

Riaz Ahmad & Company
Chartered Accountants

**FAISALABAD ELECTRIC SUPPLY
COMPANY LIMITED**

**FINANCIAL STATEMENTS WITH
ACCOMPANYING INFORMATION**

30 JUNE 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Faisalabad Electric Supply Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Faisalabad Electric Supply Company Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the following matters:

- a) Notes 14.1.1 and 14.1.2 to the financial statements, which state that the Company has not recognized the impact of debit notes issued and credit notes withdrawn by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for:

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- (i) supplementary charges, being the mark-up charged on CPPA-G by Independent Power Producers (IPPs) on account of delayed payments, aggregating to Rupees 13,413.92 million.
 - (ii) an amount of Rupees 7,922.53 million regarding the credit notes against tariff differential subsidy withdrawn by CPPA-G
- b) Note 14.1.3 to the financial statements, which states that provision for workers' profit participation fund amounting to Rupees 2,707 million relating to financial years ended 30 June 2009, 30 June 2010, 30 June 2013, 30 June 2014 and 30 June 2015 and for the interest accrued on outstanding WPPF thereon was not accounted for by the Company. Moreover, workers' profit participation fund of previous years along with related interest was not paid to the workers due to pending decision of Economic Coordination Committee to exempt the corporatized entities under the umbrella of WAPDA.
- c) Note 14.1.5 to the financial statements describes various matters regarding tax contingencies the ultimate outcome of which cannot be presently determined hence no provision for the same has been made in accompanying financial statements.
- d) Note 20.5 to the financial statements describes that the fuel price adjustment amounting to Rupees 2,698.348 million which was to be charged to the consumers in the month of August and September 2020 remained unbilled to the consumers during the year. No proper reason for non-billing was given by the Company.

Our opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in

Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.

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Chartered Accountants

Faisalabad

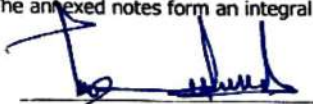
Date: 05 October 2022

UDIN: AR202210184qkeZry07j

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

NOTE	2022 RUPEES	2021 RUPEES	NOTE	2022 RUPEES	2021 RUPEES
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorized share capital			Property, plant and equipment		
5 000 000 000 (2021: 5 000 000 000) ordinary shares of Rupees 10 each			15	144,046,144,024	133,380,294,317
	<u>50,000,000,000</u>	<u>50,000,000,000</u>	16	2,306,605	27,244,458
Issued, subscribed and paid up share capital			17	52,737,253	90,714,193
3	10,000	10,000	18	4,058,176	3,735,665
Deposit for shares					
4	34,478,691,078	15,641,656,359			
Surplus on revaluation of property, plant and equipment - net of deferred income tax					
5	46,709,166,741	47,433,929,524			
Accumulated loss					
	(77,474,995,875)	(63,938,061,140)			
Total equity				<u>144,105,246,058</u>	<u>133,501,988,633</u>
	3,712,871,944	(862,465,257)			
LIABILITIES			CURRENT ASSETS		
NON-CURRENT LIABILITIES			Stores, spares and loose tools		
Long term financing			19	3,366,236,924	3,242,119,551
6	3,358,578,576	3,734,185,062	Trade debts		
Staff retirement benefits			20	82,644,146,816	43,549,855,740
7	100,304,821,118	88,922,568,410	Loans and advances		
Long term security deposits			21	73,049,817	76,526,028
8	10,963,989,417	9,855,110,791	Other receivables		
Receipt against deposit works			22	25,535,189,068	16,869,636,480
9	18,100,335,897	11,913,082,510	Sales tax receivable		
Deferred credit			23	8,425,644,698	8,095,458,270
10	35,194,177,355	31,881,516,681	Income tax		
Deferred income tax liability			24	-	148,640,239
11	6,788,064,159	7,084,094,028	Receivable from the Government of Pakistan		
	174,709,966,522	153,390,557,482	24	6,965,309,257	33,614,145,065
CURRENT LIABILITIES			Accrued interest		
Trade and other payables			25	247,866,218	45,717,548
12	116,269,492,182	109,219,721,022	Cash and bank balances		
Accrued mark-up				<u>30,469,423,825</u>	<u>27,883,154,500</u>
13	4,351,920,956	3,472,334,090		157,726,866,623	133,525,253,421
Current portion of long term financing					
6	2,182,701,203	1,807,094,717			
Provision for taxation					
	605,159,874	-			
	<u>123,409,274,215</u>	<u>114,499,149,829</u>			
TOTAL LIABILITIES				<u>301,832,112,681</u>	<u>267,027,242,054</u>
	298,119,240,737	267,889,707,311			
CONTINGENCIES AND COMMITMENTS			TOTAL ASSETS		
14				<u>301,832,112,681</u>	<u>267,027,242,054</u>
TOTAL EQUITY AND LIABILITIES					
	<u>301,832,112,681</u>	<u>267,027,242,054</u>			

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 RUPEES	2021 RUPEES
SALE OF ELECTRICITY - NET	26	279,867,790,025	172,602,298,633
TARIFF DIFFERENTIAL SUBSIDIES	27	57,944,694,157	59,178,041,861
		337,812,484,182	231,780,340,494
COST OF ELECTRICITY	28	(316,040,275,362)	(193,010,195,017)
GROSS PROFIT		21,772,208,820	38,770,145,477
AMORTIZATION OF DEFERRED CREDIT	10	1,929,584,764	1,746,106,173
		23,701,793,584	40,516,251,650
DISTRIBUTION COST	29	(22,011,437,199)	(19,972,575,802)
ADMINISTRATIVE EXPENSES	30	(3,505,811,182)	(3,177,676,594)
CUSTOMER SERVICES COSTS	31	(2,574,506,691)	(2,340,465,447)
		(28,091,755,072)	(25,490,717,843)
(LOSS) / PROFIT FROM OPERATIONS		(4,389,961,488)	15,025,533,807
OTHER INCOME	32	6,124,505,889	5,196,569,488
FINANCE COST	33	(470,354,612)	(493,676,854)
PROFIT BEFORE TAXATION		1,264,189,789	19,728,426,441
TAXATION	34	(3,249,034,267)	(2,326,224,129)
(LOSS) / PROFIT AFTER TAXATION		(1,984,844,478)	17,402,202,312

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


 CHIEF EXECUTIVE OFFICER


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FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	2022 RUPEES	2021 RUPEES
(LOSS) / PROFIT AFTER TAXATION	(1,984,844,478)	17,402,202,312
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit obligations	(12,276,853,040)	(3,510,061,231)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive loss for the year-net of tax	(12,276,853,040)	(3,510,061,231)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	<u><u>(14,261,697,518)</u></u>	<u><u>13,892,141,081</u></u>

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



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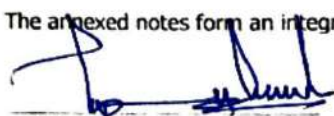


DIRECTOR

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	SHARE CAPITAL	DEPOSIT FOR SHARES	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX	ACCUMULATED LOSS	TOTAL EQUITY
	-----RUPEES-----				
Balance as at 01 July 2020	10,000	19,863,118,521	48,200,525,076	(78,596,797,773)	(10,533,144,176)
Non-cash settlement against deposit for shares	-	(4,221,462,162)	-	-	(4,221,462,162)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(613,117,039)	613,117,039	-
Transfer from surplus on revaluation of property, plant and equipment on account of transfer of property, plant and equipment - net of deferred income tax	-	-	(153,478,513)	153,478,513	-
Profit for the year	-	-	-	17,402,202,312	17,402,202,312
Other comprehensive loss for the year	-	-	-	(3,510,061,231)	(3,510,061,231)
Total comprehensive income for the year	-	-	-	13,892,141,081	13,892,141,081
Balance as at 30 June 2021	10,000	15,641,656,359	47,433,929,524	(63,938,061,140)	(862,465,257)
Non-cash settlement against deposit for shares	-	18,837,034,719	-	-	18,837,034,719
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(587,148,972)	587,148,972	-
Transfer from surplus on revaluation of property, plant and equipment on account of transfer of property, plant and equipment - net of deferred income tax	-	-	(137,613,811)	137,613,811	-
Loss for the year	-	-	-	(1,984,844,478)	(1,984,844,478)
Other comprehensive loss for the year	-	-	-	(12,276,853,040)	(12,276,853,040)
Total comprehensive loss for the year	-	-	-	(14,261,697,518)	(14,261,697,518)
Balance as at 30 June 2022	10,000	34,478,691,078	46,709,166,741	(77,474,995,875)	3,712,871,944

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 RUPEES	2021 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	15,701,079,681	13,243,746,145
Income tax paid		(2,791,264,023)	(2,253,516,923)
Finance cost paid		(2,822,764)	(3,479,667)
Staff retirement benefits paid		(6,279,845,912)	(5,820,853,699)
Payment for Fund contribution regarding pension obligation		(4,700,000,000)	(1,600,000,000)
Net decrease in long term advances		47,963,965	24,894,775
Net increase in long term deposits		(322,511)	(377,210)
Net cash generated from operating activities		1,974,788,436	3,590,413,421
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment and intangible asset		(14,520,032,683)	(10,267,556,588)
Profit on bank deposits received		2,593,136,121	2,008,411,231
Net cash used in investing activities		(11,926,896,562)	(8,259,145,357)
CASH FLOWS FROM FINANCING ACTIVITIES			
Consumers' security deposits received		1,108,878,626	1,044,421,281
Receipt against deposit works-net		11,429,498,825	5,696,038,628
Net cash from financing activities		12,538,377,451	6,740,459,909
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,586,269,325	2,071,727,973
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		27,883,154,500	25,811,426,527
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 25)		30,469,423,825	27,883,154,500

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. LEGAL STATUS AND OPERATIONS

- 1.1** Faisalabad Electric Supply Company Limited (the Company) is a public limited company incorporated on 21 March 1998 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company was established to take over all the properties, rights, assets, obligations and liabilities of Faisalabad Area Electricity Board (FAEB) owned by Pakistan Water and Power Development Authority (WAPDA) and such other assets and liabilities as agreed. The registered office of the Company is located at West Canal Road, Abdullahpur, Faisalabad. While the Company has various 132-KV and 66-KV grid stations along with other offices located in 08 districts of Central Punjab including Faisalabad, Jhang, Toba Tek Singh, Chiniot, Sargodha, Mianwali, Khushab and Bhakkar. The principal activity of the Company is distribution and supply of electricity to public within defined geographical boundaries.
- 1.2** The Council of Common Interest (CCI) in its meeting held on 12 September 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 17 February 2009 approved privatization of certain GENCOs and DISCOs, this decision was ratified by Federal Cabinet in its meeting, held on 06 January 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 22 November 2010. Decision of President and Prime Minister had also been subsequently ratified by the CCI during its meeting held on 28 April 2011. Since October 2013, the CCOP approved 68 Public Sector Enterprises (PSEs) for inclusion in the privatization program. The Company had been approved by CCOP for early implementation. The Privatization Commission (PC) on behalf of the Government of Pakistan (GoP) invited Expression of Interest (EOI) from prospective private sector strategic partner(s) to acquire seventy-four percent (74%) shareholding in the Company, currently owned by the GoP, together with management control on 02 November 2015. However, protests against privatization were started by the opposition parties and by labour unions. In order to give the union a chance to perform, the GoP has reconsidered the privatization mode of the power sector by shifting it from strategic sale to divestment through capital markets. CCOP in its meeting held on 14 July 2016 considered proposals regarding divestment of Power Sector Entities and PC to initiate process for listing of shares of the Company on the stock exchange through Initial Public Offering (IPO). It was also decided that GoP would retain the control of FESCO as well as management. The PC in its meeting held on 02 October 2017, had discussion on volume of circular debt and nature of losses being accrued in GENCOs and DISCOs and decided that the PC would seek approval of the Government to privatize the Company as strategic sale. The matter is now with the GoP.
- 1.3** Ministry of Energy, Government of Pakistan vide S.R.O. No. 1010(1)/2021 dated 06 August 2021 notified an amount of Rupees 19,262 million as periodic adjustments for fourth quarter of Financial Year 2019-20, first and second quarter of financial year 2020-21. Further vide S.R.O. No. 1067(1)/2021 dated 25 August 2021 negative adjustment of Rupees 2,734 million for the third quarter of financial year 2020-21 was notified. All the adjustments were clubbed as Rupees 16,528 million and made applicable with effect from October 2021, to be recovered in 12 months. Moreover, vide S.R.O. No. 117(1)/2022 dated 20 January 2022 an amount of Rupees 3,352 million was notified as negative adjustment for fourth quarter of Financial Year 2020-21. The amount recovered upto June 2022 was Rupees 11,827 million, whereas, the unrecovered amount of Rupees 4,701 million is to be recovered upto September 2022. Moreover, NEPRA determined quarterly tariff adjustment for the first, second and third quarters of financial year 2021-22 vide S.R.O. No. 728(1)/2022 dated 31 May 2022, S.R.O. No. 993(1)/2022 dated 07 July 2022 and S.R.O. No. 1587(1)/2022 dated 23 August 2022 amounting to Rupees 1,834 million, Rupees 5,080 million and Rupees 199 million respectively against these quarterly tariff adjustments. An amount of Rupees 457 million in respect of first quarter was recovered in June 2022, whereas remaining quarterly tariff adjustment of Rupees 6,656 million is to be recovered in financial year 2022-23. Had the above adjustments been recovered in the respective years, the revenue for the financial year 2019-20 would have been increased by Rupees 10,878 million, financial year 2020-21 by Rupees 2,298 million and financial year 2021-22 by Rupees 6,656 million. Consequently, accumulated loss for the year ended 30 June 2022 would have been reduced by Rupees 11,357 million.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under historical cost convention, except as otherwise stated in respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of these 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 and other factors, including expectations 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 judgements were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments of property, plant, equipment and intangible assets

The estimates for revalued amounts of different classes of property, plant and equipment are based on revaluation performed by external professional valuer and recommendations of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of assets including intangible assets for possible impairment on annual basis if such indication exists, assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment along with intangible assets with a corresponding effect on the depreciation / amortization charge and impairment.

Provision for obsolescence of stores, spares and loose tools

The Company reviews the carrying amount of stores, spares and loose tools on regular basis and provision for obsolescence is made if there is any change in usage pattern and physical form of stores, spares and loose tools.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the tax advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Staff retirement benefits

The Company operates funded pension scheme, a funded free electricity scheme and a funded free medical facility scheme for all its employees along with entitlement for accumulated compensated absences which are encashed at the time of retirement upto maximum limit of 365 days. The calculation of the benefits requires assumptions to be made of future outcomes, the principal ones being in respect of increase in salary and the discount rates used to convert future cash flows to current values. The assumptions used for the plans are determined by independent actuary on annual basis. The amount of the expected return on plan assets is calculated using the expected rate of return for the year. Calculations are sensitive to changes in the underlying assumptions. The figure of staff retirement benefit liabilities primarily represents the increase in actuarial present value of the obligations for benefits earned on employee service during the year and the interest on the obligations in respect of employee service in previous years, net of the respected return on plan assets.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply these amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to de-recognize a financial liability.

IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 stated that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Functional and presentation currency along with foreign currency transactions and translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss.

2.3 Staff retirement benefits

2.3.1 Defined benefit plans

The Company provides funded pension scheme, a funded free electricity scheme and a funded free medical facility scheme for all its regular employees. Further, the Company's employees are also entitled for accumulated compensated absences which are encashed at the time of retirement upto maximum limit of 365 days. The Company's obligations under these schemes are determined annually by a qualified actuary using Projected Unit Credit Actuarial Cost Method. Latest actuarial valuations have been carried on 30 June 2022. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Past service cost is recognized immediately in the statement of profit or loss.

Remeasurements of the net defined benefit liability (except for compensated absences), which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit or loss. Remeasurement related to the compensated absences is recognized in the year of occurrence in the statement of profit or loss.

2.3.2 General / Employees' Provident Fund

For General / Employees' 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. The provident fund related disclosure required by the Companies Act, 2017 is not shown in these financial statements as General / Employees' Provident Fund established by WAPDA includes the employees of other power distribution and generation companies and the figures related to the Company cannot be segregated from the whole General / Employees' Provident Fund.

2.4 Taxation

Current

Provision for current tax is based on the 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 tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments including tax credits and exemptions available, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences at the reporting date arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.5 Property, plant and equipment

2.5.1 Operating fixed assets and depreciation

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except freehold land which is stated at revalued amount less any identified impairment loss and buildings on freehold land, feeders, grids and related equipment which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the erection / construction period of qualifying assets and directly attributable costs of bringing the assets to working condition for their intended use.

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 the statement of profit or loss during the period in which they are incurred.

Increases in the carrying amounts arising on revaluation of operating fixed assets are recognized, net of deferred income tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of deferred income tax, is reclassified from surplus on revaluation of property, plant and equipment to accumulated loss. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Depreciation

Depreciation on operating fixed assets is calculated applying the straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 15.1. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions up to the month when the asset is de-recognized. Depreciation on operating fixed assets is charged to the statement of profit or loss except for depreciation provided on construction equipment and vehicles during the period of construction of operating fixed assets that is capitalized as part of the cost of operating fixed assets. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any recognized impairment loss. This includes all costs connected with specific assets incurred during installation and construction period. These are transferred to specific assets as and when these assets are available for use.

2.6 Intangible assets and amortization

Intangible assets represent the cost of computer softwares acquired and are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to the statement of profit or loss on straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization is charged from the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed of. Intangible assets are amortized over a period of five years.

2.7 Stores, spares and loose tools

Stores and spares are valued at lower of cost or net realizable value. Usable stores and spare parts are valued principally at cost using moving average cost formula less provision for slow moving, while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon. Provision for obsolete items is based on their condition as at the reporting date depending upon the management's judgement.

Net realizable value represents the estimated selling price in the ordinary course of the business less estimated cost of completion and estimated cost necessary to be incurred in order to make the sale.

2.8 Cash and cash equivalents

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

2.9 Revenue from contracts with customers

i) Revenue recognition

Sale of electricity

Revenue from the sale of electricity is recognized on transmission of electricity to consumers at the rates determined by NEPRA and notified by the Government of Pakistan in official gazette from time to time.

Tariff differential subsidies

Tariff differential subsidy on electricity announced by the Government of Pakistan for consumers is recognized under revenue on an accrual basis.

Rental and service income

Meter rentals are recognized on time proportion basis.

Interest income

Interest income is recognized on a time proportion basis on the principal amount outstanding at the applicable rates.

Late payment surcharge

Surcharge on late payment is accounted for after the due date of payment has passed.

Fuel price adjustment

Fuel price adjustment is recognized on the basis of rates notified by the NEPRA on accrual basis.

Gain on installation of new connections

Gain / loss on installation of new connections / deposit works is recognized up to 10% of variation between receipts against deposit works and actual expenditure incurred on the project.

Service charges on collection of Pakistan Television (PTV) license fee and electricity duty

Service charges on collection of PTV license fee and electricity duty is recognized on the basis of actual billing collections from consumers.

Other revenue

Other revenue is recognized when it is accrued or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) **Contract liabilities**

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.10 **Financial Instruments**

i) **Recognition of financial instruments**

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) **Classification and measurement of financial instruments**

Financial assets

a) *Classification*

The Company classifies its financial assets and financial liabilities at amortized cost. A financial asset is measured at amortized cost if both of following conditions are met:

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

b) *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in statement of profit or loss and presented in other income / (other expenses).

Financial liabilities

Classification and measurement

Financial liabilities are classified at amortized cost. These are also subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii) **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For financial assets, except for the bank balances for which 12-month expected credit loss is measured, the Company applies the simplified approach to recognize expected lifetime losses from initial recognition of the receivables. The Company recognizes in statement of profit or loss, the amount of expected credit losses or reversal which is required to adjust its loss allowance at the reporting date.

iv) **De-recognition**

Financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

v) **Offsetting of financial assets and financial liabilities**

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

2.11 **Deferred credit**

Amounts received from consumers and Government as contributions towards the cost of extension of electricity distribution network and of providing service connections are deferred and amortized over the estimated useful lives of related assets. Amortization of deferred credit commences upon completion of related work which is taken to the statement of profit or loss each year corresponding to the depreciation charge of relevant asset for the year.

2.12 Borrowings

Borrowings are recognized initially at fair value of the consideration received, net of transaction costs. These are subsequently stated at amortized cost using the effective interest method.

2.13 Borrowing cost

Interest, mark-up and other charges on long term finances directly attributable to the acquisition, construction and production of qualifying assets are capitalized up to the date of commissioning of respective qualifying assets. All other interest, mark-up and other charges are charged to the statement of profit or loss in the period in which these are incurred.

2.14 Trade debts

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected credit loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Expected credit losses are recognized as follows:

- a) No expected credit loss on Government institutions balances, being not subject to risk of default.
- b) Expected credit loss of whole amount receivable from permanently disconnected consumers, exceeding one year;
- c) Expected credit loss on whole arrears from private consumers, exceeding one year; and
- d) Expected credit loss on all deferred arrears.

2.15 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as of deduction, net of tax.

2.16 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value plus directly attributable costs. These are subsequently measured at amortized cost.

2.17 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.18 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimate of the amount can be made. However provisions are reviewed at each reporting date and adjusted to reflect current best estimate. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

2.19 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.20 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2022 Number of shares	2021 Number of shares		2022 RUPEES	2021 RUPEES
1 000	1 000	Ordinary shares of Rupees 10 each fully paid in cash to Government of Pakistan (GoP) and its nominee directors	10,000	10,000

4. DEPOSIT FOR SHARES

This represents credit of Rupees 34,478,691,078 (2021: Rupees 15,641,656,359) received by the Company in financial year 2014 from Central Power Purchase Agency (Guarantee) Limited (CPPA-G) in pursuance of letter No. F.1(5)-CF-1/2012-13/1017 dated 02 July 2013 from Ministry of Finance as GoP investment against circular debt of Rupees 341 billion and equity injection by the Ministry of Finance as mark up on syndicated loans. Hence this was treated as GoP equity investment in the Company. During the year the Company has made a non-cash adjustment in deposit for shares amounting to Rupees 15,087,599,884 as intimated vide various letters received from CPPA-G on the directions of Ministry of Energy, Power Division, GoP. The Company has also reversed an amount of Rupees 3,749,434,835, previously adjusted against receivable balances of Employees Retirement Benefits of WAPDA pensioners, on the basis of legal opinion and decision made by the Board of Directors (BOD).

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX

Surplus on revaluation of property, plant and equipment as at 01 July	47,433,929,524	48,200,525,076
Less:		
Incremental depreciation charged during the year transferred to accumulated loss - net of deferred income tax	587,148,972	613,117,039
Adjustment of deferred income tax liability on transfer of property, plant and equipment - net of deferred income tax	137,613,811	153,478,513
	724,762,783	766,595,552
	<u>46,709,166,741</u>	<u>47,433,929,524</u>

5.1 This represents surplus resulting from revaluation of freehold land, buildings thereon, grids and equipment carried out on 01 July 2019 and feeders carried out on 30 June 2020 by Messrs F K S Building Services, an independent valuer enrolled on panel of the State Bank of Pakistan (SBP). Previously revaluation was carried out by an independent valuer on 30 June 2013 and 30 June 2006.

6. LONG TERM FINANCING

Loans from related party

Secured

From GoP (foreign re-lent):

Asian Development Bank - Tranche I (Note 6.1 and Note 6.5)	832,226,142	832,226,142
Asian Development Bank - Tranche II (Note 6.2 and Note 6.5)	1,000,702,296	1,000,702,296
Asian Development Bank - Tranche III (Note 6.3 and Note 6.5)	2,260,911,648	2,260,911,648
Asian Development Bank - Tranche IV (Note 6.4 and Note 6.5)	1,447,439,693	1,447,439,693
	<u>5,541,279,779</u>	<u>5,541,279,779</u>
Less:		
Current portion shown under current liabilities	375,606,486	375,606,486
Overdue portion shown under current liabilities	1,807,094,717	1,431,488,231
	2,182,701,203	1,807,094,717
	<u>3,358,578,576</u>	<u>3,734,185,062</u>

- 6.1** This represents re-lent portion of loan obtained by GoP from Asian Development Bank (ADB) for Power Distribution Enhancement Investment Program which is secured against the guarantee by GoP, pursuant to the re-lent agreement between GoP and the Company. This facility carries interest at the rate of 17% inclusive of relending interest of 11% per annum plus exchange risk component of 6% per annum which shall be charged both on principal amount and interest amount separately and commitment charges at the rate of 0.15% per annum on the un-disbursed amount of loan. Repayment of principal has to be made on half yearly basis within maximum period of 15 years including grace period of 2 years starting from February 2011. The overdue amounts of principal and mark-up aggregate to Rupees 653.892 million (2021: Rupees 535.003 million) and Rupees 813.585 million (2021: Rupees 666.614 million) respectively.
- 6.2** This represents re-lent portion of loan obtained by GoP from ADB for Power Distribution Enhancement Investment Program which is secured against the guarantee by GoP, pursuant to the re-lent agreement between GoP and the Company. This facility carries interest at the rate of 15% inclusive of relending interest of 8.2% per annum plus exchange risk component of 6.8% per annum which shall be charged both on principal amount and interest amount separately and commitment charges at the rate of 0.15% per annum on the un-disbursed amount of loan. Repayment of principal has to be made on half yearly basis within maximum period of 17 years excluding grace period of 3 years starting from June 2014. The overdue amounts of principal and mark-up aggregate to Rupees 398.860 million (2021: Rupees 328.055 million) and Rupees 747.338 million (2021: Rupees 591.653 million) respectively.
- 6.3** This represents re-lent portion of loan obtained by GoP from ADB for Power Distribution Enhancement Investment Program which is secured against the guarantee by GoP, pursuant to the re-lent agreement between GoP and the Company. This facility carries interest at the rate of 15% inclusive of relending interest of 8.2% per annum plus exchange risk component of 6.8% per annum which shall be charged both on principal amount and interest amount separately and commitment charges at the rate of 0.15% per annum on the un-disbursed amount of loan. Repayment of principal has to be made on half yearly basis within maximum period of 20 years excluding a grace period of 5 years starting from June 2018. The overdue amounts of principal and mark-up aggregate to Rupees 501.041 million (2021: Rupees 387.501 million) and Rupees 1,588.136 million (2021: Rupees 1,236.392 million) respectively.
- 6.4** This represents re-lent portion of loan obtained by GoP from ADB for Power Distribution Enhancement Investment Program which is secured against the guarantee by GoP, pursuant to the re-lent agreement between GoP and the Company. This facility carries interest at the rate of 15% inclusive of relending interest of 8.2% per annum plus exchange risk component of 6.8% per annum which shall be charged both on principal amount and interest amount separately and commitment charges at the rate of 0.15% per annum on the un-disbursed amount of loan. Repayment of principal has to be made on half yearly basis within maximum period of 20 years excluding a grace period of 5 years starting from June 2019. The overdue amounts of principal and mark-up aggregate to Rupees 253.302 million (2021: Rupees 180.930 million) and Rupees 1,089.541 million (2021: Rupees 864.354 million) respectively.
- 6.5** Pakistan Electric Power Company (Private) Limited (PEPCO) now Power Planning and Monitoring Company (Private) Limited (PPMC) vide its letter No. DGCPCC/PEPCO/2152-63 dated 20 February 2017 directed the Company that the payment of debt service on account of foreign relent loans may be withheld till the final decision on the matter that debt service by the WAPDA, GENCOs and DISCOs may be adjusted against their receivable balances from GoP. Resultantly, the Company did not make any payment in respect of foreign relent loans. However, the Economic Affairs Division, GoP in its letter vide 6-16(1)/DM/GF/2011 dated 09 May 2022 demanded repayment of principal along with mark-up (including exchange risk fee) amounting to Rupees 1,431 million and Rupees 2,736 million respectively.

7. STAFF RETIREMENT BENEFITS

	2022	2021
	RUPEES	RUPEES
Pension obligations (Note 7.1)	88,938,166,809	74,067,929,707
Free medical benefits (Note 7.1)	5,386,516,267	7,361,878,341
Free electricity (Note 7.1)	3,964,605,230	5,055,546,219
Leave encashment (Note 7.1)	2,015,532,812	2,437,214,143
	<u>100,304,821,118</u>	<u>88,922,568,410</u>

7.1 Movement in the net liabilities recognized in the statement of financial position is as follows:

	30 June 2022				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	-----RUPEES-----				
Balance as at 01 July 2021	74,067,929,707	7,361,878,341	5,055,546,219	2,437,214,143	88,922,568,410
Charge for the year (Note 7.2)	8,441,642,251	803,626,744	586,625,159	253,351,426	10,085,245,580
Remeasurements recognized in statement of comprehensive income (Note 7.3)	14,560,000,637	(1,366,393,662)	(916,753,935)	-	12,276,853,040
Benefits paid	(5,144,894,545)	(643,887,243)	(204,986,269)	(286,077,855)	(6,279,845,912)
Contribution made	(2,986,511,241)	(768,707,913)	(555,825,944)	(388,954,902)	(4,700,000,000)
Balance as at 30 June 2022	88,938,166,809	5,386,516,267	3,964,605,230	2,015,532,812	100,304,821,118
	-----RUPEES-----				
	30 June 2021				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	-----RUPEES-----				
Balance as at 01 July 2020	67,001,096,623	7,469,783,041	6,997,631,556	2,589,697,698	84,058,208,918
Charge for the year (Note 7.2)	6,876,897,970	772,730,492	824,077,708	301,445,790	8,775,151,960
Remeasurements recognized in statement of comprehensive income (Note 7.3)	5,960,067,414	(49,008,874)	(2,400,997,309)	-	3,510,061,231
Benefits paid	(4,753,447,622)	(569,938,518)	(175,948,393)	(321,519,166)	(5,820,853,699)
Contribution made	(1,016,684,678)	(261,687,800)	(189,217,343)	(132,410,179)	(1,600,000,000)
Balance as at 30 June 2021	74,067,929,707	7,361,878,341	5,055,546,219	2,437,214,143	88,922,568,410

7.1.1 The amount of pension obligation recognized in the statement of financial position is as follows:

	30 June 2022				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	-----RUPEES-----				
Present value of defined benefit obligations	96,650,322,782	7,371,573,360	5,399,930,943	3,019,942,514	112,441,769,599
Fair value of plan assets	(7,712,155,973)	(1,985,057,093)	(1,435,325,713)	(1,004,409,702)	(12,136,948,481)
	88,938,166,809	5,386,516,267	3,964,605,230	2,015,532,812	100,304,821,118
	-----RUPEES-----				
	30 June 2021				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	-----RUPEES-----				
Present value of defined benefit obligations	78,119,715,552	8,404,780,774	5,809,632,681	2,964,907,440	95,299,036,447
Fair value of plan assets	(4,051,785,845)	(1,042,902,433)	(754,086,462)	(527,693,297)	(6,376,468,037)
	74,067,929,707	7,361,878,341	5,055,546,219	2,437,214,143	88,922,568,410

7.1.1.1 Change in fair value of plan assets

	30 June 2022				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	-----RUPEES-----				
Balance as at 01 July	4,051,785,845	1,042,902,433	754,086,462	527,693,297	6,376,468,037
Expected return on plan assets	126,335,254	113,294,559	95,274,396	59,361,012	394,265,221
Cash flows:					
- Total employer's contributions					
(i) Employer's contributions	2,986,511,241	768,707,913	555,825,944	388,954,902	4,700,000,000
(ii) Employer's direct benefit payments	5,144,894,545	643,887,243	204,986,269	286,077,855	6,279,845,912
- Benefit payments from plan	(5,144,894,545)	(643,887,243)	(204,986,269)	(286,077,855)	(6,279,845,912)
Actuarial gain on plan assets	547,523,633	60,152,188	30,138,911	28,400,491	666,215,223
Balance as at 30 June	7,712,155,973	1,985,057,093	1,435,325,713	1,004,409,702	12,136,948,481

30 June 2021					
Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total	
-----RUPEES-----					
Balance as at 01 July	2,816,008,225	724,821,583	524,093,266	366,749,064	4,431,672,138
Expected return on plan assets	87,665,475	52,789,401	49,092,316	25,177,998	214,725,190
Cash flows:					
- Total employer's contributions					
(i) Employer's contributions	1,016,684,678	261,687,800	189,217,343	132,410,179	1,600,000,000
(ii) Employer's direct benefit payments	4,753,447,622	569,938,518	175,948,393	321,519,166	5,820,853,699
- Benefit payments from plan	(4,753,447,622)	(569,938,518)	(175,948,393)	(321,519,166)	(5,820,853,699)
Actuarial gain / (loss) on plan assets	131,427,467	3,603,649	(8,316,463)	3,356,056	130,070,709
Balance as at 30 June	4,051,785,845	1,042,902,433	754,086,462	527,693,297	6,376,468,037

7.2 Amounts recognized in the statement of profit or loss against defined benefit schemes are:

30 June 2022					
Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total	
-----RUPEES-----					
Current service cost	824,382,506	88,430,495	96,917,752	56,980,047	1,066,710,800
Interest cost	7,743,594,999	828,490,808	584,981,803	289,241,523	9,446,309,133
Actuarial loss	-	-	-	(5,108,641)	(5,108,641)
Gain on plan assets	(126,335,254)	(113,294,559)	(95,274,396)	(87,761,503)	(422,665,712)
Net charge for the year	8,441,642,251	803,626,744	586,625,159	253,351,426	10,085,245,580

30 June 2021					
Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total	
-----RUPEES-----					
Current service cost	726,328,199	93,878,622	185,548,091	6,549,823	1,012,304,735
Interest cost	6,238,235,246	731,641,271	687,621,933	258,601,064	7,916,099,514
Actuarial gains	-	-	-	64,828,957	64,828,957
Gain on plan assets	(87,665,475)	(52,789,401)	(49,092,316)	(28,534,054)	(218,081,246)
Net charge for the year	6,876,897,970	772,730,492	824,077,708	301,445,790	8,775,151,960

7.3 Remeasurements recognized in statement of comprehensive income:

30 June 2022					
Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total	
-----RUPEES-----					
Experience adjustments	15,107,524,270	(1,306,241,474)	(886,615,024)	-	12,914,667,772
Gain on plan assets	(547,523,633)	(60,152,188)	(30,138,911)	-	(637,814,732)
	14,560,000,637	(1,366,393,662)	(916,753,935)	-	12,276,853,040

30 June 2021					
Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total	
-----RUPEES-----					
Loss on obligation	129,072,596	13,605,464	934,429,531	-	1,077,107,591
Experience adjustments	5,962,422,285	(59,010,689)	(3,343,743,303)	-	2,559,668,293
(Gain) / loss on plan assets	(131,427,467)	(3,603,649)	8,316,463	-	(126,714,653)
	5,960,067,414	(49,008,874)	(2,400,997,309)	-	3,510,061,231

7.4 Reconciliation of present value of defined benefit obligations:

30 June 2022					
Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total	
-----RUPEES-----					
Balance as at 01 July 2021	78,119,715,552	8,404,780,774	5,809,632,681	2,964,907,440	95,299,036,447
Current service cost	824,382,506	88,430,495	96,917,752	56,980,047	1,066,710,800
Interest cost	7,743,594,999	828,490,808	584,981,803	289,241,523	9,446,309,133
Benefits paid during the year	(5,144,894,545)	(643,887,243)	(204,986,269)	(286,077,855)	(6,279,845,912)
Remeasurements	15,107,524,270	(1,306,241,474)	(886,615,024)	(5,108,641)	12,909,559,131
Balance as at 30 June 2022	96,650,322,782	7,371,573,360	5,399,930,943	3,019,942,514	112,441,769,599
30 June 2021					
Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total	
-----RUPEES-----					
Balance as at 01 July 2020	69,817,104,848	8,194,604,624	7,521,724,822	2,956,446,762	88,489,881,056
Current service cost	726,328,199	93,878,622	185,548,091	6,549,823	1,012,304,735
Interest cost	6,238,235,246	731,641,271	687,621,933	258,601,064	7,916,099,514
Benefits paid during the year	(4,753,447,622)	(569,938,518)	(175,948,393)	(321,519,166)	(5,820,853,699)
Remeasurements	6,091,494,881	(45,405,225)	(2,409,313,772)	-	3,636,775,884
Actuarial gains	-	-	-	64,828,957	64,828,957
Balance as at 30 June 2021	78,119,715,552	8,404,780,774	5,809,632,681	2,964,907,440	95,299,036,447

7.5 All of the investment of plan assets is in certain term deposit receipts of commercial banks.

7.6 The principal actuarial assumptions at the reporting date were as follows:

30 June 2022				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment
Discount rate for defined benefit obligation (per annum)	13.50%	13.50%	13.50%	13.50%
Discount rate for statement of profit or loss (per annum)	10.25%	10.25%	10.25%	10.25%
Electricity inflation rate (per annum)	-	-	10.25%	-
Annual medical claim - Rupees	-	13,860	-	-
Salary increase rate (per annum)	9.25%	9.25%	-	9.25%
Pension indexation rate (per annum)	4.25%	-	-	-
Take up rate of allowance-in service of facility	-	11.95%	-	-
Medical inflation rate (per annum)	-	13.50%	-	-
Mortality rates	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year
Withdrawal rates	Low	Low	Low	Low
Expected charge to the statement of profit or loss for the next financial year (Rupees)	13,796,382,644	827,548,308	838,992,325	336,769,283
Duration of scheme (years)	12	9	18	12
30 June 2021				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment
Discount rate for defined benefit obligation (per annum)	10.25%	10.25%	10.25%	10.25%
Discount rate for statement of profit or loss (per annum)	9.25%	9.25%	9.25%	9.25%
Electricity inflation rate (per annum)	-	-	10.25%	-
Annual medical claim - Rupees	-	11,332	-	-
Salary increase rate (per annum)	9.25%	9.25%	-	9.25%
Pension indexation rate (per annum)	4.25%	-	-	-
Take up rate of allowance-in service of facility	-	12.58%	-	-
Medical inflation rate (per annum)	-	10.25%	-	-
Mortality rates	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year
Withdrawal rates	Low	Low	Low	Low
Expected charge to the statement of profit or loss for the next financial year (Rupees)	8,392,739,635	858,093,711	800,054,120	257,035,629
Duration of scheme (years)	12	11	20	11

7.7 Sensitivity analysis for actuarial assumptions:

30 June 2022				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment
Discount rate	1.00%	1.00%	1.00%	1.00%
Increase in assumption (Rupees)	(10,653,031,301)	(625,402,864)	(827,335,585)	(320,497,098)
Decrease in assumption (Rupees)	13,100,518,911	752,806,847	1,111,951,943	383,256,618
Future salary increase	1.00%	-	-	1.00%
Increase in assumption (Rupees)	3,807,153,810	-	-	384,875,128
Decrease in assumption (Rupees)	(3,316,053,242)	-	-	(327,097,449)
Indexation rate	1.00%	-	1.00%	-
Increase in assumption (Rupees)	9,466,080,853	-	453,426,847	-
Decrease in assumption (Rupees)	(7,270,951,952)	-	(353,650,736)	-
Withdrawal rates	10.00%	10.00%	-	-
Increase in assumption (Rupees)	13,067,593,658	(2,948,629)	-	-
Decrease in assumption (Rupees)	3,837,291,053	2,948,629	-	-
Mortality setback	1 year	1 year	-	-
Increase in assumption (Rupees)	57,990,194	(5,160,101)	-	-
Decrease in assumption (Rupees)	(10,704,629,676)	5,160,101	-	-
Medical inflation rate	-	1.00%	-	-
Increase in assumption (Rupees)	-	667,873,647	-	-
Decrease in assumption (Rupees)	-	(576,510,322)	-	-

30 June 2021				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment
Discount rate	1.00%	1.00%	1.00%	1.00%
Increase in assumption (Rupees)	(9,236,618,022)	(825,349,472)	(864,532,024)	(263,005,790)
Decrease in assumption (Rupees)	8,909,271,261	1,001,849,869	1,409,364,612	412,793,486
Future salary increase	1.00%	-	-	1.00%
Increase in assumption (Rupees)	1,173,467,540	-	-	414,531,889
Decrease in assumption (Rupees)	(3,017,855,904)	-	-	(269,619,543)
Indexation rate	1.00%	-	1.00%	-
Increase in assumption (Rupees)	6,611,619,301	-	1,456,472,464	-
Decrease in assumption (Rupees)	(7,631,327,266)	-	(906,584,663)	-
Withdrawal rates	10.00%	10.00%	-	-
Increase in assumption (Rupees)	23,435,915	(3,361,912)	-	-
Decrease in assumption (Rupees)	(23,435,914)	3,361,913	-	-
Mortality setback	1 year	1 year	-	-
Increase in assumption (Rupees)	274,042,120	(5,042,868)	-	-
Decrease in assumption (Rupees)	500,159,977	5,042,869	-	-
Medical inflation rate	-	1.00%	-	-
Increase in assumption (Rupees)	-	747,185,011	-	-
Decrease in assumption (Rupees)	-	(673,222,940)	-	-

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the staff retirement benefits to significant actuarial assumptions, the same method (present value of the staff retirement benefits calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liabilities of staff retirement benefits recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis were changed as compared to the previous year due to downward trend in discount rate structure and decrease in inflationary expectations.

7.8 As at 30 June 2022, the average duration of these benefits was 12 years.

7.9 Risks associated with staff retirement benefits

The defined benefit plans expose the Company to the following risks:

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 impacts the liability accordingly.

Withdrawal Risk:

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

8. LONG TERM SECURITY DEPOSITS

These represent security deposits received from consumers at the time of electricity connections and are refundable / adjustable on disconnection of electricity supply.

	2022 RUPEES	2021 RUPEES
9. RECEIPT AGAINST DEPOSIT WORKS		
Consumers demand notices awaiting connections (Note 9.1)	694,879,283	508,817,041
Funds received against deposit works (Note 9.2)	17,405,456,614	11,404,265,469
	<u>18,100,335,897</u>	<u>11,913,082,510</u>

9.1 These represent amounts received from consumers through demand notices against which the related works / jobs have not been completed.

9.2 These represent amounts received directly by the Company for electrification of villages, colonies and other deposit works, mainly provided through Government funding against which the related works / jobs have not been completed.

10. DEFERRED CREDIT

Balance as at 01 July	49,888,747,814	45,117,017,243
Additions during the year	5,242,245,438	4,771,730,571
	<u>55,130,993,252</u>	<u>49,888,747,814</u>
Less: Amortization		
Balance as at 01 July	18,007,231,133	16,261,124,960
Amortization for the year	1,929,584,764	1,746,106,173
	<u>19,936,815,897</u>	<u>18,007,231,133</u>
Balance as at 30 June	<u>35,194,177,355</u>	<u>31,881,516,681</u>

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

11. DEFERRED INCOME TAX LIABILITY

Opening balance	7,084,094,028	7,397,210,521
Less:		
Deferred income tax liability on incremental depreciation transferred to the statement of profit or loss	239,821,411	250,428,086
Deferred income tax liability on assets transferred during the year transferred to the statement of profit or loss	56,208,458	62,688,407
	<u>296,029,869</u>	<u>313,116,493</u>
	<u>6,788,064,159</u>	<u>7,084,094,028</u>

	2022 RUPEES	2021 RUPEES
11.1 Deferred income tax effect due to:		
Accelerated tax depreciation on operating fixed assets	18,579,328,400	17,892,645,069
Allowance for expected credit losses	(412,125,905)	(321,547,442)
Provision for slow moving and obsolete items of stores, spares and loose tools	(11,702,546)	(11,657,417)
Unused tax losses	(103,846,363,655)	(90,060,940,218)
	<u>(85,690,863,706)</u>	<u>(72,501,500,008)</u>
Unrecognized deferred tax asset (Note 11.1.1)	85,690,863,706	72,501,500,008
	<u>-</u>	<u>-</u>
11.1.1 Deferred income tax asset has not been recognized in these financial statements due to uncertainty in availability of sufficient future taxable profits as these temporary differences are not likely to reverse in the foreseeable future.		
12. TRADE AND OTHER PAYABLES		
Creditors	869,168,988	810,878,784
Due to associated companies / undertakings (Note 12.1)	97,858,781,616	89,059,338,896
Billing related payables (Note 12.2)	12,015,081,431	13,543,069,979
Workers' profit participation fund (Note 12.3 and Note 12.4)	1,650,983,096	1,584,446,791
Excess receipt against deposit work	1,169,413,342	892,458,738
Accrued liabilities	493,417,675	310,453,925
Contract liabilities - unsecured (Note 12.5)	587,788,294	767,379,012
Sales tax payable	-	1,352,886,915
Income tax deducted at source	90,579,133	45,173,610
Retention money payable	142,941,027	115,394,423
Other liabilities	1,391,337,580	738,239,949
	<u>116,269,492,182</u>	<u>109,219,721,022</u>
12.1 Due to associated companies / undertakings		
Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)	95,273,750,402	86,711,160,274
National Transmission and Despatch Company Limited (NTDC)	1,889,416,839	1,467,846,200
Due to associated companies on account of free electricity (Note 12.1.1)	613,513,103	621,820,100
Due to associated companies on account of pension (Note 12.1.2)	82,101,272	99,687,470
Pakistan Electric Power Company (Private) Limited (PEPCO) now (PPMC)	-	136,838,843
Water and Power Development Authority (WAPDA)	-	21,986,009
	<u>97,858,781,616</u>	<u>89,059,338,896</u>
12.1.1 Due to associated companies on account of free electricity		
Lahore Electric Supply Company Limited (LESCO)	611,321,730	620,615,217
Sukkur Electric Power Company Limited (SEPCO)	2,191,373	1,204,883
	<u>613,513,103</u>	<u>621,820,100</u>
12.1.2 Due to associated companies on account of pension		
Peshawar Electric Supply Company Limited (PESCO)	81,171,997	99,687,470
Lahore Electric Supply Company Limited (LESCO)	929,275	-
	<u>82,101,272</u>	<u>99,687,470</u>
12.2 Billing related payables		
Equalization surcharge payable (Note 12.2.1)	2,203,206,426	2,203,295,685
Electricity duty payable	297,082,485	1,199,895,144
TV License fee payable	122,115,480	113,693,228
Neelum Jhelum surcharge	1,125,721,010	1,105,701,907
Extra / further tax	707,811,756	247,853,527
Income tax	856,567,030	577,234,495
Financing cost surcharge payable	1,079,972,981	1,042,670,334
Tariff rationalization surcharge payable	5,552,893,402	6,998,968,692
General sales tax	69,710,861	53,756,967
	<u>12,015,081,431</u>	<u>13,543,069,979</u>

12.2.1 Equalization surcharge was collected from consumers pursuant to S.R.O. 235(1)2011, dated 15 March 2011 issued by the Ministry of Energy, GoP. The amount was collected from customers during the period from April 2011 to May 2012 but further collection was discontinued on account of a subsequent S.R.O. 505(1)2012, dated 16 May 2012. Payment of this amount to the Federal Government is currently deferred as payment mechanism has not been conveyed to the Company by the GoP. The Company through letter No. 5030/FESCO/CFO/Compilation dated 31 December 2021 requested the PEPCO now PPMC to impart necessary guidelines for adjustment of the equalization surcharge.

	2022	2021
	RUPEES	RUPEES
12.3 Workers' profit participation fund		
At the beginning of the year	1,584,446,791	546,108,557
Provision for the year	66,536,305	1,038,338,234
At the end of the year	<u>1,650,983,096</u>	<u>1,584,446,791</u>

12.4 The Company has not made payment of its contribution towards Workers' Profit Participation Fund (WPPF), being the Company's liability on account of provision of Companies Profit (Workers' Participation) Act, 1968 relating to profit for the years ended 30 June 2004, 30 June 2005, 30 June 2020, 30 June 2021 and 30 June 2022. The matter is pending for decision with the Economic Coordination Committee (ECC) 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. Due to pending decision with the ECC, no provision of mark-up is made as required under the Companies Profit (Workers' Participation) Act, 1968. Further, the Company has not made provision against WPPF amounting to Rupees 2,707 million relating to the financial years ended 30 June 2009, 30 June 2010, 30 June 2013, 30 June 2014 and 30 June 2015. However the Company has shown the WPPF for the years ended 30 June 2009, 30 June 2010, 30 June 2013, 30 June 2014 and 30 June 2015 along with mark-up as contingent liabilities under Note 14.1.3 to the financial statements.

12.5 The Company has recognized revenue of Rupees 314.732 million (2021: Rupees 480.050 million) from amounts included in contract liabilities at the year end.

13. ACCRUED MARK-UP

Foreign re-lent loans	113,322,002	113,322,002
Overdue mark-up on foreign re-lent loans	4,238,598,954	3,359,012,088
	<u>4,351,920,956</u>	<u>3,472,334,090</u>

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The Company has received various invoices from CPPA-G representing late payment charges (supplementary charges) being the share of the Company in late payment charges charged to CPPA-G by Independent Power Producers (IPPs) on account of delayed payments aggregating to Rupees 13,413.92 million (2021: Rupees 10,887.26 million) over the years. Moreover, NEPRA has decided that the late payment charges (supplementary charges) recovered from consumers on utility bills shall be offset against the late payment charges (supplementary charges) invoices raised by CPPA and CPPA cannot account for late payment charges (supplementary charges) over and above what is calculated as per agreement. Therefore, the Company has not acknowledged this amount as its liability.

14.1.2 The Company had received credit notes issued to the Company against Tariff Differential Subsidy of Rupees 7,923 million from CPPA-G in the financial year 2015, on the basis of Pakistan Electric Power Company (Private) Limited (PEPCO) now Power Planning and Monitoring Company (Private) Limited (PPMC) allocation as per previous practice. As per CPPA-G the allocation to the Company was not based on the actual releases so in order to correct the allocation, CPPA-G has withdrawn these credit notes. However according to the management of the Company CPPA-G has withdrawn these credit notes after adjusting the Tariff Rationalization Surcharge against subsidy receivable from Government of Pakistan which has been allowed with effect from June 2015 but these credit notes relate to the period prior to June 2015. Therefore, the Company has not acknowledged this reversal of credit notes and has not recognised this amount as liability.

14.1.3 The Companies Profit (Workers' Participation) Act, 1968 requires payment of the allocated amount to the Workers Profit Participation Fund (WPPF) within nine months of the close of relevant financial year. However, due to pending decision of the Economic Coordination Committee to exempt the corporatized entities under the umbrella of WAPDA from requirements of the said Act, the Company has not made provision of WPPF amounting to Rupees 2,707 million for the financial years ended 30 June 2009, 30 June 2010, 30 June 2013, 30 June 2014 and 30 June 2015 and for the interest accrued on outstanding WPPF thereon as given in Note 12.4.

14.1.4 In addition to above-mentioned matters, large number of small cases have been filed against the Company, primarily by the Company's employees, customers and vendors, the quantum of which cannot be estimated reliably. However, the management is of the view that in the overall context of these financial statements, there would be no significant liability of the Company against such cases.

14.1.5 Income tax

- (i) Additional Commissioner Inland Revenue passed an Order No. 344 dated 07 January 2014 for tax the year 2013 under section 122 (5A) of the Ordinance, raising a demand of Rupees 88.769 million, in respect of non payment of minimum tax on subsidy under section 113 of the Income Tax Ordinance, 2001 (the Ordinance). The Company filed an appeal to Appellate Tribunal Inland Revenue (ATIR) against this order. The ATIR decided the case in favour of the Company. The Regional Tax Office filed reference dated 12 May 2016 against the decision before the Lahore High Court, Lahore which is pending for adjudication.
- (ii) Additional Commissioner Inland Revenue passed Order No. 8299 dated 06 April 2016 and Order No. 8524 dated 21 June 2016 for tax the years 2014 and 2015 respectively under section 122 (5A) of the Ordinance, raising a demand of Rupees 1,574.665 million and Rupees 558.964 million, in respect of non payment of minimum tax on subsidy under section 113 of the Ordinance and alleged incorrect claim of tax credit under section 65B of the Ordinance, respectively. The Company filed an appeal to Appellate Tribunal Inland Revenue (ATIR) against this order. The ATIR decided the cases in favour of the Company. The Regional Tax Office has filed reference application on 14 April 2017 against the decision before the Lahore High Court, Lahore which is pending for adjudication.
- (iii) Additional Commissioner Inland Revenue passed an Order vide letter No. 539335-1 dated 09 January 2017 under section 122(9) of the Ordinance, raising a demand of Rupees 13.896 million in respect of less depositing of turnover tax under section 113 of the Ordinance in tax year 2011. The Commissioner Inland Revenue (Appeals) has decided the case against the Company. The Company has filed an appeal against the decision before Appellate Tribunal Inland Revenue on 03 December 2020, which is pending for adjudication.
- (iv) Additional Commissioner Inland Revenue passed an Order No. 678 dated 23 December 2015 under section 122(5A) raising a demand of Rupees 156.009 million for the tax year 2010, in respect of illegal set off of part of accumulated unabsorbed depreciation against interest from bank deposits / instruments and non-payment of tax on such income. The Company filed to Appellate Tribunal Inland Revenue (ATIR) against this order. The matter has been resolved in favour of the Company by the ATIR. The Regional Tax Office has filed an appeal on 22 November 2018 before the Lahore High Court, Lahore which is pending for adjudication.
- (v) Additional Commissioner Inland Revenue issued a show cause notice No. 438 dated 04 February 2014 for the tax year 2009 under section 122(5A) of the Ordinance, raising a demand of Rupees 122.559 million, in respect of illegal set off of part of accumulated unabsorbed depreciation against interest from bank deposits / instruments and non-payment of tax on such income. The matter has been resolved in favour of the Company by the Appellate Tribunal Inland Revenue (ATIR). The Regional Tax Office has filed an appeal before the Lahore High Court, Lahore which is pending for adjudication.
- (vi) Deputy Commissioner Inland Revenue passed order dated 06 June 2018 under section 205/160 of the Ordinance for the tax years 2016 and 2017 raising a demand of Rupees 67.023 million, in respect of non deduction of withholding tax against payment of use of system charges to NTDC. The Commissioner Inland Revenue (Appeals) (CIR (A)) passed order against the Company. The Company has filed reference application No. 18479 dated 27 February 2021 before the Lahore High Court, Lahore against the order of ATIR, which is pending for adjudication.
- (vii) Deputy Commissioner Inland Revenue passed Orders under section 205 of the Ordinance for the tax years 2012, 2013, 2014 and 2015 raising a demand of Rupees 229.280 million, in respect of non deduction of withholding tax against payment of use of system charges to NTDC. The Company filed appeals against these orders before Appellate Tribunal Inland Revenue (ATIR), which were decided against the Company. The Company filed Income Tax Reference Nos. 45069, 45078, 45072 and 45074 dated 10 June 2020 before Lahore High Court, Lahore against the orders of Appellate Tribunal Inland Revenue (ATIR), which are pending for adjudication.
- (viii) Additional Commissioner Inland Revenue passed an Order No. 1758 dated 26 September 2018 under section 161(1) and raised demand of Rupees 46.353 million, in respect of alleged non-payment of withholding tax on various payments, in respect of tax year 2017. The Company has filed reference application on 27 February 2021 before Lahore High Court, Lahore against the orders of Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication.
- (ix) Additional Commissioner Inland Revenue passed an Order vide bar code No. 100000118080488 dated 22 February 2022 for tax year 2017 under section 122 (5A) of the Ordinance, raising a demand of Rupees 422.765 million, in respect of illegal tax credit claimed under section 65B of the Ordinance for the tax year 2017. The Company has filed appeal before Commissioner Inland Revenue (Appeals), which is pending for adjudication
- (x) Additional Commissioner Inland Revenue passed an Order vide bar code No. 100000115217240 dated 23 December 2021 for tax year 2018 under section 122(5A) of the Ordinance, creating a demand of Rupees 3,699.121 million in respect of non payment of Alternative Corporate Tax. Being aggrieved with the order of Additional Commissioner Inland Revenue the Company has filed an appeal before Commissioner Inland Revenue (Appeals) on 31 January 2022, the proceedings of which is pending for adjudication.
- (xi) Deputy Commissioner Inland Revenue issued Order vide bar code No. 100000126469023 dated 28 June 2022 for tax year 2016 under section 161(1), of the Ordinance raising a demand of Rupees 485.783 million in respect of tax year 2016 in respect of non deduction of withholding tax against payment of salaries, wages and other benefits to employees. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) on 25 July 2022, subsequent to the reporting date, which is pending for adjudication.

- (xii) Deputy Commissioner Inland Revenue issued Order vide bar code No. 100000115292828 dated 27 December 2021 for tax year 2020 under section 161(1) of the Ordinance raising a demand amounting to Rupees 655.422 million, in respect of non deduction of withholding tax against payment of salaries, wages and other benefits to employees. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) on 26 January 2022, which is pending for adjudication.
- (xiii) Deputy Commissioner Inland Revenue issued Order vide bar code No. 100000126474388 dated 28 June 2022 for tax year 2016 under section 161(1A) raising a demand of Rupees 1,120.707 million, in respect of non-deduction of withholding tax on supply of electricity. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) on 28 July 2022, subsequent to the reporting date, which is pending for adjudication.
- (xiv) Deputy Commissioner Inland Revenue issued Order vide bar code No. 100000123838286 dated 25 April 2022 for tax year 2021 under section 221(1) raising a demand of Rupees 384.786 million, in respect of wrong adjustment of unverified refunds of previous years. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) on 21 May 2022, which is pending for adjudication.

Aggregate provision of Rupees 9,626.102 million regarding the cases stated in paragraph numbers 14.1.5 (i) to 14.1.5 (xiv) has not been accounted for in the books of account of the Company as in the opinion of tax advisors, the favorable outcomes of these cases are expected.

Sales Tax

- (xv) Assistant Commissioner Punjab Revenue Authority (ACPRA) passed an Order No.1 dated 04 January 2018 raising a demand of Rupees 385.803 million, in respect of non charging of Punjab Sales Tax (PST) on various services performed by the Company for the tax period from July 2015 to June 2016 under section 52(1) of Punjab Sales Tax Act, 2012 and Punjab Sales Tax Withholding Rules, 2015. The Company has filed writ petition before the Lahore High Court, Lahore against the order of Commissioner Appeals (PRA), which is pending for adjudication.
- (xvi) Deputy Commissioner Inland Revenue issued show cause notice No. 07 dated 31 December 2011 under section 36(2) of Sales Tax Act, 1990 raising a demand of Rupees 6,888.265 million for the tax period from July 2008 to June 2009 in respect of non-charging and payment of sales tax on subsidy, non-utility operations, new connections awaiting installation, work-in-progress, repair, testing and inspection fee, reconnections, unlawful input tax claim / adjustment against suspended registration and black listed parties. The Appellate Tribunal Inland Revenue (ATIR) has decided the case in favour of the Company. The Regional Tax Office filed reference application before the Lahore High Court, Lahore on 08 December 2014, which is pending for adjudication.
- (xvii) Assistant Commissioner Inland Revenue issued an Order vide letter No. 1317 dated 05 December 2014 raising a demand of Rupees 3.833 million in respect of non-charging and payment of extra tax and further tax on assessment basis on supply of electricity. The Company has filed an appeal on 14 April 2016 before the Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication.
- (xvii) Deputy Commissioner Inland Revenue issued a show cause notice No. 344 dated 09 January 2013 raising a demand of Rupees 6,767.126 million for the tax year 2009-10 in respect of penalty for suppression of sales, inadmissible input tax claimed, non-charging of sales tax on subsidy etc. The Appellate Tribunal Inland Revenue (ATIR) has decided the case in favour of the Company. The Regional Tax Office filed reference application against the decision of ATIR before Lahore High Court, Lahore which is pending for adjudication.
- (xviii) Assistant Commissioner Inland Revenue issued an Order No. 1725 dated 27 February 2019 under section 26 of Sales Tax Act, 1990 raising a demand of Rupees 66.640 million in respect of non-chargeability of sales tax on free supply to Company's employees. The Company has filed an appeal on 13 April 2019 before the Commissioner Inland Revenue (Appeals), who remanded back the case to the Assistant Commissioner Inland Revenue vide Order No. 473 dated 05 November 2019. The Assistant Commissioner Inland Revenue has passed the order against the Company. The Company has filed an appeal dated 29 June 2021 before Commissioner Inland Revenue (Appeals) against the order of Assistant Commissioner Inland Revenue, which is pending for adjudication.
- (xix) Assistant Commissioner Inland Revenue issued show cause notice No. 2565 dated 12 March 2020 under section 3(1) and 3(1)(A) of the Sales Tax Act, 1990 regarding non charging of sales tax on Large Tax Payer and zero rated supplies amounting to Rupees 4,820 million for the period from July 2014 to May 2016. The Company has submitted the reply to Assistant Commissioner Inland Revenue. Assistant Commissioner has reduced the demand to Rupees 2,321 million. The Company has filed an appeal before Appellate Tribunal Inland Revenue against the demand, which is pending for adjudication.
- (xx) The Company has lodged twelve sales tax refund claims amounting to Rupees 7,704 million with Regional Tax Officer (RTO) from November 2008 to June 2014. Out of these twelve claims, eight refund claims amounting to Rupees 5,224 millions have been rejected by Assistant Commissioner Inland Revenue. The Commissioner Inland Revenue (Appeals) have remanded back the case to Assistant Commissioner Inland Revenue. The Company has filed an appeal before Appellate Tribunal Inland Revenue against the rejection of claims, which is pending for adjudication.
- (xxi) Additional Commissioner Punjab Revenue Authority (ACPRA) issued show cause notice No. 11149 dated 30 December 2020 raising a demand of Rupees 1,554.748 million, in respect of non-chargeability of Punjab Sales Tax (PST) on various services performed by the Company for the tax period from July 2016 to June 2019. The Company has filed petition No. 19883 dated 15 March 2021 before Lahore High Court, Lahore which is pending for adjudication.

- (xxii) Assistant Commissioner Inland Revenue passed an Order No. 16, 17, 18 and 19 dated 09 June 2021 raising a demand of Rupees 406.05 million in respect of inadmissible adjustment of sales tax of steel melters and re-rollers for the period from March 2016 to June 2019. The Company has filed an appeal before Commissioner Inland Revenue (Appeals), which is pending for adjudication.
- (xxiii) Additional Commissioner Punjab Revenue Authority (ACPRA) issued show cause notice No. 12225 dated 14 December 2021 under section 24 and 52 of Punjab Sales Tax (PST) raising a demand of Rupees 1,131.949 million, in respect of non-chargeability of Punjab Sales Tax (PST) on various services performed by the Company for the tax period from July 2019 to June 2021. The Company has filed a writ petition dated 12 January 2022 before Lahore High Court, Lahore which is pending for adjudication.
- (xxiv) Additional Commissioner Punjab Revenue Authority issued show cause notice No. 11376 dated 26 February 2021 raising a demand of Rupees 20.93 million, in respect of default surcharge on non charging of Punjab Sales Tax (PST) on services performed by the Company for the tax period from July 2014 to June 2020 under section 52 of Punjab Sales Tax Act, 2012 and Punjab Sales Tax Withholding Rules, 2015. The Company has filed an appeal before Commissioner (Appeals), Punjab Revenue Authority (PRA) dated 28 September 2021, which is pending for adjudication.
- (xxv) Deputy Commissioner Inland Revenue passed an Order No. 05 dated 29 October 2021 under section 11(2) of the Sales Tax Act, 1990 raising a demand of Rupees 1,812.362 million, in respect of non payment of sales tax on subsidy and withholding of sales tax on services for the financial year 2015-2016. The Company has filed an appeal dated 14 January 2022 before Lahore High Court, Multan Bench, Multan which is pending for adjudication.
- (xxvi) Assistant Commissioner Inland Revenue issued show cause notice No. 1305 dated 18 June 2021 raising a demand of Rupees 33.059 million against two times adjustment of input tax. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) (CIR (A)), who rejected the appeal in his Order No. 36/2021 dated 30 March 2022. The Company has filed an appeal before ATIR dated 15 June 2022, which is pending for adjudication.

Aggregate provision of Rupees 23,871.765 million relating to the above stated paragraph numbers 14.1.5 (xv) to 14.1.5 (xxvi) has not been recorded in the books of accounts of the Company on the advice of tax advisors of the Company, as favourable outcome of these cases are expected.

14.2 Commitments

- 14.2.1 Contracts for capital expenditure are of Rupees 3,814.899 million (2021: Rupees 1,018.672 million).
- 14.2.2 Inland letter of credits in respect of capital expenditure are of Rupees 388.499 million (2021: Rupees 528.532 million).
- 14.2.3 Contracts for other than capital expenditure are of Rupees 66.128 million (2021: Rupees 9.366 million).

	2022 RUPEES	2021 RUPEES
15. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 15.1)	125,813,104,999	115,568,599,167
Capital work-in-progress (Note 15.2)	18,233,039,025	17,811,695,150
	<u>144,046,144,024</u>	<u>133,380,294,317</u>

15.1 OPERATING FIXED ASSETS

	Freehold land	Buildings on freehold land	Feeders (up to 11 kv)	Grids and equipment	Vehicles	Furniture, fixtures and office equipment	Total
-----RUPEES-----							
As at 30 June 2020							
Cost / revalued amount	31,245,628,250	4,214,610,498	78,856,256,620	33,714,167,672	865,166,412	915,254,422	149,811,083,874
Accumulated depreciation	-	(477,154,948)	(27,569,447,253)	(7,321,810,062)	(764,955,144)	(578,780,463)	(36,712,147,870)
Impairment loss	-	(453,912,940)	-	-	-	-	(453,912,940)
Net book value	<u>31,245,628,250</u>	<u>3,283,542,610</u>	<u>51,286,809,367</u>	<u>26,392,357,610</u>	<u>100,211,268</u>	<u>336,473,959</u>	<u>112,645,023,064</u>
Year ended 30 June 2021							
Opening net book value	31,245,628,250	3,283,542,610	51,286,809,367	26,392,357,610	100,211,268	336,473,959	112,645,023,064
Additions	-	198,362,821	6,902,634,706	671,820,199	70,323,000	38,973,297	7,882,114,023
Transferred to stores and spares / written off							
Cost / revalued amount	-	-	(859,196,085)	(216,714,881)	-	(2,433,748)	(1,078,344,714)
Accumulated depreciation	-	-	272,376,275	51,119,038	-	243,127	323,738,440
	-	-	(586,819,810)	(165,595,843)	-	(2,190,621)	(754,606,274)
Depreciation charge	-	(75,638,908)	(2,850,485,175)	(1,184,572,064)	(31,409,284)	(61,826,215)	(4,203,931,646)
Impairment loss	-	-	-	-	-	-	-
Closing net book value	<u>31,245,628,250</u>	<u>3,406,266,523</u>	<u>54,752,139,088</u>	<u>25,714,009,902</u>	<u>139,124,984</u>	<u>311,430,420</u>	<u>115,568,599,167</u>
As at 30 June 2021							
Cost / revalued amount	31,245,628,250	4,412,973,319	84,899,695,241	34,169,272,990	935,489,412	951,793,971	156,614,853,183
Accumulated depreciation	-	(552,793,856)	(30,147,556,153)	(8,455,263,088)	(796,364,428)	(640,363,551)	(40,592,341,076)
Impairment loss	-	(453,912,940)	-	-	-	-	(453,912,940)
Net book value	<u>31,245,628,250</u>	<u>3,406,266,523</u>	<u>54,752,139,088</u>	<u>25,714,009,902</u>	<u>139,124,984</u>	<u>311,430,420</u>	<u>115,568,599,167</u>
Year ended 30 June 2022							
Opening net book value	31,245,628,250	3,406,266,523	54,752,139,088	25,714,009,902	139,124,984	311,430,420	115,568,599,167
Additions	-	495,628,577	8,357,948,686	6,420,365,598	388,012,026	137,710,608	15,799,665,495
Transferred to stores and spares / written off							
Cost / revalued amount	-	-	(1,490,544,015)	(174,507,281)	(47,450)	(2,793,329)	(1,667,892,075)
Accumulated depreciation	-	-	497,605,169	68,470,005	1,186	2,530,702	568,607,062
	-	-	(992,938,846)	(106,037,276)	(46,264)	(262,627)	(1,099,285,013)
Depreciation charge	-	(80,123,231)	(3,047,439,717)	(1,212,115,286)	(49,720,550)	(66,475,866)	(4,455,874,650)
Closing net book value	<u>31,245,628,250</u>	<u>3,821,771,869</u>	<u>59,069,709,211</u>	<u>30,816,222,938</u>	<u>477,370,196</u>	<u>382,402,535</u>	<u>125,813,104,999</u>

	Freehold land	Buildings on freehold land	Feeders (up to 11 kv)	Grids and equipment	Vehicles	Furniture, fixtures and office equipment	Total
RUPEES							
As at 30 June 2022							
Cost / revalued amount	31,245,628,250	4,908,601,896	91,767,099,912	40,415,131,307	1,323,453,988	1,086,711,250	170,746,626,603
Accumulated depreciation	-	(632,917,087)	(32,697,390,701)	(9,598,908,369)	(846,083,792)	(704,308,715)	(44,479,608,664)
Impairment loss	-	(453,912,940)	-	-	-	-	(453,912,940)
Net book value	<u>31,245,628,250</u>	<u>3,821,771,869</u>	<u>59,069,709,211</u>	<u>30,816,222,938</u>	<u>477,370,196</u>	<u>382,402,535</u>	<u>125,813,104,999</u>
Annual rate of depreciation (%)	-	2	3.5	3.5	10	10-33.33	

15.1.1 The property and rights in the above assets were transferred to the Company on 29 June 1998 by WAPDA in accordance with the terms and conditions of the Business Transfer Agreement (BTA) executed between WAPDA and the Company. The detail of these assets were finalized with WAPDA through a Supplementary Business Transfer Agreement (SBTA).

15.1.2 Title of freehold land valuing Rupees 18,505.226 million is in the name of WAPDA and title of freehold land valuing of Rupees 9,256.394 million has neither been transferred in the name of WAPDA nor in the name of the Company. The possession of freehold land amounting to Rupees 28 million and buildings thereon amounting to Rupees 1.586 million is not in control of the Company and with some other third parties, therefore, these assets are not revalued. Moreover, the operating fixed assets having book value of to Rupees 686.97 million has not been revalued due to certain inherent limitations.

15.1.3 (I) On 01 March 2019, the Company entered into an Authorization and Interest agreement with Power Holding (Private) Limited (PHPL) and Meezan Bank Limited (MBL), in which Company authorized PHPL to carry out "Certain Actions" in relation to Relevant Transaction Assets representing freehold land at Faisalabad and Jhang districts having combined area of 1 062 kanals and 9 marlas amounting to Rupees 5,661.814 million. Certain Actions include selling the Relevant Transaction Assets to MBL and creating a security interest over the same for the purpose of enabling PHPL to raise financing through the Sukuk issue. In addition to this agreement, PHPL entered into an Asset Purchase Agreement with MBL for selling the Relevant Transaction Assets to MBL which include the freehold land of the Company and of other distribution and generation companies for a total purchase price of Rupees 200,000 million against which Sukuk certificates have been issued by PHPL for a period of ten years. However, the Company holds the title of the transaction assets as title agent.

(II) On 20 May 2020, the Company entered into another Authorization and Interest agreement with Power Holding (Private) Limited (PHPL) and Meezan Bank Limited (MBL), in which Company authorized PHPL to carry out "Certain Actions" in relation to Relevant Transaction Assets representing freehold land at all districts within the geographical area of the Company, having combined area of 3 582 kanals and 17 marlas amounting to Rupees 3,728.101 million. Certain Actions include selling the Relevant Transaction Assets to MBL and creating a security interest over the same for the purpose of enabling PHPL to raise financing through the Sukuk issue. In addition to this agreement, PHPL entered into an Asset Purchase Agreement with MBL for selling the Relevant Transaction Assets to MBL which include the freehold land of the Company and of other distribution and generation companies for a total purchase price of Rupees 200,000 million against which Sukuk certificates have been issued by PHPL for a period of ten years. However, the Company holds the title of the transaction assets as title agent.

15.1.4 Forced sales value of freehold land is Rupees 26,535 million, buildings on freehold land is Rupees 2,422 million, grids and equipment is Rupees 22,278 million as per the valuation carried on 01 July 2019. Forced sales value of feeders (up to 11 kv) is Rupees 46,118 million as per the valuation carried on 30 June 2020.

15.1.5 If the freehold land, buildings on freehold land, feeders (up to 11 kv), grids and equipment were measured using the cost model, the carrying amount would be as follows:

	Cost	Accumulated depreciation	Impairment loss	Net book value
RUPEES				
Land - freehold	1,155,515,137	-	-	1,155,515,137
Building on freehold land	3,616,013,475	(831,173,113)	(453,912,940)	2,330,927,422
Feeders (up to 11 kv)	79,097,312,637	(27,051,691,920)	-	52,045,620,717
Grids and equipment	23,818,473,908	(7,894,435,815)	-	15,924,038,093
2022	<u>107,687,315,157</u>	<u>(35,777,300,848)</u>	<u>(453,912,940)</u>	<u>71,456,101,369</u>
2021	<u>93,767,962,182</u>	<u>(32,714,029,032)</u>	<u>(453,912,940)</u>	<u>60,600,020,210</u>

	2022 RUPEES	2021 RUPEES
15.1.6 Depreciation charge for the year has been allocated as follows:		
Distribution cost (Note 29)	4,317,778,732	4,077,561,695
Administrative expenses (Note 30)	109,881,586	100,509,435
Customer services costs (Note 31)	1,107,426	1,040,571
Included in capital work-in-progress (Note 15.2.4)	27,106,906	24,819,945
	<u>4,455,874,650</u>	<u>4,203,931,646</u>
15.2 Capital work in progress		
Civil works	179,377,656	129,972,894
Distribution equipment (Note 15.2.1)	16,834,989,170	17,168,498,564
	<u>17,014,366,826</u>	<u>17,298,471,458</u>
Cost of Implementation of Enterprise Resource Planning	68,160,833	70,010,025
Mobilization advance to suppliers / contractors	552,205,202	77,687,875
Capital stores (Note 15.2.3)	598,306,164	365,525,792
	<u>18,233,039,025</u>	<u>17,811,695,150</u>
15.2.1 Distribution equipment		
Materials	13,493,785,051	10,511,045,664
Overheads	1,403,899,726	2,783,150,463
Contract	1,937,304,393	1,805,802,087
Others (Note 15.2.1.1)	-	1,491,569,882
Borrowing costs (Note 15.2.1.2)	-	576,930,468
	<u>16,834,989,170</u>	<u>17,168,498,564</u>
15.2.1.1 These include various turnkey projects awarded for construction of 132 KV Grid Station at various locations of Faisalabad region.		
15.2.1.2 These represent borrowing costs capitalized amounting to Rupees 576.930 million incurred specifically to finance the construction of grid station projects. The capitalization rate used was 15 percent (2021: 15 percent) per annum.		
15.2.2 Movement in civil works and distribution equipment during the year:		
Balance as at 01 July	17,298,471,458	13,663,252,383
Add: Additions during the year	11,866,848,651	7,230,559,309
	<u>29,165,320,109</u>	<u>20,893,811,692</u>
Less:		
Transferred to freehold land and buildings on freehold land	(495,628,593)	(142,788,996)
Transferred to feeders, grids and equipment	(11,655,324,689)	(3,452,551,238)
	<u>(12,150,953,282)</u>	<u>(3,595,340,234)</u>
Balance as at 30 June	<u>17,014,366,827</u>	<u>17,298,471,458</u>
15.2.3 These represent items of stores, spares and loose tools held for capitalization.		
15.2.4 Depreciation capitalized related to capital work-in-progress was Rupees 27.107 million (2021: Rupees 24.820 million) as given in Note 15.1.6. Moreover operating expenses of Rupees 686.906 million (2021: Rupees 723.211 million) have also been included in capital work-in-progress (Note 29).		
16. INTANGIBLE ASSETS		
Computer softwares		
Cost	213,570,873	211,225,173
Accumulated amortization	(211,264,268)	(183,980,715)
Net book value	<u>2,306,605</u>	<u>27,244,458</u>
Movement during the year		
Opening net book value	27,244,458	69,489,493
Addition during the year	2,345,700	-
Amortization charge for the year (Note 30)	(27,283,553)	(42,245,035)
	<u>2,306,605</u>	<u>27,244,458</u>
Amortization rate (per annum)	20%	20%
16.1 These include various modules of SAP ERP softwares.		

	2022 RUPEES	2021 RUPEES
17. LONG TERM ADVANCES		
Considered good - secured		
House building / purchase of plot	64,161,351	109,168,580
Vehicles / motor cycles	2,112,258	5,068,994
	<u>66,273,609</u>	<u>114,237,574</u>
Less: Current portion of long term advances (Note 21)	(13,536,356)	(23,523,381)
	<u>52,737,253</u>	<u>90,714,193</u>
17.1	Advances for house building and purchase of plot are repayable in five years and for car and motor cycle loans in three years. As per Company's policy, interest is charged equal to the profit rate applied on 'General Provident Fund' which is 12.40 percent (2021: 7.90 percent) per annum. These are recoverable in equal monthly installments. These advances are secured by mortgage of immovable property and hypothecation of vehicles.	
18. LONG TERM DEPOSITS		
These represent security deposits with utility companies against connections.		
19. STORES, SPARES AND LOOSE TOOLS		
Stores, spares and loose tools	3,406,590,529	3,282,317,539
Less: Provision for slow moving and obsolete items of stores, spares and loose tools (Note 19.1)	(40,353,605)	(40,197,988)
	<u>3,366,236,924</u>	<u>3,242,119,551</u>
19.1 Provision for slow moving and obsolete items of stores, spares and loose tools		
Balance as at 01 July	40,197,988	42,119,695
Add: Provision / (reversal of provision) for slow moving and obsolete items (Note 30) and (Note 32)	155,617	(1,921,707)
Balance as at 30 June	<u>40,353,605</u>	<u>40,197,988</u>
20. TRADE DEBTS		
Partially secured:		
Considered good (Note 20.1 and Note 20.2)	84,065,270,625	44,658,640,024
Less: Allowance for expected credit losses (Note 20.3)	1,421,123,809	1,108,784,284
	<u>82,644,146,816</u>	<u>43,549,855,740</u>
20.1	Trade debts are partially secured to the extent of corresponding consumers' security deposits. Trade debts as at the reporting date are classified into residential, commercial, industrial, agriculture, public lights, residential colonies and others.	
20.2	CPPA-G vide its Credit Note No. PPA-436/FESCO-43 dated 27 July 2022 effective as on 24 June 2022 directed the Company to adjust Zero Rated Industrial Rebate (ZRIR), included in trade debts amounting to Rupees 10,139.121 million against the amount payable to CPPA-G on account of purchase of electricity. Hence, the Company has adjusted the said amounts as at 30 June 2022 against trade debts.	
20.3 Allowance for expected credit losses		
Balance as at 01 July	1,108,784,284	825,397,635
Add: Allowance for expected credit loss-net (Note 31)	312,339,525	283,386,649
Balance as at 30 June	<u>1,421,123,809</u>	<u>1,108,784,284</u>
20.3.1	The allowance / reversal of allowance for expected credit loss is made on net basis due to large number of consumers of the Company.	
20.4	As at 30 June, ageing analysis of these trade debts is as follows:	
Not past due yet	40,177,888,960	9,282,366,557
Due up to 1 year	2,644,477,075	1,843,828,628
1 year to 3 years	201,250,588	204,668,376
3 years and above	445,195,022	409,244,433
Balances due from Government	39,821,780,780	32,423,660,555
Deferred arrears	774,678,199	494,871,475
	<u>84,065,270,625</u>	<u>44,658,640,024</u>
Less: Allowance for expected credit loss	1,421,123,809	1,108,784,284
	<u>82,644,146,816</u>	<u>43,549,855,740</u>

20.5 Trade debts include fuel price adjustment for the period from November 2019 to June 2020 amounting to Rupees 2,698.348 million which was to be charged to the consumers in the month of August and September 2020 as per the notification S.R.O. 700(I)/2020 dated 07 August 2020. However the above balance remained unbilled to the consumers during the year.

	2022 RUPEES	2021 RUPEES
21. LOANS AND ADVANCES		
Considered good - unsecured		
Advances to suppliers	50,424,943	46,338,775
Advances to employees against expenses	8,853,318	5,975,872
Advances to employees for sports	235,200	688,000
Current portion of long term advances (Note 17)	13,536,356	23,523,381
	<u>73,049,817</u>	<u>76,526,028</u>
22. OTHER RECEIVABLES		
Considered good		
Duties, charges and taxes (Note 22.1)	-	-
Sales tax and other taxes receivable from consumers	13,771,905,534	9,021,109,450
Receivable against damaged items during warranty period	79,493,532	52,543,521
Due from associated companies / undertakings (Note 22.2)	11,494,893,866	7,701,337,294
Others (Note 22.3)	188,896,136	94,646,215
	<u>25,535,189,068</u>	<u>16,869,636,480</u>
22.1 Duties, charges and taxes		
Receivables not yet realized:		
Income tax	800,794,183	592,032,171
Tariff rationalization surcharge (Note 22.1.2)	53,166,313	54,452,396
Financing cost surcharge (Note 22.1.3)	3,704,855,425	2,649,228,742
Electricity duty	291,623,264	206,449,420
Equalization surcharge	1,398,595	1,387,052
Extra / Further sales tax	729,546,702	364,111,619
PTV license fee	61,444,352	53,694,895
Neelum Jhelum surcharge	450,829,563	470,150,216
	<u>6,093,658,397</u>	<u>4,391,506,511</u>
Payables not yet realized:		
Income tax	800,794,183	592,032,171
Tariff rationalization surcharge	53,166,313	54,452,396
Financing cost surcharge	3,704,855,425	2,649,228,742
Electricity duty	291,623,264	206,449,420
Equalization surcharge	1,398,595	1,387,052
Extra / Further sales tax	729,546,702	364,111,619
PTV license fee	61,444,352	53,694,895
Neelum Jhelum surcharge	450,829,563	470,150,216
	<u>6,093,658,397</u>	<u>4,391,506,511</u>
	<u>-</u>	<u>-</u>

22.1.1 These represent the amounts billed to the customers on behalf of the respective authorities and are receivable at year end which have been netted off against their respective payables.

22.1.2 This represents Tariff Rationalization Surcharge receivable from the consumers pursuant to S.R.O. 568(I)/2015, dated 10 June 2015 issued by the Power Division, Ministry of Energy, GoP. The amount of surcharge is to be kept in escrow account of CPPA-G for discharging of determined cost of power producers by the CPPA-G. During the financial year ended 30 June 2018, GoP revised the tariff rationalization surcharge rates for categories of electricity consumers of the Company.

22.1.3 This represents Financing Cost Surcharge receivable from the consumers pursuant to S.R.O. 03(I)/2019, dated 01 January 2019 issued by the Power Division, Ministry of Energy, GoP. The amount of surcharge is to be kept in escrow account of CPPA-G for exclusive use of discharging the financing cost of various loans obtained to discharge liabilities of power producers against the sovereign guarantees of the GoP.

	2022 RUPEES	2021 RUPEES
22.2 Due from associated companies / undertakings		
Due on account of free electricity (Note 22.2.1)	1,363,254,697	1,117,127,330
Due on account of pension (Note 22.2.2)	4,291,498,805	4,526,171,755
Due on account of WAPDA welfare fund	489,661,897	489,661,897
Due on account of past service cost of WAPDA employees (Note 22.2.4)	5,317,810,147	1,568,376,312
Due on account of Free Electricity of WAPDA employees	32,668,320	-
	<u>11,494,893,866</u>	<u>7,701,337,294</u>
22.2.1 Due from associated companies on account of free electricity		
National Transmission and Despatch Company Limited (NTDC)	410,974,701	304,551,232
Islamabad Electric Supply Company Limited (IESCO)	184,762,539	145,814,219
Peshawar Electric Supply Company Limited (PESCO)	85,608,743	64,401,615
Gujranwala Electric Power Company Limited (GEPSCO)	37,382,748	31,168,543
Quetta Electric Supply Company Limited (QESCO)	26,004,857	23,120,397
Hyderabad Electric Supply Company Limited (HESCO)	2,286,668	3,455,723
Tribal Area Electric Supply Company Limited (TESCO)	1,489,193	1,216,406
Jamshoro Power Company Limited (GENCO-I)	783,244	1,980,123
Central Power Generation Company Limited (GENCO-II)	11,139,431	9,305,901
Northern Power Generation Company Limited (GENCO-III)	551,316,956	513,411,874
Multan Electric Power Company Limited (MEPCO)	46,083,522	16,500,546
Lakhra Power Generation Company Limited (GENCO-IV)	2,240,353	2,200,751
Pakistan Electric Power Company (Private) Limited (PEPCO) now (PPMC)	3,181,742	-
	<u>1,363,254,697</u>	<u>1,117,127,330</u>
22.2.2 Due from associated companies / undertakings on account of pension		
Water and Power Development Authority (WAPDA) (Note 22.2.2.1)	2,925,412,829	2,973,519,824
National Transmission and Despatch Company Limited (NTDC)	551,335,149	692,113,129
Islamabad Electric Supply Company Limited (IESCO)	183,427,521	179,787,266
Gujranwala Electric Power Company Limited (GEPSCO)	128,927,917	108,926,970
Quetta Electric Supply Company Limited (QESCO)	26,959,423	38,358,507
Hyderabad Electric Supply Company Limited (HESCO)	10,038,972	6,540,473
Tribal Area Electric Supply Company Limited (TESCO)	291,584	429,959
Sukkur Electric Power Company Limited (SEPCO)	28,693,273	20,851,087
Multan Electric Power Company Limited (MEPCO)	266,739,970	207,882,821
Lahore Electric Supply Company Limited (LESCO)	-	3,732,640
Jamshoro Power Company Limited (GENCO-I)	2,506,551	1,348,432
Central Power Generation Company Limited (GENCO-II)	27,314,286	25,953,169
Northern Power Generation Company Limited (GENCO-III)	138,418,878	265,351,044
Lakhra Power Generation Company Limited (GENCO-IV)	1,432,452	1,376,434
	<u>4,291,498,805</u>	<u>4,526,171,755</u>
22.2.2.1 This includes receivable from WAPDA amounting to Rupees 1,100 million (2021: Rupees 1,100 million) on account of monthly pension payments to retired WAPDA employees who retired on or before 30 June 1998 (ex-WAPDA pensioners). The settlement of the receivable has been contested between the Company and PEPCO since 2009, and upon a request raised by PEPCO now PPMC in the past, the Power Division, Ministry of Energy, GoP referred the matter to NEPRA. NEPRA in its tariff determination dated 10 March 2015 has decided that above amount is receivable from the WAPDA.		
22.2.3 The ageing analysis of amounts due from associated companies / undertakings is as follows:		
Upto 6 months	231,199,156	174,777,765
6 months to 1 year	4,092,928,900	83,928,030
1 year to 3 years	1,351,861,533	1,770,289,419
3 years and above	5,818,904,277	5,672,342,080
	<u>11,494,893,866</u>	<u>7,701,337,294</u>
22.2.4 This represents the balance receivable from WAPDA after reversal of adjustments made by the Company in the deposit for shares balance of WAPDA amounting to Rupees 3,749.435 million on account of the past service cost relating to years 2015 and 2016 related to employees of WAPDA retired before July 1998.		
22.2.5 The maximum aggregate amount due from National Transmission and Despatch Company Limited (NTDC) with respect to balances mentioned in Note 22.2.1 and Note 22.2.2, at the end of any month during the year was Rupees 1,169.604 million (2021: Rupees 996.664 million).		

- 22.2.6** The maximum aggregate amount due from Islamabad Electric Supply Company Limited (IESCO) with respect to balances mentioned in Note 22.2.1 and Note 22.2.2, at the end of any month during the year was Rupees 409.566 million (2021: Rupees 325.998 million).
- 22.2.7** The maximum aggregate amount due from Peshawar Electric Supply Company Limited (PESCO) with respect to balance mentioned in Note 22.2.1, at the end of any month during the year was Rupees 85.609 million (2021: Rupees 65.165 million).
- 22.2.8** The maximum aggregate amount due from Gujranwala Electric Power Company Limited (GEPCO) with respect to balances mentioned in Note 22.2.1 and Note 22.2.2, at the end of any month during the year was Rupees 172.050 million (2021: Rupees 151.694 million).
- 22.2.9** The maximum aggregate amount due from Quetta Electric Supply Company Limited (QESCO) with respect to balances mentioned in Note 22.2.1 and Note 22.2.2, at the end of any month during the year was Rupees 72.435 million (2021: Rupees 81.934 million).
- 22.2.10** The maximum aggregate amount due from Hyderabad Electric Supply Company Limited (HESCO) with respect to balances mentioned in Note 22.2.1 and Note 22.2.2, at the end of any month during the year was Rupees 23.896 million (2021: Rupees 32.662 million).
- 22.2.11** The maximum aggregate amount due from Tribal Area Electric Supply Company Limited (TESCO) with respect to balances mentioned in Note 22.2.1 and Note 22.2.2, at the end of any month during the year was Rupees 2.197 million (2021: Rupees 1.646 million).
- 22.2.12** The maximum aggregate amount due from Northern Power Generation Company Limited (GENCO-III) with respect to balances mentioned in Note 22.2.1 and Note 22.2.2, at the end of any month during the year was Rupees 756.220 million (2021: Rupees 808.110 million).
- 22.2.13** The maximum aggregate amount due from Central Power Generation Company Limited (GENCO-II) with respect to balances mentioned in Note 22.2.1 and Note 22.2.2, at the end of any month during the year was Rupees 38.454 million (2021: Rupees 49.540 million).
- 22.2.14** The maximum aggregate amount due from Lakhra Power Generation Company Limited (GENCO-IV) with respect to balances mentioned in Note 22.2.1 and Note 22.2.2, at the end of any month during the year was Rupees 4.468 million (2021: Rupees 3.994 million).
- 22.2.15** The maximum aggregate amount due from Jamshoro Power Company Limited (GENCO-I) with respect to balances mentioned in Note 22.2.1 and Note 22.2.2, at the end of any month during the year was Rupees 4.747 million (2021: Rupees 7.676 million).
- 22.2.16** The maximum aggregate amount due from Sukkur Electric Power Company Limited (SEPCO) with respect to balance mentioned in Note 22.2.2, at the end of any month during the year was Rupees 28.693 million (2021: Rupees 20.851 million).
- 22.2.17** The maximum aggregate amount due from Multan Electric Power Company Limited (MEPCO) with respect to balance mentioned in Note 22.2.1 and 22.2.2, at the end of any month during the year was Rupees 326.168 million (2021: Rupees 297.772 million).
- 22.2.18** The maximum aggregate amount due from Water and Power Development Authority (WAPDA) current account with respect to balance mentioned in Note 22.2.2, at the end of any month during the year was Rupees 2,925.413 million (2021: Rupees 2,973.520 million).
- 22.2.19** The maximum aggregate amount due from Pakistan Electric Power Company (Private) Limited (PEPCO) now Power Planning and Monitoring Cell (PPMC) with respect to balance mentioned in Note 22.2.1, at the end of any month during the year was Rupees 3.399 million (2021: Rupees Nil).
- 22.2.20** The maximum aggregate amount due from Water and Power Development Authority (WAPDA) welfare fund at the end of any month during the year was Rupees 489.662 million (2021: Rupees 489.662 million).
- 22.3** These include an amount of Rupees 16.582 million (2021: Rupees 18.697 million) receivable from employees against shortage and theft.

23. SALES TAX RECEIVABLE

These represents sales tax receivable from Government amounting to Rupees 8,425.645 million (2021: Rupees 8,095.458 million)

24. RECEIVABLE FROM GOVERNMENT OF PAKISTAN

Balance as at 01 July	33,614,145,065	33,968,601,791
Tariff differential and other subsidies recognized during the year (Note 24.1)	57,944,694,157	59,178,041,861
Adjusted against tariff rationalization surcharge and credit notes received from CPPA-G	(84,593,529,965)	(59,532,498,587)
Balance as at 30 June	<u>6,965,309,257</u>	<u>33,614,145,065</u>

- 24.1** These represent the tariff subsidies claimed from the Government of Pakistan as the difference between rates determined by NEPRA and rates charged to the consumers as notified by the Government of Pakistan from time to time.

	2022 RUPEES	2021 RUPEES
25. CASH AND BANK BALANCES		
Cash in transit (Note 25.1)	115,864,538	555,728,223
Cash with banks on:		
Current accounts	3,235,917,293	823,972,322
Deposit accounts (Note 25.2 and Note 25.3)	3,617,641,994	1,003,453,955
Term Deposit Receipts (TDRs) (Note 25.4 and Note 25.5)	23,500,000,000	25,500,000,000
	30,353,559,287	27,327,426,277
	<u>30,469,423,825</u>	<u>27,883,154,500</u>
25.1	This represents cash transmitted by National Database and Registration Authority (NADRA) against collection of consumer bills but not received by the Company at reporting date.	
25.2	These carry profit ranging from 5.50% to 15.81% (2021: 5.50% to 7.07%) per annum.	
25.3	These include an amount of Rupees 66.233 million (2021: Rupees 78.332 million) kept in separate bank accounts relating to customers' security deposits.	
25.4	These represent term deposits receipts placed with different banks having maturity of three months (2021: three months) at profit rates ranging from 7.45% to 15.99% (2021: 7.45% to 7.71%) per annum.	
25.5	Term deposit receipts (TDRs) include an amount of Rupees 11,170 million (2021: Rupees 10,090 million) relating to customers' security deposits. The profit earned on the TDRs related to consumers' security deposits is also included therein.	
	2022 RUPEES	2021 RUPEES
26. SALE OF ELECTRICITY - NET		
Gross sales	337,118,972,927	211,183,774,296
Less: Sales tax	57,251,182,902	38,581,475,663
	<u>279,867,790,025</u>	<u>172,602,298,633</u>
27. TARIFF DIFFERENTIAL SUBSIDIES		
	These represent the tariff subsidies claimed from the Government of Pakistan as the difference between rates determined by NEPRA and rates charged to the consumers as notified by the Government of Pakistan from time to time.	
28. COST OF ELECTRICITY		
28.1	The Company purchased electricity from CPPA-G. The electricity purchased during the year has been accounted for according to invoices issued by CPPA-G and adjusted in accordance with monthly fuel price adjustment determined and notified by NEPRA. The average rate for the year was Rupees 17.90 per KWH (2021: Rupees 11.94 per KWH).	
28.2	This includes supplemental charges of Rupees 2,619.697 million (2021: Rupees 1,807.98 million) passed on the Company, which comprise re-allocation of mark-up on late payments imposed by Independent Power Producers (IPPs) to CPPA-G on the basis of average outstanding balance.	
	2022 RUPEES	2021 RUPEES
29. DISTRIBUTION COST		
Salaries, wages and other benefits (Note 29.1)	16,472,498,129	14,605,100,910
Depreciation (Note 15.1.6)	4,317,778,732	4,077,561,696
Repair and maintenance	607,259,943	572,120,468
Rent, rates and taxes	24,162,340	23,179,920
Telephone and postage	19,896,933	18,324,264
Power, light and water	45,010,113	38,065,188
Office supplies and other expenses	17,774,201	14,752,496
Travelling and conveyance	278,501,211	263,560,245
Legal and professional	17,136,059	14,071,858
Transportation	347,559,329	233,926,824
Workers' profit participation fund	55,210,569	719,415,088
Other charges / expenses	495,555,336	115,707,776
	<u>22,698,342,895</u>	<u>20,695,786,734</u>
Less: Charged to capital work-in-progress (Note 15.2.4)	(686,905,696)	(723,210,931)
	<u>22,011,437,199</u>	<u>19,972,575,802</u>

29.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 8,369 million (2021: Rupees 6,080 million).

	2022 RUPEES	2021 RUPEES
30. ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits (Note 30.1)	2,620,826,338	2,106,493,378
Directors' meeting fee	33,905,800	15,065,715
Depreciation (Note 15.1.6)	109,881,586	100,509,435
Amortization (Note 16)	27,283,553	42,245,035
Repair and maintenance	82,469,750	72,739,695
Rent, rates and taxes	20,088	78,956
Power, light and water	54,669,921	43,506,046
Office supplies and other expenses	152,933,337	132,586,461
Travelling and conveyance	64,644,430	58,250,705
Legal and professional	131,700,133	136,296,427
Auditor's remuneration (Note 30.2)	2,080,237	1,921,428
Transportation	84,686,206	44,723,070
Management fees	81,220,361	133,159,250
Telephone and postage	17,882,258	13,330,955
Insurance	3,345,483	4,320,000
Advertisement	14,350,068	7,339,197
Workers' profit participation fund	7,792,003	250,239,489
Provision for slow moving and obsolete stores, spares and loose tools (Note 19.1)	155,617	-
Other charges	15,964,013	14,871,352
	<u>3,505,811,182</u>	<u>3,177,676,594</u>

30.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 1,181 million (2021: Rupees 2,115 million).

30.2 Auditor's remuneration

Audit fee	1,746,904	1,588,095
Reimbursable expenses	333,333	333,333
	<u>2,080,237</u>	<u>1,921,428</u>

31. CUSTOMER SERVICES COSTS

Salaries, wages and other benefits (Note 31.1)	1,816,655,206	1,573,780,932
Depreciation (Note 15.1.6)	1,107,426	1,040,571
Electricity bills collection charges	389,765,298	362,163,276
Travelling and conveyance	27,195,954	28,652,226
Repair and maintenance	719,170	602,766
Rent, rates and taxes	3,313,546	3,596,533
Telephone and postage	2,521,711	2,594,712
Power, light and water	5,411,543	5,015,618
Office supplies and other expenses	7,454,340	7,255,347
Transportation	3,908,668	2,668,119
Allowance for expected credit loss (Note 20.3)	312,339,525	283,386,649
Workers' profit participation fund	3,533,732	68,683,657
Other charges	580,572	1,025,041
	<u>2,574,506,691</u>	<u>2,340,465,447</u>

31.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 536 million (2021: Rupees 580 million).

32. OTHER INCOME

Income from financial assets

Profit on bank deposits and term deposit receipts	2,795,284,791	1,876,668,339
Late payment surcharge	2,358,681,844	2,065,124,975
	<u>5,153,966,635</u>	<u>3,941,793,314</u>

Income from non-financial assets

Gain on installation of new connection	441,695,763	650,720,179
Repair, testing and inspection fee	56,513,454	34,841,421
Recovery of late delivery charges	87,320,616	274,865,251
Reversal of provision for slow moving and obsolete stores, spares and loose tools (Note 19.1)	-	1,921,707
Meter / service rent	56,349,920	55,218,861
Reconnection fees	26,678,628	31,598,553
Excess deposit work receipts / credit balances written back	41,504,372	22,400,848
Service charges on collection of PTV license fee and electricity duty	135,985,782	103,696,578
Company's colonies quarter rent	7,274,203	6,643,816
Miscellaneous	117,216,516	72,868,960
	<u>970,539,254</u>	<u>1,254,776,174</u>
	<u>6,124,505,889</u>	<u>5,196,569,488</u>

	2022 RUPEES	2021 RUPEES
33. FINANCE COST		
Mark-up on long term financing	302,656,398	302,656,398
Mark-up transferred from GoP	164,875,450	187,540,789
Bank charges and commission	2,822,764	3,479,667
	<u>470,354,612</u>	<u>493,676,854</u>
34. TAXATION		
Current:		
- for the year (Note 34.1)	3,542,344,092	2,638,704,514
- for prior year	2,720,044	636,108
	<u>3,545,064,136</u>	<u>2,639,340,622</u>
Deferred (Note 11)	(296,029,869)	(313,116,493)
	<u>3,249,034,267</u>	<u>2,326,224,129</u>

34.1 Provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance 2001. However tariff differential subsidy from Government of Pakistan is excluded from turnover of the Company as it constitutes exempt income. Tax losses available for carry forward as at 30 June 2022 are of Rupees 339,992.964 million (2021: Rupees 310,554.966 million). The tax losses related to unabsorbed tax depreciation are of Rupees 65,278.20 million and business losses are of Rupees 274,714.764 million. Total minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 as at 30 June 2022 is of Rupees 8,735.496 million (2021: Rupees 9,550.066 million). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of unused tax losses of the Company. The Company has not recognized deferred tax assets in respect of above losses and minimum tax available for carry forward under Section 113 of the Companies Ordinance, 2001 as sufficient taxable profits would not be available to utilize these in the foreseeable future and would expire as follows:

Accounting year to which the unused tax losses relates	Amount of unused tax losses	Accounting year in which unused tax losses will expire
Rupees		
2022	62,606,941,960	2028
2021	39,603,043,851	2027
2020	47,626,672,008	2026
2019	46,073,599,598	2025
2018	52,794,458,975	2024
2017	25,510,047,523	2023
	<u>274,214,763,915</u>	

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
2022	3,542,344,092	2025
2021	2,638,704,514	2024
2020	2,554,447,641	2023
	<u>8,735,496,247</u>	

35. CASH GENERATED FROM OPERATIONS

Profit before taxation	1,264,189,789	19,728,426,441
Adjustments for non-cash charges and other items:		
Depreciation	4,428,767,744	4,179,111,701
Amortization of intangible assets	27,283,553	42,245,035
Provision for staff retirement benefits	10,085,245,580	8,775,151,960
Amortization of deferred credit	(1,929,584,764)	(1,746,106,173)
Finance cost	470,354,612	493,676,854
Allowance for expected credit loss	312,339,525	283,386,649
Profit on bank deposits and term deposit receipts	(2,795,284,791)	(1,876,668,339)
Excess deposit work receipts written back / credit balances written back	(41,504,372)	(22,400,848)
Provision / (reversal of provision) of slow moving, obsolete items of stores, spares and loose tools	155,617	(1,921,707)
Non-cash settlement against deposit for shares	18,837,034,719	(4,221,462,162)
Provision for workers' profit participation fund	66,536,305	1,038,338,234
Working capital changes (Note 35.1)	(15,024,453,836)	(13,428,031,500)
	<u>15,701,079,681</u>	<u>13,243,746,145</u>

	2022 RUPEES	2021 RUPEES
35.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(124,272,990)	(185,502,308)
Trade debts	(39,406,630,601)	(240,736,587)
Loans and advances	(6,510,814)	(19,395,056)
Receivable from Government of Pakistan	26,648,835,808	354,456,726
Other receivables	(8,665,552,588)	(1,986,367,208)
Sales tax receivable	(330,186,428)	-
	<u>(21,884,317,613)</u>	<u>(2,077,544,434)</u>
Increase / (decrease) in trade and other payables	6,859,863,777	(11,350,487,067)
	<u>(15,024,453,836)</u>	<u>(13,428,031,500)</u>

35.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2022		
	Long term security deposits	Receipt against deposit works and deferred credit	Total
	----- RUPEES -----		
Balance as at 01 July 2021	9,855,110,791	43,794,599,191	53,649,709,982
Security deposits received	1,108,878,626	-	1,108,878,626
Receipts against deposit work received-net	-	11,429,498,825	11,429,498,825
Amortization of deferred credit	-	(1,929,584,764)	(1,929,584,764)
Balance as at 30 June 2022	<u>10,963,989,417</u>	<u>53,294,513,252</u>	<u>64,258,502,669</u>
	2021		
	Long term security deposits	Receipt against deposit works and deferred credit	Total
Balance as at 01 July 2020	8,810,689,510	39,844,666,736	48,655,356,246
Security deposits received	1,044,421,281	-	1,044,421,281
Receipts against deposit work received-net	-	5,696,038,628	5,696,038,628
Amortization of deferred credit	-	(1,746,106,173)	(1,746,106,173)
Balance as at 30 June 2021	<u>9,855,110,791</u>	<u>43,794,599,191</u>	<u>53,649,709,982</u>

36. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise Government of Pakistan, associated companies / undertakings, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of related party	Nature of transactions	2022 RUPEES	2021 RUPEES
Government of Pakistan			
Economic Affairs Division	Finance cost	879,586,866	879,586,866
Ministry of Finance	Tariff differential subsidy accrued	57,944,694,157	59,178,041,861
	Non-cash adjustment of deposit for shares	(18,837,034,719)	4,221,462,162
Associated companies / undertakings			
National Electric Power Regulatory Authority	Fee paid to NEPRA	50,420,361	49,534,604
National Transmission and Despatch Company Limited	Use of system charges	10,000,950,398	6,768,118,656
	Settlement against use of system charges	421,570,639	1,523,225,495
	Free supply of electricity provided to employees of associated company	106,693,704	42,916,052
	Pension paid to employees of associated company	362,252,549	311,549,013
Central Power Purchasing Agency (Guarantee) Limited	Purchase of electricity	316,040,275,362	193,010,195,017
	Financing cost surcharge	5,745,788,479	5,360,942,913
	Finance cost	164,875,450	187,540,789
Northern Power Generation Company Limited	Free supply of electricity provided to employees of associated company	38,756,499	46,726,974
	Pension paid to employees of associated company	331,597,465	265,460,269
Water and Power Development Authority	Free supply of electricity provided to employees of associated company	85,480,043	18,072,946
	Pension paid to employees of associated company	87,597,465	129,122
	WAPDA welfare fund paid	-	-
Islamabad Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	43,373,914	20,856,998
	Free supply of electricity received by employees of the Company from associated company	4,425,594	3,523,500
	Pension paid to employees of associated company	97,013,771	83,498,532
	Pension received by employees of the Company from associated company	42,966,748	37,639,345
	Sale of material	1,842,000	-
	Purchase of material	988,174	-
Peshawar Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	25,777,808	8,831,763
	Free supply of electricity received by employees of the Company from associated company	4,570,679	2,974,343
	Pension paid to employees of associated company	14,405,681	11,927,190

Name of related party	Nature of transactions	2022 RUPEES	2021 RUPEES
	Pension received by employees of the Company from associated company	36,558,154	57,399,998
	Purchase of material	35,100,000	7,750,000
	Sale of material	3,246,000	-
Gujranwala Electric Power Company Limited	Free supply of electricity provided to employees of associated company	13,215,134	11,818,610
	Free supply of electricity received by employees of the Company from associated company	7,000,928	12,155,683
	Pension paid to employees of associated company	49,976,219	44,835,913
	Pension received by employees of the Company from associated company	29,975,272	30,811,895
	Sale of material	5,137,720	8,694,000
	Purchase of material	22,300,000	8,694,000
Quetta Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	3,235,352	2,650,719
	Free supply of electricity received by employees of the Company from associated company	350,892	384,974
	Pension paid to employees of associated company	32,650,825	23,073,299
	Pension received by employees of the Company from associated company	1,930,726	3,204,922
	Sale of material	75,599,400	20,427,135
	Purchase of material	28,524,500	15,418,100
Central Power Generation Company Limited	Free supply of electricity provided to employees of associated company	2,001,389	1,878,633
	Pension paid to employees of associated company	37,136,498	31,489,616
Hyderabad Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	744,780	1,165,416
	Free supply of electricity received by employees of the Company from associated company	1,913,836	1,013,954
	Pension paid to employees of associated company	17,892,082	18,583,016
	Pension received by employees of the Company from associated company	900,814	850,960
Lakhra Power Generation Company Limited	Free supply of electricity provided to employees of associated company	39,602	85,139
	Pension paid to employees of associated company	1,739,305	1,626,305
Tribal Area Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	326,569	478,537
	Free supply of electricity received by employees of the Company from associated company	53,782	-
	Pension paid to employees of associated company	578,298	157,500
Jamshoro Power Company Limited	Free supply of electricity provided to employees of associated company	783,244	707,680
	Pension paid to employees of associated company	4,666,082	4,219,548

Name of related party	Nature of transactions	2022 RUPEES	2021 RUPEES
Sukkur Electric Power Company Limited	Free supply of electricity provided to employees of associated company	564,382	700,140
	Free supply of electricity received by employees of the Company from associated company	1,550,872	1,141,728
	Pension paid to employees of associated company	9,364,156	11,598,555
	Sale of material	-	968,000
	Purchase of material	-	1,460,000
Lahore Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	26,906,109	23,189,676
	Free supply of electricity received by employees of the Company from associated company	17,612,622	13,366,529
	Pension paid to employees of associated company	98,170,320	76,176,439
	Pension received by employees of the Company from associated companies	102,832,235	96,737,348
	Purchase of material	3,736,000	16,334,300
Multan Electric Power Company Limited	Free supply of electricity provided to employees of associated company	41,325,648	96,775,238
	Free supply of electricity received by employees of the Company from associated company	11,742,671	9,707,359
	Pension paid to employees of associated company	132,818,649	118,145,073
	Pension received by employees of the Company from associated company	31,109,070	25,253,090
	Sale of material	23,997,500	9,592,490
	Purchase of material	66,275,720	8,328,200
Pakistan Electric Power Company (Private) Limited now Power Planning and Monitoring Company (Private) Limited (PPMC)	Free supply of electricity provided to employees of associated company	140,400,963	869,039
	Management fee	30,800,000	83,624,646
Power Information Technology Company	Consultancy fee and software license fee	73,368,245	105,214,524
FESCO Employees Pension Fund Trust	Contribution Paid	4,700,000,000	1,600,000,000

36.1 The Company and the above mentioned companies / undertakings are under common control of GoP with the Ministry of Water and Power. While Government of Pakistan is the sovereign authority over all these companies / undertakings.

36.2 Detail of compensation to key management personnel comprising of Chief Executive officer, directors and executives is disclosed in Note 37.

37. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits to the Chief Executive Officer, directors and executives of the Company is as follows:

	2022	2021	2022	2021
	Chief Executive Officer		Executives	
	-----RUPEES-----			
Basic salary	2,142,970	2,101,640	91,905,480	63,389,160
Conveyance allowance & transport subsidy	300,000	-	5,055,996	1,740,000
Bonus	186,720	359,540	7,658,790	5,282,430
Utilities and other benefits	4,661,170	5,399,162	104,965,860	83,020,435
Travelling and daily allowance	1,217,720	1,100,025	11,923,682	6,622,175
	8,508,580	8,960,367	221,509,808	160,054,200
Number of persons	1	1	65	40

37.1 The Chief Executive Officer is provided with the Company's maintained vehicle, free electricity and other utilities. Further, most of the executives of the Company have been provided with the Company's maintained vehicles and unfurnished accommodation according to the Company's policy, while free electricity has been provided to all executives.

37.2 Aggregate amount charged in the financial statements for meeting fee to 8 (2021: 10) directors including Chief Executive Officer (CEO) was Rupees 33.906 million (2021: Rupees 15.066 million).

37.3 No remuneration other than meeting fee was paid to any Director of the Company.

38. NUMBER OF EMPLOYEES

2022 2021

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

Number of employees as on 30 June	13 590	14 139
Average number of employees during the year	13 865	14 387

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, investment of excess liquidity and use of non-derivative financial instruments.

(a) Market risk

Market risk is the risk that changes in market process, such as currency risk, interest rate risk and other price risk which affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies. The Company has no receivable / payable balance in foreign currency as at 30 June 2022 (2021: Rupees Nil).

ii) Other price risk

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk.

iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing, long term advances, bank balances in saving accounts and term deposit receipts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2022 RUPEES	2021 RUPEES
Fixed rate instruments		
Financial assets		
Long term advances	66,273,609	114,237,574
Term deposit receipts	23,500,000,000	25,500,000,000
Financial liabilities		
Long term financing	5,541,279,779	5,541,279,779

	2022 RUPEES	2021 RUPEES
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	3,617,641,994	1,003,453,955

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 or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 34.368 million (2021: Rupees 9.533 million) higher / lower, mainly as a result of higher / lower interest income on floating rate financial instruments. This analysis is prepared assuming amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Trade debts	82,644,146,816	43,549,855,740
Loans and advances	66,273,609	114,237,574
Accrued interest	247,866,218	45,717,548
Deposits	4,058,176	3,735,665
Other receivables	25,535,189,068	16,869,636,480
Bank balances	30,353,559,287	27,327,426,277
	<u>138,851,093,174</u>	<u>87,910,609,284</u>

To manage exposure to credit risk in respect of trade debts, management takes into account the long standing business relationships with these counterparties, and after giving due consideration to their strong financial standing, including obtaining security deposits from them, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, credit risk is minimal.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

Based on the past experience and deliberations management has recognized expected credit losses in respect of trade debts as given in Note 20.3 to the financial statements.

The credit quality of bank balances, that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2022	2021
	Short term	Long term	Agency	-----RUPEES-----	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	108,057,068	322,674,123
Sindh Bank Limited	A-1	A+	VIS	15,779	13,978
The Bank of Khyber	A1	A	PACRA	5,111	139,023
The Bank of Punjab	A1+	AA+	PACRA	55,424,422	29,048,543
First Women Bank Limited	A2	A-	PACRA	19,704	846
Zarai Taraqati Bank Limited	A-1+	AAA	VIS	234,231,354	5,243,801,158
Allied Bank Limited	A1+	AAA	PACRA	174,230,990	58,999,514
Askari Bank Limited	A1+	AA+	PACRA	486,054	2,133,982
Bank Alfalah Limited	A1+	AA+	PACRA	4,721,878,419	153,980,421
Faysal Bank Limited	A1+	AA	PACRA	4,714,272,086	5,126,872,253
Habib Bank Limited	A-1+	AAA	VIS	5,377,543,962	5,166,735,810
JS Bank Limited	A1+	AA-	PACRA	4,700,145,455	5,153,310,637
MCB Bank Limited	A1+	AAA	PACRA	589,371,514	205,062,414
Telenor Microfinance Bank Limited	A-1	A	VIS	6,702,075	194,087,223
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	18,267	18,259
United Bank Limited	A-1+	AAA	VIS	700,716,384	210,340,328
Bank Al-Habib Limited	A1+	AAA	PACRA	663,220,047	5,344,698,008
Samba Bank Limited	A-1	AA	VIS	11,665	11,745
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	36,159	19,601
Meezan Bank Limited	A-1+	AAA	VIS	550,450	2,139,540
BankIslami Pakistan Limited	A1	A+	PACRA	68,245	117,016
Soneri Bank Limited	A1+	AA-	PACRA	4,700,861,315	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	22,911	-
Punjab Provincial Co-operative Bank Limited*	N/A	N/A	N/A	36,571	32,955
Pakistan Post Office **	N/A	N/A	N/A	3,605,633,280	113,119,575
				<u>30,353,559,287</u>	<u>27,327,426,277</u>

* State Bank of Pakistan has exempted the Bank from credit rating requirements till the completion of its restructuring process.

** As Pakistan Post Office is not a bank, therefore no credit rating is available.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach for managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. 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.

Following are the contractual maturities of financial liabilities as at 30 June 2022:

Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-3 years	More than 3 years	
-----RUPEES-----						
Non-derivative financial liabilities:						
Long term financing	5,541,279,779	9,687,312,108	2,281,702,038	459,748,699	2,199,765,511	4,746,095,860
Long term security deposits	10,963,989,417	10,963,989,417	-	-	-	10,963,989,417
Trade and other payables	101,925,060,227	101,925,060,227	101,925,060,227	-	-	-
Accrued mark-up	4,351,920,956	4,351,920,956	4,351,920,956	-	-	-
	<u>122,782,250,379</u>	<u>126,928,282,708</u>	<u>108,558,683,221</u>	<u>459,748,699</u>	<u>2,199,765,511</u>	<u>15,710,085,277</u>

Following are the contractual maturities of financial liabilities as at 30 June 2021:

Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-3 years	More than 3 years	
-----RUPEES-----						
Non-derivative financial liabilities:						
Long term financing	5,541,279,779	10,305,496,129	1,935,812,797	489,465,943	2,461,588,816	5,418,628,574
Long term security deposits	9,855,110,791	9,855,110,791	-	-	-	9,855,110,791
Trade and other payables	91,926,764,714	91,926,764,714	91,926,764,714	-	-	-
Accrued mark-up	3,472,334,090	3,472,334,090	3,472,334,090	-	-	-
	<u>110,795,489,374</u>	<u>115,559,705,724</u>	<u>97,334,911,601</u>	<u>489,465,943</u>	<u>2,461,588,816</u>	<u>15,273,739,365</u>

The contractual cash flows relating to the above 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 6 to these financial statements.

(d) Capital risk 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-G against electricity purchase, tariff revision and subsidy on purchases.

39.2 Financial instruments by categories

	2022 RUPEES	2021 RUPEES
	At amortized cost	
As at 30 June		
Assets as per statement of financial position		
Trade debts	82,644,146,816	43,549,855,740
Loans and advances	66,273,609	114,237,574
Accrued interest	247,866,218	45,717,548
Deposits	4,058,176	3,735,665
Other receivables	25,535,189,068	16,869,636,480
Cash and bank balances	30,469,423,825	27,883,154,500
	<u>138,966,957,712</u>	<u>88,466,337,507</u>
	2022 RUPEES	2021 RUPEES
Liabilities as per statement of financial position		
Long term financing	5,541,279,779	5,541,279,779
Long term security deposits	10,963,989,417	9,855,110,791
Trade and other payables	101,925,060,227	91,926,764,714
Accrued mark-up	4,351,920,956	3,472,334,090
	<u>122,782,250,379</u>	<u>110,795,489,374</u>

Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2022			2021		
	Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position
	-----RUPEES-----					
Assets as per statement of financial position						
Trade debts	82,644,146,816	-	82,644,146,816	43,549,855,740	-	43,549,855,740
Loans and advances	66,273,609	-	66,273,609	114,237,574	-	114,237,574
Accrued interest	247,866,218	-	247,866,218	45,717,548	-	45,717,548
Deposits	4,058,176	-	4,058,176	3,735,665	-	3,735,665
Other receivables	25,535,189,068	-	25,535,189,068	16,869,636,480	-	16,869,636,480
Cash and bank balances	30,469,423,825	-	30,469,423,825	27,883,154,500	-	27,883,154,500
	<u>138,966,957,713</u>	<u>-</u>	<u>138,966,957,713</u>	<u>88,466,337,507</u>	<u>-</u>	<u>88,466,337,507</u>
	2022	2021	2022	2021	2022	2021
	Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position
	-----RUPEES-----					
Liabilities as per statement of financial position						
Long term financing	5,541,279,779	-	5,541,279,779	5,541,279,779	-	5,541,279,779
Long term security deposits	10,963,989,417	-	10,963,989,417	9,855,110,791	-	9,855,110,791
Trade and other payables	101,925,060,227	14,344,431,955	116,269,492,182	91,926,764,714	17,292,956,308	109,219,721,022
Accrued mark-up	4,351,920,956	-	4,351,920,956	3,472,334,090	-	3,472,334,090
	<u>122,782,250,379</u>	<u>14,344,431,955</u>	<u>137,126,682,334</u>	<u>110,795,489,374</u>	<u>17,292,956,308</u>	<u>128,088,445,682</u>

39.3 Offsetting financial assets and financial liabilities

As on the reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

40. RECOGNIZED FAIR VALUE MEASUREMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

41. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels:

As at 30 June 2022	Level 1	Level 2	Level 3	Total
-----RUPEES-----				
Land - freehold	-	31,245,628,250	-	31,245,628,250
Buildings on freehold land	-	3,821,771,869	-	3,821,771,869
Feeders (up to 11 kv)	-	59,069,709,211	-	59,069,709,211
Grids and equipment	-	30,816,222,938	-	30,816,222,938
Total non-financial assets	-	124,953,332,268	-	124,953,332,268
As at 30 June 2021	Level 1	Level 2	Level 3	Total
-----RUPEES-----				
Land - freehold	-	31,245,628,250	-	31,245,628,250
Buildings on freehold land	-	3,406,266,523	-	3,406,266,523
Feeders (up to 11 kv)	-	54,752,139,088	-	54,752,139,088
Grids and equipment	-	25,714,009,902	-	25,714,009,902
Total non-financial assets	-	115,118,043,763	-	115,118,043,763

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its freehold land, buildings thereon, feeders, grids and equipment. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of feeders, grids and equipment is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new feeders, grids and equipment.

42. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified for better presentation, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

43. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 10 5 OCT 2022 by the Board of Directors of the Company.

44. GENERAL

Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE OFFICER


DIRECTOR