

	<i>Note</i>	<b>2015 Rupees</b>	2014 Rupees
<b>4 Issued, subscribed and paid up share capital</b>			
1,000 (2014: 1,000) ordinary shares of Rs. 10 each fully paid in cash	4.1	<u>10,000</u>	<u>10,000</u>
4.1 Shares are held by the President of Pakistan and his nominees.			
<b>5 Deposit for issuance of shares</b>			
Incorporation expenses incurred by WAPDA		5,042,775	5,042,775
Allocation of net worth	5.1	138,102,633	138,102,633
Allocation of debt services liability	5.2	1,541,250,111	1,541,250,111
Against transfer of assets	5.3	1,334,241,282	1,334,241,282
Govt. of Pakistan equity/investment	5.4	17,039,771,874	17,039,771,874
		<u>20,058,408,675</u>	<u>20,058,408,675</u>
5.1 This represents net worth of the Company against which the Company will issue shares to WAPDA pursuant to the Supplementary Business Transfer Agreement (SBTA).			
5.2 This represents the debt services provided by WAPDA on foreign re-lent and cash development loans against which the Company will issue shares to WAPDA.			
5.3 This represents the reallocation of loans against assets constructed by National Transmission and Despatch Company Limited and transferred to the Company during July 01, 2002 to June 30, 2006 through WAPDA.			
5.4 This amount includes Rs. 17.04 billion on account of credit notes issued by Central Power Purchasing Agency (CPPA) against the clearance of circular debt by the Government of Pakistan (GOP). The Finance Division of GOP vide its letter No F.1(5) CF-1/2012-13/1017 dated July 02, 2013 had transferred Rs. 341.96 billion in PEPCO's account through State Bank of Pakistan on June 27, 2013 for settlement of power sector circular debt. Pakistan Electric Power Company (PEPCO) on the basis of above letter allocated Rs. 17.04 billion to the Company against which CPPA issued a credit advice to the Company being the adjustment on account of GOP's equity/investment against settlement of power sector circular debt.			

	<i>Note</i>	<b>2015 Rupees</b>	2014 Rupees
<b>6</b>			
<b>Deferred credit</b>			
<i>Contribution</i>			
Opening balance		17,969,719,006	16,425,523,310
Additions during the year	6.1	<u>1,765,415,957</u>	<u>1,544,195,696</u>
		<b>19,735,134,963</b>	<b>17,969,719,006</b>
<i>Amortization</i>			
Opening balance		<u>4,772,621,383</u>	4,172,793,419
Amortized during the year		<u>659,272,857</u>	599,827,964
		<u>5,431,894,240</u>	<u>4,772,621,383</u>
		<b>14,303,240,723</b>	<b>13,197,097,623</b>

6.1 This represents the capital contribution received from the consumers and Government against which assets are constructed by the Company.

	<i>Note</i>	<b>2015 Rupees</b>	2014 Rupees
<b>7</b>			
<b>Long term financing - secured</b>			
<i>From banking companies and other financial institutions</i>			
The Bank of Punjab - Demand Finance	7.1	<u>299,700,000</u>	399,600,000
Asian Development Bank - Re-lent by GOP	7.2	<u>3,372,071,065</u>	2,983,152,597
Export Import Bank of Korea - Re-lent by GOP	7.3	<u>3,529,996,520</u>	3,155,235,696
		<b>7,201,767,585</b>	<b>6,537,988,293</b>
Less: Current maturity		<u>462,446,972</u>	306,720,142
		<b>6,739,320,613</b>	<b>6,231,268,151</b>

7.1 This represents the demand finance facility sanctioned by the Bank of Punjab (BOP) for rehabilitation, upgradation and expansion of existing network against a sanctioned limit of Rs. 999 million. The facility is repayable in twenty half yearly installments with a grace period of two years and is secured by way of hypothecation of project assets up to Rs. 1,332 million, exclusive charge over book debts/receivables of the project, letter of right of set-off and demand promissory note of Rs. 2,315 million in favor of BOP. This carries interest on average 6 months KIBOR plus 145 BPS to be paid on half yearly basis.

	<i>Note</i>	<b>2015 Rupees</b>	2014 Rupees
<b>7.2</b>			
<b>Asian Development Bank - Re-lent by GOP</b>			
- Project - 1	7.2.1	551,097,916	582,729,667
- Project - 2	7.2.2	2,637,079,402	2,400,422,930
- Project - 3	7.2.3	86,416,668	-
- Project - 4	7.2.4	<u>97,477,079</u>	-
		<b>3,372,071,065</b>	<b>2,983,152,597</b>

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- 7.2.1** This represents re-lent portion of term finance facility – Project 1 obtained by GOP from Asian Development Bank (ADB) for power distribution and enhancement project which is secured against the guarantee by GOP. Pursuant to the letter referenced 6(9)ADB-4086 dated March 30, 2009 of Ministry of Economic Affairs and Statistics, out of the total facility obtained by the GOP, US\$ 11.37 million were allocated to the Company. Company has drawn down US\$ 8.96 million (PKR 775.40 million). The facility carries interest at the rate of 17% per annum including the interest at the rate of 11% and exchange risk cover at the rate of 6% per annum payable on half yearly basis. The repayment is to be made within maximum period of 15 years including a grace period of 2 years, whereas the first installment of the loan was due on February 15, 2011. Loan is repayable to GOP on the advice of Debt Management Wing of Economic Affairs Division of Pakistan. This project has been closed by ADB with effect from December 31, 2012 due to inability of the Company to utilize full amount of loan within given time.
- 7.2.2** This represents re-lent portion of term finance facility – Project 2 obtained by the GOP from Asian Development Bank (ADB) for power distribution and enhancement project which is secured against the guarantee by GOP. Pursuant to the letter number 1(3)ADB-II/06-A dated March 31, 2011 of Ministry of Economic Affairs and Statistics, out of the total facility obtained by the GOP, US\$ 48.55 million were allocated to the Company. The Company has drawn down US\$ 26.77 million (PKR 2,637 million) [2014: US\$ 24.46 million (PKR 2,400.42 million)]. The facility carries interest at the rate of 15% per annum including interest at the rate of 8.2% and exchange risk cover at the rate of 6.8% per annum payable on half yearly basis. The loan is repayable to the GOP on the advice of Debt Management Wing of Economic Affairs Division of Pakistan, within a period of 17 years excluding the grace period of 3 years, which has ended on May 30, 2014. However, repayment schedule in this respect has not yet been finalized.
- 7.2.3** This represents re-lent portion of term finance facility – Project 3 obtained by the GOP from Asian Development Bank (ADB) for power distribution and enhancement project which is secured against the guarantee by GOP. Pursuant to the letter number 2(9)ADB-II/12 dated December 31, 2013 of Ministry of Economic Affairs and Statistics, out of the total facility obtained by the GOP, US\$ 8.89 million were allocated to the Company. The Company has drawn down US\$ 858,000 (PKR 86.41 million) [2014: Nil]. The facility carries interest at the rate of 15% per annum including interest at the rate of 8.2% and exchange risk cover at the rate of 6.8% per annum payable on half yearly basis. The loan is repayable to the GOP on the advice of Debt Management Wing of Economic Affairs Division of Pakistan, within a period of 20 years excluding the grace period of 5 years, which will end on May 30, 2018. Repayment schedule in this respect has not yet been finalized.
- 7.2.4** This represents re-lent portion of term finance facility – Project 4 obtained by the GOP from Asian Development Bank (ADB) for power distribution and enhancement project which is secured against the guarantee by GOP. Pursuant to the letter number 2(18)ADB-II/13 dated November 07, 2014 of Ministry of Economic Affairs and Statistics, out of the total facility obtained by the GOP, US\$ 9.49 million were allocated to the Company. The Company has drawn down US\$ 957,000 (PKR 97.47 million) [2014: Nil]. The facility carries interest at the rate of 15% per annum including interest at the rate of 8.2% and exchange risk cover at the rate of 6.8% per annum payable on half yearly basis. The loan is repayable to the GOP on the advice of Debt Management Wing of Economic Affairs Division of Pakistan, within a period of 20 years excluding the grace period of 5 years, which will end on May 30, 2019. Repayment schedule in this respect has not yet been finalized.
- 7.3** This represents a re-lent portion of term finance facility obtained by GOP from Export Import Bank of Korea for rural distribution construction, which is secured against the guarantee by GOP. Pursuant to the re-lent agreement between GOP and the Company, out of total facility of US\$ 45 million, US\$ 36 million (PKR 3,529.99 million) [2014: US\$ 32.21 million (PKR 3,155.24 million)] has been drawn down by the Company. This facility carries interest rate of 15% inclusive of relending interest of 8.2% plus exchange risk cover fee of 6.8% which shall be charged both on principal amount and interest amount separately. Repayments are to be made within maximum period of 30 years including a grace period of 10 years which will end on August 15, 2019. Repayment schedule in this respect has not yet been finalized.

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- 7.4 The Central Power Purchasing Agency (CPPA) entered into a Multi-Partite Agreement for financing of Rs. 335 billion (2014: Rs. 270 billion) under agreements executed between Power Holding (Pvt.) Limited "PHPL" and syndicate Banks for the purpose of funding repayment of liabilities of DISCOs against cost of electricity purchased. The syndicate financing has been arranged by PHPL and GOP in order to reduce a portion of "Circular Debt" on mark-up basis. Accordingly the Company has received credit notes aggregating to Rs. 29,665 million (2014: 8,512 million) from the CPPA to recognize this amount as a loan from the payable balance to CPPA. The re-lending agreement between the Company and PHPL is not finalized as of the reporting date and the management of the Company believes that the Company's obligation under the arrangement will arise once the relending agreement between the Company and PHPL is finalized. Accordingly, the loan related liabilities have not been recorded in these financial statements.
- 7.5 As at June 30, 2015 overdue principal and markup has aggregated to Rs. 137.99 million and Rs. 46.92 million against ADB loans mentioned in note 7.2.1 and 7.2.2 above.

	Note	2015 Rupees	2014 Rupees
<b>8 Deferred liabilities</b>			
Deferred taxation	8.1	-	-
Employee retirement benefits	8.2	25,598,809,044	17,849,873,689
Deferred interest payable on long term financing	8.6	1,121,181,866	596,515,847
		<u>26,719,990,910</u>	<u>18,446,389,536</u>

#### 8.1 Deferred taxation

##### Deferred tax credits:

Accelerated tax depreciation	20,921,441,269	19,045,404,226
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##### Deferred tax debits:

Unused tax losses	(20,921,441,269)	(19,045,404,226)
	<u>(20,921,441,269)</u>	<u>(19,045,404,226)</u>
	-	-

Based on prudence and considering the trend of Company's future taxable profits, deferred tax asset has not been recognized in these financial statements. Tax losses available for carry forward and other deductible timing differences approximates to Rs. 147,693 million (2014: Rs. 101,847 million) including tax depreciation amounting to Rs. 18,357 million (2014: Rs. 21,975 million).

	Note	2015 Rupees	2014 Rupees
<b>8.2 Employee retirement benefits</b>			
Post employment benefits	8.2.1	24,490,679,794	17,149,546,963
Accumulating compensated absences	8.2.1	1,108,129,250	700,326,726
		<u>25,598,809,044</u>	<u>17,849,873,689</u>

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## 8.2.1 Employee retirement benefits

		2015				
		Post employment benefits			Total	Accumulating compensated absences
Note		Medical	Free electricity facility	Pension		
		----- Rupees -----				
These are composed of:						
	Present value of defined benefit obligation	2,343,562,470	3,187,047,257	18,960,070,068	24,490,679,795	1,108,129,250
	Fair value of defined benefit plans	-	-	-	-	-
	Liability recognized in the balance sheet	2,343,562,470	3,187,047,257	18,960,070,068	24,490,679,795	1,108,129,250
<b>Movement in net liability</b>						
	Liability at the beginning of the year	1,286,004,259	2,150,877,254	13,712,665,450	17,149,546,963	700,326,726
	Charge for the year	8.2.2 768,441,242	338,467,445	2,864,849,697	3,971,758,384	465,982,773
	Benefits paid during the year	(115,997,347)	(61,558,886)	(1,095,885,648)	(1,273,441,881)	(58,180,249)
	Pension paid to employees by other DISCOs	-	-	(36,857,609)	(36,857,609)	-
	Liability related to WAPDA retired employees	8.2.3 193,420,592	526,939,342	2,160,245,815	2,880,605,749	-
	Remeasurement-other comprehensive income	211,693,724	232,322,102	1,355,052,363	1,799,068,189	-
	Liability at the end of the year	2,343,562,470	3,187,047,257	18,960,070,068	24,490,679,795	1,108,129,250
<b>Charge for the year</b>						
	Current service cost	27,475,299	52,254,241	434,486,493	514,216,033	29,883,836
	Interest cost	165,780,753	286,213,204	1,777,237,555	2,229,231,512	65,445,569
	Past service cost	575,185,190	-	653,125,649	1,228,310,839	-
	Wapda retired employees expense	193,420,592	526,939,342	2,160,245,815	2,880,605,749	-
	Remeasurement	-	-	-	-	370,653,368
		961,861,834	865,406,787	5,025,095,512	6,852,364,133	465,982,773
	Less: Allocation to capital work-in-progress	(19,601,239)	(40,092,678)	(219,457,264)	(279,151,181)	(37,473,276)
		942,260,595	825,314,109	4,805,638,248	6,573,212,952	428,509,497

		2014			
		Post employment benefits			Accumulating
Note	Medical	Free electricity facility	Pension	Total	compensated absences
----- Rupees -----					
These are composed of:					
	1,286,004,259	2,150,877,254	13,712,665,450	17,149,546,963	700,326,726
	-	-	-	-	-
	1,286,004,259	2,150,877,254	13,712,665,450	17,149,546,963	700,326,726
<b>Movement in net liability</b>					
	1,085,875,415	1,898,193,110	11,807,673,807	14,791,742,332	473,271,918
8.2.2	142,509,499	291,491,138	1,595,549,397	2,029,550,034	272,446,960
	(52,901,588)	(48,884,228)	(716,497,401)	(818,283,217)	(45,392,152)
	-	-	(168,132,141)	(168,132,141)	-
	110,520,933	10,077,234	1,194,071,788	1,314,669,955	-
	1,286,004,259	2,150,877,254	13,712,665,450	17,149,546,963	700,326,726
<b>Charge for the year</b>					
	20,675,668	76,009,773	278,865,510	375,550,951	20,539,081
	121,833,831	215,481,365	1,316,683,887	1,653,999,083	51,816,222
	-	-	-	-	200,091,658
	142,509,499	291,491,138	1,595,549,397	2,029,550,034	272,446,961
Less: Allocation to capital work-in-progress	(8,165,759)	(16,702,370)	(91,424,586)	(116,292,715)	(15,611,143)
	134,343,740	274,788,768	1,504,124,811	1,913,257,319	256,835,818

		2015	2014
		Rupees	Rupees
8.2.2	The charge for the year has been allocated as follows:		
	Distribution expenses 23.1	5,601,377,958	1,736,074,509
	Administrative expenses 24.1	1,400,344,491	434,018,627
	Allocation to capital work-in-progress	316,624,457	131,903,858
		<b>7,318,346,906</b>	<b>2,301,996,994</b>

8.2.3 This pertains to pension liability for the WAPDA employees retired before 1998. As per NEPRA tariff determination for the year 2014-15 communicated through letter no. NEPRA/TRF-285/GEPSCO-2014/4161-4163 dated March 20, 2015 all costs of the WAPDA retired employees after June 30, 2014 have to be borne by the distribution companies. Accordingly, the amount has been recognized as liability in these financial statements based on the actuarial valuation carried out as at June 30, 2015.

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### 8.3 Sensitivity analysis

#### **Medical:**

If the discount rate is 100 basis points higher (lower), the defined benefit obligations would decrease by Rs. 298 million (increase by Rs. 380.5 million)

#### **Free electricity:**

If the discount rate is 100 basis points higher (lower), the defined benefit obligations would decrease by Rs. 435.4 million (increase by Rs.555.77 million)

#### **Pension:**

If the discount rate is 100 basis points higher (lower), the defined benefit obligations would decrease by Rs.1,362.07 million (increase by Rs. 1,574.84 million)

### 8.4 Risks associated with defined benefit plans

#### **Longevity risks:**

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

#### **Salary increase risk:**

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impact the liability accordingly.

#### **Withdrawal risk:**

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligations. The movement of the liability can go either way.

- 8.5 On August 14, 2009, the Government of Pakistan (GOP) launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GOP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GOP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GOP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Control Revolving Fund managed by the Privatization Commission of Pakistan for Payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the pre-purchase commitment would be met by GOP.

Upto June 30, 2015, no trust fund has been created by the Company.

- 8.6 This relates to the re-lent loan mentioned in note 7.3 of these financial statements. As per re-lent loan agreement the mark-up is to be deferred till the expiry of grace period i.e. February 2020 after which the mark-up along with principal will become due.

### 9 Security deposits

These represent security deposits received against energy debtors. These are adjustable / refundable on disconnection of electricity supply.

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	Note	2015 Rupees	2014 Rupees
<b>10 Trade and other payables</b>			
Creditors	10.1	1,212,037,258	5,515,503,362
Due to associated undertakings - unsecured	10.2	702,248,427	701,659,757
EQ surcharge payable		1,212,223,565	1,207,139,322
Electricity duty payable		951,763,552	1,201,837,382
PTV license fee payable		61,069,219	53,376,552
Income tax payable collected on electricity bills		260,003,687	231,522,357
Neelam Jehlum surcharge payable		126,948,226	62,556,639
Accrued liabilities		110,722,513	408,434,649
Retention money - contractors		107,203,084	24,536,304
General sales tax not yet realized		172,481,053	172,927,447
Capital contribution awaiting connections		880,026,639	1,029,346,363
Receipt against deposit works		1,541,286,552	1,589,390,636
Workers' profit participation fund payable	10.3	270,351,281	270,351,281
Payable to Government of Pakistan	10.4	-	12,773,040,865
Compact Fluorescent Lamps cost payable	10.5	504,213,965	504,213,965
Pension payable to associated undertakings	10.6	57,206,047	60,373,290
Financing cost surcharge payable	10.7	590,180,478	-
Tariff rationalization surcharge payable	10.8	579,605,804	-
Others		58,135,780	23,272,750
		<b>9,397,707,130</b>	<b>25,829,482,921</b>

10.1 The comparative amount includes Rs. 4,577 million payable to CPPA, an associated undertaking.

	2015 Rupees	2014 Rupees
<b>10.2 Due to associated undertakings - unsecured</b>		
Lahore Electric Supply Company Limited ( LESCO)	550,410,662	550,377,953
Water and Power Distribution Authority (WAPDA)	119,519,868	124,381,842
Faisalabad Electric Supply Company Limited (FESCO)	22,634,085	18,185,305
Pakistan Electric Power Company Limited (PEPCO)	5,575,826	5,575,826
Peshawar Electric Supply Company Limited (PESCO)	824,129	598,777
Multan Electric Power Company Limited ( MEPCO)	2,694,084	2,326,648
Sukher Electric Power Company Limited ( SEPCO)	589,773	213,406
	<b>702,248,427</b>	<b>701,659,757</b>

10.3 The Company has held payment of its contribution towards Workers' Profit Participation Fund (WPPF) relating to profit for the year ended June 30, 2005. The matter is pending for decision with the Economic Coordination Committee upon a recommendation submitted by WAPDA to exempt the corporatized entities under its umbrella from the requirements of the Companies Profit (Workers' Participation) Act, 1968. However, during the previous years, the income tax authorities raised a demand of the said amount and accordingly, an amount of Rs. 23.44 million was deposited in government treasury. As far as remaining amount is concerned, it has been held by the Company till the matter is decided.

The Company has not paid its contribution towards WPPF for the year ended June 30, 2005 amounting to Rs. 23.44 million upon directions from WAPDA. In connection therewith, provision for interest on delayed payment has also not been made in these financial statements.

10.4 During the last year, Pakistan Electric Power Company (Private) Limited (PEPCO) vide its letter No. CFO/PEPCO/3958-73 dated August 22, 2014 had instructed CPPA for non-cash adjustment of Rs. 138.15 billion as Federal Government's equity / investment in distribution companies to settle the issue of Circular Debt. Further, the Company was advised by PEPCO that notification might be issued to adjust this credit against tariff differential subsidy (TDS) receivable. In the light of this notification, the Company recognized an amount of Rs. 12.773 billion as payable to GOP in financial statements for the year ended June 30, 2014.

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During the current year, G.M Finance PEPCO instructed Manager Finance Treasury, CPPA vide letter no. GMF/PEPCO/1587-90 dated December 08, 2014 to issue notification to all distribution companies (DISCOs) to settle this amount against TDS. Following the instructions of G.M Finance PEPCO, Manager Finance Treasury, CPPA communicated vide letter no. 470-83/CPA/MFT/CPA/IOT dated December 10, 2014 to adjust the above mentioned amount against TDS. Accordingly, the payable to GOP has been adjusted against TDS in these financial statements.

- 10.5** During the year ended June 30, 2014, the Company has received Compact Fluorescent Lamps (CFLs) from Pakistan Electric Power Company (PEPCO) under Clean Development Mechanism Program (CDM) of activities - "National CFL Project- Pakistan". CFLs cost has been borne by the Company from its distribution margin hence was recorded as payable.

	2015 Rupees	2014 Rupees
<b>10.6 Pension payable to associated undertakings</b>		
Lahore Electric Supply Company Limited (LESCO)	40,280,711	42,938,680
Faisalabad Electric Supply Company Limited (FESCO)	4,971,664	7,902,143
Peshawar Electric Supply Company Limited (PESCO)	11,953,672	9,532,467
	57,206,047	60,373,290

- 10.7** Tariff rationalization surcharge has been notified by GOP vide SRO.571 (1) / 2015 dated June 10, 2015, at the rates mentioned against categories of electricity consumers as specified in schedule of electricity tariff for the Company to maintain uniform rates of electricity across the country for each of the consumer category.

- 10.8** Financing cost surcharge has also been notified by GOP vide SRO.571 (1) / 2015 dated June 10, 2015, at the rates mentioned against categories of electricity consumers as specified in schedule of electricity tariff for the Company. The amount of surcharge is to be kept in escrow account of CPPA for the payment of the financing cost of various loans obtained to discharge liabilities of power producers against the sovereign guarantees of the GOP.

## **11 Contingencies and commitments**

### **11.1 Commitments**

**11.1.1** Commitments against inland letters of credit and purchase orders for capital store items aggregate to Rs. 498 million (2014: Rs. 1,162 million).

**11.1.2** The Company has issued a bank guarantee in the favor of Pakistan State Oil Company Limited amounting to Rs. 26 million (2014: Rs. 26 million) from National Bank of Pakistan.

### **11.2 Contingencies**

**11.2.1** Claims related to disconnections and billing corrections against the Company not acknowledged as debt amount to Rs. 233 million (2014: Rs. 326.6 million)

**11.2.2** In 1990, a land measuring 74 Kanals and 5 Marlas acquired by WAPDA for construction of 132 KV grid station situated at Lahore Road (WAPDA Town) Gujranwala for Rs. 8.19 million. Three out of ten land owners Ms. Ghazala Syed, Mr. Iftikhar Ahmad and Mr. Faqeer Muhammad owners of 27 Kanals and 11 Marlas challenged acquisition process before Senior Civil Judge, Gujranwala. The Civil Judge declared the entire acquisition process null and void. The Company filed appeals before District & Session Judge, Gujranwala and Honorable Lahore High Court which were dismissed by all the courts. The Company filed an appeal before Supreme Court of Pakistan which was also dismissed. Thereafter, the Company filed Civil Review Petition before Supreme Court of Pakistan against Supreme Court's judgment dated July 14, 2009 which were converted into Civil Appeals. These appeals have been dismissed by Supreme Court of Pakistan vide judgment dated January 24, 2013. The Company has filed Civil Review Petitions before Supreme Court against said judgment. After hearing the arguments from both sides Supreme Court allowed the Civil Review Petitions.

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In view of Company's legal counsel, in case of adverse decision by the supreme court, the Company may be required to surrender the said land which, in the opinion of the management, will not have any adverse effect on the operation of the grid station. The above mentioned land has been included in note 12.

- 11.2.3** In 1973, a plot of land measuring 11 kanals and 9 marlas situated at 565 A, Model Town, Gujranwala was transferred to WAPDA by GDA (formerly Gujranwala Improvement Trust). In 2004, while transferring the plot from WAPDA to GEPCO under the Supplementary Business Transfer Agreement (SBTA), transfer deed of the plot was missing in WAPDA record. WAPDA requested GDA to provide the same. However, GDA found that 4 Kanals and 1 marla of land was not allotted to WAPDA and raised a demand of Rs 81.74 million for this disputed piece of land.

In 2009, the Company, in order to resolve the issue, agreed to put the matter before District Price Assessment Committee (DPAC). DPAC, having considered the matter from both parties, decided to increase the demand to Rs.163.30 million on just and equitable basis. On May 16, 2011, the Company received a notice from GDA for taking enforced possession of disputed land on account of failure to pay the demanded dues. The Company filed a declaratory suit against GDA before Civil Judge, Gujranwala along with stay application for status quo. The Court granted status quo to the Company. GDA challenged the stay for status quo in Session Court, which was dismissed vide judgment dated November 27, 2012 by the said court. The Company's legal counsel believes that the matter will be decided in the Company's favor, hence, no provision has been made in these financial statements.

- 11.2.4** The Company has received certain debit and credit notes issued by CPPA / PEPCO against allocation of advertisement expenses, fuel price adjustment, adjustment of 13th invoices and other adjustments etc aggregating to Rs. 1,771 million which have not been booked by the Company. In view of the ongoing reconciliations with CPPA / PEPCO, no provision for the above adjustments has been made in these financial statements.

- 11.2.5** Upto June 30, 2015, the Company has received various invoices from Central Power Purchasing Agency (CPPA) representing supplementary charges being the share of the Company in the markup charged to CPPA by independent power producers on account of delayed payments aggregating to Rs. 6,172 million.

During the current year, NEPRA through its tariff determination dated March 20, 2015 has directed CPPA and the Distribution Companies to ensure compliance with the Electricity Supply Agreement dated June 28, 1998 to address the matter of late payment charges on delayed payments of invoices and mutually agree and settle the old dues upto June 30, 2014, if any. NEPRA has also evolved a mechanism to account for the late payment charges from July 1, 2014 onward. Considering the determination passed by NEPRA, the management is of the view that no provision should be recorded on account of late payment charges until the amount is mutually determined and agreed in the light of Electricity Supply Agreement. Therefore, no liability has been recognized in these financial statements on account of invoices received from CPPA.

- 11.2.6** The Company received debit notes aggregating Rs. 5,183 million (2014: Rs.1,418 million) issued by Central Power Purchasing Agency against markup on syndicated loans as referred in note 7.4.

- 11.2.7** As mentioned in note 10.3, no provision for WPPF and mark-up on non-payment has been made in these financial statements due to the reasons that the matter is pending for decision with the Economic Coordination Committee.

- 11.2.8** A total of 1,848 cases have been filed against the Company primarily involving land cases, consumers billing and disconnection, pensioners and employees. Because of the large number of cases and their uncertain nature, it is not possible to quantify their financial impact at present. No provision on account of these cases has been made in these financial statements as the management and the legal counsel of the Company are of the view that these matters will eventually be settled in favor of the Company.

### 11.2.9 Sales tax

Inland Revenue Department raised a demand against the Company on following issues:

- (i) Inland Revenue Department has raised a demand amounting to Rs. 1,235.8 million from the Company for the tax periods April 2011 to August 2011 and October 2011, on ground of alleged non-payment of sale tax collected from the steel melters and alleged illegal adjustment of such output tax against its input tax. The matter has been taken up by Company before the Commissioner Appeals. The matter has been set aside by Commissioner Appeals. However, the Company has preferred an appeal before Appellate Tribunal Inland Revenue (ATIR).
- (ii) RTO Gujranwala has raised a demand of Rs 4,861 million for the periods from July 2011 to June 2012 in respect of general sales tax recoverable on various heads. During the year the Company filed an appeal before the Commissioner Inland Revenue (Appeals). Subsequent to year end, the case was decided in favor of the Company by Commissioner Inland Revenue (Appeals) while upholding the order of assessing officer on issue of non-payment of sales tax on free supply of electricity sustaining the demand of Rs. 5.9 million. The Company has preferred an appeal before Appellate Tribunal Inland Revenue (ATIR) against substantial demand of Rs. 5.9 million.
- (iii) The DCIR in his order dated April 20, 2015 raised a demand of Rs. 255 million along with penalty of Rs. 12.79 million u/s 11(2) and u/s 33(5) of Sales Tax Act, 1990 against short collection of extra tax and further tax for the period from October 2013 to November 2014. The Company filed appeal before CIR(A) against the above mentioned order. The appeal is still pending for adjudication.
- (iv) During the year, DCIR through its order no. 79 dated February 16, 2015 imposed a penalty of Rs. 1.36 million u/s 33(5) of Sales Tax Act, 1990 due to non-withholding of sales tax. The Company filed appeal before CIR(A) against the above mentioned order. The learned CIR(A) upheld the penalty of Rs. 1.36 million in his order dated April 1, 2015. The Company being aggrieved with the decision of learned CIR(A) filed an appeal u/s 46 of Sales Tax Act, 1990 before ATIR. The matter is still pending for adjudication.
- (v) The DCIR in his order dated May 26, 2014 raised a demand of Rs. 44.63 million under section 11(2), 33(5) and 34 of Sales Tax Act, 1990 due to non-withholding of sales tax for the tax period from May 2013 to September 2013. It was alleged that the Company being withholding agent was liable to withhold sales tax on value of supplies, however, was unable to do so. The Company filed appeal before CIR(A) against the above mentioned order. The learned CIR(A) upheld the demand of Rs. 44.63 million in his order dated October 27, 2014. The Company being aggrieved with the decision of learned CIR(A) filed an appeal u/s 46 of Sales Tax Act, 1990 before ATIR. The matter is still pending for adjudication.
- (vi) The DCIR in his order dated February 3, 2015 raised a demand of Rs. 47.862 million u/s 11(2) and u/s 33(5) of Sales Tax Act, 1990. The learned DCIR alleged that taxpayer charged sales tax at the rate of 16% instead of 17% on taxable supplies. The Company filed appeal before CIR(A) against the above mentioned order. The appeal is still pending for adjudication.

For all the above referred cases, the Company's counsel is of the view that the matters will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

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### 11.2.10 Income Tax

- (i) Inland Revenue Department has raised a demand from the Company amounting to Rs. 102.5 million for tax year 2007, by disallowing brought forward losses up to February 24, 2007 (i.e. exempt period), provision for slow moving stores & spares and certain other expenses under section 21(c) of the Income Tax Ordinance, 2001. The matter has been decided in favor of the Company. However the department has filed an appeal in Appellate Tribunal Inland Revenue (ATIR).
- (ii) Inland Revenue Department has raised a demand against the Company amounting to Rs. 35.8 million for the tax year 2011. The demand has been raised on the ground that tariff differential subsidy from GOP is part of gross revenue for calculation of minimum tax under section 113 of the Income Tax Ordinance, 2001. The Company has preferred an appeal before Commissioner Inland Revenue (Appeals). The appeal is still pending for adjudication.
- (iii) Inland Revenue Department has raised a demand against the Company amounting to Rs. 31.58 million for the periods from July 2013 to October 2013 respectively under section 161, 205 and 235 of the Income Tax Ordinance, 2001. The demand was upheld by CIR(A) through various orders dated October 2, 2014. Being aggrieved with order of CIR(A) the Company has filed appeal before ATIR. The matter is still pending for adjudication
- (iv) A demand has been raised amounting to Rs. 234.74 millions in respect of non-collection and deduction of advance tax u/s 235 of ITO, 2001 for the period from July 2010 to June 2011, on the gross billed amounts which includes electricity charges and all the duties and taxes levied upon consumption of electricity. The Company filed an appeal against the order of DCIR before CIR(A). CIR(A) vacated the impugned order and directed the assessing officer to keep the matter pending u/s 124A of ITO, 2001. The Company being aggrieved with decision of CIR(A) has filed appeal in Appellate Tribunal Inland Revenue against the order of learned CIR(A). The matter is still pending for adjudication.

For all the above referred cases, the Company's counsel is of the view that the matters will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.

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12 Property, plant and equipment  
Operating fixed assets- tangible  
Capital work in progress

Note	2015 Rupees	2014 Rupees
12.1	32,371,388,783	30,363,383,812
12.2	5,998,209,522	5,415,306,358
	<u>38,369,598,305</u>	<u>35,778,690,170</u>

12.1 Operating fixed assets- tangible

Particulars	2015											BOOK VALUE AS ON 30 JUNE 2015	Rate %
	Cost				Depreciation				As on 30 June 2015				
	Transferred from WAPDA Under Agreement as on 01 July 1998	Additions/ (deletions) thereafter		As on 30 June 2015	Transferred from WAPDA Under Agreement as on 01 July 1998	Depreciation Expense		Adjustments/ (deletions) thereafter					
		Up to last year	During the year			Up to last year	During the year	Up to last year		During the year			
Rupees													
Land - freehold	29,050,506	401,372,693	26,041,605	456,464,804	-	-	-	-	-	-	-	456,464,804	-
Building on freehold land	225,461,025	1,090,284,488	82,849,507	1,398,595,020	61,758,809	217,708,068	26,264,768	53,463,570	-	359,195,215	1,039,399,805	2	
Furniture and fixtures	2,730,458	18,814,909	6,312,513	27,857,880	748,098	12,522,072	1,784,044	(1,020,142)	-	14,034,072	13,823,808	10	
Distribution equipment	4,596,020,025	35,156,834,670	3,352,844,423	43,105,699,118	1,258,936,440	9,193,982,004	1,456,290,910	499,925,689	-	12,409,135,043	30,696,564,075	3.5	
Mobile plant equipment	163,928	23,399,828	-	23,563,756	44,914	14,573,584	1,628,368	2,566,193	-	18,813,059	4,750,697	10	
Tools, plant and equipment	43,306,782	136,421,537	50,616,279	230,344,598	11,865,312	127,403,247	10,488,268	(6,363,198)	-	143,393,629	86,950,969	10	
Vehicles	210,925,584	240,404,658	2,260,700	451,576,442	57,787,152	341,012,996	15,723,477	(35,107,529)	(1,274,279)	378,141,817	73,434,625	10	
		(2,014,500)											
<b>5,107,658,308</b>	<b>37,067,532,783</b>	<b>3,518,910,527</b>	<b>45,694,101,618</b>	<b>1,391,140,725</b>	<b>9,907,201,971</b>	<b>1,512,179,835</b>	<b>513,464,583</b>	<b>(1,274,279)</b>	<b>13,322,712,835</b>	<b>32,371,388,783</b>			

Particulars	2014											BOOK VALUE AS ON 30 JUNE 2014	Rate %
	Cost				Depreciation				As on 30 June 2014				
	Transferred from WAPDA Under Agreement as on 01 July 1998	Additions/ (deletions) thereafter		As on 30 June 2014	Transferred from WAPDA Under Agreement as on 01 July 1998	Depreciation Expense		Adjustments/ (deletions) thereafter					
		Up to last year	During the year			Up to last year	During the year	Up to last year		During the year			
Land - freehold	29,050,506	401,372,693	-	430,423,199	-	-	-	-	-	-	-	430,423,199	-
Building on freehold land	225,461,025	1,000,976,166	89,308,322	1,315,745,513	61,758,809	193,248,425	24,459,643	53,463,570	-	332,930,447	982,815,066	2	
Furniture and fixtures	2,730,458	16,521,955	2,292,954	21,545,367	748,098	11,067,971	1,454,101	(1,020,142)	-	12,250,028	9,295,339	10	
Distribution equipment	4,596,020,025	28,102,346,617	7,054,488,053	39,752,854,695	1,258,936,440	7,947,977,476	1,248,345,889	499,925,689	-	10,955,185,494	28,797,669,201	3.5	
Mobile plant equipment	163,928	23,399,828	-	23,563,756	44,914	13,086,455	1,487,129	2,566,193	-	17,184,691	6,379,065	10	
Tools, plant and equipment	43,306,782	131,045,350	5,376,187	179,728,319	11,865,312	118,107,413	6,954,473	(6,363,198)	-	130,564,000	49,164,319	10	
Vehicles	210,925,584	238,846,159	1,558,499	451,330,242	57,787,152	320,863,155	20,149,841	(35,107,529)	-	363,692,619	87,637,623	10	
<b>5,107,658,308</b>	<b>29,914,508,768</b>	<b>7,153,024,015</b>	<b>42,175,191,091</b>	<b>1,391,140,725</b>	<b>8,604,350,895</b>	<b>1,302,851,076</b>	<b>513,464,583</b>	<b>-</b>	<b>11,811,807,279</b>	<b>30,363,383,812</b>			

12.1.1 As explained in note 1.2, the property and rights in the above assets were transferred to the Company on 01 July 1998 by WAPDA in accordance with the terms and conditions of the Business Transfer Agreement between WAPDA and the Company. However, the transfer of titles of the freehold land, under litigation disclosed in note 11.2.2 and 11.2.3, is pending in the name of Company, in the land revenue records.

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	Note	2015 Rupees	2014 Rupees
<b>12.1.2</b>	The depreciation charge for the year has been allocated as follows:		
Distribution expenses	23	1,421,401,148	1,224,680,011
Administrative expenses	24	90,778,687	78,171,065
		<u>1,512,179,835</u>	<u>1,302,851,076</u>
<b>12.2</b>	<b>Capital work in progress</b>		
Civil works		32,404,308	19,340,310
Distribution equipment		1,528,718,058	1,225,528,410
Distribution equipment against deposit works		864,569,795	832,222,694
Works under Asian Development Bank loan		2,633,207,251	2,781,664,957
Stores held for capital expenditure		939,310,110	556,549,987
		<u>5,998,209,522</u>	<u>5,415,306,358</u>
<b>12.3</b>	<b>Movement in Capital Work in Progress</b>		
Balance at the beginning of the year		5,415,306,358	6,869,248,576
Additions during the year		2,440,059,537	4,537,847,691
Transferred to operating fixed assets		(1,857,156,373)	(5,991,789,909)
Balance at the end of the year		<u>5,998,209,522</u>	<u>5,415,306,358</u>
<b>12.4</b>	The cost of the assets as on June 30, 2015 include fully depreciated assets amounting to Rs. 443.2 million (2014: Rs. 441 million) but are still in use of the Company.		
<b>12.5</b>	During the year, borrowing cost amounting to Rs. 200 million (2014: Rs. 562 million) has been included in the cost of capital work in progress.		
<b>13</b>	<b>Long term loans - considered good</b>		
To employees	Note	2015 Rupees	2014 Rupees
House building / purchase of plots	13.1	393,949,008	310,827,697
Vehicles		88,783,888	56,207,810
		<u>482,732,896</u>	<u>367,035,507</u>
Less: Current portion of long term loans	16	57,151,679	42,076,522
		<u>425,581,217</u>	<u>324,958,985</u>
<b>13.1</b>	Loans for house building and purchase of plots are recoverable in 10 years, car and motor-cycle loans in 5 years and bicycle loans in 4 years. Interest is charged on these advances at the same rate as that payable on employees' balances in General Provident Fund maintained by WAPDA.		
<b>14</b>	<b>Stores and spares</b>		
Distribution equipment	Note	2015 Rupees	2014 Rupees
Grid station equipment		861,623,701	688,305,057
Office supplies		314,671,190	3,412,041
		16,100,703	7,738,694
		<u>1,192,395,594</u>	<u>699,455,792</u>
Less: Provision for slow moving stores and spares	14.1	5,457,777	5,045,884
		<u>1,186,937,817</u>	<u>694,409,908</u>
<b>14.1</b>		2015 Rupees	2014 Rupees
Balance of provision as on 01 July		5,045,884	8,917,344
Add: Provision / reversal for the year	23	411,893	(3,871,460)
Balance of provision as on 30 June		<u>5,457,777</u>	<u>5,045,884</u>

	<i>Note</i>	<b>2015</b> <b>Rupees</b>	2014 Rupees
<b>15 Trade debts</b>			
Considered good			
- Billed	15.2	<b>12,679,876,727</b>	9,880,509,637
- Unbilled		<b>919,021,030</b>	2,603,098,609
		<b>13,598,897,757</b>	12,483,608,246
Considered doubtful - billed		<b>168,814,999</b>	188,254,525
		<b>13,767,712,756</b>	12,671,862,771
Less: Provision for doubtful debts	15.3	<b>168,814,999</b>	188,254,525
		<b>13,598,897,757</b>	12,483,608,246

**15.1** Trade debts are secured to the extent of corresponding consumers security deposits.

**15.2** This includes Rs. 6451.57 million (2014: Rs. 4,515 million) receivable from the Government of Azad Jammu and Kashmir (AJK) on account of electricity sales and delayed payment surcharge. As per agreement executed between WAPDA, GOP and Government of AJK, the tariff rate as fixed at Rs. 4.2 per unit with effect from September 2002. Out of this tariff rate Rs. 0.71, Rs. 2.44 and Rs. 1.05 per unit were to be borne by WAPDA, Government of AJK and GOP, respectively. Till March 2007, the Company billed electricity to the Government of AJK at the tariff rate as per the agreement and payments were cleared, accordingly. Subsequent to March 2007, the electricity is billed to Government of AJK at tariff rates notified by GOP after determination by NEPRA. The accumulating balance receivable from Government of AJK represents the difference between rates applied on electricity bills to Government of AJK based on tariffs notified by GOP after determination by NEPRA and the tariff approved by the sub-committee on Raising of Mangla Dam project. The tariff determined by the sub-committee was Rs. 2.32 per unit, which was increased to Rs. 2.59 per unit subsequently. Government of AJK claims, it does not fall under the purview of NEPRA, hence, it has been settling its dues at the tariff rates determined by sub-committee. Management has taken up the matter with Ministry of Water and Power, who is catering its resolution and accordingly, no provision has been created against the recoverability of this amount in these financial statements. In response to Company's letter reference no. GEPCO/CSD/No:2063-64 dated October 27, 2014, Ministry of Water and Power Coordination, Policy and Finance Wing has stated that the above referred matter is under consideration of the Ministry. Further during the current year, the Ministry of Water and Power has decided in a meeting held on May 29, 2015 to constitute a committee to deliberate the tariff issue with NEPRA and sort out an amicable tariff for all stake-holders.

	<i>Note</i>	<b>2015</b> <b>Rupees</b>	2014 Rupees
<b>15.3 Provision for doubtful debts</b>			
Opening balance		<b>188,254,525</b>	209,326,219
Bad debts written off		-	(14,323)
		<b>188,254,525</b>	209,311,896
Reversal for the year	25.2	<b>(19,439,526)</b>	(21,057,371)
		<b>168,814,999</b>	188,254,525
<b>16 Short term loans and advances</b>			
Advances to employees			
against salary			
- Considered good		<b>3,089,817</b>	3,471,442
- Considered doubtful		<b>935,527</b>	935,527
		<b>4,025,344</b>	4,406,969
against expenses - considered good		<b>8,672,685</b>	5,637,752
		<b>12,698,029</b>	10,044,721
Less: Provision for doubtful advances to employees		<b>935,527</b>	935,527
		<b>11,762,502</b>	9,109,194
Advances to suppliers / contractors - considered good		<b>293,513,024</b>	11,934,872
Current portion of long term loans - considered good	13	<b>57,151,679</b>	42,076,522
		<b>362,427,205</b>	63,120,588

	Note	2015 Rupees	2014 Rupees
<b>17 Other receivables</b>			
Duties/charges and taxes receivables	17.1	-	-
Tariff subsidy receivable from GOP	17.2	10,995,139,614	16,881,161,616
Fuel Price Adjustment subsidy receivable from GOP	17.3	3,394,747,839	3,394,747,839
Power purchase price adjustment		2,193,130,565	2,193,130,565
General sales tax receivable from GOP		821,233,161	2,233,333,486
General sales tax protected receivable from GOP		595,860,791	1,117,816,608
Agricultural subsidy receivable		514,437,370	514,437,370
Store shortages recoverable from employees	17.4	17,445,707	17,587,604
Due from WAPDA and other associated undertakings	17.5	3,750,861,760	196,646,784
Pension receivable from associated undertakings	17.6	1,258,416,821	1,135,679,644
Advance tax		377,942,289	341,948,754
Capital contribution receivable against installment connections		70,537	67,405
Sales tax paid under protest		957,092,770	364,350,758
Others		265,181,459	102,157,938
		<b>25,141,560,683</b>	<b>28,493,066,371</b>
<b>17.1 Duties/charges and taxes receivables</b>			
<b>Receivables not yet realized</b>			
General sales tax - steel melters		860,447,762	634,007,783
Neelam Jhelum surcharge		122,464,325	135,360,849
Electricity duty		170,872,920	71,880,252
Withholding income tax		250,902,617	219,351,910
PTV license fee		41,834,208	43,616,660
Equalization Surcharge		96,506,881	101,587,928
Financing cost surcharge		184,409,439	-
Tariff rationalization surcharge		107,440,233	-
Extra Tax receivables		46,658,428	31,427,934
Further Tax receivables		16,429,285	13,530,118
		<b>1,897,966,098</b>	<b>1,250,763,434</b>
<b>Payables not yet realized</b>			
General sales tax - steel melters		860,447,762	634,007,783
Neelam Jhelum surcharge		122,464,325	135,360,849
Electricity duty		170,872,920	71,880,252
Withholding income tax		250,902,617	219,351,910
PTV license fee		41,834,208	43,616,660
Equalization Surcharge		96,506,881	101,587,928
Financing cost surcharge		184,409,439	-
Tariff rationalization surcharge		107,440,233	-
Extra Tax payable		46,658,428	31,427,934
Further Tax payable		16,429,285	13,530,118
		<b>1,897,966,098</b>	<b>1,250,763,434</b>
		-	-
<b>17.2 Tariff subsidy receivable from GOP</b>			
Opening balance		16,881,161,616	17,005,805,690
Subsidy receivable accrued during the year		24,573,923,006	23,978,503,672
		<b>41,455,084,622</b>	<b>40,984,309,362</b>
Less: Amount received / adjusted		30,459,945,008	24,103,147,746
Closing balance		<b>10,995,139,614</b>	<b>16,881,161,616</b>



During the year, credit notes were received by the Company from Central Power Purchasing Agency (CPPA) on account of adjustment of Tariff Differential Subsidy including credit note as mentioned in note 10.4 of these financial statements.

- 17.3** This amount represents the subsidy claimed by the Company against Fuel Price Adjustment related to consumers having consumption of 51-350 units in pursuance of NEPRA tariff determination for the financial year 2012-2013 notified through SRO 703(I)/2013 dated August 05, 2013.

<b>Note</b>	<b>2015 Rupees</b>	<b>2014 Rupees</b>
<b>17.4 Store shortages recoverable from employees</b>		
Considered good	17,445,707	17,587,604
Considered doubtful	23,835,896	23,835,896
	<u>41,281,603</u>	<u>41,423,500</u>
Less: Provision for doubtful recoverable.	<u>(23,835,896)</u>	<u>(23,835,896)</u>
	<u>17,445,707</u>	<u>17,587,604</u>
<b>17.5 Due from WAPDA and other associated undertakings</b>		
WAPDA - Welfare Fund	183,657,560	153,820,057
Central Power Purchasing Agency (CPPA)	3,513,250,557	-
Director Hydel Development	76,978	76,978
Quetta Electric Supply Company Limited (QESCO)	6,172,735	4,989,037
Islamabad Electric Supply Company Limited (IESCO)	23,559,133	21,241,728
Hyderabad Electric Supply Company Limited (HESCO)	1,046,810	1,040,878
Jamshoro Power Generation Company Limited (GENCO-I)	481,364	385,474
Central Power Generation Company Limited (GENCO-II)	1,738,921	1,473,146
Northern Power Generation Company Limited (GENCO-III)	20,252,372	13,088,210
Lakhra Power Generation Company Limited (GENCO-IV)	571,929	501,276
Tribal Electric Supply Company Limited (TESCO)	53,401	30,000
	<u>3,750,861,760</u>	<u>196,646,784</u>
<b>17.6 Pension receivable from associated undertakings</b>		
Director Pension WAPDA	1,086,700,030	1,000,961,456
Jamshoro Power Company Limited (GENCO-I)	790,887	281,172
Central Power Generation Company Limited (GENCO-II)	3,771,947	1,573,602
Northern Power Generation Company Limited (GENCO-III)	5,458,839	2,392,583
Lakhra Power Generation Company Limited (GENCO-IV)	324,278	165,889
National Transmission & Despatch Company Limited (NTDC)	83,371,846	79,473,699
Multan Electric Power Company Limited (MEPCO)	11,583,560	2,925,037
Quetta Electric Supply Company Limited (QESCO)	3,408,925	1,256,772
Islamabad Electric Supply Company Limited (IESCO)	56,893,445	40,776,971
Hyderabad Electric Supply Company Limited (HESCO)	2,112,117	848,129
Pakistan Electric Power Company Limited (PEPCO)	2,595,438	4,140,842
Sukhar Electric Power Company Limited (SEPCO)	1,405,509	883,492
	<u>1,258,416,821</u>	<u>1,135,679,644</u>

**18 Short term investments - held to maturity**

This represent term deposit carrying mark-up rate at 10.35% (2014: 9.01% to 10.82%) per annum maturing during the next twelve months.

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	<i>Note</i>	<b>2015</b> <b>Rupees</b>	2014 Rupees
<b>19 Cash and bank balances</b>			
Cash in hand		430	691
Cash with banks on:			
Deposit accounts	<i>19.1</i>	351,822,688	465,763,239
Current accounts		527,437,126	506,996,172
		879,259,814	972,759,411
		879,260,244	972,760,102

**19.1** Profit on balances in deposit accounts ranges from 5% to 8% (2014: 6% to 9%) per annum.

	<i>Note</i>	<b>2015</b> <b>Rupees</b>	2014 Rupees
<b>20 Sale of electricity</b>			
Sale of electricity - Gross	<i>20.1</i>	80,784,904,016	82,143,927,305
Less: General sales tax		(10,520,128,205)	(10,694,242,301)
Fuel Price Adjustment		-	(4,598,911,859)
Sale of electricity - Net		70,264,775,811	66,850,773,145

**20.1** Sale of energy includes Rs. 2,874 million (2014: Rs. 539 million) relating to Fuel Price Adjustment (FPA) for the months of March to June 2015 (2014: May and June 2014). The effect of above mentioned FPA is passed to the consumers after the year end in accordance with NEPRA notifications.

#### **21 Subsidy from Government of Pakistan on sale of electricity**

Tariff subsidy relates to difference between the rates notified by NEPRA and the rates charged to the consumers in accordance with the tariff notifications issued by GOP.

#### **22 Cost of electricity**

Electricity purchases during the year have been incorporated according to invoices issued by CPPA and adjusted in accordance with monthly Fuel Price Adjustment determined and notified by NEPRA. The average rate for the year was Rs. 9.59 (2014: Rs. 10.97 ) per Kilo Watt Hour (KWH).

	<i>Note</i>	<b>2015</b> <b>Rupees</b>	2014 Rupees
<b>23 Distribution expenses</b>			
Salaries, wages and other benefits	<i>23.1</i>	9,095,673,199	5,120,319,056
Repair and maintenance		890,214,821	822,928,519
Rent, rates and taxes		3,038,029	3,442,696
Power, light and water		18,218,502	15,825,058
Postage and telephone		18,791,178	15,626,403
Provision for slow moving stores and spares	<i>14.1</i>	411,893	(3,871,460)
Office supplies and other expenses		26,373,933	18,522,798
Traveling and conveyance		201,193,098	164,446,858
Vehicle running and maintenance		161,477,038	183,041,842
Insurance - grid station		24,157,300	11,359,480
Advances written off		1,193,928	1,113,735
Depreciation	<i>12.1.2</i>	1,421,401,148	1,224,680,011
Professional fees		19,233,061	16,622,560
Energy conservation expenses		46,062,541	479,981,415
		11,927,439,669	8,074,038,971
Less: Expenses capitalized		(93,317,248)	(85,851,877)
		11,834,122,421	7,988,187,094

**23.1** It includes employee retirement benefits amounting to Rs. 5,601 million (2014: 1,736 million)

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	Note	2015 Rupees	2014 Rupees
<b>24 Administrative expenses</b>			
Salaries, wages and other benefits	24.1	2,515,019,093	1,762,096,098
Power, light and water		10,226,885	8,856,294
Postage and telephone		11,721,984	7,206,698
Office supplies and other expenses		60,224,118	53,868,094
Traveling and conveyance		56,068,479	55,664,357
Vehicle running and maintenance		72,803,718	69,368,216
Electricity bills collection charges		210,116,999	198,147,840
Professional fees		28,490,753	33,044,207
Auditors' remuneration		900,000	800,000
Depreciation	12.1.2	90,778,687	78,171,065
Advertisement and publicity		4,977,020	3,528,562
Donations and Contributions		4,678,852	-
Other charges		40,181,439	20,596,130
		<b>3,106,188,027</b>	<b>2,291,347,561</b>
<b>24.1</b>	It includes employee retirement benefits amounting to Rs. 1,400 million (2014: 434 million)		
<b>25 Other income</b>			
Income from financial assets	25.1	1,264,539,627	1,279,329,957
Income from non-financial assets	25.2	613,685,037	384,776,700
		<b>1,878,224,664</b>	<b>1,664,106,657</b>
<b>25.1 Income from financial assets</b>			
Surcharge on arrears of electricity sold		1,088,695,578	995,831,611
Return on bank deposits and Short term investment		175,844,049	283,498,346
		<b>1,264,539,627</b>	<b>1,279,329,957</b>
<b>25.2 Income from non-financial assets</b>			
Meter / service rent		35,196,734	36,181,153
Reconnection fees		7,021,158	5,573,013
Gain on installation of new connections / deposit works		220,156,540	77,377,877
Gain on sale of scrap		93,890,938	18,282,632
Gain on disposal of operating fixed assets		556,281	-
Commission on electricity duty		22,214,731	22,532,860
PTV commission		94,747,380	102,352,905
Non-utility operations		105,825,688	85,461,918
Insurance claims		-	1,729,001
Miscellaneous		14,636,061	14,227,970
Reversal of provision for doubtful debts	15.3	19,439,526	21,057,371
		<b>613,685,037</b>	<b>384,776,700</b>
<b>26 Finance cost</b>			
Interest on long term loans		854,100,273	226,910,929
Bank and other charges		9,325,858	2,525,019
		<b>863,426,131</b>	<b>229,435,948</b>

## 27 Remuneration of Chief Executive and Finance Director

The aggregate amount charged in the financial statements for the year in respect of remuneration including certain benefits to the Chief Executive and Finance Director of the Company is as follows:

	2015 Rupees	2014 Rupees
Managerial remuneration	4,323,503	3,391,515
Other perquisites	336,031	621,532
	<u>4,659,534</u>	<u>4,013,047</u>

In addition, Chief Executive is also provided with company maintained vehicle and free accommodation.

The aggregate amount charged in financial statements for the year against meeting fees of the Board meetings was Rs.1.84 million (2014: Rs. 1.39 million).

	Note	2015 Rupees	2014 Rupees
<b>28 Taxation</b>			
Current			
For the year	28.1	<u>11,194,838</u>	<u>10,218,965</u>
		11,194,838	10,218,965
Deferred	28.2	<u>-</u>	<u>-</u>
		<u>11,194,838</u>	<u>10,218,965</u>

**28.1** This represents final tax on commission income on collection of PTV fee.

**28.2** In view of the available tax losses and provisions of section 113, clause 102 (A) of second schedule of the Income Tax Ordinance, 2001, no provision for taxation has been made during the year.

	Note	2015 Rupees	2014 Rupees
<b>29 Cash generated from operations</b>			
Profit / (loss) before taxation		5,810,786,293	(1,562,239,094)
Adjustments for non-cash charges and other charges:			
Depreciation		1,512,179,835	1,302,851,076
Amortization of deferred credit		(659,272,857)	(599,827,964)
Return on term deposits and short term investments		(175,844,049)	(283,498,346)
Reversal of provision for doubtful trade debts		(19,439,526)	(21,057,371)
Gain on installation of new connections/ deposit works		(220,156,540)	(77,377,877)
Provision for slow moving stores and spare parts		411,893	(3,871,460)
Gain on disposal of fixed assets		(556,281)	-
Provision for employee benefits		7,318,346,906	2,170,093,136
Finance cost		863,426,131	226,910,929
Advances written off		1,193,928	(14,323)
Working capital changes	29.1	<u>(14,700,105,883)</u>	<u>3,674,644,860</u>
		<u>(269,030,150)</u>	<u>4,826,613,565</u>
<b>29.1 Working capital changes</b>			
Decrease / (increase) in current assets:			
Stores and spare parts		(492,939,802)	34,139,748
Trade debts		(1,095,849,985)	2,504,558,533
Short term advances		(299,306,617)	(13,184,826)
Other receivables		3,351,505,688	(4,826,818,596)
(Decrease) / increase in current liabilities:			
Trade and other payables		<u>(16,163,515,167)</u>	<u>5,975,950,001</u>
		<u>(14,700,105,883)</u>	<u>3,674,644,860</u>

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### 30 Transactions with related parties

Prices for transactions with related parties are determined on the basis of comparable uncontrolled price method. The sale and purchase prices of electricity are controlled by the National Electric Power Regulatory Authority (NEPRA).

The related parties comprise of WAPDA, associated companies, directors of the Company, companies with common directorship and key management personnel. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Nature of transactions	2015 Rupees	2014 Rupees
<b><u>Associated undertakings</u></b>		
Electricity sales	38,694,529	31,818,262
Electricity purchases	75,761,673,466	84,146,479,929
Services	46,289,253	49,194,707
Purchase of material	22,248,164	54,965,320
Sale of material	62,834,702	55,772,928
<b><u>Others</u></b>		
Remuneration to key management personnel	64,283,880	56,162,868

The transactions with key management under the terms of employment are excluded from such transactions.

### 31 Financial Instruments

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

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

#### 31.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was domestic only and was as follows:

	2015 Rupees	2014 Rupees
Loans and advances	788,008,422	388,079,573
Trade debts	13,598,897,757	12,483,608,246
Profit accrued on bank deposits	5,854,524	108,950,288
Other receivables	23,806,525,624	27,786,766,859
Short term investments	155,000,000	2,771,000,000
Cash at bank	879,259,814	972,759,411
	<b>39,233,546,141</b>	<b>44,511,164,377</b>

Geographically there is no concentration of credit risk as the Company operates in the same geographical area and the Company believes that it is not exposed to major concentration of credit risk.

**31.1.1** The maximum exposure to credit risk for advances to employees and trade receivables by type of product at the reporting date was:

	<b>2015</b>	2014
	<b>Rupees</b>	Rupees
Loans and advances	<u>788,008,422</u>	388,079,573
Electricity consumers	<u>13,598,897,757</u>	<u>12,483,608,246</u>

Trade debts are secured to the extent of corresponding consumers' security deposits against electricity connection. Advances to employees are secured against mortgage of house / plot and hypothecation on vehicles for which loans were sanctioned. The Company has arrangements with all the financial institutions for collection of bills from consumers. The Company has issued standing instructions to all these financial institutions to transfer funds in the main account. At the end of the day the Company has funds lying in the bank accounts of financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets other than trade debts and advances to employees.

**31.1.2** Cash at Banks and Short term investments comprise of term deposit receipts (TDRs) obtained from different financial institutions. These are carried at face values. Long term and short term credit ratings of these financial institutions are as follows:

	<b>Long term</b>	<b>Short term</b>	<b>Rating Agency</b>
Allied Bank Limited	AA+	A1+	PACRA
Bank of Punjab	AA-	A1+	PACRA
National Bank of Pakistan	AAA	A1+	JCR-VIS
Faysal Bank Limited	AA	A1+	PACRA
Soneri Bank Limited	AA-	A1+	PACRA
Bank Alfalah Limited	AA	A1+	PACRA
MCB Bank Limited	AAA	A1+	PACRA
Sindh Bank	AA	A1+	PACRA

<b>2015</b>	2014
<b>Rupees</b>	Rupees

**31.1.3 Impairment losses**

The aging of trade receivables at the reporting date is:

Not past due date	<b>4,585,961,309</b>	4,076,724,704
Past due 0 - 180 days	<b>3,913,841,430</b>	4,853,752,106
Past due 180 - 365 days	<b>51,262,365</b>	29,118,359
1 - 3 years		
Unimpaired	<b>48,745,551</b>	28,258,273
Impaired	<b>50,529,858</b>	88,027,984
More than 3 years		
Unimpaired	<b>4,999,087,103</b>	3,495,754,804
Impaired	<b>118,285,140</b>	100,226,541
	<u>13,767,712,756</u>	<u>12,671,862,771</u>
Less: Provision for doubtful debts	<b>(168,814,999)</b>	(188,254,525)
	<u>13,598,897,757</u>	<u>12,483,608,246</u>

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Based on past experience the management believes that provision for doubtful debts is made in full against all permanently disconnected consumers, full provision is made against the balances (other than government debtors) outstanding for more than one year. Movement in the provision in respect of the trade receivables during the year is as disclosed in note 15.3.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. As public interest company, it is liable to provide electricity connections to all of the customers falling within its distribution area. Credit risk is being managed by effective and continuous monitoring of its receivables and disconnection of electricity.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk as the consumers of the Company are of diversified nature, which include domestic, commercial, agriculture, industrial and bulk rate consumers. The Company believes that it is not exposed to significant credit risk except to the extent of receivables from its defaulted consumers. The Company deals with regular and permanent consumers who normally make payments in time.

### 31.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose financial support is available to the Company from Federal Government. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2015					
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	Two to five years	Over five years
	-----R u p e e s-----					
<b><i>Financial liabilities</i></b>						
Long term financing	7,201,767,585	(7,201,767,585)	(300,222,080)	(162,224,892)	(1,204,361,913)	(5,534,958,699)
Security deposits	3,521,863,246	(3,521,863,246)	-	-	-	(3,521,863,246)
Trade and other payables	9,397,707,130	(9,397,707,130)	(9,397,707,130)	-	-	-
Interest accrued	567,923,221	(567,923,221)	(558,746,808)	-	(37,205,839)	(1,093,152,440)
	<u>20,689,261,182</u>	<u>(20,689,261,182)</u>	<u>(10,256,676,018)</u>	<u>(162,224,892)</u>	<u>(1,241,567,752)</u>	<u>(10,149,974,385)</u>

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2014

	Carrying amount	Contractual Cash flows	Less than six months	Up to one year	Two to five years	Over five years
-----R u p e e s-----						
<b><i>Financial Liabilities</i></b>						
Long term financing	6,537,988,293	(6,537,988,293)	(153,360,071)	(153,360,071)	(1,126,980,566)	(5,104,287,585)
Security deposits	3,140,330,313	(3,140,330,313)	-	-	-	(3,140,330,313)
Trade and other payables	25,769,109,631	(25,769,109,631)	(25,769,109,631)	-	-	-
Interest accrued	723,690,148	(723,690,148)	(723,690,148)	-	-	-
	<u>36,171,118,385</u>	<u>(36,171,118,385)</u>	<u>(26,646,159,850)</u>	<u>(153,360,071)</u>	<u>(1,126,980,566)</u>	<u>(8,244,617,898)</u>

The contractual cash flows relating to the loan related financial liabilities have been determined on the basis of mark-up rates effective as at 30 June. The rates of mark-up have been disclosed in note 7 to these financial statements.

### 31.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company believes that it is not exposed to any significant market risk.

#### 31.3.1 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
	2015	2014	2015	2014
	%	%	Rupees	Rupees
<b>Fixed rate instruments</b>				
<i>Financial assets</i>				
Short term investments	10.35	9.01 - 10.82	<u>155,000,000</u>	<u>2,771,000,000</u>
<i>Financial liabilities</i>				
Long term financing	15 - 17	15 - 17	<u>6,902,067,585</u>	<u>6,138,388,293</u>
<b>Variable rate instruments</b>				
<i>Financial assets</i>				
Bank balances - deposit accounts	5 - 8	6 - 9	<u>351,822,688</u>	<u>465,763,239</u>
<i>Financial liabilities</i>				
Long term financing	7.08 - 10.18	10.53-11.64	<u>299,700,000</u>	<u>399,600,000</u>

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**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	<b>Profit and loss 100 bp</b>	
	<b>Increase</b>	<b>Decrease</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>As at 30 June 2015</b>		
Cash flow sensitivity-Variable rate financial instrument	<b>72,017,676</b>	<b>72,017,676</b>
<b>As at 30 June 2014</b>		
Cash flow sensitivity-Variable rate financial liabilities	<b>65,379,883</b>	<b>65,379,883</b>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

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### 31.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Company is not exposed to any other price risk at the reporting date.

### 31.5 Fair value of financial instruments

The carrying values of other financial assets and financial liabilities reported in balance sheet approximate to their fair values.

### 31.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

### 31.7 Capital management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern. The Company is not exposed to any external capital requirement. As public interest entity financial support is available to the Company from Federal Government and WAPDA in the form of delayed settlement of CPPA against electricity purchase, tariff revision and subsidy on purchases.

## 32 Reclassification

Corresponding figure have been reclassified where necessary to reflect more appropriate presentation of events and transactions.

<b>From</b>	<b>To</b>	<b>Reason</b>	<b>Rupees</b>
Other receivables <i>- Pension receivable from associated undertakings</i>	Trade and other payables <i>- Pension payable to associated undertakings</i>	For better presentation	60,373,290
Interest accrued on long term financing	Deferred liabilities <i>- Deferred interest payable on long term financing</i>	For better presentation	596,515,847

### 33 Number of employees

The Company has employed following number of persons including permanent and contractual staff:

	2015 (Number of persons)	2014
- As at June 30	12,672	12,897
- Average number of employees	12,785	12,982

### 34 Date of authorization for issue

These financial statements were authorized for issuance by the Board of Directors of the Company on \_\_\_\_\_.

### 35 Figures

Figures have been rounded off to the nearest rupee except where stated. 2/14

  
Chief Executive Officer

  
Director