FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED

HALF YEARLY FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

31 DECEMBER 2023

FESCO Head Quarter, West Canal Road, Abdullahpur, Faisalabad

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FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (PROVISIONAL/ UN-AUDITED)
AS AT 31 DECEMBER 2023

	NOTE	12-2023 RUPEES	06-2023 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5 000 000 000 (06-2023: 5 000 000 000) ordinary shares of Rupees 10 each		50,000,000,000	50,000,000,000
Issued, subscribed and paid up share capital	3	10,000	10,000
Deposit for shares	4	41,556,652,056	41,556,652,056
Surplus on revaluation of property, plant and equipment - net of deferred income tax	5	46,005,096,318	46,005,096,651
Accumulated loss		(87,915,094,788)	(96,762,692,971)
Total equity		(353,336,413)	(9,200,934,264)
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	3,042,416,823	3,042,416,823
Staff retirement benefits	7	112,530,923,463	109,949,054,090
Long term security deposits	8	12,450,796,385	11,915,862,061
Receipt against deposit works	9	21,986,654,737	20,199,527,280
Deferred credit	10	41,843,179,576	40,910,697,913
Deferred income tax liability	11	6,500,486,235	6,500,486,235
		198,354,457,219	192,518,044,402
CURRENT LIABILITIES			
Trade and other payables	12	98,852,638,696	116,126,576,246
Accrued mark-up		5,231,507,822	5,231,507,822
Current portion of long term financing	6	2,498,862,956	2,498,862,956
Provision for taxation		76,078,237	523,870,380
		106,659,087,711	124,380,817,404
TOTAL LIABILITIES		305,013,544,930	316,898,861,806
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		304,660,208,517	307,697,927,542

	NOTE	12-2023 RUPEES	06-2023 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	169,268,681,337	161,693,883,649
Intangible assets	16	1,602,895	1,837,465
Long term advances	17	115,138,991	104,537,732
Long term deposits	18	52,714,736	40,553,756
		169,438,137,959	161,840,812,602
CURRENT ASSETS			
Stores, spares and loose tools	19	3,144,512,032	5,004,927,377
Trade debts	20	60,525,059,667	68,479,551,056
Loans and advances	21	314,411,118	374,236,998
Other receivables	22	33,937,792,463	31,087,145,503
Sales tax receivable		8,095,458,270	8,095,458,270
Income tax		-	-
Receivable from the Government of Pakistan	23	3,772,724,853	6,531,405,095
Accrued interest		-	870,546,283
Short Term Investment	24	20,000,000,000	19,000,000,000
Cash and bank balances		5,432,112,154	6,413,844,358
		135,222,070,558	145,857,114,940
TOTAL ASSETS		304,660,208,517	307,697,927,542

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS (PROVISIONAL/ UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2023

	NOTE	12-2023 RUPEES	12-2022 RUPEES
SALE OF ELECTRICITY - NET	25	229,145,243,003	172,916,935,069
TARIFF DIFFERENTIAL SUBSIDIES	26	14,564,924,638	27,149,793,713
		243,710,167,641	200,066,728,782
COST OF ELECTRICITY	27	(217,411,458,163)	(171,200,771,766)
GROSS PROFIT		26,298,709,478	28,865,957,016
AMORTIZATION OF DEFERRED CREDIT	10	1,103,452,320	964,792,380
		27,402,161,798	29,830,749,396
DISTRIBUTION COST	28	(16,626,003,773)	(13,895,598,206)
ADMINISTRATIVE EXPENSES	29	(2,895,937,834)	(2,393,061,383)
CUSTOMER SERVICES COSTS	30	(2,004,917,342)	(1,681,985,596)
		(21,526,858,949)	(17,970,645,185)
PROFIT/ (LOSS) FROM OPERATIONS		5,875,302,849	11,860,104,210
OTHER INCOME	31	5,911,809,797	4,550,474,528
FINANCE COST	32	(1,652,751)	(1,359,515)
PROFIT/ (LOSS) BEFORE TAXATION		11,785,459,895	16,409,219,223
TAXATION	33	(2,937,761,606)	(1,857,695,483)
PROFIT/(LOSS) AFTER TAXATION		8,847,698,289	14,551,523,740

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOWS (PROVISIONAL/ UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2023

	NOTE	12-2023 RUPEES	06-2023 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	14,391,903,013	19,133,776,536
Income tax paid		(3,385,553,749)	(4,229,645,734)
Finance cost paid		(1,652,751)	(2,830,941)
Staff retirement benefits paid		(4,603,122,516)	(7,991,185,720)
Payment for Fund contribution regarding pension obligation		(3,075,000,000)	(3,913,000,000)
Net decrease in long term advances		(9,539,121)	(57,039,953)
Net increase in long term deposits		(12,160,980)	(36,495,580)
Net cash generated from operating activities		3,304,873,896	2,903,578,607
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment and intangible asset		(10,296,210,791)	(22,696,344,055)
Profit on bank deposits received		2,651,608,928	3,762,696,750
Net cash used in investing activities		(7,644,601,864)	(18,933,647,305)
CASH FLOWS FROM FINANCING ACTIVITIES			
Consumers' security deposits received		534,934,324	951,872,643
Receipt against deposit works-net		3,823,061,439	10,022,616,588
Net cash from financing activities		4,357,995,764	10,974,489,231
NET INCREASE IN CASH AND CASH EQUIVALENTS		18,267,796	(5,055,579,467)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		25,413,844,358	30,469,423,826
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		25,432,112,154	25,413,844,358

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY (PROVISIONAL/ UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2023

	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 2023	10,000	41,556,652,056	46,005,096,651	(96,762,692,971)	(9,200,934,264)
Non-cash settlement against deposit for shares	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of transfer of property, plant and equipment - net of deferred income tax	-	-	-	-	-
Profit/ (Loss) for the year	-	-	-	8,847,698,289	8,847,698,289
Other comprehensive loss for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	8,847,698,289	8,847,698,289
Balance as at 31 December 2023	**10,000**	**41,556,652,056**	**46,005,096,651**	**(87,915,094,788)**	**(353,336,413)**

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

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (PROVISIONAL/ UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2023

1. LEGAL STATUS AND OPERATIONS

1.1 Faisalabad Electric Supply Company Limited (the Company) is a public limited company incorporated on 21 March 1998 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company was established to take over all the properties, rights, assets, obligations and liabilities of Faisalabad Area Electricity Board (FAEB) owned by Pakistan Water and Power Development Authority (WAPDA) and such other assets and liabilities as agreed. The registered office of the Company is located at West Canal Road, Abdullahpur, Faisalabad. While the Company has various 132-KV and 66-KV grid stations along with other offices located in 08 districts of Central Punjab including Faisalabad, Jhang, Toba Tek Singh, Chiniot, Sargodha, Mianwali, Khushab and Bhakkar. The principal activity of the Company is distribution and supply of electricity to public within defined geographical boundaries.

1.2 The Council of Common Interest (CCI) in its meeting held on 12 September 1993 approved the privatization of thermal power generation units (GENCOs) and power distribution companies (DISCOs) in a phased program. Cabinet Committee on Privatization (CCOP) in its meeting held on 17 February 2009 approved privatization of certain GENCOs and DISCOs, this decision was ratified by Federal Cabinet in its meeting, held on 06 January 2010. President and Prime Minister of Pakistan also approved privatization of GENCOs and DISCOs including the Company during a presentation given to them by Ministry of Privatization on 22 November 2010. Decision of President and Prime Minister had also been subsequently ratified by the CCI during its meeting held on 28 April 2011. Since October 2013, the CCOP approved 68 Public Sector Enterprises (PSEs) for inclusion in the privatization program. The Company had been approved by CCOP for early implementation. The Privatization Commission (PC) on behalf of the Government of Pakistan (GoP) invited Expression of Interest (EOI) from prospective private sector strategic partner(s) to acquire seventy-four percent (74%) shareholding in the Company, currently owned by the GoP, together with management control on 02 November 2015. However, protests against privatization were started by the opposition parties and by labour unions. In order to give the union a chance to perform, the GoP has reconsidered the privatization mode of the power sector by shifting it from strategic sale to divestment through capital markets. CCOP in its meeting held on 14 July 2016 considered proposals regarding divestment of Power Sector Entities and PC to initiate process for listing of shares of the Company on the stock exchange through Initial Public Offering (IPO). It was also decided that GoP would retain the control of FESCO as well as management. The PC in its meeting held on 02 October 2017, had discussion on volume of circular debt and nature of losses being accrued in GENCOs and DISCOs and decided that the PC would seek approval of the Government to privatize the Company as strategic sale. The matter is now with the GoP.

1.3 Ministry of Energy (Power Division) Government of Pakistan vide S.R.O. 1873(1)/2023 dated 29-12-2023 notified periodic adjustment of Rs.4,754 Million for 1st Quarter of FY 2023-24. This amount will be recovered in 3 months from January-2024 to March-2024. Similarly the periodic adjustment of Rs.10,857 Million for 2nd Quarter of FY 2023-24 notified vide S.R.O. 466(1)/2024 dated 01.04.2024 will be recovered in 3 months from April-2024 to June-2024. Total amount of Rupees 15,611 Million for the both Quarters will be recovered in 2nd half of 2023-24 (January 2024 to June 2024). Hence, the revenue for the 1st half of 2023-24 year ended 31st Dec-2023 would have been increased by Rupees 15,611 (4,754+10,857) Million. Consequently, accumulated loss upto half year ended 31st December 2023 would have been reduced by Rupees 15,611 Million.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

These financial statements have been prepared under historical cost convention, except for certain items of property, plant and equipment stated at revalued amounts and certain staff retirement benefits which are measured at present value of defined benefit obligations less fair value of plan assets.

c) Critical accounting estimates and judgments

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

Useful lives, patterns of economic benefits and impairment

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

Provision for obsolescence of stores, spares and loose tools

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

Taxation

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

Allowance for expected credit losses

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

Provisions

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

Contingencies

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

Revenue from contracts with customers involving sale of goods

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

Tariff adjustment determination

As per the mechanism laid out in the Multi Year Tariff (MYT) decision, the Company seeks adjustments for fuel price, cost of power purchase, distribution margin and unrecovered / over recovered cost as per NEPRA's determination on a monthly / quarterly / annual basis. The monthly / quarterly / annual determinations of the tariff adjustment are approved by NEPRA from time to time.

Staff retirement benefits

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

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

Following amendments to published approved accounting standards are mandatory for the Company’s accounting periods beginning on or after 01 July 2022:

• Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 ‘Presentation of Financial Statements’

• Amendments to IAS 16 ‘Property, Plant and Equipment’ - Proceeds before Intended Use’

• Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 ‘Financial Instruments’ and IFRS 16 ‘Leases’

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

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

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

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

Following amendments to existing standards have been published and are mandatory for the Company’s accounting periods beginning on or after 01 July 2023 or later periods:

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

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 ‘Income taxes’) effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

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

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

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

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

There are other standards and amendments to published approved standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

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

2.3 Staff retirement benefits

2.3.1 Defined benefit plans

The Company provides funded pension scheme, a funded free electricity scheme and a funded free medical facility scheme for all its regular employees. Further, the Company's employees are also entitled for accumulated compensated absences which are encashed at the time of retirement upto maximum limit of 365 days. The Company's obligations under these schemes are determined annually by a qualified actuary using Projected Unit Credit Actuarial Cost Method. Latest actuarial valuations have been carried on 30 June 2023. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Past service cost is recognized immediately in the statement of profit or loss.

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

2.3.2 General / Employees' Provident Fund

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

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments including tax credits and exemptions available, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

2.5 Property, plant and equipment

2.5.1 Operating fixed assets and depreciation

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

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

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

Depreciation

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

De-recognition

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

2.5.2 Capital work-in-progress

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

2.6 Intangible assets and amortization

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

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

2.7 Stores, spares and loose tools

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

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

2.8 Cash and cash equivalents

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

2.9 Revenue from contracts with customers

i) Revenue recognition

Sale of electricity

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

Tariff differential subsidies

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

Rental and service income

Meter rentals are recognized on time proportion basis.

Interest income

Interest income is recognized 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.

2.10 Financial Instruments

i) Classification and measurement of financial instruments

Financial assets

a) Classification

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that the solely payments of principal and interest on the principal amount outstanding.

b) Measurement

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

Financial liabilities

Classification and measurement

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

ii) Impairment of financial assets

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

iii) De-recognition

Financial assets

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

Financial liabilities

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

iv) Offsetting of financial assets and financial liabilities

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

2.11 Deferred credit

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

2.12 Borrowings

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

2.13 Borrowing cost

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

2.14 Trade debts and other receivables

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. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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

Expected credit losses are recognized as follows:

a) No expected credit loss on Government institutions balances, being not subject to risk of default.

b) Expected credit loss of whole amount receivable from permanently disconnected consumers, exceeding one year;

c) Expected credit loss on whole arrears from private consumers, exceeding one year; and

d) Expected credit loss on all deferred arrears.

2.15 Share capital

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

2.16 Trade and other payables

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

2.17 Impairment of non-financial assets

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

2.18 Provisions

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

2.19 Contingent assets

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

2.20 Contingent liabilities

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2023	2022		12-2023	06-2023
NUMBER OF SHARES			RUPEES	RUPEES
1 000	1 000	Ordinary shares of Rupees 10 each fully paid in cash to Government of Pakistan (GoP)	10,000	10,000

3.1 This represents 1,000 (2023: 1,000) ordinary shares of Rupees 10 each fully paid up in cash issued in the name of President of Islamic Republic of Pakistan.

4. DEPOSIT FOR SHARES

This represents credit of Rupees 41,556.652 million (2023: Rupees 41,556.652 million) received by the Company in financial year 2014 from Central Power Purchase Agency (Guarantee) Limited (CPPA-G) in pursuance of letter No. F.1(5)-CF-1/2012-13/1017 dated 02 July 2013 from Ministry of Finance as GoP investment against circular debt of Rupees 341 billion and equity injection by the Ministry of Finance as mark up on syndicated loans. Hence this was treated as GoP equity investment in the Company. During this half year, the Company has made nil non-cash adjustment in deposit for shares being no intimation was received from CPPA-G or Ministry of Energy, Power Division, GoP.

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

As at 01 July	46,005,096,651	46,709,166,741
	46,005,096,651	46,709,166,741
Less:		
Incremental depreciation charged during the year transferred to accumulated loss - net of deferred income tax	-	561,925,044
Adjustment of deferred income tax liability on transfer of property, plant and equipment - net of deferred income tax	-	142,145,046
	-	704,070,090
As at period end	46,005,096,651	46,005,096,651

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

6. LONG TERM FINANCING

Secured

From Asian Development Bank - Relent by the GoP

- Tranche I	832,226,142	832,226,142
- Tranche II	1,000,702,296	1,000,702,296
- Tranche III	2,260,911,648	2,260,911,648
- Tranche IV	1,447,439,693	1,447,439,693
	5,541,279,779	5,541,279,779
Less:		
Current portion shown under current liabilities	316,161,754	316,161,754
Overdue portion shown under current liabilities	2,182,701,202	2,182,701,202
	2,498,862,956	2,498,862,956
	3,042,416,823	3,042,416,823

7 STAFF RETIREMENT BENEFITS

	12-2023 RUPEES	06-2023 RUPEES
Pension obligations (Note 7.1)	97,996,330,095	95,914,178,428
Free medical benefits (Note 7.1)	5,348,261,954	5,034,717,809
Free electricity (Note 7.1)	7,186,730,344	6,969,330,444
Leave encashment (Note 7.1)	1,999,601,070	2,030,827,409
	112,530,923,463	109,949,054,090

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

	Balance at the end of period				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	RUPEES				
Balance as at 01 July 2023	95,914,178,428	5,034,717,809	6,969,330,444	2,030,827,409	109,949,054,090
Charge during the year	8,811,807,960	467,989,772	815,073,545	165,120,612	10,259,991,889
Remeasurements Cost	-	-	-	-	-
Liability transferred from GENCOs	-	-	-	-	-
Benefits paid	(4,775,715,428)	115,847,472	(1,383,423)	58,128,863	(4,603,122,516)
Contribution to Post Retirement Benefit Fund	(1,953,940,865)	(502,931,241)	(363,652,080)	(254,475,814)	(3,075,000,000)
Balance at the end of period	97,996,330,095	5,115,623,812	7,419,368,486	1,999,601,070	112,530,923,463

	30 June 2023				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	RUPEES				
Balance as at 01 July 2022	88,938,166,809	5,386,516,267	3,964,605,230	2,015,532,812	100,304,821,118
Charge for the year	13,506,864,256	784,348,968	613,987,414	745,539,723	15,650,740,361
Remeasurements Cost	1,734,153,165	175,942,866	3,098,283,710	-	5,008,379,741
Liability transferred from GENCOs	763,999,744	46,244,599	79,054,248	-	889,298,591
Benefits paid	(6,542,576,081)	(718,344,665)	(323,845,494)	(406,419,481)	(7,991,185,721)
Contribution to Post Retirement Benefit Fund	(2,486,429,465)	(639,990,226)	(462,754,664)	(323,825,645)	(3,913,000,000)
Balance as at 30 June 2023	95,914,178,428	5,034,717,809	6,969,330,444	2,030,827,409	109,949,054,090

8. LONG TERM SECURITY DEPOSITS

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

9. RECEIPTS AGAINST DEPOSIT WORKS

	12-2023 RUPEES	06-2023 RUPEES
Consumers demand notices awaiting connections (Note 9.1)	938,481,322	497,981,116
Funds received against deposit works (Note 9.2)	21,048,173,415	19,701,546,164
	21,986,654,737	20,199,527,280

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	63,054,418,456	55,130,993,252
Additions during the year (Note 10.1)	2,035,933,984	7,923,425,204
	65,090,352,440	63,054,418,456
Less: Accumulated amortization		
Balance as at 01 July	22,143,720,543	19,936,815,897
Amortization for the year	1,103,452,321	2,206,904,646
	23,247,172,864	22,143,720,543
Closing Balance	41,843,179,576	40,910,697,913

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

Balance as at 01 July	6,500,486,235	6,788,064,159
Add: Deferred income tax liability on surplus arising on revaluation during the year	-	-
Less:		
Deferred income tax liability on incremental depreciation transferred to the statement of profit or loss	-	229,518,680
Deferred income tax liability on assets transferred during the year transferred to the statement of profit or loss	-	58,059,244
	-	287,577,924
Closing Balance	6,500,486,235	6,500,486,235

12. TRADE AND OTHER PAYABLES

	12-2023 RUPEES	06-2023 RUPEES
Creditors	1,089,327,410	846,387,890
Due to associated companies / undertakings (Note 12.1)	69,339,051,474	91,623,032,247
Billing related payables (Note 12.2)	16,358,003,579	14,948,356,131
Workers' profit participation fund (Note 12.3 & Note 12.4)	1,650,983,090	1,650,983,090
Excess receipt against deposit work	1,049,325,636	1,048,519,119
Accrued liabilities	20,955,393	644,228,732
Contract liabilities (Note 12.5)	-	953,913,967
Sales tax payable	7,309,943,556	2,509,983,157
Income tax deducted at source	61,032,786	92,860,570
Retention money payable	253,253,627	247,504,770
Other liabilities	1,720,762,146	1,560,906,566
	98,852,638,696	116,126,676,240

12.1 Due to associated companies / undertakings

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)	68,716,813,577	87,539,690,681
National Transmission and Despatch Company Limited (NTDC)	-	3,437,302,945
Due to associated companies on account of free electricity (Note 12.1.1)	568,186,085	587,646,953
Due to associated companies on account of pension (Note 12.1.2)	54,051,812	58,391,668
	69,339,051,474	91,623,032,247

12.1.1 Due to associated companies on account of free electricity

Multan Electric Power Company Limited (MEPCO)	-	-
Lahore Electric Supply Company Limited (LESCO)	549,272,305	583,974,581
Peshawar Electric Supply Company Limited (PESCO)	14,637,314	-
Sukkur Electric Power Company Limited (SEPCO)	4,132,050	3,672,371
Power Information Technology Company (PITC)	144,415	-
	568,186,085	587,646,953

12.1.2 Due to associated company on account of pension

Peshawar Electric Supply Company Limited (PESCO)	47,441,719	52,414,763
Lahore Electric Supply Company Limited (LESCO)	6,610,093	5,976,905
	54,051,812	58,391,668

12.2 Billing related payables

Equalization surcharge payable (Note 12.2.1)	2,203,143,048	2,203,140,504
Electricity duty payable	1,643,950,174	190,535,854
TV License fee payable	113,412,057	118,015,783
Neelum Jhelum surcharge (Note 12.2.2)	1,126,290,167	1,126,504,331
Extra / further tax	1,406,605,956	961,428,830
Income tax	1,238,974,261	998,387,679
Financing cost surcharge payable	2,960,751,789	3,724,547,148
Tariff rationalization surcharge payable	5,508,942,921	5,508,476,896
General sales tax	155,933,206	117,319,107
	16,358,003,579	14,948,356,131

12.2.1 Equalization surcharge was collected from consumers pursuant to S.R.O. 235(1)2011, dated 15 March 2011 issued by the Ministry of Energy, GoP. The amount was collected from customers during the period from April 2011 to May 2012 but further collection was discontinued on account of a subsequent S.R.O. 505(1)2012, dated 16 May 2012. Payment of this amount to the Federal Government is currently deferred as payment mechanism has not been conveyed to the Company by the GoP. The Company through letter No. 760/FESCO/CFO/Compilation dated 01 August 2023 requested Joint Secretary (P&F) Ministry of Energy, Islamabad to impart necessary guidelines for adjustment of the equalization surcharge.

12.2.2 On 19 February 2021 ECC of the cabinet through Its decision No. ECC-53/6/2021 approved Neelum Jhelum surcharge (NJ surcharge) revocation summary dated 12 February 2021, submitted by Ministry of Energy (Power division). Further, it was approved that NJ surcharge collected by DISCOs and transferred to WAPDA after 28 December 2018 will be audited by the Auditor General of Pakistan and the amount would be returned to the eligible consumers / adjusted in their forthcoming electricity bills.

12.3 Workers' profit participation fund

Balance as at 01 July	1,650,983,096	1,650,983,096
Provision for the year	-	-
Closing Balance	1,650,983,096	1,650,983,096

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

12.5 The Company has recognized revenue of Rupees Nil (FY2022-23: Rupees 345.734 million) from amounts included in contract liabilities at the year end.

15. OPERATING FIXED ASSETS

DESCRIPTION	Net book value 12-2023	06-2023
	----------RUPEES----------	
Land - freehold	31,246,168,931	31,246,168,931
Building on freehold land	4,150,429,635	4,199,654,702
Vehicles	693,574,615	732,764,292
Furniture, fixtures and office equipment	380,851,599	308,312,956
Grids and equipment	18,622,744,357	19,021,175,329
Feeders (up to 11 kv)	82,967,321,261	80,363,916,626
Add:	**138,061,090,397**	**135,871,992,836**
Capital Work in Progress Note 15.1)	**31,207,590,939**	**25,821,890,813**
Property, plant and equipment	**169,268,681,337**	**161,693,883,649**

15.1 CAPITAL WORK IN PROGRESS

	12-2023	06-2023
Civil Works	410,025,144	230,404,780
Project Managemnet Unit (PMU)	1,176,423,632	1,125,783,296
Grid Station Construction (GSC)	15,146,554,150	13,815,748,555
Project Director Construction	12,970,484,755	10,061,119,837
TRW	-	-
Operation Divisions	50,843,909	-
Capital Stock	1,188,286,875	536,056,071
Advances to Suppliers	264,972,475	52,778,275
	31,207,590,939	**25,821,890,813**

16. INTANGIBLE ASSETS

Computer softwares

Cost	213,570,873	213,570,873
Accumulated amortization	(211,967,978)	(211,733,408)
Net book value	1,602,895	1,837,465

Movement during the year

Opening net book value	1,837,465	2,306,605
Addition during the year	-	-
Amortization charge for the year (Note 29)	(234,570)	(469,140)
	1,602,895	1,837,465
Amortization rate (per annum)	20%	20%

16.1 Intangible assets having cost of Rupees 211.225 million (2023: Rupees 211.225 million) are fully amortised.

16.2 These include various modules of SAP ERP softwares.

17. LONG TERM ADVANCES

House Build Advance	21,040,676	21,222,302
Purchase of Plot	109,281,204	99,731,264
Car Advance	2,155,546	1,908,478
Motor Cycle Advance	375,257	451,518
Total	**132,852,682**	**123,313,562**
Less: Current Portion	17,713,691.00	18,775,830
Net	**115,138,991**	**104,537,732**

17.1 These include advances given to executives amounting to Rupees 14.810 million in 2023 (2022: Rupees 2.335 million). The maximum aggregate amount due from these executives at the end of any month during the year was Rupees 14.810 million (2022: Rupees 2.449 million).

17.2 All type of advances are repayable in 90 equal instalments. As per Company's policy, interest is charged @ 5% per annum. These are recoverable in equal monthly installments. These advances are secured by mortgage of immovable property and hypothecation of vehicles.

18. LONG TERM DEPOSITS

These represent security deposits with utility companies and an oil company against connections and fuel cards respectively.

19. STORE, SPARES & LOOSE TOOLS	**12-2023**	**06-2023**

MIS Materials-Stock	172,502,683	45,817,178
Distribution Material-Stock	5,944,324,736	7,766,862,060
Loose Tools-Stock	141,409,167	166,229,766
Scrap Material-Stock	160,233,424	169,923,609
TRW-Raw Material	136,411,648	99,234,401
TRW-Finish-Reclaimed Transformers	298,680,348	133,079,486
Provision Obsolete Inventory	(37,739,079)	(37,739,079)
	6,815,822,927	**8,343,407,421**
Administrative Overheads	(3,671,310,895)	(3,338,480,046)
	3,144,512,032	**5,004,927,375**

Head Office (MIS Store)	165,422,082	37,150,578
Transformer Reclamation Workshop (TRW)	193,016,219	189,817,191
Regional Store Faisalabad	1,700,730,704	2,433,701,045
Regional Store Sargodha	629,543,177	1,026,956,241
Regional Store Jhang	556,218,182	880,696,147
Regional Store Mianwali	215,516,327	663,991,688
Centeral Warehouse Nishatabad	3,030,992,647	2,773,497,574
SS&Ts (C.Type Stores)	324,169,927	337,143,206
	6,815,609,266	**8,342,953,671**
Administrative Overheads	(3,671,310,895)	(3,338,480,046)
TRW Overheads	-	-
	3,144,298,370	**5,004,473,625**

20. TRADE DEBTS

Partially secured:

Considered good (Note 20.1)	64,839,301,843	72,793,793,232
Less: Allowance for expected credit losses (Note 20.2)	4,314,242,176	4,314,242,176
	60,525,059,667	68,479,551,056

20.1 Trade debts are partially secured to the extent of corresponding consumers' security deposits. Trade debts as at the reporting date are classified into residential, commercial, industrial, agriculture, public lights, residential colonies and others.

20.2 Allowance for expected credit losses

Balance as at 01 July	4,314,242,176	1,421,123,809
Add: Allowance for expected credit loss-net (Note 20.2.1)	-	2,893,118,367
Closing Balance	4,314,242,176	4,314,242,176

20.2.1 The allowance / reversal of allowance for expected credit loss is made on net basis due to large number of consumers of the Company.

21. LOAN AND ADVANCES

Advances to suppliers	270,906,995	332,951,014
Advances to employees against expenses	25,617,232	22,420,154
Advances to employees for sports	173,200	90,000
Current portion of long term advances	17,713,691	18,775,830
	314,411,118	**374,236,998**

22. OTHER RECEIVABLES

Considered good	12-2023 RUPEES	06-2023 RUPEES
Duties, charges and taxes	-	-
Sales tax and other taxes receivable from consumers	19,492,795,144	18,368,113,118
Receivable against damaged items during warranty period	75,410,325	75,913,837
Due from associated companies / undertakings (Note 22.1)	13,712,235,638	12,081,574,831
Others	657,351,357	561,543,717
	33,937,792,463	31,087,145,503

22.1 Due from associated companies / undertakings

Central Power Purchasing Agency	-	-
Due on account of free electricity (Note 22.1.1)	1,197,132,572	1,068,952,287
Due on account of pension (Note 22.1.2)	4,121,241,879	4,207,212,100
Due on account of WAPDA welfare fund	485,730,091	485,730,091
Due from NTDC UOSC	1,473,019,183	-
Due on account of past service cost of WAPDA employees (Note 22.1.3)	5,317,810,147	5,317,810,147
Due on account of past service cost of GENCOs employees (Note 22.1.4)	889,298,591	889,298,591
Due on account of Free Electricity of WAPDA employees	228,003,174	112,571,616
	13,712,235,638	12,081,574,833

22.1.1 Due from associated companies on account of free electricity

National Transmission and Despatch Company Limited (NTDC)	149,653,819	65,237,152
Islamabad Electric Supply Company Limited (IESCO)	209,690,464	197,331,464
Peshawar Electric Supply Company Limited (PESCO)	-	67,803,555
Gujranwala Electric Power Company Limited (GEPCO)	54,534,711	43,598,382
Quetta Electric Supply Company Limited (QESCO)	34,446,316	30,439,460
Hyderabad Electric Supply Company Limited (HESCO)	2,247,638	1,596,998
Tribal Area Electric Supply Company Limited (TESCO)	2,032,672	1,742,078
Jamshoro Power Company Limited (GENCO-I)	1,790,550	1,503,128
Central Power Generation Company Limited (GENCO-II)	19,150,516	13,780,616
Northern Power Generation Company Limited (GENCO-III)	641,974,139	582,015,592
Multan Electric Power Company Limited (MEPCO)	77,372,754	58,686,256
Lakhra Power Generation Company Limited (GENCO-IV)	2,365,166	2,305,683
Pakistan Electric Power Company Limited (PPMC)	1,873,825	2,911,921
Power Information Technology Company (PITC)	-	-
	1,197,132,572	1,068,952,287

22.1.2 Due from associated companies / undertakings on account of pension

Water and Power Development Authority (WAPDA)	2,925,412,829	2,925,412,829
National Transmission and Despatch Company Limited (NTDC)	561,705,107	577,053,176
Islamabad Electric Supply Company Limited (IESCO)	190,065,010	166,569,095
Gujranwala Electric Power Company Limited (GEPCO)	65,746,396	47,960,462
Quetta Electric Supply Company Limited (QESCO)	42,270,725	40,732,968
Hyderabad Electric Supply Company Limited (HESCO)	24,541,108	15,868,665
Tribal Area Electric Supply Company Limited (TESCO)	409,524	301,591
Sukkur Electric Power Company Limited (SEPCO)	41,728,207	35,992,802
Multan Electric Power Company Limited (MEPCO)	141,083,700	83,425,353
Lahore Electric Supply Company Limited (LESCO)	-	-
Jamshoro Power Company Limited (GENCO-I)	1,495,303	1,628,314
Central Power Generation Company Limited (GENCO-II)	12,195,147	12,984,608
Northern Power Generation Company Limited (GENCO-III)	114,588,824	299,282,238
Lakhra Power Generation Company Limited (GENCO-IV)	-	-
	4,121,241,879	4,207,212,100

22.2.3 This represents the balance receivable from WAPDA on account of the past service cost relating to years 2015 and 2016 related to employees of WAPDA retired before July 1998.

22.2.3 Due from associated companies on account of past service cost

Jamshoro Power Company Limited (GENCO-I)	49,068,192	49,068,192
Central Power Generation Company Limited (GENCO-II)	232,027,525	232,027,525
Northern Power Generation Company Limited (GENCO-III)	581,548,073	581,548,073
Lakhra Power Generation Company Limited (GENCO-IV)	26,654,801	26,654,801
	889,298,591	889,298,591

22.2.3.: This represents the balance receivable from GENCOs on account of the past service cost of certain employees related to GENCOs before October 2021 retired from time to time. Related staff retirement benefits are disclosed in Note 7.1.

		12-2023 RUPEES	06-2023 RUPEES
23.	**RECEIVABLE FROM GOVERNMENT OF PAKISTAN**		
	Balance as at 01 July	6,965,309,257	6,965,309,257
	Tariff differential and other subsidies recognized during the year (Note 23.1)	14,564,924,638	51,244,289,375
	Adjusted against tariff rationalization surcharge and credit notes received from CPPA-G	(17,757,509,042)	(51,678,193,537)
	Closing balance	3,772,724,853	6,965,309,257

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

24.	**CASH AND BANK BALANCES**		
	Cash in transit (Note 24.1)	248,646,960	362,464,440
	Cash with banks on:		
	Current accounts	1,131,033,904	1,572,926,669
	Deposit accounts (Note 24.2 and Note 24.3)	4,052,431,290	4,478,453,249
	Term Deposit Receipts (TDRs) (Note 24.4 and Note 24.5)	20,000,000,000	19,000,000,000
		25,183,465,194	25,051,379,918
		25,432,112,154	25,413,844,358

24.1 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.

24.2 These carry profit ranging from 15.50% to 21.50% (2023: 12.25% to 21.00%) per annum.

24.3 These include an amount of Rupees 647.315 million (2023: Rupees 122.238 million) kept in separate bank accounts relating to customers' security deposits.

24.4 These represent term deposits receipts placed with different banks having maturity of three months (2023: three months) at profit rates ranging from 21.20% to 22.00% (2023: 15.25% to 21.00%) per annum.

24.5 Term deposit receipts (TDRs) include an amount of Rupees 12,700 million (2023: Rupees 12,150 million) relating to customers' security deposits. The profit earned on the TDRs related to consumers' security deposits is also included therein.

		12-2023 RUPEES	12-2022 RUPEES
25.	**SALE OF ELECTRICITY - NET**		
	Gross sales	283,923,647,096	213,671,117,856
	Less: Sales tax	54,778,404,093	40,754,182,787
		229,145,243,003	172,916,935,069

25.1 During the year, the Company sold 8,152 million (12-2022: 8,003 million) (Kwh) electricity units to the consumers in different tariff categories.

25.2 Revenue is recognized at point in time when the electricity units are consumed by the customers.

26. TARIFF DIFFERENTIAL SUBSIDIES

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

27. COST OF ELECTRICITY

27.1 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 25.03 per KWH (12-2022: Rupees 20.03 per KWH).

		12-2023 RUPEES	12-2022 RUPEES
28.	**DISTRIBUTION COST**		
	Salaries, wages and other benefits (Note 28.1)	13,669,639,587	10,919,152,039
	Depreciation	2,647,395,538	2,392,366,294
	Repair and maintenance	286,448,657	322,722,397
	Rent, rates and taxes	8,194,118	6,815,424
	Telephone and postage	11,447,972	9,983,202
	Power, light and water	36,254,014	30,000,916
	Office supplies and other expenses	10,837,691	8,242,913
	Travelling and conveyance	133,561,265	104,304,510
	Legal and professional	7,735,508	4,543,408
	Transportation	246,443,362	175,702,803
	Advertising and publicity	879,788	268,300
	Workers' profit participation fund	-	-
	Other charges / expenses	141,260,022	307,065,579
		17,200,097,523	14,281,167,785
	Less: Charged to capital work-in-progress	(574,093,750)	(385,569,579)
		16,626,003,773	**13,895,598,206**
		-	-

28.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 8,710.850 million (12-2022: Rupees 6,572.748 million).

29.	**ADMINISTRATIVE EXPENSES**		
	Salaries, wages and other benefits	2,244,338,586	1,833,698,370
	Directors' meeting fee	28,343,207	14,365,200
	Depreciation	73,110,424	64,132,915
	Amortization	234,570	234,570
	Repair and maintenance	65,228,348	47,605,098
	Rent, rates and taxes	393,712	-
	Power, light and water	39,064,842	35,452,845
	Office supplies and other expenses	135,128,801	107,697,820
	Travelling and conveyance	50,582,706	31,729,111
	Legal and professional	34,236,709	59,332,171
	Auditors' remuneration	-	-
	Transportation	77,956,738	49,979,131
	Management fees	-	11,200,000
	NEPRA Fee	134,721,983	127,116,264
	Telephone and postage	8,121,476	7,478,464
	Insurance	-	-
	Advertisement	792,200	1,169,839
	Workers' profit participation fund	-	-
	Provision for slow moving and obsolete stores, spares and loo	-	-
	Other charges	3,683,533	1,869,585
		2,895,937,834	**2,393,061,383**
		-	-

29.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 1,137.388 million 12-2022: Rupees 957.654 million).

30.	**CUSTOMER SERVICES COSTS**		
	Salaries, wages and other benefits	1,773,277,424	1,469,728,431
	Depreciation	907,142	643,050
	Electricity bills collection charges	201,342,404	182,510,779
	Travelling and conveyance	15,065,862	13,828,516
	Repair and maintenance	379,359	265,225
	Rent, rates and taxes	841,783	602,804
	Telephone and postage	1,341,884	1,198,363
	Power, light and water	5,324,593	3,781,395
	Office supplies and other expenses	4,632,295	8,457,003
	Transportation	1,479,586	799,339
	Allowance for expected credit loss	-	-
	Workers' profit participation fund	-	-
	Other charges	325,010	170,692
		2,004,917,342	**1,681,985,596**
		-	-

30.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 411.754 million (12-2022: Rupees 370.182 million).

31. OTHER INCOME

	12-2023 RUPEES	12-2022 RUPEES
Income from financial assets		
Profit on bank deposits and term deposit receipts	1,781,062,645	1,893,770,848
Late payment surcharge	3,272,986,711	2,330,652,648
Reversal of expected credit loss allowance - net	-	-
	5,054,049,355	4,224,423,496
Income from non-financial assets		
Gain on installation of new connection	422,679,188	49,220,218
Design Vetting Fee	31,350,962	22,883,991
Recovery of late delivery charges	77,995,118	80,231,146
Reversal of provision for slow moving and obsolete stores, spares and loose tools	-	-
Meter / service rent	26,304,050	29,473,628
Reconnection fees	38,062,915	17,587,049
Excess deposit work receipts / credit balances written back	4,900,628	-
Service charges on collection of PTV license fee and electricity duty	108,138,090	93,918,968
Company's colonies quarter rent	4,809,973	4,945,814
Miscellaneous	143,519,518	27,790,218
	857,760,442	326,051,032
	5,911,809,797	4,550,474,528
	-	

32. FINANCE COST

Mark-up on long term financing	-	879,586,866
Mark-up transferred from GoP	-	-
Bank charges and commission	1,652,751	2,830,941
	1,652,751	882,417,807

33. Provision for current taxation represents minimum tax on turnover and tax on other income under relevant provisions of the Income Tax Ordinance, 2001. However tariff differential subsidy from Government of Pakistan is excluded from turnover of the Company as it constitutes exempt income.

34. CASH GENERATED FROM OPERATIONS

	12-2023	06-2023
Profit/ (Loss) before taxation	11,785,459,895	(11,122,609,128)
Adjustments for non-cash charges and other items:		
Depreciation	2,721,413,104	5,048,604,429
Amortization of intangible assets	234,570	469,140
Provision for staff retirement benefits	10,259,991,889	16,540,038,953
Amortization of deferred credit	(1,103,452,320)	(2,206,904,646)
Finance cost	1,652,751	882,417,807
Allowance for expected credit loss	-	2,893,118,367
Profit on bank deposits and term deposit receipts	(1,781,062,645)	(4,385,376,815)
Excess deposit work receipts written back / credit balances written back		
Provision / (reversal of provision) of slow moving, obsolete items of stores, spares and loose tool	-	-
Non-cash settlement against deposit for shares	-	7,077,960,978
Provision for workers' profit participation fund	-	-
Working capital changes (Note 34.1)	(7,492,334,232)	4,406,157,443
	14,391,903,013	19,133,876,530

34.1 Working capital changes

(Increase) / decrease in current assets:		
Stores, spares and loose tools	1,860,415,345	(1,638,690,453)
Trade debts	7,954,491,389	11,271,477,392
Loans and advances	58,763,741	(295,947,707)
Tax refunds due from the Government	-	-
Receivable from Government of Pakistan	2,758,680,242	433,904,162
Other receivables	(2,850,646,960)	(5,551,956,437)
Sales tax receivable	0	330,186,428
	9,781,703,757	4,548,973,385
Increase / (decrease) in trade and other payables	(17,274,037,988)	(142,815,942)
	(7,492,334,232)	4,406,157,443

CAPITAL EXPENDITURES

	12-2023	06-2023
Addition in Fixed Assets	2,189,097,561	10,058,887,838
Addition in CWIP	5,385,700,126	7,588,851,787
Addition in intengible Assets	-	-
Depreciation	2,721,413,104	5,048,604,429
Borrowing Cost		-
	10,296,210,791	22,696,344,055

35. NUMBER OF EMPLOYEES

	12-2023	06-2023
Number of employees as on 31 December	12 999	13 117
Average number of employees during the year	13 058	13 354

36. ENTITY - WIDE INFORMATION

The Company's main revenue generation is from sale of electricity. The Company does not hold non-current assets in any foreign country. The Company revenue earned from large mix of customers.

37. FINANCIAL RISK MANAGEMENT

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

(a) Market risk

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

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies. The Company has no receivable / payable balance in foreign currency as at 31 December 2023 (2023: 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 other price risk.

iii) Interest rate risk

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

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

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

	12-2023 RUPEES	06-2023 RUPEES
Fixed rate instruments		
Financial assets		
Long term advances	132,852,682	123,313,562
Term deposit receipts	20,000,000,000	19,000,000,000
Financial liabilities		
Long term financing	5,541,279,779	5,541,279,779
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	4,052,431,290	4,478,453,249

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) / profit after taxation for the year would have been Rupees 40.524 million lower / higher (2023: Rupees 44.785 million higher / lower), mainly as a result of higher / lower interest income on floating rate financial instruments. This analysis is prepared assuming amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

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

	12-2023 RUPEES	06-2023 RUPEES
Trade debts	60,525,059,667	68,479,551,056
Loans and advances	132,852,682	123,313,562
Accrued interest	-	870,546,283
Deposits	52,714,736	40,553,756
Other receivables	33,937,792,463	31,087,145,503
Bank balances	25,183,465,194	25,051,379,918
	119,831,884,743	125,652,490,078

To manage exposure to credit risk in respect of trade debts, management takes into account the long standing business relationships with these counterparties, and after giving due consideration to their strong financial standing, including obtaining security deposits from them, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, credit risk is minimal. The Company's electricity is sold to industrial, commercial and residential consumers and government organizations. Due to large number and diversity of its consumer base, concentration of credit risk with respect to trade debts is limited. Additionally other receivables mainly includes receivables from related parties (Government owned entities). Therefore, management has assessed that there is no impairment loss in respect of these balances and these are recoverable in full.

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

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

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

	Rating			12-2023	06-2023
	Short term	Long term	Agency	-----------RUPEES-----------	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	4,196,800,943	524,004,343
Sindh Bank Limited	A-1	A+	VIS	(833,931)	17,158
The Bank of Khyber	A-1	A+	VIS	5,701	7,306
The Bank of Punjab	A1+	AA+	PACRA	83,477,788	130,547,846
First Women Bank Limited	A2	A-	PACRA	(2,310)	-
Zarai Taraqiati Bank Limited	A-1+	AAA	VIS	5,230,905,811	4,673,514,661
Allied Bank Limited	A1+	AAA	PACRA	236,994,295	295,679,890
Askari Bank Limited	A1+	AA+	PACRA	5,989,341	3,801,709,865
Bank Alfalah Limited	A1+	AA+	PACRA	4,026,886,945	4,438,115,237
Faysal Bank Limited	A1+	AA	PACRA	5,049,095,195	3,800,862,386
Habib Bank Limited	A-1+	AAA	VIS	128,199,139	250,264,502
JS Bank Limited	A1+	AA-	PACRA	302,905	3,823,062,695
MCB Bank Limited	A1+	AAA	PACRA	197,568,706	374,385,896
Telenor Microfinance Bank Limited	A1	A	PACRA	36,338,255	58,179,172
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	17,395	17,411
United Bank Limited	A-1+	AAA	VIS	78,684,311	100,695,686
Bank Al-Habib Limited	A1+	AAA	PACRA	287,995,027	1,363,248,574
Samba Bank Limited	A-1	AA	VIS	11,672	11,672
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	12,470	625,618
Meezan Bank Limited	A-1+	AAA	VIS	(15,172,854)	403,141
BankIslami Pakistan Limited	A1	AA-	PACRA	(10,841)	31,192
Soneri Bank Limited	A1+	AA-	PACRA	4,577,598,455	297,636,314
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	37,270	16,521
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	366,667	730,341
Silkbank Limited	A2	A-	VIS	(26,885)	-
Summit Bank Limited	A3	BBB	VIS	(4,219)	597
The Punjab Provincial Co-operative Bank Limited*	N/A	N/A	N/A	14,434,308	7,781,621
Receivable from General Post Office (GPO)**	N/A	N/A	N/A	1,047,793,634	1,109,830,273
				25,183,465,194	25,051,379,918

* 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.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly the 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. 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.

(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.

37.2 Financial instruments by categories

	12-2023 RUPEES	06-2023 RUPEES
	At amortized cost	
Assets as per statement of financial position		
Trade debts	60,525,059,667	68,479,551,056
Loans and advances	132,852,682	123,313,562
Accrued interest	-	870,546,283
Deposits	52,714,736	40,553,756
Other receivables	33,937,792,463	31,087,145,503
Cash and bank balances	25,432,112,154	25,413,844,358
	120,080,531,703	**126,014,954,518**
Liabilities as per statement of financial position		
Long term financing	5,541,279,779	5,541,279,779
Long term security deposits	12,450,796,385	11,915,862,061
Trade and other payables	73,472,675,685	95,970,579,324
Accrued mark-up	5,231,507,822	5,231,507,822
	96,696,259,672	**118,659,228,986**

37.3 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

38. CORRESPONDING FIGURES

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

39. DATE OF AUTHORIZATION

These financial statements were approved by the Board of Directors of the Company in its 278th/28th meeting held on 01.03.2024.

40. GENERAL

Figures have been rounded off to the nearest Rupee.