Riaz Ahmad & Company
Chartered Accountants

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

30 JUNE 2019

A member of Nexia International

Riaz Ahmad & Company
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Faisalabad Electric Supply Company Limited

Report on the Audit of the Financial Statements

Qualified 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 2019, 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.

Except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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 2019 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

The Company's accounting policy of property, plant and equipment as given in Note 2.5 states that freehold land, buildings thereon and distribution equipment shall be taken at revalued amounts. Moreover the revaluation shall be made after regular intervals. However these items of property, plant and equipment were last revalued by an independent valuer on 30 June 2013 and not revalued again after the span of six years. In the absence of latest valuation, we remained unable to determine the financial impact on the financial statements in respect of this matter.

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 qualified opinion.

Emphasis of Matter

We draw attention to the following matters:

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 by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for:

a) an amount of Rupees 260.54 million regarding the share of mark-up allocated by CPPA-G related to loan of Rupees 41 billion against financing Agreement executed between Power Holding (Private) Limited and syndicated banks with the guarantee of Government of Pakistan.

b) supplementary charges, being the mark-up charged on CPPA-G by Independent Power Producers (IPPs) on account of delayed payments, aggregating to Rupees 6,821.91 million.

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. As described in the *Basis for Qualified Opinion* section above, revaluation of property, plant and equipment has not been carried out. Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to this matter.

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 is 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 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

Except for the effects of matter described in *Basis of Qualified Opinion* section of our report, 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 Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended 30 June 2018 were audited by another firm of Chartered Accountants whose report dated 26 February 2019, expressed qualified opinion regarding revaluation of property, plant and equipment with emphasis of matter paragraphs regarding impact of debit notes issued by CPPA-G and the use of tariff rate related to financial year 2014-15.

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

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 04 NOV 2019

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	NOTE	2019 RUPEES	2018 RUPEES Restated	2017 RUPEES Restated
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
5 000 000 000 (2018: 5 000 000 000) ordinary shares of Rupees 10 each		50,000,000,000	50,000,000,000	50,000,000,000
Issued, subscribed and paid up share capital	3	10,000	10,000	10,000
Deposit for shares	4	19,859,074,629	19,411,172,270	20,244,758,340
Surplus on revaluation of property, plant and equipment - net of deferred income tax	5	25,928,656,216	26,637,954,507	27,175,634,062
Accumulated loss		(88,349,670,044)	(72,377,507,961)	(24,756,780,597)
Total equity		(42,561,929,200)	(26,328,371,184)	22,663,621,805
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing	6	4,485,835,507	4,561,229,855	4,035,327,177
Staff retirement benefits	7	84,240,901,708	69,196,939,795	53,531,549,443
Long term security deposits	8	7,958,478,777	7,082,383,461	5,948,744,106
Receipt against deposit works	9	8,096,357,282	9,288,804,563	7,551,990,421
Deferred credit	10	27,044,728,463	25,033,173,490	24,069,529,407
Deferred income tax liability	11	5,637,080,744	5,926,794,130	6,449,188,527
		137,463,382,481	121,089,325,294	101,586,329,081
CURRENT LIABILITIES				
Trade and other payables	12	75,082,120,250	57,089,825,541	21,326,179,656
Accrued mark-up	13	2,390,693,262	1,525,338,182	745,392,291
Current portion of long term financing	6	1,055,444,272	653,644,318	220,282,042
		78,528,257,784	59,268,808,041	22,291,853,989
TOTAL LIABILITIES		215,991,640,265	180,358,133,335	123,878,183,070
CONTINGENCIES AND COMMITMENTS	14			
TOTAL EQUITY AND LIABILITIES		173,429,711,065	154,029,762,151	146,541,804,875

	NOTE	2019 RUPEES	2018 RUPEES	2017 RUPEES
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	15	97,759,504,183	94,451,032,772	90,340,388,120
Intangible assets	16	111,734,528	153,979,563	112,122,136
Long term advances	17	130,393,614	124,719,556	91,874,613
Long term deposits	18	3,009,006	2,795,165	2,551,165
		98,004,641,331	94,732,527,057	90,546,936,034
CURRENT ASSETS				
Stores, spares and loose tools	19	3,131,729,876	2,709,681,081	2,915,774,603
Trade debts	20	19,750,260,310	18,378,733,724	13,153,825,481
Loans and advances	21	59,726,977	55,091,903	114,076,128
Other receivables	22	11,088,874,356	9,668,539,189	19,662,263,282
Tax refunds due from the Government	23	8,485,870,057	8,513,573,767	7,994,129,008
Receivable from the Government of Pakistan	24	11,870,189,429	2,806,427,483	-
Accrued interest		158,971,171	60,620,106	90,199,023
Cash and bank balances	25	20,879,447,558	17,104,567,841	12,064,601,316
		75,425,069,734	59,297,235,094	55,994,868,841
TOTAL ASSETS		173,429,711,065	154,029,762,151	146,541,804,875

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 2019

	NOTE	2019 RUPEES	2018 RUPEES Restated
SALE OF ELECTRICITY - NET	26	148,742,330,349	116,391,973,408
TARIFF DIFFERENTIAL SUBSIDY	27	41,038,912,061	20,132,058,251
		189,781,242,410	136,524,031,659
COST OF ELECTRICITY	28	(176,516,757,734)	(155,042,442,309)
GROSS PROFIT / (LOSS)		13,264,484,676	(18,518,410,650)
AMORTIZATION OF DEFERRED CREDIT	10	1,460,436,524	1,338,916,821
		14,724,921,200	(17,179,493,829)
DISTRIBUTION COST	29	(20,240,339,809)	(16,086,341,945)
ADMINISTRATIVE EXPENSES	30	(3,408,934,500)	(2,428,655,374)
CUSTOMER SERVICES COSTS	31	(2,136,982,132)	(1,723,512,764)
		(25,786,256,442)	(20,238,510,083)
LOSS FROM OPERATIONS		(11,061,335,242)	(37,418,003,912)
OTHER INCOME	32	4,287,434,490	2,912,671,989
FINANCE COST	33	(309,181,237)	(154,165,555)
LOSS BEFORE TAXATION		(7,083,081,989)	(34,659,497,478)
TAXATION	34	(973,642,838)	(792,730,486)
LOSS AFTER TAXATION		(8,056,724,827)	(35,452,227,964)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019 RUPEES	2018 RUPEES Restated
LOSS AFTER TAXATION	(8,056,724,827)	(35,452,227,964)
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit obligations	(8,624,735,548)	(12,921,151,906)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive loss for the year	(8,624,735,548)	(12,921,151,906)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(16,681,460,375)	(48,373,379,870)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	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 30 June 2017	10,000	20,244,758,340	27,272,418,974	(18,404,376,982)	29,112,810,332
Impact of restatement of surplus on revaluation of property, plant and equipment (Note 5.2)	-	-	(96,784,912)	96,784,912	-
Impact of restatement of deferred income tax on surplus on revaluation of property, plant and equipment (Note 5.2)	-	-	-	(6,449,188,527)	(6,449,188,527)
Balance as at 30 June 2017 - restated	10,000	20,244,758,340	27,175,634,062	(24,756,780,597)	22,663,621,805
Non-cash settlement against deposit for shares	-	(833,586,070)	-	-	(833,586,070)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax - restated (Note 5.2)	-	-	(623,824,943)	623,824,943	-
Transfer from surplus on revaluation of property, plant and equipment on account of transfer of property, plant and equipment - net of deferred income tax - restated (Note 5.2)	-	-	(128,827,563)	128,827,563	-
Adjustment of deferred income tax liability due to re-assessment at year end - restated (Note 11)	-	-	214,972,951	-	214,972,951
Loss for the year - restated	-		-	(35,452,227,964)	(35,452,227,964)
Other comprehensive loss for the year - restated	-		-	(12,921,151,906)	(12,921,151,906)
Total comprehensive loss for the year - restated	-		-	(48,373,379,870)	(48,373,379,870)
Balance as at 30 June 2018 - restated	10,000	19,411,172,270	26,637,954,507	(72,377,507,961)	(26,328,371,184)
Non-cash settlement against deposit for shares (Note 4)	-	447,902,359	-	-	447,902,359
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(618,547,569)	618,547,569	-
Transfer from surplus on revaluation of property, plant and equipment on account of transfer of property, plant and equipment - net of deferred income tax	-	-	(90,750,722)	90,750,722	-
Loss for the year	-	-	-	(8,056,724,827)	(8,056,724,827)
Other comprehensive loss for the year	-	-	-	(8,624,735,548)	(8,624,735,548)
Total comprehensive loss for the year	-	-	-	(16,681,460,375)	(16,681,460,375)
Balance as at 30 June 2019	10,000	19,859,074,629	25,928,656,216	(88,349,670,044)	(42,561,929,200)

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 2019

	NOTE	2019 RUPEES	2018 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	11,444,592,394	10,156,853,077
Income tax paid		(1,374,294,528)	(1,156,866,457)
Finance cost paid		(6,524,839)	(7,194,417)
Staff retirement benefits paid		(4,957,155,438)	(4,000,505,819)
Net increase in long term advances		(7,615,431)	(8,697,347)
Net increase in long term deposits		(213,841)	(244,000)
Net cash generated from operating activities		5,098,788,316	4,983,345,037
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(6,244,348,509)	(6,784,468,400)
Capital expenditure on intangible assets		-	(71,072,504)
Profit on bank deposits received		1,438,394,771	779,883,037
Net cash used in investing activities		(4,805,953,738)	(6,075,657,867)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		326,405,606	959,264,954
Consumers' security deposits received		876,095,316	1,133,639,355
Receipt against deposit works-net		2,279,544,216	4,039,375,046
Net cash from financing activities		3,482,045,138	6,132,279,355
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,774,879,716	5,039,966,525
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		17,104,567,841	12,064,601,316
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 25)		20,879,447,558	17,104,567,841

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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 has 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 has 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 vide its S.R.O. 03(I)/2019 dated 01 January 2019, S.R.O. 662(I)/2019 dated 28 June 2019 and S.R.O. 1169(I)/2019 dated 30 September 2019 has adjusted the tariff of the Company on account of Prior Year Adjustment (PYA). According to these S.R.O.s from Ministry of Energy, the adjustments of Rupees 20.664 billion will be billed to the consumers in the first six months of the next financial year while Rupees 26.894 billion and Rupees 2.639 billion will be billed to the consumers in next fifteen months after June 2019. These adjustments will enhance the sales of the Company by Rupees 50.197 billion in the next financial years.

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 for freehold land, buildings thereon and distribution equipment which are measured at revalued amounts and staff retirement benefits which are measured at present value.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to use 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. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

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 for possible impairment on annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant, equipment and 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.

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

Staff retirement benefits

Certain actuarial assumptions have been adopted for determination of present value of staff retirement benefits. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

d) Implication of revised IFRS 2 'Share-based Payment'

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

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

The Scheme also provides that 50 percent of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holding employees. The balance 50 percent dividend would be transferred by the respective Trust Fund to the Central Revolving Fund, managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by the Government. The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of SOEs, needs to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities and Exchange Commission of Pakistan (SECP), on receiving representations from some of entities covered under the scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated 07 June 2011 to such entities from the application of IFRS 2 to the Scheme. Further, as per the Ministry of Privatization letter dated 08 May 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter trustees of the Scheme have requested the parent ministry for directions of winding up.

e) Standards, interpretation and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards, interpretation and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9. These are disclosed in Note 2.10. Most of the other amendments listed above except for IFRS 9 and IFRS 15 (as stated in Note 2.9) did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2018 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.

g) **Standards, interpretation and amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following standards, interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2019 or later periods:

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard in the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

Amendments to IAS 19 , 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs', relevant to the Company. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the IASB has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

h) **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 accounting standards that are mandatory for accounting periods beginning on or after 01 July 2019 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

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at 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 charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.3 Staff retirement benefits

The Company provides unfunded pension scheme, an unfunded free electricity scheme and an unfunded 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 2019. 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. Past service cost is recognized immediately in the statement of profit or loss.

Remeasurement of the net defined benefit liability (except for compensated absences), which comprises actuarial gains and losses are recognized immediately in other comprehensive income. 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.

2.3.1 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 operating fixed assets 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, spare parts and loose tools

Stores, spare parts and loose tools are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis, comprising invoice values and the related charges that have been incurred in bringing the inventories to their present location and condition.

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

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on 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

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. These are further elaborated hereunder:

i) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

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 subsidy

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 as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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.

iv) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, the application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of accumulated loss in the year of initial application is Rupees Nil.

2.10 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt instrument shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'Expected Credit Loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measure expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

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**

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, Fair Value Through Profit or Loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, FVTPL and Fair Value Through Other Comprehensive Income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies and measures its financial assets at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

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 profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial liabilities

Classification and measurement

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities, and therefore no change in the classification and measurement of financial liabilities.

iii) **Impairment of financial assets**

From 01 July 2018, 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 trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

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 de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

v) **Offsetting of financial instruments**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal 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.

vi) Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)

	Loans and receivables	Amortized cost
	-------------------RUPEES----------------	
Opening balance (before reclassification)	45,371,908,084	-
Adjustment on adoption of IFRS 9 by reclassifying financial instruments designated as 'Loans and Receivables' to 'Amortized Cost'	(45,371,908,084)	45,371,908,084
Opening balance (after reclassification)	-	45,371,908,084

There was no change in categorization and figures of financial liabilities of the Company.

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 are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term finances. All other interest, mark-up and other charges are recognized in the statement of profit or loss.

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 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;

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 Loans, advances, deposits and receivables

These are recognized at cost less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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

2019	2018		2019	2018
Number of shares			RUPEES	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 19,859,074,629 (2018: Rupees 19,411,172,270) 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. Hence this was treated as GoP equity investment in the Company. During the year the Company booked mark-up paid by GoP in its books of account as supplementary charges and inserted it as equity amounting to Rupees 447,902,359.

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

	2019 RUPEES	2018 RUPEES Restated
Surplus on revaluation of property, plant and equipment as at 01 July	26,637,954,507	27,175,634,062
Add: Adjustment of deferred income tax liability due to re-assessment at year end	-	214,972,951
	26,637,954,507	27,390,607,013
Less:		
Incremental depreciation charged during the year transferred to accumulated loss - net of deferred income tax	618,547,569	623,824,943
Adjustment of deferred income tax liability on transfer of property, plant and equipment - net of deferred income tax	90,750,722	128,827,563
	709,298,291	752,652,506
	25,928,656,216	26,637,954,507

5.1 This represents surplus resulting from revaluation of freehold land, buildings thereon, feeders, grids and equipment carried out on 30 June 2013 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 on 30 June 2006 by an independent valuer.

5.2 During the financial years ended 30 June 2017 and 30 June 2018, surplus on revaluation of property, plant and equipment was not transferred to accumulated loss on de-recognition of specific assets. Due to which incremental depreciation for the above mentioned years was also affected. Moreover the Company transferred whole of the deferred income tax liability related to surplus on revaluation of property, plant and equipment to the statement of profit or loss for the year ended 30 June 2013, instead of recognizing it as liability in the statement of financial position. These prior period errors have been corrected retrospectively in these financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The effects of the above mentioned adjustments on the statement of financial position as at 30 June 2017 and 30 June 2018 are given hereunder:

	As at 30 June 2018			As at 30 June 2017		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment - net of deferred income tax	26,775,240,952	26,637,954,506	(137,286,446)	27,272,418,974	27,175,634,062	(96,784,912)
Deferred income tax liability	-	5,926,794,129	5,926,794,129	-	6,449,188,527	6,449,188,527
Accumulated loss	(66,588,000,278)	(72,377,507,961)	(5,789,507,683)	(18,404,376,982)	(24,756,780,597)	(6,352,403,615)

Due to the effect applied retrospectively as mentioned above, taxation in the statement of profit or loss for the year ended 30 June 2018 has been decreased by Rupees 135,066,953.

There was no effect on statement of comprehensive income and on statement of cash flows from the above-mentioned adjustments.

	2019 RUPEES	2018 RUPEES
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	1,970,538,397
Asian Development Bank - Tranche IV (Note 6.4 and Note 6.5)	1,447,439,693	1,411,407,338
	5,541,279,779	5,214,874,173
Less:		
Current portion shown under current liabilities	375,631,486	314,409,296
Overdue portion shown under current liabilities	679,812,786	339,235,022
	1,055,444,272	653,644,318
	4,485,835,507	4,561,229,855

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 297.223 million (2018: Rupees 178.334 million) and Rupees 506.304 million (2018: Rupees 359.333 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. Disbursements during the year of Rupees Nil (2018: Rupees 82.052 million) have been transferred to the Company. This facility carries interest at the rate of 15% inclusive of relending interest of 8.2% per annum plus exchange risk cover fee 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 186.444 million (2018: Rupees 115.639 million) and Rupees 397.000 million (2018: Rupees 241.741 million) respectively. During the year un-disbursed loan amounting to Rupees 143.391 million (US Dollars 1.012 million) has been cancelled by Government of Pakistan vide its letter No. 1(3) ADB-II/06-A dated 25 April 2019.

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. Disbursements during the year of Rupees 290.373 million (2018: Rupees 773.341 million) have been transferred to the Company. This facility carries interest at the rate of 15% inclusive of relending interest of 8.2% per annum plus exchange risk cover fee 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 159.958 million (2018: Rupees 45.261) and Rupees 749.214 million (2018: Rupees 414.618 million) respectively. During the year un-disbursed loan amounting to Rupees 446.029 million (US Dollars 3.148 million) has been cancelled by Government of Pakistan vide its letter No. 2(9) ADB-II/12 dated 25 April 2019.

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. Disbursements during the year of Rupees 36.032 million (2018: Rupees 103.872 million) have been transferred to the Company. This facility carries interest at the rate of 15% inclusive of relending interest of 8.2% per annum plus exchange risk cover fee 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 36.186 million (2018: Rupees Nil) and Rupees 629.319 million (2018: Rupees Nil) respectively. During the year un-disbursed loan amounting to Rupees 298.287 million (US Dollars 2.105 million) has been cancelled by Government of Pakistan vide its letter No. 2(18) ADB-II/13 dated 25 April 2019.

6.5 Pakistan Electric Power Company (Private) Limited (PEPCO) 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 6-15(1)/DM/GF/2011 dated 15 January 2019 demanded repayment of principal along with mark-up (including exchange risk fee) amounting to Rupees 492 million and Rupees 1,609 million respectively.

7. STAFF RETIREMENT BENEFITS

	2019 RUPEES	2018 RUPEES
Pension obligations (Note 7.1)	68,105,722,169	54,927,199,615
Medical benefits (Note 7.1)	5,384,142,631	5,291,461,198
Free electricity (Note 7.1)	7,548,851,871	5,445,976,996
Leave encashment (Note 7.1)	3,202,185,037	3,532,301,986
	84,240,901,708	69,196,939,795

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

	30 June 2019				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Balance as at 01 July 2018	54,927,199,615	5,291,461,198	5,445,976,996	3,532,301,986	69,196,939,795
Charge for the year (Note 7.2)	8,294,340,053	2,283,670,397	777,077,975	21,293,378	11,376,381,803
Remeasurements recognized in statement of comprehensive income (Note 7.3)	8,941,911,435	(1,788,598,619)	1,471,422,732	-	8,624,735,548
Benefits paid	(4,057,728,934)	(402,390,345)	(145,625,832)	(351,410,327)	(4,957,155,438)
Balance as at 30 June 2019	68,105,722,169	5,384,142,631	7,548,851,871	3,202,185,037	84,240,901,708

	30 June 2018				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Balance as at 01 July 2017	40,686,903,810	4,544,843,833	5,152,398,379	3,147,403,421	53,531,549,443
Charge for the year (Note 7.2)	4,979,134,507	495,083,378	558,180,589	712,345,791	6,744,744,265
Remeasurements recognized in statement of comprehensive income (Note 7.3)	12,481,948,882	576,609,488	(137,406,464)	-	12,921,151,906
Benefits paid	(3,220,787,584)	(325,075,501)	(127,195,508)	(327,447,226)	(4,000,505,819)
Balance as at 30 June 2018	54,927,199,615	5,291,461,198	5,445,976,996	3,532,301,986	69,196,939,795

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

	30 June 2019				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Current service cost	1,601,511,609	135,993,942	80,527,154	17,059,486	1,835,092,191
Past service cost	1,402,994,929	1,638,649,852	159,234,413	136,259,051	3,337,138,245
Interest cost	5,289,833,515	509,026,603	537,316,408	335,659,682	6,671,836,208
Actuarial gains	-	-	-	(467,684,841)	(467,684,841)
Net charge for the year	8,294,340,053	2,283,670,397	777,077,975	21,293,378	11,376,381,803

	30 June 2018				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Current service cost	1,366,016,078	89,720,066	87,466,531	97,894,069	1,641,096,744
Interest cost	3,613,118,429	405,363,312	470,714,058	275,990,382	4,765,186,181
Actuarial losses	-	-	-	338,461,340	338,461,340
Net charge for the year	4,979,134,507	495,083,378	558,180,589	712,345,791	6,744,744,265

7.3 Remeasurements recognized in statement of comprehensive income:

	30 June 2019				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Loss on obligation	204,585,874	-	-	-	204,585,874
(Gain) on obligation	-	(3,694,538,508)	(227,335,929)	-	(3,921,874,437)
Experience adjustments	8,737,325,561	1,905,939,889	1,698,758,661	-	12,342,024,111
	8,941,911,435	(1,788,598,619)	1,471,422,732	-	8,624,735,548

	30 June 2018				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Loss on obligation	2,907,267,105	254,716,645	-	-	3,161,983,750
(Gain) on obligation	-	-	(44,654,088)	-	(44,654,088)
Experience adjustments	9,574,681,777	321,892,843	(92,752,376)	-	9,803,822,244
	12,481,948,882	576,609,488	(137,406,464)	-	12,921,151,906

7.4 Reconciliation of present value of defined benefit obligations:

	30 June 2019				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Balance as at 01 July 2018	54,927,199,615	5,291,461,198	5,445,976,996	3,532,301,986	69,196,939,795
Current service cost	1,601,511,609	135,993,942	80,527,154	17,059,486	1,835,092,191
Interest cost	5,289,833,515	509,026,603	537,316,408	335,659,682	6,671,836,208
Past service cost	1,402,994,929	1,638,649,852	159,234,413	136,259,051	3,337,138,245
Benefits paid during the year	(4,057,728,934)	(402,390,345)	(145,625,832)	(351,410,327)	(4,957,155,438)
Remeasurements	8,941,911,435	(1,788,598,619)	1,471,422,732	-	8,624,735,548
Actuarial gains	-	-	-	(467,684,841)	(467,684,841)
Balance as at 30 June 2019	68,105,722,169	5,384,142,631	7,548,851,871	3,202,185,037	84,240,901,708

	30 June 2018				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Balance as at 01 July 2017	40,686,903,810	4,544,843,833	5,152,398,379	3,147,403,421	53,531,549,443
Current service cost	1,366,016,078	89,720,066	87,466,531	97,894,069	1,641,096,744
Interest cost	3,613,118,429	405,363,312	470,714,058	275,990,382	4,765,186,181
Benefits paid during the year	(3,220,787,584)	(325,075,501)	(127,195,508)	(327,447,226)	(4,000,505,819)
Remeasurements	12,481,948,882	576,609,488	(137,406,464)	-	12,921,151,906
Actuarial losses	-	-	-	338,461,340	338,461,340
Balance as at 30 June 2018	54,927,199,615	5,291,461,198	5,445,976,996	3,532,301,986	69,196,939,795

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

	30 June 2019			
	Pension	**Free medical benefits**	**Free electricity benefits**	**Leave encashment**
Discount rate for defined benefit obligation (per annum)	14.50%	14.50%	14.50%	14.50%
Discount rate for statement of profit or loss (per annum)	10.00%	10.00%	10.00%	10.00%
Electricity inflation rate (per annum)	-	-	13.50%	-
Annual medical claim - Rupees	-	7,477	-	-
Salary increase rate (per annum) - Short term	13.50%	13.50%	-	13.50%
Salary increase rate (per annum) - Long term	13.50%	13.50%	-	13.50%
Pension indexation rate (per annum)	8.50%	-	-	-
Medical inflation rate (per annum)	-	14.50%	-	-
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)	11,162,221,602	828,686,984	1,187,064,110	448,291,995
Duration of scheme (years)	11.46	9.29	16.67	9.09

	30 June 2018			
	Pension	**Free medical benefits**	**Free electricity benefits**	**Leave encashment**
Discount rate for defined benefit obligation (per annum)	10.00%	10.00%	10.00%	10.00%
Discount rate for statement of profit or loss (per annum)	9.25%	9.25%	9.00%	9.25%
Electricity inflation rate (per annum)	-	-	9.00%	-
Annual medical claim - Rupees	-	32,707	-	-
Salary increase rate (per annum) - Short term	20.00%	20.00%	-	20.00%
Salary increase rate (per annum) - Long term	9.00%	9.00%	-	9.00%
Pension indexation rate (per annum)	4.00%	-	-	-
Medical exposure rate (per annum)	-	8.00%	-	-
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)	6,866,233,013	640,194,424	610,148,931	352,854,545
Duration of scheme (years)	12.63	14.76	17.20	9.58

7.6 Sensitivity analysis for actuarial assumptions:

	30 June 2019			
	Pension	Free medical benefits	Free electricity benefits	Leave encashment
Discount rate	1.00%	1.00%	1.00%	1.00%
Increase in assumption (Rupees)	(7,038,100,213)	(455,848,415)	(1,102,470,206)	(267,294,531)
Decrease in assumption (Rupees)	8,576,745,187	544,301,025	1,414,896,948	314,941,666
Future salary increase	1.00%	-	-	1.00%
Increase in assumption (Rupees)	2,597,823,081	-	-	329,940,213
Decrease in assumption (Rupees)	(2,298,304,365)	-	-	(284,144,590)
Indexation rate	1.00%	-	1.00%	-
Increase in assumption (Rupees)	6,233,235,970	-	1,038,746,261	-
Decrease in assumption (Rupees)	(5,368,340,289)	-	(868,576,560)	-
Withdrawal rates	10.00%	10.00%	-	-
Increase in assumption (Rupees)	(23,091,104)	(2,015,246)	-	-
Decrease in assumption (Rupees)	23,191,194	2,024,355	-	-
Mortality setback	1 year	1 year	-	-
Increase in assumption (Rupees)	63,514,609	(3,243,828)	-	-
Decrease in assumption (Rupees)	(60,377,926)	3,221,129	-	-
Medical inflation rate	-	1.00%	-	-
Increase in assumption (Rupees)	-	379,144,194	-	-
Decrease in assumption (Rupees)	-	(337,702,378)	-	-

	30 June 2018			
	Pension	Free medical benefits	Free electricity benefits	Leave encashment
Discount rate	1.00%	1.00%	1.00%	1.00%
Increase in assumption (Rupees)	(6,197,866,224)	(766,797,705)	(815,392,227)	(309,298,521)
Decrease in assumption (Rupees)	7,677,115,556	999,877,808	1,057,531,861	367,767,104
Future salary increase	1.00%	-	-	1.00%
Increase in assumption (Rupees)	2,578,212,090	-	-	364,690,688
Decrease in assumption (Rupees)	(2,263,129,909)	-	-	(311,994,192)
Indexation rate	1.00%	-	1.00%	-
Increase in assumption (Rupees)	5,115,088,970	-	775,769,757	-
Decrease in assumption (Rupees)	(4,372,198,489)	-	(644,387,514)	-
Withdrawal rates	10.00%	10.00%	-	-
Increase in assumption (Rupees)	(23,284,950)	(4,077,639)	-	-
Decrease in assumption (Rupees)	23,418,866	4,102,045	-	-
Mortality setback	1 year	1 year	-	-
Increase in assumption (Rupees)	62,562,927	(13,498,950)	-	-
Decrease in assumption (Rupees)	(59,446,474)	13,411,090	-	-
Medical inflation rate	-	1.00%	-	-
Increase in assumption (Rupees)	-	554,952,831	-	-
Decrease in assumption (Rupees)	-	(468,902,245)	-	-

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 gratuity liability 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 upward trend in interest rate structure and increase in inflationary expectations.

7.7 Historical information:

	2019 RUPEES	2018 RUPEES	2017 RUPEES	2016 RUPEES	2015 RUPEES
Present value of defined benefit obligation of:					
Free medical benefits	5,384,142,631	5,291,461,198	4,544,843,833	2,798,772,940	2,710,440,379
Pension	68,105,722,169	54,927,199,615	40,686,903,810	37,947,414,339	36,213,253,879
Free electricity benefits	7,548,851,871	5,445,976,996	5,152,398,379	4,228,284,137	3,872,396,781
Leave encashment	3,202,185,037	3,532,301,986	3,147,403,421	2,743,208,689	2,743,208,689

Remeasurement (gain) / loss on obligation of:	2019 RUPEES	2018 RUPEES	2017 RUPEES	2016 RUPEES	2015 RUPEES
Free medical benefits	(1,788,598,619)	576,609,488	(275,135,519)	562,132,353	560,815,235
Pension	8,941,911,435	12,481,948,882	1,728,115,365	6,974,550,370	6,976,815,269
Free electricity benefits	1,471,422,732	(137,406,464)	630,039,472	1,167,294,097	1,234,504,668
Leave encashment	(467,684,841)	338,461,340	300,441,224	464,505,443	464,505,443

7.8 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. These are refundable / adjustable on disconnection of electricity supply.

9. RECEIPT AGAINST DEPOSIT WORKS

	2019 RUPEES	2018 RUPEES
Consumers demand notices awaiting connections (Note 9.1)	947,187,276	1,222,314,687
Funds received against deposit works (Note 9.2)	7,149,170,006	8,066,489,876
	8,096,357,282	9,288,804,563

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	38,254,766,323	35,952,205,419
Additions during the year	3,471,991,497	2,302,560,904
	41,726,757,820	38,254,766,323
Less: Amortization		
Balance as at 01 July	13,221,592,833	11,882,676,012
Amortization for the year	1,460,436,524	1,338,916,821
	14,682,029,357	13,221,592,833
Balance as at 30 June	27,044,728,463	25,033,173,490

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

	2019 RUPEES	2018 RUPEES Restated
Opening balance	5,926,794,130	6,449,188,527
Less:		
Adjustment of change in deferred tax rate	-	214,972,951
Deferred income tax liability on incremental depreciation transferred to the statement of profit or loss	252,646,190	254,801,737
Deferred income tax liability on assets transferred during the year transferred to the statement of profit or loss	37,067,196	52,619,709
	289,713,386	522,394,397
	5,637,080,744	5,926,794,130

		2019 RUPEES	2018 RUPEES
11.1	Deferred income tax effect due to:		
	Accelerated tax depreciation on operating fixed assets	15,775,815,620	9,106,532,136
	Allowance for expected credit losses	(217,175,810)	(223,660,113)
	Provision for slow moving and obsolete items of stores, spares and loose tools	(14,235,961)	(14,431,771)
	Unused tax losses	(75,527,662,962)	(65,191,788,368)
	Staff retirement benefits	(24,429,861,495)	(20,067,112,541)
		(84,413,120,608)	(76,390,460,657)
	Unrecognized deferred tax asset (Note 11.1.1)	84,413,120,608	76,390,460,657
		-	-

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

	2019 RUPEES	2018 RUPEES
Creditors	721,033,605	752,283,121
Due to associated companies / undertakings (Note 12.1)	62,742,318,335	45,024,949,205
Billing related payables (Note 12.2)	9,839,237,833	10,416,608,351
Workers' profit participation fund (Note 12.3)	110,185,918	110,185,918
Excess receipt against deposit work	417,608,118	239,525,116
Accrued liabilities	293,349,458	227,856,515
Sales tax payable	437,487,189	-
Income tax deducted at source	33,199,078	46,140,517
Retention money payable	97,215,940	93,641,915
Others liabilities	390,484,776	178,634,883
	75,082,120,250	57,089,825,541

12.1 Due to associated companies / undertakings

	2019 RUPEES	2018 RUPEES
Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)	60,554,170,170	41,934,220,810
National Transmission and Despatch Company Limited (NTDC)	1,194,780,308	2,085,890,679
Due to associated companies on account of free electricity (Note 12.1.1)	919,553,932	953,620,738
Due to associated companies on account of pension (Note 12.1.2)	73,813,925	51,216,978
	62,742,318,335	45,024,949,205

12.1.1 Due to associated companies on account of free electricity

	2019 RUPEES	2018 RUPEES
Multan Electric Power Company Limited (MEPCO)	78,109,681	82,732,041
Lahore Electric Supply Company Limited (LESCO)	637,576,195	641,535,824
Pakistan Electric Power Company (Private) Limited (PEPCO)	135,970,403	136,201,767
Sukkur Electric Power Company Limited (SEPCO)	431,306	255,861
Water and Power Development Authority (WAPDA)	67,466,347	92,895,245
	919,553,932	953,620,738

12.1.2 Due to associated company on account of pension

This represents amounts payable to Peshawar Electric Supply Company Limited (PESCO) on account of pension paid to the retired employees of the Company residing within the territorial jurisdiction of PESCO.

12.2 Billing related payables

	2019 RUPEES	2018 RUPEES
Equalization surcharge payable (Note 12.2.1)	2,206,366,572	2,206,048,582
Electricity duty payable	23,137,860	132,709,586
TV License fee payable	98,409,584	99,301,621
Neelum Jhelum surcharge	122,907,057	132,725,836
Extra / further tax	22,389,646	-
Income tax	80,621,519	10,138,960
Financing cost surcharge payable	1,028,510,576	1,076,600,981
Tariff realization surcharge payable	6,127,535,463	6,667,189,163
General sales tax	129,359,556	91,893,622
	9,839,237,833	10,416,608,351

12.2.1 Equalization surcharge was collected from consumers pursuant to S.R.O. 236(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. 506(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. 3224/CFO/FESCO dated 21 May 2019 intimated the Power Division, Ministry of Energy to impart necessary guidelines for payment of the equalization surcharge. The Company expects that same will be accorded soon.

12.3 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 and 30 June 2005. 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 2,839 million in respect of year ended 30 June 2015. However the Company has shown the WPPF for the year ended 30 June 2015 and mark-up as contingent liabilities under Note 14.1.3 to the financial statements.

	2019 RUPEES	2018 RUPEES
13. ACCRUED MARK-UP		
Foreign re-lent loans	108,855,708	509,645,537
Overdue mark-up on foreign re-lent loans	2,281,837,554	1,015,692,645
	2,390,693,262	1,525,338,182

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 In order to reduce "Circular Debt", financing of Rupees 41 billion has been raised under agreement executed between Power Holding (Private) Limited (PHPL) and syndicated banks during financial year ended 30 June 2017 under the guarantee of GoP. These financing arrangements were executed for funding the repayment of liabilities of Distribution Companies (DISCOs) against cost of electricity purchased. Consequently, the Company has received debit notes from CPPA-G in respect of the mark-up on these loans aggregating to Rupees 260.543 million.

The management is of the view that this financing arrangement has been made between PHPL and syndicated banks with the guarantee of GoP and as such the Company was not a party to this arrangement. This matter is still under consideration of the management of the Company for settlement of terms and conditions in respect of such financing arrangement and various options are being deliberated. Therefore, the Company has not yet recognized the impact of said debit notes in respect of mark-up in its books of account.

14.1.2 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 6,821.91 million (2018: Rupees 6,821.91 million) over the years. NEPRA has disallowed CPPA-G to invoice such amount to distribution companies as part of tariff and accordingly, the Company has not acknowledged this amount as its liability. However, during the year the Company has recognized the entire amount of supplementary charges invoiced by CPPA-G during the year as allowed in para 25.6 of tariff determined by NEPRA communicated through letter No. NEPRA/TRF-339/13632-13634 dated 31 August 2018.

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 2,839 million in respect of the financial year ended 30 June 2015 and for interest accrued on outstanding WPPF for the years ended 30 June 2004 and 30 June 2005 as given in Note 12.3 along with the WPPF for the financial year ended 30 June 2015.

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. 5192 dated 15 August 2013 for the tax year 2007 under section 122 (5A) of the Income Tax Ordinance, 2001 (the Ordinance), raising a demand of Rupees 11.353 million, in respect of non payment of minimum tax on subsidy under section 113 of the Ordinance. The Company filed 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 against this decision before the Honorable Lahore High Court, Lahore on 12 August 2019, subsequent to year end, which is pending for adjudication.

(ii) 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 Ordinance. The Company filed 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 Honorable Lahore High Court, Lahore which is pending for adjudication.

(iii) 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. The Company filed 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 Honorable Lahore High Court, Lahore which is pending for adjudication.

(iv) 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. Being aggrieved with the order the Company has filed an appeal before Commissioner Inland Revenue (Appeals) on 08 October 2017, which is pending for adjudication.

(v) Commissioner Inland Revenue issued show cause notice No. 290 dated 16 December 2015, under section 162 / 205 of the Ordinance and raised a demand of Rupees 14.571 million for treating service fee for the collection of Pakistan Television (PTV) license fees as commission rather than as service fee for the tax year 2014. The Company filed to Appellate Tribunal Inland Revenue (ATIR) against this notice, which is pending for adjudication.

(vi) 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 Honorable Lahore High Court, Lahore, which is pending for adjudication.

(vii) Additional Commissioner Inland Revenue issued a show cause notice under section 161(1A) and raised demand of Rupees 120.044 million, in respect of alleged non-payment of withholding tax on various payments, in respect of tax year 2017. The Company filed an appeal before Commissioner Inland Revenue (Appeals) (CIR (A)) on 21 June 2017. CIR (A) remanded back the case to Additional Commissioner Inland Revenue which is pending for decision.

(viii) The Additional Commissioner Inland Revenue issued a show cause notice vide bar code No. 100000050411892 dated 10 May 2019 for the tax year 2016 under section 122(5A) of the Ordinance, creating a demand of Rupees 1,877.421 million, in respect of non payment of Alternative Corporate Tax. Being aggrieved with the orders the Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on 11 June 2019, the proceedings of which is pending.

(ix) 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 Honorable Lahore High Court, Lahore which is pending for adjudication.

(x) Deputy Commissioner Inland Revenue passed orders under section 161 / 205 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. Appeals filed against these orders are pending before Commissioner Inland Revenue (Appeals) (CIR (A)).

(xi) 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 229.279 million, in respect of non deduction of withholding tax against payment of use of system charges to NTDC. Appeals filed against these orders are pending before Appellate Tribunal Inland Revenue (ATIR).

(xii) Assistant Commissioner Inland Revenue passed an order vide letter No. 656 dated 26 October 2015 for the tax year 2014 regarding income tax audit under section 174(2) of the Ordinance raising demand of Rupees 2,442 million, in respect of various issues including non payment of minimum tax on subsidy, excess claim of purchases and other issues. The Company has filed an appeal on 13 February 2019 before the Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication.

(xiii) 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 an appeal on 11 June 2019 before the Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication.

Aggregate provision of Rupees 7,322.906 million regarding the cases stated in paragraph numbers 14.1.5 (i) to 14.1.5 (xiii) has not been accounted for in the books of account of the Company as in the opinion of tax advisor, the favorable outcome of these cases is expected.

(xiv) Assistant Commissioner Punjab Revenue Authority (ACPRA) passed an order vide letter no. 18418 dated 24 January 2017 raising a demand of Rupees 385.802 million, in respect of non charging of Punjab Sales Tax (PST) on various services performed by the Company for the tax period from July 2014 to June 2015. The Company filed to Commissioner Appeals (PRA) against this order. The Commissioner Appeals (PRA) decided the case in favour of the order. The Company has filed writ petition no. 22607 before Honorable Lahore High Court, Lahore against which has granted stay on 29 June 2018 against the order of ACPRA. Matter is still pending before Honorable Lahore High Court, Lahore.

(xv) Assistant Commissioner Punjab Revenue Authority (ACPRA) passed an order raising a demand of Rupees 137.656 million, in respect of non withholding of Punjab Sales Tax on various services received by the Company in respect of tax periods from July 2014 to June 2016. The Company filed an appeal before Commissioner (Appeals) PRA, who decided the case in favor of the Company on time limitation dated 13 November 2017. The tax department has filed writ petition No. 152963 before the Honorable Lahore High Court, which has granted stay on 20 January 2018. Matter is still pending before Honorable Lahore High Court, Lahore.

(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 December 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 Honorable 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 3.853 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.

(xviii) 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 years 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 Honorable Lahore High Court, Lahore which is pending for adjudication.

(xix) Deputy Commissioner Inland Revenue issued a show cause notice No. 822 dated 15 June 2017 raising a demand of Rupees 6,721.787 million in respect of tax period from July 2013 to June 2014 on suppression of sales, inadmissible input tax claimed, non-charging of sales tax on subsidy etc. The Company has filed an appeal on 19 October 2018 before the Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication.

(xx) Deputy Commissioner Inland Revenue issued a show cause notice No. 07 dated 31 December 2011 under section 36(2) of Sales Tax Act, 1990 raising a demand of Rupees 4,696.088 million in respect of tax period from July 2008 to November 2008 on account 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 Company has filed writ petition No. 19561 dated 06 August 2013 before the Honorable Lahore High Court, Lahore which is pending for adjudication.

(xxi) 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 FESCO employees. The Company has filed an appeal on 13 April 2019 before the Commissioner Inland Revenue (Appeals), which is pending for adjudication.

(xxii) Assistant Commissioner Inland Revenue issued a show cause notice No. 1247 dated 01 January 2019 under section 8(1) of Sales Tax Act, 1990 raising a demand of Rupees 5.447 million in respect of inadmissible input tax. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals), which is pending for adjudication.

(xxiii) Assistant Commissioner Inland Revenue issued an order vide letter No. 82 dated 27 April 2018 under section 45-B of Sales Tax Act, 1990 raising a demand of Rupees 22.415 million in respect of inadmissible input tax on various purchases. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals), which is pending for adjudication.

(xxiv) Deputy Commissioner Inland Revenue issued a show cause notice No. 96 dated 12 May 2016 under section 33 (1) of Sales Tax Act, 1990 raising a demand of Rupees 187.094 million in respect of non charging of line losses units lost during distribution of electricity. The Company filed to Appellate Tribunal Inland Revenue (ATIR) against this order. The ATIR decided the case in favour of the Company. The Regional Tax Office has filed an appeal before the Honorable Lahore High Court, Lahore which is pending for adjudication.

(xxv) Assistant Commissioner Inland Revenue issued an order No. 71/2018 dated 28 June 2018, raising a demand of Rupees 2,683.049 million in respect of suppression of sales and inadmissible input tax. The Company filed to Commissioner Inland Revenue (Appeals) (CIR (A)) against this order. The CIR (A) remanded back the case to the taxation adjudication. The Company filed an appeal before the Appellate Tribunal Inland Revenue against the order passed by the CIR (A), which is pending for adjudication.

(xxvi) Assistant Commissioner Inland Revenue issued show cause notice No. 41 dated 17 July 2018 and raising a demand of Rupees 1.538 million in respect of in respect of inadmissible input tax on various purchases. The Company filed to Commissioner Inland Revenue (Appeals) against this notice, which is pending for adjudication.

Aggregate provision of Rupees 28,566.760 million relating to the above stated paragraph numbers 14.1.5 (xiv) 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 1,191.761 million (2018: Rupees 771.271 million).

14.2.2 Inland letter of credits in respect of capital expenditure are of Rupees 164.614 million (2018: Rupees 123.968 million).

14.2.3 Contracts for other than capital expenditure are of Rupees 5.832 million (2018: Rupees Nil).

15. PROPERTY, PLANT AND EQUIPMENT

	2019 RUPEES	2018 RUPEES
Operating fixed assets (Note 15.1)	85,944,842,615	81,742,425,126
Capital work-in-progress (Note 15.2)	11,814,661,568	12,708,607,646
	97,759,504,183	94,451,032,772

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 2017							
Cost / revalued amount	12,750,002,284	2,149,840,701	71,337,732,190	18,658,193,188	864,511,364	717,968,837	106,478,248,564
Accumulated depreciation	-	(316,392,496)	(20,129,400,735)	(5,328,483,435)	(664,613,396)	(397,287,141)	(26,836,177,203)
Net book value	12,750,002,284	1,833,448,205	51,208,331,455	13,329,709,753	199,897,968	320,681,696	79,642,071,361
Year ended 30 June 2018							
Opening net book value	12,750,002,284	1,833,448,205	51,208,331,455	13,329,709,753	199,897,968	320,681,696	79,642,071,361
Additions	-	139,137,071	3,596,884,790	2,269,819,883	1,601,617	83,801,095	6,091,244,456
Transferred to stores and spares / written off							
Cost / revalued amount	-	-	(409,828,542)	(655,310,996)	-	(197,144)	(1,065,336,682)
Accumulated depreciation	-	-	147,298,198	262,344,398	-	229,253	409,871,849
	-	-	(262,530,344)	(392,966,598)	-	32,109	(655,464,833)
Depreciation charge	-	(43,653,941)	(2,534,406,661)	(657,460,335)	(39,037,488)	(60,867,433)	(3,335,425,858)
Closing net book value	12,750,002,284	1,928,931,335	52,008,279,240	14,549,102,703	162,462,097	343,647,467	81,742,425,126
As at 30 June 2018							
Cost / revalued amount	12,750,002,284	2,288,977,772	74,524,788,438	20,272,702,075	866,112,981	801,572,788	111,504,156,338
Accumulated depreciation	-	(360,046,437)	(22,516,509,198)	(5,723,599,372)	(703,650,884)	(457,925,321)	(29,761,731,212)
Net book value	12,750,002,284	1,928,931,335	52,008,279,240	14,549,102,703	162,462,097	343,647,467	81,742,425,126
Year ended 30 June 2019							
Opening net book value	12,750,002,284	1,928,931,335	52,008,279,240	14,549,102,703	162,462,097	343,647,467	81,742,425,126
Additions	533,040,354	206,249,188	4,861,447,425	2,860,529,374	3,842,000	53,429,920	8,518,538,261
Transferred to stores and spares / written off							
Cost / revalued amount	-	-	(616,521,931)	(513,906,301)	(386,783)	(146,748)	(1,130,961,763)
Accumulated depreciation	-	-	189,298,728	150,317,623	386,783	138,134	340,141,268
	-	-	(427,223,203)	(363,588,678)	-	(8,614)	(790,820,495)
Depreciation charge	-	(46,353,338)	(2,664,198,977)	(719,981,174)	(34,696,955)	(60,069,833)	(3,525,300,277)
Closing net book value	13,283,042,638	2,088,827,185	53,778,304,485	16,326,062,225	131,607,142	336,998,940	85,944,842,615
As at 30 June 2019							
Cost / revalued amount	13,283,042,638	2,495,226,960	78,769,713,932	22,619,325,148	869,568,198	854,855,960	118,891,732,836
Accumulated depreciation	-	(406,399,775)	(24,991,409,447)	(6,293,262,923)	(737,961,056)	(517,857,020)	(32,946,890,221)
Net book value	13,283,042,638	2,088,827,185	53,778,304,485	16,326,062,225	131,607,142	336,998,940	85,944,842,615
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 7,342.486 million is in the name of WAPDA and title of freehold land valuing of Rupees 4,574.393 million has neither been transferred in the name of WAPDA nor in the name of the Company.

15.1.3 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 5,661,814,320. 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 will be 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 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	Net book value
	RUPEES		
Land - freehold	1,155,515,137	-	1,155,515,137
Building on freehold land	2,675,823,516	663,032,781	2,012,790,735
Feeders (up to 11 kv)	61,007,518,490	21,304,099,063	39,703,419,427
Grids and equipment	16,041,104,806	5,002,330,532	11,038,774,274
2019	80,879,961,949	26,969,462,376	53,910,499,573
2018	73,336,754,651	24,665,187,726	48,671,566,925

The accumulated depreciation on cost basis was excess shown amounting to Rupees 575.120 million for the year ended 30 June 2017 and less shown amounting to Rupees 258.925 million for the year ended 30 June 2018. However, there is no impact on these financial statements regarding this change.

15.1.5 **Depreciation charge for the year has been allocated as follows:**

	2019	2018
	RUPEES	
Distribution cost (Note 29)	3,428,243,779	3,241,243,247
Administrative expenses (Note 30)	69,470,999	64,779,991
Customer services costs (Note 31)	861,004	775,262
Included in capital work-in-progress (Note 15.2.4)	26,724,495	28,627,358
	3,525,300,277	3,335,425,858

		2019 RUPEES	2018 RUPEES
15.2	**Capital work in progress**		
	Civil works	133,010,094	112,266,647
	Distribution equipment (Note 15.2.1)	11,282,354,240	11,963,314,116
		11,415,364,334	12,075,580,763
	Cost of implementation of Enterprise Resource Planning	31,522,986	8,768,770
	Mobilization advance to suppliers / contractors	3,420,837	4,777,274
	Capital stores (Note 15.2.3)	364,353,411	619,480,839
		11,814,661,568	12,708,607,646
15.2.1	**Distribution equipment**		
	Materials	6,615,166,165	7,347,140,069
	Overheads	1,368,409,814	1,134,593,040
	Contract	2,573,207,313	2,146,217,965
	Others (Note 15.2.1.1)	162,872,267	702,388,289
	Borrowing costs (Note 15.2.1.2)	562,698,681	632,974,753
		11,282,354,240	11,963,314,116

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 incurred specifically to finance the construction of grid station projects. The capitalization rate used was 15 percent (2018: 15 percent) per annum.

		2019	2018
15.2.2	**Movement in civil works and distribution equipment during the year:**		
	Balance as at 01 July	12,075,580,763	9,177,588,278
	Add: Additions during the year	4,016,753,920	6,352,781,007
		16,092,334,683	15,530,369,285
	Less:		
	Transferred to freehold land and buildings on freehold land	(715,437,899)	(139,639,319)
	Transferred to feeders, grids and equipment	(3,961,532,450)	(3,315,149,203)
		(4,676,970,349)	(3,454,788,522)
	Balance as at 30 June	11,415,364,334	12,075,580,763

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 26.724 million (2018: Rupees 28.627 million) as given in Note 15.1.5. Moreover operating expenses of Rupees 513.312 million (2018: Rupees 442.832 million) have also been included in capital work-in-progress (Note 29).

16. INTANGIBLE ASSETS

	2019	2018
Computer Softwares		
Balance as at 01 July		
Cost	211,225,173	140,152,669
Accumulated amortization	(57,245,610)	(28,030,534)
	153,979,563	112,122,135
Movement during the year		
Additions	-	71,072,504
Amortization charge for the year (Note 30)	(42,245,035)	(29,215,076)
	(42,245,035)	41,857,428
Balance as at 30 June		
Cost	211,225,173	211,225,173
Accumulated amortization	(99,490,645)	(57,245,610)
	111,734,528	153,979,563
Amortization rate (per annum)	20%	20%

16.1 These include various modules of SAP ERP softwares.

17. LONG TERM ADVANCES

	2019	2018
Considered good - secured		
House building / purchase of plot	156,614,652	152,136,378
Vehicles / motor cycles	7,652,838	4,515,681
	164,267,490	156,652,059
Less: Current portion of long term advances (Note 21)	(33,873,876)	(31,932,503)
	130,393,614	124,719,556

17.1 Loans 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 14.35 percent (2018: 11.70 percent) per annum. These are recoverable in equal monthly installments. These loans are secured by mortgage of immovable property and hypothecation of vehicles.

18. LONG TERM DEPOSITS

These represent security deposits with utility companies against connections.

	2019 RUPEES	2018 RUPEES
19. STORES, SPARES AND LOOSE TOOLS		
Stores, spares and loose tools	3,180,819,397	2,759,445,807
Less: Provision for slow moving and obsolete items of stores, spares and loose tools (Note 19.1)	(49,089,521)	(49,764,726)
	3,131,729,876	2,709,681,081

19.1 Provision for slow moving and obsolete items of stores, spares and loose tools

Balance as at 01 July	49,764,726	16,173,316
Provision for slow moving and obsolete items	-	33,591,410
	49,764,726	49,764,726
Less: Reversal of provision for slow moving and obsolete items (Note 32)	675,205	-
Balance as at 30 June	49,089,521	49,764,726

20. TRADE DEBTS

Partially secured:		
Considered good (Note 20.1 and Note 20.2)	20,499,142,411	19,149,975,494
Less: Allowance for expected credit losses (Note 20.3)	748,882,101	771,241,770
	19,750,260,310	18,378,733,724

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, agriculture, public lights, residential colonies and others.

20.2 CPPA-G vide its Credit Note No. PPA-296/FESCO-32 dated 24 July 2019 effective as on 30 June 2019 has directed the Company to adjust Industrial Support Package, included in trade debts amounting to 13,411 million against the amount payable to CPPA-G on account of purchase of electricity and NTDC on account of Use of System Charges (UoSC). Hence, the Company has adjusted the said amount as at 30 June 2019 against trade debts.

20.3 Allowance for expected credit losses

Balance as at 01 July	771,241,770	728,053,767
Add: Expected credit loss allowance for the year	-	43,188,003
	771,241,770	771,241,770
Less: Reversal of expected credit loss allowance - net (Note 32)	22,359,669	-
Balance as at 30 June	748,882,101	771,241,770

20.3.1 The provision / reversal of expected credit loss allowance 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	6,304,268,310	8,512,657,960
Due up to 1 year	1,589,812,477	1,397,094,955
1 year to 3 years	166,254,643	207,836,566
3 years and above	348,017,715	322,114,266
Balances due from Government	11,856,179,523	8,468,980,809
Deferred arrears	234,609,743	241,290,938
	20,499,142,411	19,149,975,494
Less: Allowance for expected credit losses	748,882,101	771,241,770
	19,750,260,310	18,378,733,724

		2019 RUPEES	2018 RUPEES
21.	**LOANS AND ADVANCES**		
	Considered good - unsecured		
	Advances to suppliers	17,131,893	10,480,492
	Advances to employees against expenses	7,618,608	9,697,788
	Advances to employees for sports	1,102,600	2,981,120
	Current portion of long term advances (Note 17)	33,873,876	31,932,503
		59,726,977	55,091,903

		2019 RUPEES	2018 RUPEES
22.	**OTHER RECEIVABLES**		
	Considered good - unsecured		
	Duties, charges and taxes (Note 22.1)	-	-
	Sales tax and other taxes receivable from consumers	3,422,784,993	2,762,509,936
	Receivable against damaged items during warranty period	56,623,567	56,570,918
	Due from associated companies / undertakings (Note 22.2)	7,579,826,309	6,826,181,463
	Others (Note 22.3)	29,639,487	23,276,872
		11,088,874,356	9,668,539,189

		2019 RUPEES	2018 RUPEES
22.1	**Duties, charges and taxes**		
	Receivables not yet realized:		
	Income tax	181,872,972	125,393,014
	Tariff rationalization surcharge (Note 22.1.2)	71,002,954	414,926,330
	Financing cost surcharge (Note 22.1.3)	694,333,670	230,881,654
	Electricity duty	93,545,689	73,406,024
	Equalization surcharge	1,339,488	1,342,875
	Extra / Further sales tax	94,395,278	55,123,715
	PTV license fee	48,463,007	46,283,652
	Neelum Jhelum surcharge	165,672,765	57,890,180
		1,350,625,823	1,005,247,444
	Payables not yet realized:		
	Income tax	181,872,972	125,393,014
	Tariff rationalization surcharge	71,002,954	414,926,330
	Financing cost surcharge	694,333,670	230,881,654
	Electricity duty	93,545,689	73,406,024
	Equalization surcharge	1,339,488	1,342,875
	Extra / Further sales tax	94,395,278	55,123,715
	PTV license fee	48,463,007	46,283,652
	Neelum Jhelum surcharge	165,672,765	57,890,180
		1,350,625,823	1,005,247,444
		-	-

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 Realization 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.

		2019 RUPEES	2018 RUPEES
22.2	**Due from associated companies / undertakings**		
	Due on account of free electricity (Note 22.2.1)	890,822,197	860,810,359
	Due on account of pension (Note 22.2.2)	4,054,157,558	3,957,820,399
	Due on account of WAPDA welfare fund	510,210,427	439,174,393
	Due from NTDC on account of general sales tax receivable on UoSC	556,259,815	-
	Due on account of past service cost of WAPDA employees (Note 22.2.3)	1,568,376,312	1,568,376,312
		7,579,826,309	6,826,181,463

		2019 RUPEES	2018 RUPEES
22.2.1	**Due from associated companies on account of free electricity**		
	National Transmission and Despatch Company Limited (NTDC)	222,334,934	245,191,507
	Islamabad Electric Supply Company Limited (IESCO)	122,650,346	117,687,297
	Peshawar Electric Supply Company Limited (PESCO)	59,228,817	60,157,560
	Gujranwala Electric Power Company Limited (GEPCO)	30,486,602	28,237,510
	Quetta Electric Supply Company Limited (QESCO)	18,338,538	15,744,048
	Hyderabad Electric Supply Company Limited (HESCO)	3,354,362	3,147,008
	Tribal Area Electric Supply Company Limited (TESCO)	1,796,782	1,165,490
	Jamshoro Power Company Limited (GENCO-I)	949,938	780,798
	Central Power Generation Company Limited (GENCO-II)	5,556,796	4,378,193
	Northern Power Generation Company Limited (GENCO-III)	424,125,951	382,515,231
	Lakhra Power Generation Company Limited (GENCO-IV)	1,999,131	1,805,717
		890,822,197	860,810,359
22.2.2	**Due from associated companies / undertakings on account of pension**		
	Water and Power Development Authority (WAPDA) (Note 22.2.2.1)	2,970,625,191	2,862,305,270
	National Transmission and Despatch Company Limited (NTDC)	407,179,542	413,356,188
	Islamabad Electric Supply Company Limited (IESCO)	117,136,402	82,892,607
	Gujranwala Electric Power Company Limited (GEPCO)	69,858,406	48,985,668
	Quetta Electric Supply Company Limited (QESCO)	25,916,807	17,968,720
	Hyderabad Electric Supply Company Limited (HESCO)	22,096,205	14,547,724
	Tribal Area Electric Supply Company Limited (TESCO)	206,834	550,099
	Sukkur Electric Power Company Limited (SEPCO)	5,031,435	6,917,262
	Multan Electric Power Company Limited (MEPCO)	150,471,966	165,111,958
	Lahore Electric Supply Company Limited (LESCO)	24,586,527	37,306,955
	Jamshoro Power Company Limited (GENCO-I)	3,900,135	4,574,713
	Central Power Generation Company Limited (GENCO-II)	18,739,600	27,153,167
	Northern Power Generation Company Limited (GENCO-III)	237,452,204	274,922,861
	Lakhra Power Generation Company Limited (GENCO-IV)	956,304	1,227,207
		4,054,157,558	3,957,820,399

22.2.2.1 This includes receivable from WAPDA amounting to Rupees 1,100 million (2018: 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 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 This represents the balance receivable from WAPDA after adjustments made by the Company against the deposit for shares balance of WAPDA amounting to Rupees 3,748 million on account of the past service cost relating to years 2015 and 2016 amounting to Rupees 5,318 million, of the employees of WAPDA retired before July 1998.

22.2.4 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 1,295.147 million (2018: Rupees 658.548 million).

22.2.5 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 239.786 million (2018: Rupees 239.467 million).

22.2.6 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 60.270 million (2018: Rupees 60.158 million).

22.2.7 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 104.558 million (2018: Rupees 94.383 million).

22.2.8 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 44.432 million (2018: Rupees 33.712 million).

22.2.9 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 25.742 million (2018: Rupees 21.868 million).

22.2.10 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 2.579 million (2018: Rupees 1.716 million).

22.2.11 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 778.628 million (2018: Rupees 657.438 million).

22.2.12 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 41.138 million (2018: Rupees 31.531 million).

22.2.13 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 3.814 million (2018: Rupees 3.616 million).

22.2.14 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 7.400 million (2018: Rupees 5.405 million).

22.2.15 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 9.468 million (2018: Rupees 8.231 million).

22.2.16 The maximum aggregate amount due from Lahore Electric Supply Company Limited (LESCO) with respect to balance mentioned in Note 22.2.2, at the end of any month during the year was Rupees 64.669 million (2018: Rupees 100.289 million).

22.2.17 The maximum aggregate amount due from Multan Electric Power Company Limited (MEPCO) with respect to balance mentioned in Note 22.2.2, at the end of any month during the year was Rupees 208.649 million (2018: Rupees 229.248 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 4,709.097 million (2018: Rupees 4,430.681 million).

22.2.19 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 510.210 million (2018: Rupees 439.174 million).

22.2.20 The ageing analysis of the balances receivable from associated companies / undertakings has not been disclosed due to the non-availability of the year wise / period wise segregation of these balances.

22.3 These include an amount of Rupees 18.422 million (2018: Rupees 23 million) receivable from employees against shortage and theft.

	2019 RUPEES	2018 RUPEES
23. TAX REFUNDS DUE FROM THE GOVERNMENT		
Sales tax	8,095,458,270	8,234,100,283
Income tax	390,411,787	279,473,484
	8,485,870,057	8,513,573,767
24. RECEIVABLE FROM GOVERNMENT OF PAKISTAN		
Balance as at 01 July	2,806,427,483	-
Tariff differential subsidy recognized during the year (Note 24.1)	41,038,912,061	20,132,058,251
Adjusted against tariff rationalization surcharge and credit notes received from CPPA-G	(31,975,150,115)	(17,325,630,768)
Balance as at 30 June	11,870,189,429	2,806,427,483

24.1 This represents tariff differential subsidy receivable from Government of Pakistan (GoP) as a difference between rates determined by NEPRA under different tariff determinations and rates notified by the GoP which are charged to the consumers.

	2019 RUPEES	2018 RUPEES
25. CASH AND BANK BALANCES		
Cash in transit (Note 25.1)	357,406,052	202,927,130
Cash with banks on:		
Current accounts	452,785,103	1,458,165,724
Deposit accounts (Note 25.2 and Note 25.3)	2,269,256,403	4,243,474,987
Term Deposit Receipts (TDRs) (Note 25.4 and Note 25.5)	17,800,000,000	11,200,000,000
	20,522,041,506	16,901,640,711
	20,879,447,558	17,104,567,841

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 6.65% to 11.75% (2018: 4% to 6.65%) per annum.

25.3 These include an amount of Rupees 195.196 million (2018: Rupees 134.105 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 (2018: one to three months) at profit rates ranging from 12.32% to 12.60% (2018: 5.95% to 6.75%) per annum.

25.5 Term deposit receipts (TDRs) include an amount of Rupees 9,353 million (2018: Rupees 7,900 million) relating to customers' security deposits. The accumulated profit earned on the TDRs related to consumers' security deposits is also included therein.

	2019 RUPEES	2018 RUPEES

26. SALE OF ELECTRICITY - NET

Gross sales	172,840,087,608	135,060,225,106
Less: Sales tax	24,097,757,259	18,668,251,698
	148,742,330,349	116,391,973,408

27. TARIFF DIFFERENTIAL SUBSIDY

This represents the tariff subsidy 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 11.67 per KWH (2018: Rupees 10.54 per KWH).

28.2 This includes supplemental charges of Rupees 2,337.74 million (2018: Rupees 608.71 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.

29. DISTRIBUTION COST

Salaries, wages and other benefits (Note 29.1)	16,244,477,404	12,416,431,852
Depreciation (Note 15.1.5)	3,428,243,779	3,241,243,247
Repair and maintenance	295,447,555	265,602,640
Rent, rates and taxes	26,446,148	22,349,702
Telephone and postage	17,664,232	18,174,327
Power, light and water	28,334,062	22,663,914
Office supplies and other expenses	13,389,704	11,162,879
Travelling and conveyance	269,323,677	269,086,803
Legal and professional	15,902,868	15,585,025
Transportation	235,071,626	196,689,341
Advertising and publicity	-	16,680
Other charges	179,350,542	50,167,273
	20,753,651,598	16,529,173,683
Less: Charged to capital work-in-progress (Note 15.2.4)	(513,311,789)	(442,831,738)
	20,240,339,809	16,086,341,945

29.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 9,368 million (2018: Rupees 5,674 million).

30. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits (Note 30.1)	2,469,115,237	1,789,426,750
Directors' meeting fee	6,117,000	4,911,500
Depreciation (Note 15.1.5)	69,470,999	64,779,991
Amortization (Note 16)	42,245,035	29,215,076
Repair and maintenance	63,551,916	98,719,505
Rent, rates and taxes	131,300	11,568
Power, light and water	30,322,672	21,718,650
Office supplies and other expenses	116,574,943	98,650,885
Travelling and conveyance	63,077,401	57,627,714
Legal and professional	75,185,345	68,661,659
Auditors' remuneration (Note 30.2)	1,800,000	2,036,000
Transportation	50,527,547	45,431,090
Management fees	305,580,634	63,014,793
Telephone and postage	10,998,520	11,615,298
Insurance	64,739,635	10,938,604
Advertisement	35,345,236	15,471,325
Provision for slow moving and obsolete stores, spares and loose tools	-	33,591,410
Other charges	4,151,081	12,833,556
	3,408,934,500	2,428,655,374

30.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 1,272 million (2018: Rupees 658 million).

		2019 RUPEES	2018 RUPEES
30.2	**Auditors' remuneration**		
	Audit fee	1,450,000	1,450,000
	Reimbursable expenses	350,000	500,000
	Other certification fee	-	86,000
		1,800,000	2,036,000
31.	**CUSTOMER SERVICES COSTS**		
	Salaries, wages and other benefits (Note 31.1)	1,742,886,985	1,312,228,149
	Depreciation (Note 15.1.5)	861,004	775,262
	Electricity bills collection charges	343,073,400	318,991,660
	Travelling and conveyance	29,943,411	30,180,507
	Repair and maintenance	420,642	494,242
	Rent, rates and taxes	2,672,833	2,286,508
	Telephone and postage	2,372,369	2,364,731
	Power, light and water	4,193,345	3,169,647
	Office supplies and other expenses	6,552,634	6,450,769
	Transportation	3,347,775	2,767,450
	Expected credit loss allowance	-	43,188,003
	Other charges	657,734	615,836
		2,136,982,132	1,723,512,764

31.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 736 million (2018: Rupees 413 million).

		2019 RUPEES	2018 RUPEES
32.	**OTHER INCOME**		
	Income from financial assets		
	Profit on bank deposits and term deposit receipts	1,536,745,836	750,304,120
	Late payment surcharge	1,406,002,036	1,280,219,337
	Reversal of expected credit loss allowance - net (Note 20.3)	22,359,669	-
		2,965,107,541	2,030,523,457
	Income from non-financial assets		
	Gain on installation of new connection	989,769,243	417,093,177
	Repair, testing and inspection fee	13,461,704	18,659,948
	Recovery of late delivery charges	67,730,014	133,884,455
	Reversal of provision for slow moving and obsolete stores, spares and loose tools (Note 19.1)	675,205	-
	Meter / service rent	49,995,271	48,524,059
	Reconnection fees	20,983,880	17,394,167
	Excess deposit work receipts written back	82,351,232	72,102,074
	Service charges on collection of PTV license fee and electricity duty	81,336,650	93,083,465
	Company's colonies quarterly rent	8,954,967	10,075,375
	Miscellaneous	7,068,783	71,331,812
		1,322,326,949	882,148,532
		4,287,434,490	2,912,671,989
33.	**FINANCE COST**		
	Mark-up on long term financing	302,656,398	146,971,138
	Bank charges and commission	6,524,839	7,194,417
		309,181,237	154,165,555

		2019 RUPEES	2018 RUPEES Restated
34.	**TAXATION**		
	Current:		
	- for the year (Note 34.1)	1,507,275,962	1,139,178,537
	- for prior year	(243,919,738)	(39,026,605)
		1,263,356,224	1,100,151,932
	Deferred (Note 11)	(289,713,386)	(307,421,446)
		973,642,838	792,730,486

34.1 Provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance 2001 adjusted by tax credit for non-equity investment in plant and machinery under section 65B of the Ordinance. However tariff differential subsidy from Government of Pakistan is excluded from turnover of the Company as it constitutes exempt income. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company of Rupees 260,440.217 million (2018: Rupees 224,799.270 million).

34.2 The deferred tax income has been wrongly recognized on the remeasurements of defined benefit obligations in other comprehensive income for the financial years ended 30 June 2017 and 30 June 2018 amounting to Rupees 1,266.814 million and 3,876.346 million respectively. This prior period error has been corrected retrospectively in these financial statements in accordance with IAS 8. Consequently, the loss after taxation for the year ended 30 June 2018 has been decreased by Rupees 3,876.346 million while other comprehensive loss has been increased with the same amount. However there was no effect on accumulated losses as at 30 June 2017 as the effect of Rupees 1,266.814 million has been netted off.

35. CASH GENERATED FROM OPERATIONS

	2019 RUPEES	2018 RUPEES
Loss before taxation	(7,083,081,989)	(34,659,497,478)
Adjustments for non-cash charges and other items:		
Depreciation	3,498,575,782	3,306,798,500
Amortization of intangible assets	42,245,035	29,215,076
Provision for staff retirement benefits	11,376,381,803	6,744,744,265
Amortization of deferred credit	(1,460,436,524)	(1,338,916,821)
Finance cost	309,181,237	154,165,555
(Reversal) / provision for expected credit loss allowance	(22,359,669)	43,188,003
Profit on bank deposits and term deposit receipts	(1,536,745,836)	(750,304,120)
Excess deposit work receipts written back	(82,351,232)	(72,102,074)
(Reversal) / provision for slow moving, obsolete items of stores, spares and loose tools	(675,205)	33,591,410
Non-cash settlement against deposit for shares	447,902,359	-
Working capital changes (Note 35.1)	5,955,956,633	36,665,970,761
	11,444,592,394	10,156,853,077

35.1 Working capital changes

	2019 RUPEES	2018 RUPEES
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(421,373,590)	172,502,112
Trade debts	(1,349,166,917)	(5,268,096,246)
Loans and advances	(2,693,701)	34,836,630
Tax refunds due from the Government	138,642,014	(784,836,572)
Receivable from Government of Pakistan	(9,063,761,946)	(3,640,013,553)
Other receivables	(1,420,335,167)	9,993,724,093
	(12,118,689,307)	508,116,464
Increase in trade and other payables	18,074,645,941	36,157,854,297
	5,955,956,633	36,665,970,761

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

	Long term financing	Long term security deposits	Receipt against deposit works and deferred credit	Total
	RUPEES			
Balance as at 01 July 2018	5,214,874,173	7,082,383,461	34,321,978,053	46,619,235,687
Financing obtained	326,405,606	-	-	326,405,606
Security deposits received	-	876,095,316	-	876,095,316
Receipts against deposit work received-net	-	-	2,279,544,216	2,279,544,216
Amortization of deferred credit	-	-	(1,460,436,524)	(1,460,436,524)
Balance as at 30 June 2019	5,541,279,779	7,958,478,777	35,141,085,745	48,640,844,301

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	2019 RUPEEES	2018 RUPEEES
Government of Pakistan			
Economic Affairs Division	Loans received	326,405,606	959,264,954
	Finance cost	865,355,079	779,945,891
Ministry of Finance	Tariff differential subsidy accrued	41,038,912,061	20,132,058,251
	Non-cash adjustment / (settlement) of deposit for shares	447,902,359	(833,586,070)
Associated companies / undertakings			
National Electric Power Regulatory Authority	Fee paid to NEPRA	39,126,391	33,085,250
National Transmission and Despatch Company Limited	Use of system charges	5,373,169,610	4,900,424,482
	Settlement against use of system charges	1,391,329,911	2,085,890,679
	Free supply of electricity provided to employees of associated company	33,178,504	28,777,812
	Pension paid to employees of associated company	285,641,951	197,486,797
Central Power Purchasing Agency (Guarantee) Limited	Purchase of electricity	176,516,757,734	155,042,442,309
	Financing cost surcharge	5,380,017,962	5,389,722,156
	Tariff rationalization surcharge	115,716,159	789,038,114
Northern Power Generation Company Limited	Free supply of electricity provided to employees of associated company	41,610,720	38,403,407
	Pension paid to employees of associated company	216,548,593	154,397,614
Water and Power Development Authority	Free supply of electricity provided to employees of associated company	40,008,681	28,296,174
	Pension paid to employees of associated company	488,629,921	358,321,891
	WAPDA welfare fund paid	71,036,033	73,350,264
Islamabad Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	8,529,575	8,250,918
	Free supply of electricity received by employees of the Company from associated company	3,566,525	5,170,827
	Pension paid to employees of associated company	67,787,338	45,782,825
	Pension received by employees of the Company from associated company	21,689,779	18,158,850
	Sale of material	992,000	19,858,500
	Purchase of material	4,235,553	4,262,500
Peshawar Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	762,652	3,283,888
	Free supply of electricity received by employees of the Company from associated company	1,691,395	1,673,411
	Pension paid to employees of associated company	13,820,253	4,186,042

Name of related party	Nature of transactions	2019 RUPEEES	2018 RUPEEES
	Pension received by employees of the Company from associated company	34,001,183	-
	Sale of material	33,405,700	-
Gujranwala Electric Power Company Limited	Free supply of electricity provided to employees of associated company	5,648,344	4,656,243
	Free supply of electricity received by employees of the Company from associated company	3,399,252	3,092,334
	Pension paid to employees of associated company	37,471,715	28,416,150
	Pension received by employees of the Company from associated company	16,598,977	17,436,623
	Sale of material	2,349,000	57,372,600
	Purchase of material	18,200,000	20,692,500
Quetta Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	2,594,490	2,425,003
	Free supply of electricity received by employees of the Company from associated company	-	332,057
	Pension paid to employees of associated company	26,826,950	11,994,622
	Pension received by employees of the Company from associated company	1,862,242	-
	Sale of material	14,266,600	1,210,000
	Purchase of material	13,500,000	-
Central Power Generation Company Limited	Free supply of electricity provided to employees of associated company	1,178,603	456,330
	Pension paid to employees of associated company	24,884,493	17,563,834
Hyderabad Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	1,335,820	801,274
	Free supply of electricity received by employees of the Company from associated company	1,128,466	612,003
	Pension paid to employees of associated company	15,035,043	7,552,174
	Pension received by employees of the Company from associated company	976,109	-
	Sale of material	-	2,420,000
Lakhra Power Generation Company Limited	Free supply of electricity provided to employees of associated company	193,414	175,535
	Pension paid to employees of associated company	1,503,645	1,266,882
Tribal Area Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	631,292	160,025
	Pension paid to employees of associated company	232,259	477,257
Jamshoro Power Company Limited	Free supply of electricity provided to employees of associated company	169,140	3,768
	Pension paid to employees of associated company	4,348,105	3,147,601
Sukkur Electric Power Company Limited	Free supply of electricity provided to employees of associated company	746,449	1,444,008
	Free supply of electricity received by employees of the Company from associated company	921,894	1,491,208
	Pension paid to employees of associated company	7,888,981	4,041,012
	Sale of material	-	2,420,000
	Purchase of material	-	12,242,700

Name of related party	Nature of transactions	2019 RUPEEES	2018 RUPEEES
Lahore Electric Supply Company Limited	Free supply of electricity provided to employees of associated company	20,419,514	15,699,832
	Free supply of electricity received by employees of the Company from associated company	16,459,885	4,073,391
	Pension paid to employees of associated company	63,981,212	43,813,440
	Pension received by employees of the Company from associated companies	76,701,640	62,981,951
	Sale of material	-	3,784,240
	Purchase of material	41,250,000	-
Multan Electric Power Company Limited	Free supply of electricity provided to employees of associated company	9,972,802	9,152,074
	Free supply of electricity received by employees of the Company from associated company	5,350,442	4,350,360
	Pension paid to employees of associated company	114,219,342	75,821,509
	Pension received by employees of the Company from associated company	11,499,468	10,810,574
	Sale of material	3,616,300	23,723,200
	Purchase of material	19,272,000	35,803,100
Pakistan Electric Power Company (Private) Limited	Free supply of electricity provided to employees of associated company	231,364	162,601
	Management fee	266,454,243	29,929,543

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:

	2019	2018	2019	2018
	Chief Executive Officer		Executives	
	RUPEES	RUPEES	RUPEES	RUPEES
Basic salary	2,387,910	2,156,460	47,712,000	46,001,320
Conveyance allowance	-	-	1,560,000	1,775,000
Bonus	336,620	326,620	3,976,000	7,512,280
Fee for attending meetings	1,155,000	1,050,000	-	-
Utilities and other benefits	4,609,274	3,202,828	29,467,721	25,775,631
Travelling and daily allowance	2,725,020	3,089,806	5,637,846	3,986,257
	11,213,824	9,825,714	88,353,567	85,050,488
Number of persons	1	1	31	33

37.1 The Chief Executive Officer is provided with the Company's maintained vehicle, free accommodation, 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 9 (2018: 10) directors was Rupees 6.117 million (2018: Rupees 4.912 million).

37.3 No remuneration was paid to any Director of the Company.

38. NUMBER OF EMPLOYEES

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

	2019	2018
Number of employees as on 30 June	15 415	16 035
Average number of employees during the year	15 725	16 335

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 the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, other price risk and interest rate risk.

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 2019 (2018: 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

This represents 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:

	2019 RUPEES	2018 RUPEES
Fixed rate instruments		
Financial assets		
Long term advances	164,267,490	156,652,059
Term deposit receipts	17,800,000,000	11,200,000,000
Financial liabilities		
Long term financing	5,541,279,779	5,214,874,173

	2019 RUPEES	2018 RUPEES
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	2,269,256,403	4,243,474,987

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, loss after taxation for the year would have been Rupees 22.693 million (2018: Rupees 42.435 million) lower / higher, 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:

	2019	2018
Trade debts	19,750,260,310	18,378,733,724
Loans and advances	164,267,490	156,652,059
Accrued interest	158,971,171	60,620,106
Deposits	3,009,006	2,795,165
Other receivables	11,088,874,356	9,668,539,189
Bank balances	20,522,041,506	16,901,640,711
	51,687,423,839	45,168,980,954

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			2019	2018
	Short term	Long term	Agency	-----------RUPEES-----------	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	4,234,034,419	2,935,982,466
Sindh Bank Limited	A-1	A+	VIS	3,880,574,585	2,715,267,618
The Bank of Khyber	A1	A	PACRA	362,653	158,179
The Bank of Punjab	A1+	AA	PACRA	37,317,620	74,418,462
First Women Bank Limited	A2	A-	PACRA	3,204	36
Zarai Taraqiati Bank Limited	A-1+	AAA	VIS	5,120,220	2,702,400,426
Allied Bank Limited	A1+	AAA	PACRA	288,653,455	216,498,425
Askari Bank Limited	A1+	AA+	PACRA	1,140,634	642,416
Bank Alfalah Limited	A1+	AA+	PACRA	20,926,951	44,025,792
Faysal Bank Limited	A1+	AA	PACRA	3,814,284,970	2,517,443,537
Habib Bank Limited	A-1+	AAA	VIS	293,550,842	205,263,500
JS Bank Limited	A1+	AA-	PACRA	139,274	12,306,090
MCB Bank Limited	A1+	AAA	PACRA	4,011,407,912	2,766,366,929
Telenor Microfinance Bank Limited	A1	A+	PACRA	139,475,500	77,439,964
Standard Chartered Bank (Pakistan) Ltd	A1+	AAA	PACRA	18,294	16,526
United Bank Limited	A-1+	AAA	VIS	198,124,619	2,113,182,520
Punjab Provincial Co-operative Bank Limited*	N/A	N/A	N/A	3,051,748	-
Bank Al-Habib Limited	A1+	AA+	PACRA	3,545,465,955	225,116,114
Samba Bank Limited	A-1	AA	VIS	1,384	928
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	501,110	31,820,946
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	28,403	-
Meezan Bank Limited	A-1+	AA+	VIS	319,055	226,291,977
BankIslami Pakistan Limited	A1	A+	PACRA	1,090,667	-
Pakistan Post Office **	N/A	N/A	N/A	46,448,032	36,997,860
				20,522,041,506	16,901,640,711

* 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

The Company's exposure to credit risk and expected credit losses related to trade debts is disclosed in Note 20.

Due to Company's 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.

(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 2019:

	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	11,743,526,751	1,230,904,993	584,349,819	2,047,193,456	7,881,078,483
Long term security deposits	7,958,478,777	7,958,478,777	-	-	-	7,958,478,777
Trade and other payables	64,662,010,232	64,662,010,232	64,662,010,232	-	-	-
Accrued mark-up	2,390,693,262	2,390,693,262	2,390,693,262	-	-	-
	80,552,462,050	86,754,709,022	68,283,608,487	584,349,819	2,047,193,456	15,839,557,260

Following are the contractual maturities of financial liabilities as at 30 June 2018:

	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	5,214,874,173	12,166,025,391	767,151,225	565,989,080	2,309,538,353	8,523,346,733
Long term security deposits	7,082,383,461	7,082,383,461	-	-	-	7,082,383,461
Trade and other payables	46,516,890,755	46,516,890,755	46,516,890,755	-	-	-
Accrued mark-up	1,525,338,182	1,525,338,182	1,525,338,182	-	-	-
	60,339,486,571	67,290,637,789	48,809,380,162	565,989,080	2,309,538,353	15,605,730,194

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

	2019 RUPEES	2018 RUPEES
	At amortized cost	Loans and receivables
As at 30 June		
Assets as per statement of financial position		
Trade debts	19,750,260,310	18,378,733,724
Loans and advances	164,267,490	156,652,059
Accrued interest	158,971,171	60,620,106
Deposits	3,009,006	2,795,165
Other receivables	11,088,874,356	9,668,539,189
Cash and bank balances	20,879,447,558	17,104,567,841
	52,044,829,891	45,371,908,084
Liabilities as per statement of financial position	At amortized cost	
Long term financing	5,541,279,779	5,214,874,173
Long term security deposits	7,958,478,777	7,082,383,461
Trade and other payables	64,662,010,232	46,516,890,755
Accrued mark-up	2,390,693,262	1,525,338,182
	80,552,462,050	60,339,486,571

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 2019	Level 1	Level 2	Level 3	Total
	RUPEES			
Land - freehold	-	13,283,042,638	-	13,283,042,638
Buildings on freehold land	-	2,088,827,185	-	2,088,827,185
Feeders (up to 11 kv)	-	53,778,304,485	-	53,778,304,485
Grids and equipment	-	16,326,062,225	-	16,326,062,225
Total non-financial assets	-	85,476,236,533	-	85,476,236,533

As at 30 June 2018	Level 1	Level 2	Level 3	Total
	RUPEES			
Land - freehold	-	12,750,002,284	-	12,750,002,284
Buildings on freehold land	-	1,928,931,335	-	1,928,931,335
Feeders (up to 11 kv)	-	52,008,279,240	-	52,008,279,240
Grids and equipment	-	14,549,102,703	-	14,549,102,703
Total non-financial assets	-	81,236,315,562	-	81,236,315,562

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 rearranged and reclassified, wherever necessary. However, no significant rearrangements have been made except as mentioned below:

PARTICULARS	RECLASSIFICATION FROM	RECLASSIFICATION TO	RUPEES
Deposit for shares	Deposit for shares	Share capital and reserves	19,411,172,270
Receipt against deposit works	Deferred credit	Receipt against deposit works	9,288,804,563
Current portion of long term advances	Current portion of long term advances	Loans and advances	31,932,503
Term Deposit Receipts (TDRs)	Short term investments	Cash and bank balances	11,200,000,000
Bank charges and commission	Administrative expenses	Finance cost	7,194,417
Sales tax payable related to billing	Billing related payables	Other receivables	2,614,104,913
Unrealized billing related payables	Billing related payables	Duties, charges and taxes	1,005,247,444
Expected credit loss allowance	Statement of profit or loss	Customer services costs	43,188,003

43. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 04 NOV 2019 by the Board of Directors of the Company.

44. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR