Riaz Ahmad & Company
Chartered Accountants

CENTRAL POWER GENERATION COMPANY LIMITED

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED 30 JUNE 2022

A member of Nexia International

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INDEPENDENT AUDITOR'S REPORT

To the members of Central Power Generation Company Limited

Report on the Audit of the Financial Statements

Qualified Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

a) As disclosed in Note 21.1.3(ii) to the financial statements, the Company has not recognized a liability for Late Payment Surcharge (LPS) on overdue payments for natural gas supplied by Mari Petroleum Company Limited (MPCL) and Pakistan Petroleum Limited (PPL) amounting to Rupees 13,316,025 thousand and Rupees 26,296,924 thousand, respectively, despite existing agreements and signed gas sales term sheets.

   Additionally, the Company has not recognized take-or-pay charges of Rupees 18,752,429 thousand and 4,558,190 thousand, as demanded by MPCL and PPL, respectively. As per the Gas Sales Agreement (GSA), the Company is required to purchase a minimum quantity of gas. If it fails to do so, it must compensate for any shortfall in the minimum purchase requirement.

   Had the Company recognized for LPS and Take-or-Pay charges under the respective gas sales agreements / gas sale term sheets, its loss for the year would have increased by Rupees 29,711,268 thousand and total liabilities and accumulated losses as of year-end would have increased by Rupees 62,923,568 thousand.

b) As a significant period has elapsed between the reporting date of the statement of financial position and the date of our audit report. Due to this extended lapse we were unable to perform a comprehensive review of events occurring subsequent to reporting period. Consequently, we were unable to determine whether any adjustments or disclosures might have been necessary in respect of subsequent events.

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 of 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 Matters

We draw attention to:

1. Note 36 of the financial statements, which details the restatement of prior-year financial statements. The Company has retrospectively recognized Late Payment Surcharge (LPS) receivables of Rs. 1,021,100 thousand for the financial year ended June 30, 2020, and Rs. 10,848,652 thousand for the financial year ended June 30, 2021, from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). Additionally, the Company has recorded LPS payables of the same amounts to gas suppliers for the respective financial years.

   Additionally, the Company has recognized liquidated damages of Rs. 2,470,837 thousand and Take-or-Pay charges of Rs. 6,182,000 thousand for the financial year ended June 30, 2021.

   The restatement also corrects an understatement of receivables amounting to Rs. 6,729,357 thousand, which resulted from the non-recognition of additional invoices following a NEPRA tariff change and the omission of revenue in the prior year.

2. Note 21.1.3(ii) to the financial statements, which describes that the Company has not accepted certain claims by Sui Northern Gas Pipelines Limited (gas supplier) relating to LPS.

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 directors' report, but does not include the financial statements of the Company and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have concluded that the other information is materially misstated with respect to the amounts and matters as described in the *Basis for Qualified Opinion* section of our report.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

a) except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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) except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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).

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.

Other Matter

The financial statements of the Company for the year ended 30 June 2021, were audited by another firm of Chartered Accountants whose audit report dated 23 August 2024 expressed a qualified opinion in respect of non-recognition of LPS payable and receivable of Rupees 30,420,779 thousand and Rupees 27,068,759 thousand respectively.

RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 12 SEPTEMBER 2025
UDIN: AR2022100458gBfO5XEJ

CENTRAL POWER GENERATION COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022	2021	2020
		------------Rupees in thousands------------		
			Restated	Restated
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	3	**98,000,612**	89,711,309	101,901,574
Long term advances	4	**50,669**	51,959	51,655
Long term deposits	5	**-**	281	281
		98,051,281	89,763,549	101,953,510
CURRENT ASSETS				
Stores, spare parts and loose tools	6	**2,396,628**	4,010,324	3,633,585
Fuel stock	7	**889**	955	928,352
Trade debt	8	**90,507,613**	93,861,249	69,294,292
Advances, loan and prepayments	9	**1,729,555**	1,200,719	1,029,902
Other receivables	10	**2,242,575**	1,835,496	1,003,410
Tax refunds due from the Government	11	**6,642,471**	4,908,222	4,262,523
Bank balances	12	**6,802,905**	5,294,409	10,166,613
		110,322,636	111,111,374	90,318,677
TOTAL ASSETS		**208,373,917**	200,874,923	192,272,187
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
5,000,000,000 (2021: 5,000,000,000) ordinary shares of Rs.10 each		**50,000,000**	50,000,000	50,000,000
Issued, subscribed and paid-up share capital	13	**500**	500	500
Capital reserve				
Share deposit money	14	**3,343,919**	3,343,919	3,343,919
Revenue reserve				
Accumulated losses		**(42,910,678)**	(32,715,990)	(4,762,709)
		(39,566,259)	(29,371,571)	(1,418,290)
LIABILITIES				
NON-CURRENT LIABILITIES				
Long-term financing	15	**-**	-	-
Deferred tax - net	16	**-**	-	2,309,764
Deferred grant		**-**	-	198,591
Employee benefit obligations	17	**25,205,289**	31,327,957	30,901,085
		25,205,289	31,327,957	33,409,440
CURRENT LIABILITIES				
Trade and other payables	18	**156,600,791**	135,600,049	105,481,740
Provision for liquidated damages	19	**21,294,116**	18,009,195	-
Interest accrued on long-term financing	20	**9,299,523**	8,212,660	7,485,515
Current portion of long-term financing	15	**34,719,596**	36,732,089	47,313,782
Provision for taxation - net	11	**820,861**	364,544	-
		222,734,887	198,918,537	160,281,037
TOTAL LIABILITIES		**247,940,176**	230,246,494	193,690,477
CONTINGENCIES AND COMMITMENTS	21			
TOTAL EQUITY AND LIABILITIES		**208,373,917**	200,874,923	192,272,187

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CENTRAL POWER GENERATION COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		-----Rupees in thousands-----	
			Restated
Revenue from contract with customer - net	22	**47,042,545**	59,374,133
Cost of revenue	23	**(46,801,356)**	(61,911,885)
Gross profit / (loss)		**241,189**	(2,537,752)
Administrative and general expenses	24	**(834,150)**	(1,079,925)
Provision for bad debt	8.4	**(10,863,474)**	(7,968,798)
Other expenses	25	**(13,743,493)**	(28,857,847)
Other income	26	**8,498,903**	11,452,053
Finance costs	27	**(1,835,149)**	(2,038,296)
Loss before taxation		**(18,536,174)**	(31,030,565)
Taxation	28	**(206,009)**	1,899,937
Loss after taxation		**(18,742,183)**	(29,130,628)

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CENTRAL POWER GENERATION COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		-----Rupees in thousands-----	Restated
Loss after taxation		**(18,742,183)**	(29,130,628)
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss		-	-
Items that will not subsequently be reclassified to profit or loss:		-	-
- Remeasurement of employee benefits obligations	17.5	**8,547,495**	1,177,347
		8,547,495	1,177,347
Total comprehensive loss for the year		**(10,194,688)**	(27,953,281)

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CENTRAL POWER GENERATION COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Issued, subscribed and paid-up share capital	Capital Reserve-Share Deposit Money	Revenue Reserve - Accumulated Losses	Total
	------------ Rupees in thousands ------------			
Balance as at 01 July 2020	500	3,343,919	(4,762,709)	(1,418,290)
Loss for the year ended 30 June 2021 (Restated)	-	-	(29,130,628)	(29,130,628)
Other comprehensive income for the year	-	-	1,177,347	1,177,347
Total comprehensive loss for the year	-	-	(27,953,281)	(27,953,281)
Balance as at 30 June 2021	500	3,343,919	(32,715,990)	(29,371,571)
Loss for the year ended 30 June 2022	-	-	**(18,742,183)**	**(18,742,183)**
Other comprehensive income for the year	-	-	**8,547,495**	**8,547,495**
Total comprehensive loss for the year	-	-	**(10,194,688)**	**(10,194,688)**
Balance as at 30 June 2022	**500**	**3,343,919**	**(42,910,678)**	**(39,566,259)**

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CENTRAL POWER GENERATION COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		----Rupees in thousands----	
			Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before tax		(18,536,174)	(31,030,565)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation of property, plant and equipment	3.1.6	4,240,531	6,008,832
Impairment of operating fixed asset	3.3	-	3,699,573
Amortization of deferred grant		-	(198,591)
Provision for staff benefits - net	17.4 & 17.6	3,451,519	3,283,668
Profit on bank deposits	26	(414,571)	(264,482)
Finance costs	27	1,835,149	2,038,296
Furnace oil writen-off	24	-	182,656
Impairment of Capital work-in-progress	3.2	23,786	-
Operating fixed asset written-off		-	18,780
Long term deposits written-off	5	281	-
Provision for bad debt	8.4	10,863,474	7,968,798
		20,000,169	22,737,530
Profit before working capital changes		1,463,995	(8,293,035)
Effect of cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		1,613,696	(166,682)
Fuel stock	7.1	66	744,741
Trade debt		(7,509,838)	(33,556,855)
Advances, loan and prepayments		(528,836)	(170,817)
Other receivables		(412,278)	(821,679)
Tax refunds due from the Government		(1,734,249)	(1,126,522)
		(8,571,439)	(35,097,814)
Increase in current liabilities:			
Trade and other payables		20,949,337	31,361,076
Provision for liquidated damages		3,284,922	18,009,195
Cash generated from operations		17,126,814	5,979,422
Finance cost paid		(748,286)	(1,311,151)
Income tax adjusted		250,308	(45,348)
Staff benefits paid	17.3 & 17.6	(1,026,692)	(1,198,561)
		(1,524,670)	(2,555,060)
Net cash generated from operating activities		15,602,144	3,424,362
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure - net		(5,725,189)	(42,979)
Increase in long term advances		1,290	(304)
Profit on bank deposits received		419,770	254,075
Net cash (used in) / generated from investing activities		(5,304,129)	210,792
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment long-term financing - net	15.6	(8,789,519)	(8,507,357)
Net increase / (decrease) in cash and cash equivalents		1,508,496	(4,872,204)
Cash and cash equivalents at the beginning of the year		5,294,409	10,166,613
Cash and cash equivalents at the end of the year		6,802,905	5,294,409
NON-CASH INVESTING ACTIVITIES			
Capitalization of exchange (loss) / gain	3.1.3	(6,828,431)	2,296,002

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

CENTRAL POWER GENERATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR 30 JUNE 2022

1. THE COMPANY AND ITS OPERATIONS

1.1 Central Power Generation Company Limited (the Company) was incorporated on 26 October 1998 as a public limited company under the Companies Act, 2017, with its registered office situated at 185, WAPDA House, Shahrah-e-Quaid-e-Azam, Lahore (subsequently shifted to GHCL Office, 1st Floor, OPF Building, Sector G-5/2, Islamabad). The Company was formed to acquire all the properties, assets and liabilities of Thermal Power Station (TPS) Guddu, TPS Sukkur and TPS Quetta from Pakistan Water and Power Development Authority (WAPDA). The Company's main objective is the generation and sale of electricity to a single customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G).

1.2 Business transfer agreement

The Company took over certain properties, assets, rights, obligations and liabilities relating to generation of electricity from WAPDA under a Business Transfer Agreement (BTA) dated 02 March 1999. The details of assets, liabilities and related matters as provided under clause 1.1 of the BTA have been finalized with WAPDA through a Supplementary Business Transfer Agreement (SBTA). However, according to clause 10-A(iii) of SBTA, the BTA will be effective upon execution of agreements relating to the loans / liabilities assumed by the Company as a consequence of the BTA, which is still in process.

1.3 Geographical location of head office and business units

- The head office of the Company is situated at TPS Guddu, District Kashmore, Sindh.
- The location, installed capacity, operational status and generation license granted by National Electric Power Regulatory Authority (NEPRA) under section 15 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997, through license no. GL/02/2002 dated 01 July 2002 and subsequently through modification dated 10 July 2019 of the power plants of the Company are as follows:

Thermal Power Stations (TPS)	Block	Installed Capacity (MV)	Status	Generation License Up to
TPS Guddu	Block I	415.00*	Operational	2024
	Block II	600.00*	Operational	2023
	Block III	420.00	Non-Operational	-
	Block IV	220.00	Non-Operational	-
	Block V	776.70*	Operational	2042
TPS Sukkur	-	50.00	Non-Operational	-
TPS Quetta	-	50.94	Non-Operational	2029

* In August 2022 and September 2023, all units of Block I and Block II, respectively, became non - operational. Further, Block V is operational to the extent of 483.4 MW.

1.4 During the year ended 30 June 2021, the Government of Pakistan (GoP) has communicated to the Company that it has decided to close all in-efficient power plants operated by the corporate entities owned / control by GoP. Accordingly, as per initial plan communicated to the Company, Block I and Block II were expected to operate till August 2022 and September 2023, respectively. As of reporting date, the related carrying values of these power plants amount to Rs. Nil. The Company's Block V was also placed on the list of power projects to be actively marketed for privatization, by Privatization Commission of

Pakistan. The Board of Directors of the Company, in their meeting held on 14 October 2020, has decided to adopt and implement the instructions of GoP in true spirit. The Board of Directors of the Company has, however, not yet formulated any detail plan to implement these instructions. Currently, the Ministry of Energy has no plan of privatization of Guddu Power Plant (as per the latest news available), however, the same is subject to final approval of Federal Cabinet. Further, the Cabinet Committee on Energy (CCoE), subsequently ratified by the Cabinet, has directed the Company to file tariff petition with NEPRA to reduce the Company's Return on Equity (RoE) to 10%. Currently, RoE allowed by NEPRA for the Blocks I and II is 13.92%, whereas RoE for Block V is 15%. Accordingly, with effect from December 2020, the Company's ROE has been reduced to 10% for Blocks I, II and V.

As of reporting date, the Board of Directors of the Company has not formulated any plan to either dispose off Blocks I and / or II or abandon the related non-current assets. The Company continue to operate Blocks I and II, upon availability of gas under quota assigned by the GoP to the Company and upon placement of order by the Company's customer. Accordingly, the related non-current assets and results of operations have not been classified as non-current assets held for sale and discontinued operations, respectively, in accordance with requirements of IFRS 5 'Non- current assets held for sale and discontinued operations'.

1.5 The Company has incurred a loss of Rupees 18,742,183 thousand (2021: a loss of Rupees 29,130,628 thousand), resulting in accumulated losses as of the reporting date amounting to Rupees 42,910,678 thousand (2021: Rupees 32,715,990 thousand) with negative equity of Rupees 39,566,259 thousand (2021: Rupees 29,371,571 thousand). As of that date, the Company's current liabilities exceeding its current assets by Rupees 112,412,251 thousand (2021: Rupees 87,807,163 thousand). Further, the Company is in default in respect of its long-term financing arrangements (refer to notes 15.7 and 15.8). The Company is, however, consistently generating cash inflows from its operations. The Company is confident that it will continue to generate positive cash flows from operation of Block V; enabling the Company to repay its obligations as and when they fall due. As of the date of approval of these financial statements, the consortium of foreign banks has not demanded immediate repayment of the Company's foreign direct loan. The Company continue to repay the loan in accordance with the original repayment schedule, with last repayment due on 22 July 2024. The Company's remaining long-term financing is due to GoP and the Company intends to settle the outstanding balance in due time, after receipt of specific instructions from Ministry of Finance and Revenue (MoFR). As of reporting date, out of total trade and other payables amounting to Rs. 156,600,791 thousand, an amount of Rupees 155,353,899 thousand is due to related parties. Accordingly, the Company believes that in case of any delay in settlement, these parties are not expected to undertake any action which may affect the Company's solvency. Further, owing to the strategic importance of the project, the GoP has provided sovereign guarantee to the Company's foreign lender and whole of the Company's trade receivable is due from CPPA-G, a fellow GoP owned company. Moreover, the management is of the view that GoP would continue to keep the power plant operational considering its relatively low electricity generation cost (currently the Company's Block V have 7th rank in the merit order list determined by the National Transmission and Despatch Company Limited (NTDC)). The strategic importance of the Company's unit is also acknowledged by the NTDC. Accordingly, the Company, on the basis of these factors, have determined that above-mentioned events and conditions does not result in any significant uncertainty affecting the Company's ability to operate for foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

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 the 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 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;
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Act, 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 the historical cost convention unless otherwise stated.

c) Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency. Amounts presented in financial statements have been rounded off to nearest thousand of Rupees, unless otherwise stated.

2.2 Critical accounting estimates and adjustments

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to these financial statements are documented in the following accounting policies and notes, and relate primarily to:

a)	Disclosure related to impact of exemption from applicability of IFRS 9	2.7
b)	Disclosure related to impact of exemption of IFRS 16 and IAS 21	2.8
c)	Useful life and depreciation method of fixed assets	2.9 & 3
d)	Provision against obsolete / slow moving store & spares and fuel stock	2.10,2.11 & 2.12
e)	Employee benefit obligations	2.17
f)	Impairment of non-financial assets	2.20
g)	Impairment of financial assets	2.19
h)	Estimation of provisions	2.24
i)	Revenue from contract with customer	2.22
j)	Presentation of long-term financing as current liabilities	2.27

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

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

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

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

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

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

2.5 Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

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

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

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

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

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

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

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

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

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

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

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

2.7 Exemption from applicability of IFRS 9

Securities and Exchange Commission of Pakistan's (SECP), through its S.R.O no. 985(I)/2019, dated 02 September 2019, has exempted the requirements contained in IFRS-9 (Financial Instruments) related to application of Expected Credit Losses method till 30 June 2021, in respect of financial assets due or ultimately due from the Government of Pakistan (GoP) in respect of circular debt. Subsequent to the reporting date, SECP, through its S.R.O. no.67 (I) / 2023 dated the 20 January 2023 has extended the exemption from the requirements of "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses method" till 31 December 2024 to all companies holding financial assets due from the Government of Pakistan in respect of circular debt, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. Considering that the circumstances in which the above exemption was granted by SECP are expected to exist for foreseeable future, therefore, the Company intends to approach SECP for seeking permanent exemption. The major financial assets of the Company include trade debt from GoP owned entity. Accordingly, the Company has not recorded ECL against trade debt. The impairment under IFRS 9 on financial assets other than trade debt is insignificant and accordingly has not been incorporated in the financial statements.

2.8 Exemption from applicability of IFRS 16 and IAS 21

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 24(I) / 2012 dated 16 January 2012, as modified by S.R.O. 986(I) / 2019 dated 02 September 2019, granted exemption from the requirements of IFRS to all companies which have entered into power purchase agreements before 01 January 2019 are as follows:

a) IFRS 16 'Leases' under the consideration required to be made by lessees for the right to use asset is to be accounted for as finance lease. The Company's power plant's control due to purchase of total output by CPPA-G appears to fall under the scope of finance lease under IFRS 16. Consequently, if the Company were to follow IFRS 16 with respect to its PPA, the effect on the financial statements would be as disclosed in note 32.

b) IAS 21 'The Effects of Changes in Foreign Exchange Rates', to the extent of capitalization of exchange differences. Accordingly, the exchange differences relating to foreign currency borrowings have been capitalized in capital work in progress. Had exchange differences, as allowed by the above mentioned S.R.O. not been capitalized, the effect on the financial statements would be as disclosed in note 33.

Related disclosures applicable due to departure of above IFRS requirements are stated in notes 32 and 33 to the financial statements.

2.9 Property, plant and equipment

a) Initial recognition

Operating fixed assets are initially recognized at cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

b) Measurement subsequent to initial recognition

Operating fixed assets except freehold land are subsequently stated at cost less accumulated depreciation and impairment, if any. Freehold land are stated at cost less accumulated impairment loss, if any.

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 benefit 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 statement of profit or loss during the period in which they are incurred. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Further, as described in note 2.26 to the financial statements, exchange gains and losses on foreign currency denominated long term financing utilized for acquisition of assets and outstanding payable for purchase of assets are added to/deducted from cost of property, plant and equipment.

c) 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.

d) Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss on straight line method so as to write off the carrying amount of an asset over its estimated useful life at the rates given in Note 3.1 to the financial statements. Depreciation is charged from the date asset is available for use while no depreciation is charged from the date asset is disposed.

Spare parts and servicing equipment are classified as property, plant and equipment under plant and machinery rather than stores, spare parts and loose tools when they meet the definition of property, plant and equipment. Available for use capital spares and servicing equipment are depreciated over their useful lives, or the remaining life of principal asset, whichever is lower.

e) Estimates

Management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in the estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge. The Company's estimate of the residual value of its operating fixed assets as at reporting date, has not required any adjustment.

f) Capital work-in-progress

These are stated at cost less accumulated impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for use.

2.10 Stores, spares parts and loose tools

These are valued at lower of cost, determined on weighted average basis, and net realizable value. Cost represents the invoice values directly attributable thereon. Provision is made for obsolete and slow moving items, if any.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Fuel stock

Fuel stock are valued at lower of cost, determined on weighted average basis, and net realizable value.

Materials-in-transit are stated at cost. Cost of items-in-transit represents the invoice value plus other charges incurred thereon till the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to make the sale. Provision is made for obsolete fuel stock, if any.

2.12 Estimates

Fuel stock and stores, spare and loose tools write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date for excess inventories, obsolescence and declines in net realizable value and a provision is recorded against the inventory balances for any such declines.

2.13 Trade debts

Trade debts are amounts due from the sole customer i.e. CPPA-G, for electricity sold in the ordinary course of business and for ensuring availability of capacity. These are due for settlement after thirty days from the date of receipt of invoice by CPPA-G, therefore, are classified as current. Trade debts are recognized initially measured at there transaction price under IFRS 15 (refer to note 2.22) and subsequently measured at amortized cost less any provision for bad debt (refer to note 2.19).

2.14 Loan, advances and other receivables

Advances are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each reporting date to determine whether there is an indication that an advance may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

2.15 Cash and cash equivalents

These are carried at cost and comprise of balances with banks on deposit accounts.

2.16 Trade and other payables

Trade and other payables are recognised initially at fair value plus any directly attributable costs and subsequently measured at amortised cost using effective interest method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

2.17 Employee benefit obligations

Defined benefit schemes

The Company operates an unfunded pension scheme, an unfunded free electricity scheme and unfunded free medical facility scheme for all its eligible employees. Provision is made in the financial statements based on the actuarial valuation carried out using the Projected Unit Credit Method by the professional firm of qualified actuaries at each year end. Remeasurements which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligations at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense, current service costs and any past service costs are recognized in statement of profit or loss.

Compensated absences

The Company makes annual provision for its liabilities towards compensated absences accumulated by its employees. This liability for regular employees is estimated on the basis of actuarial valuation carried out using Projected Unit Credit Method. The actuarial valuation is carried out by the professional firm of qualified actuaries at each year end. The liability for contractual employees is estimated based on the terms of their employment.

Other benefits

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

As the General Provident Fund and WAPDA welfare fund are maintained by WAPDA on behalf of the Company, therefore relevant disclosures required under Section 218 and Fifth Schedule of the Companies Act 2017 are not applicable on the Company.

2.18 Mark-up bearing borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss and other comprehensive income, unless it is included in the carrying amount of another asset, over the period of the borrowings using the effective interest method.

Fees paid on the arrangement of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down in which case the fee is deferred. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, then the fee is expensed out straightaway. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in statement of profit or loss and other comprehensive income in the period in which they are incurred.

2.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

The Company's financial assets which includes bank balances, trade debt, long term deposits, loan to related party and other receivables, are recorded at amortized cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets for which it has elected to classify irrevocably under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the profit or loss. However, the Company does not have any financial assets at fair value through profit or loss.

b) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Company continues to recognised the transferred asset to the extent of its continuing involvement. In that case, Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss (except for the trade debts; which are due from Government of

Pakistan in respect of circular debt as explained in note 2.7). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are significantly past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, long-term financing and interest accrued on long-term financing.

b) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at amortized cost (loans and borrowings).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the profit or loss.

c) Derecognition

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.20 Impairment of non-financial assets

At each reporting date, the Company assesses for non-current assets other than inventories, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset. Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For non-current assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

2.21 Government grants

Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred grant and released to income in equal amounts over the expected useful life of the related asset.

2.22 Revenue from contract with customer

The Company is engaged in the business of generation of electricity. The Company signed its Power Purchase Agreement (PPA) with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the sole customer of Company, on 20 September 2015 for a tenure of 25 years. In accordance with the PPA, the Company has assessed the following performance obligations:

- Making capacity available; and
- Delivering Net Electrical Output (NEO)

The Company has generally concluded that it is the principal in all of its revenue arrangements.

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised through monthly invoices at the point in time when the electricity is transmitted to CPPA-G-G. The normal credit term is 30 days from acknowledgement by CPPA-G-G. Mark-up at base rate plus 2% per annum is charged in case the amounts are not paid within 30 days, in accordance with the terms of the PPA. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. If the time between the recognition of revenue and payment from the customer is expected to be more than one year and the impact is material, the amount of consideration is discounted using appropriate discount rates wherever necessary.

Judgment and estimates

The Company uses significant judgement and estimates in recognition of revenue from customer as follows:

a) Estimating transaction price

Energy and capacity charges are recognized at the tariff approved by the National Electric Power Regulatory Authority (NEPRA) under the mechanism laid down in the PPA. The Company has applied the practical expedient of recognizing revenue in the amount to which the Company has a right to invoice, being a right to consideration from CPPA-G in an amount that corresponds directly with the value to the CPPA-G, of the entity's performance completed to date.

The amount of revenue recognized in respect of sale of electricity includes the estimates of variable consideration when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur in future or when the uncertainty associated with the variable consideration is subsequently resolved. There is no significant financing component attached to the receivables from the customer.

b) Determination of timing of satisfaction of performance obligation

Revenue for:

- Sale of electricity to the CPPA-G (energy charges) is recognized when the Company satisfies performance obligation by delivering NEO to CPPA-G; and
- Capacity of the plant (capacity charges) is recognized when due, using the "performance obligation satisfied over time" approach under IFRS 15 as the customer simultaneously receives and consumes the benefits provided by the Company's performance.

Interest

Delayed payment markup on amounts due under the PPA is accrued on a time proportion basis by reference to the amount outstanding and the applicable rate of return under the PPA, taking into account the probability of non-reversal.

2.23 Taxation

a) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The charge for income tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

i. Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. The Company takes benefit of any tax credit and rebate.

Under Power Purchase Agreement (PPA), dated 20 September 2015, with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the Company can pass on the impact of any income tax paid to CPPA-G. In 2017, the Company filed a petition with NEPRA on 21 June 2017, for revision of tariff to incorporate the effect of the income tax paid by the Company. The management of the Company intends to recognize the resultant revenue, upon notification of new tariff, as a matter of prudence.

ii. Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences 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.

However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized 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.

Current and deferred tax is recognized in 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.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b) Sales tax

Revenues, expenses, assets and liabilities are recognized net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.24 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 obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.25 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.26 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the 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 reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss. The exchange gains and losses on foreign currency denominated long term financing utilized for acquisition of assets and outstanding payable for purchase of assets are added to/deducted from cost of property, plant and equipment, in accordance with the S.R.O. 986 (I) / 2019 dated 02 September 2019 issued by the SECP (refer to note 2.8).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

2.27 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current or non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		....Rupees in thousands.....	
Operating fixed assets	3.1	98,000,612	89,687,523
Capital work-in-progress	3.2	-	23,786
		98,000,612	89,711,309

3.1 Operating Fixed Assets

	Land - freehold	Building on freehold land	Power generation plant and equipment	General plant assets - ancillary equipment	Gas pipelines	Capital stores and spares	Furniture and fixtures	Vehicles	Total
	-----	-----	-----	-----	Rupees in thousands	-----	-----	-----	-----
Year ended 30 June 2022									
Opening net book value	14,513	6,037,914	79,119,365	1,899,950	1,254,638	1,342,741	752	17,650	89,687,523
Additions at cost	-	14,966	12,933,008	1,679	-	2,388	590	-	12,952,631
Adjustment (Note 3.1.4)	-	-	-	-	(399,011)	-	-	-	(399,011)
Transfer									
Cost	-	-	27,084	-	-	(27,084)	-	-	-
Accumulated depreciation	-	-	(26,147)	-	-	26,147	-	-	-
	-	-	937	-	-	(937)	-	-	-
Depreciation charged	-	(147,667)	(3,817,338)	(172,778)	(9,234)	(82,869)	(214)	(10,431)	(4,240,531)
Closing net book value	14,513	5,905,213	88,235,972	1,728,851	846,393	1,261,323	1,128	7,219	98,000,612
At 30 June 2022									
Cost	14,513	8,184,678	134,712,203	2,969,831	1,196,429	4,023,822	44,606	120,003	151,266,085
Accumulated depreciation	-	(2,279,465)	(42,776,658)	(1,240,980)	(350,036)	(2,762,499)	(43,478)	(112,784)	(49,565,900)
Accumulated impairment	-	-	(3,699,573)	-	-	-	-	-	(3,699,573)
Net book value	14,513	5,905,213	88,235,972	1,728,851	846,393	1,261,323	1,128	7,219	98,000,612
Year ended 30 June 2021									
Opening net book value	14,513	6,171,599	89,127,975	2,070,958	1,303,205	3,176,810	739	25,466	101,891,265
Additions at cost	-	13,565	(2,286,179)	1,194	-	-	182	4,738	(2,266,500)
Adjustments	-	-	(228,837)	-	-	-	-	-	(228,837)
Transfer									
Cost	-	-	1,822,845	-	-	(1,822,845)	-	-	-
Accumulated depreciation	-	-	(294,419)	-	-	294,419	-	-	-
	-	-	1,528,426	-	-	(1,528,426)	-	-	-
Depreciation charged	-	(147,250)	(5,322,447)	(172,202)	(48,567)	(305,643)	(169)	(12,554)	(6,008,832)
Impairment charged	-	-	(3,699,573)	-	-	-	-	-	(3,699,573)
Closing net book value	14,513	6,037,914	79,119,365	1,899,950	1,254,638	1,342,741	752	17,650	89,687,523
At 30 June 2021									
Cost	14,513	8,169,712	121,752,111	2,968,152	1,595,440	4,048,518	44,016	120,003	138,712,465
Accumulated depreciation	-	(2,131,798)	(38,933,173)	(1,068,202)	(340,802)	(2,705,777)	(43,264)	(102,353)	(45,325,369)
Accumulated impairment	-	-	(3,699,573)	-	-	-	-	-	(3,699,573)
Net book value	14,513	6,037,914	79,119,365	1,899,950	1,254,638	1,342,741	752	17,650	89,687,523
Annual rate of depreciation (%)	-	2	4.65-45	4 - 25	3.3 - 10	2 - 14	10	20	

3.1.1 As explained in Note 1.2, the property and rights on certain assets were transferred to the Company on 02 March 1999 by WAPDA, in accordance with the terms and conditions of the BTA, between WAPDA and the Company. However, titles of the freehold land and vehicles, in the land revenue records and with the registration authority, respectively, have not been transferred in the name of the Company.

3.1.2 The cost of the operating fixed assets as on 30 June 2022 includes fully depreciated assets amounting to Rupees 14,515,514 thousand (2021: Rupees 14,515,514 thousand) which are still in use of the Company. The cost of fully depreciated power generation plant and equipment are as follow:

Thermal Power Station	**Block**	**Note**	**2022**	**2021**
			----Rupees in thousands----	
	Block II		**7,382,043**	7,382,043
TPS Guddu	Block III		**3,397,165**	3,397,165
	Block IV		**606,495**	606,495
TPS Sukkur	-		**102,284**	102,284
TPS Quetta	-		**182,915**	182,915

3.1.3 The addition / deletion to power generation plant and equipment include exchange (gain) / losses on foreign currency demoninated long term financing utilized for acquisition of assets and outsatnding payable for purchase of assets, in accordance with the exemption granted by SECP as stated in Note 2.8 to the financial statements. The movement in exchange gain capitalized is as follows:

	2022	2021
Cost		
Balance at the beginning of the year	**18,917,611**	21,213,613
Exchange loss / (gain) capitalised during the year (note 2.8)	**6,828,431**	(2,296,002)
Balance at the end of the year	**25,746,042**	18,917,611
Less: Accumulated depreciation		
Balance at the beginning of the year	**(2,073,039)**	(1,182,781)
Charged during the year	**(783,468)**	(890,258)
	(2,856,507)	(2,073,039)
Balance at the end of the year	**22,889,535**	16,844,572

3.1.4 This represents adjustment to rectify incorrect capitalization of expenditure in prior year, against gas pipelines amounting to Rupees 399,011 thousand as the overall impact is not material to the financial statements. The related depreciation charged in prior year, amounting to Rupees 26,029 thousand has also been adjusted against current year deprecation charged.

3.1.5 On 14 December 2018, the GoP through Power Holding (Private) Limited (a company fully owned by the GoP and established to pay the power sector circular debt), has arranged Shariah Compliant Islamic Finance Facility through issuance of Sukuk-1 to Meezan Bank Limited amounting to Rupees 200,000,000 thousand, for the period of 10 years to settle the energy sector circular debts of all distribution companies (DISCOs). The facility is secured against the land owned by power sector entities comprising DISCOs / GENCOs. Accordingly, the GoP at the time of agreement hired independent valuer who has estimated the value of land. According to the said arrangement, the land of the Company worth Rs 1,420,000 thousand is also included in the security. The legal documents executed by the Company and the relevant counter parties reveal that the said assets have been leased out under Ijarah agreement to GoP with an undertaking to resell the assets to the Company at the end of Ijarah term. The proceeds of Sukuk Bonds have been retained by the PHPL and the said Sukuk and Ijarah rentals are to be repaid by the GoP. Further, according to the directives issued by the GoP vide letter No. PF-05(06)/12 dated 14 December 2018, the said transaction neither involves any physical transfer of the underlying assets nor creates any financial implication on the Company. Accordingly, the management has exercised its judgement and concluded that the conditions of transfer of control is not satisfied as per IFRS 15 and consequently, the said transaction is in substance, a financing arrangement. Accordingly, the Company is not required to derecognize the assets.

		Note	2022	2021
			----Rupees in thousands----	
3.1.6	**The depreciation charged during the year has been allocated as follows:**			
	Cost of revenue	23	**4,155,720**	5,888,655
	Administrative and general expenses	24	**84,811**	120,177
			4,240,531	6,008,832

3.2 Capital work-in-progress

Balance at the beginning of the year		**23,786**	10,310
Additions during the year		**-**	13,476
		23,786	23,786
Impairment charged during the year		**(23,786)**	-
Balance at the end of the year		**-**	23,786

3.3 Movement in impairment of property, plant and equipment

Balance at the beginning of the year		**3,699,573**	-
Impairment charged during the year		**23,786**	3,699,573
Balance at the end of the year		**3,723,359**	3,699,573

4. LONG TERM ADVANCES - unsecured

Balance at the beginning of the year		**62,987**	63,285
Disbursements during the year		**24,168**	19,477
Repayments during the year		**(23,992)**	(19,775)
Balance at the end of the year	4.1	**63,163**	62,987
Current portion shown under current assets	9.1	**(12,494)**	(11,028)
		50,669	51,959

4.1 This includes employee advances for house construction and land purchase, which are recoverable over 10 years, while vehicle advances are recoverable over 5 years. Interest is applied at the same rate as the General Provident Fund balances maintained by WAPDA.

5. LONG TERM DEPOSITS

Balance at the beginning of the year		**281**	281
Less: Written off during the year		**(281)**	-
Balance at the end of the year		**-**	281

6. STORES, SPARE PARTS AND LOOSE TOOLS

TPS Guddu		**4,078,401**	4,105,726
Less: Provision for slow moving / obsolete items		**(1,681,773)**	(95,402)
		2,396,628	4,010,324
TPS Quetta		**159,062**	159,062
Less: Provision for slow moving / obsolete items		**(159,062)**	(159,062)
		-	-
TPS Sukkur		**24,607**	24,607
Less: Provision for slow moving / obsolete items		**(24,607)**	(24,607)
		-	-
	6.1	**2,396,628**	4,010,324

6.1 Movement during the year is as follows:

	Note	2022	2021
		----Rupees in thousands----	
Balance at the beginning of the year		**4,289,395**	3,912,656
Additions during the year	6.2	**266,835**	428,596
		4,556,230	4,341,252
Issuance during the year (net of transfer in from operating fixed asset)		**(294,160)**	(51,857)
		4,262,070	4,289,395
Less: Provision for slow moving / obsolete items	6.3	**(1,865,442)**	(279,071)
Balance at the end of the year		**2,396,628**	4,010,324

6.2 This represents the purchase of store, spare parts and loose tools for use in Central store, Block I, Block II and Block V, situated at TPS Guddu.

6.3 Movement in provision for slow moving / obsolete items

	2022	2021
Balance at the beginning of the year	**279,071**	279,071
Impairment charged during the year	**1,586,371**	-
Balance at the end of the year	**1,865,442**	279,071

7. FUEL STOCK

	2022	2021
High speed diesel	**889**	955

7.1 Movement in fuel stock during the year is as follows:

	2022	2021
Balance at the beginning of the year	**955**	928,352
Transferred to Northern Power Generation Company Limited	**-**	(744,494)
Written off during the year	**-**	(182,656)
Consumed during the year	**(66)**	(247)
Balance at the end of the year	**889**	955

8. TRADE DEBT - unsecured

	Note	2022	2021
		----Rupees in thousands----	
			Restated
Receivable from CPPA-G - related party	8.1 - 8.2.3	**110,046,511**	102,536,673
Less: Provision for bad debt	8.4	**(19,538,898)**	(8,675,424)
		90,507,613	93,861,249

8.1 These represent receivables from Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), the Company's sole customer. These include overdue amounts of Rupees 19,906,819 (2021: Rupees 11,869,752) thousand which attract penal mark-up at the rate of State Bank of Pakistan (SBP) discount rate plus 2% per annum. The penal mark-up rate charged during the year ranged from 10% to 18% (2021: 10%) per annum. The Company has accounted for the penal markup to the extent verified and acknowledged by the CPPA-G.

8.2 Movement in trade debt from CPPA-G during the year is as follows:

	2022	2021
Balance at the beginning of the year	**102,536,673**	70,000,918
Revenue recognized during the year and related sales tax	**52,234,275**	65,891,583
Mark-up on delayed payments by CPPA-G	**8,037,067**	10,848,652
	162,808,015	146,741,153
Less:		
Funds received during the year	**(50,340,000)**	(43,310,500)
Other adjustments	**(2,421,504)**	(893,980)
	(52,761,504)	(44,204,480)
Balance at the end of the year	**110,046,511**	102,536,673

8.3 This includes following disputed receivable against supply of electricity:

		Gross trade debt		Provision for bad debt	
		2022	2021	2022	2021
		----Rupees in thousands----		----Rupees in thousands----	
On open cycle generation	8.3.1	**15,719,124**	15,719,124	**15,719,124**	4,855,650
From TPS Quetta	8.3.2	**2,016,726**	2,016,726	**2,016,726**	2,016,726
From rental power project Naudero-I	8.3.3	**722,852**	722,852	**722,852**	722,852
Others		**373,570**	373,570	**373,570**	373,570
		18,832,272	18,832,272	**18,832,272**	7,968,798
General		**-**	-	**706,626**	706,626
		18,832,272	18,832,272	**19,538,898**	8,675,424

8.3.1 This represents amount receivable from CPPA-G in respect of supply of electricity on open cycle generation of the Company. The Company had invoiced CPPA-G, against the electricity supplied from Block V using rates applied for open cycle generation, which has not been acknowledged by CPPA-G on the basis of NEPRA's determination dated 27 April 2018, which stated that no such rates were allowed to the Company. During the year, on 28 December 2020, NEPRA has again disallowed the additional rate for open cycle component. The Company is confident that it has acted on instructions of National Transmission and Dispatch Company Limited (NTDC) and accordingly is entitled to recover whole of the tariff at rates applicable to open cycle generation. The Company, however, has recognized provision on prudent basis.

8.3.2 This represents claims of the Company against supply of electricity from TPS Quetta. The amount is disputed with CPPA-G due to non-availability of the tariff determination from NEPRA for the same. The management of the Company based on the opinion of legal advisor is confident that is entitled to whole of the billed amount however, owing to lack of progress in recovery process and decreased capacity of end consumers to bear additional burden, management is not hopeful of early recovery. Accordingly, as a matter of prudence, the Company has recognized provision of Rupees 2,016,726 thousand.

8.3.3 This represents invoices against supply of electricity from rental power project Naudero-I for the period from May 2010 to March 2012 amounting to Rupees 1,639,293 thousands in gross. The amount is not processed by CPPA-G on the grounds that honorable Supreme Court of Pakistan (SCP) had declared all the contracts with rental power projects void ab initio. The Company is confident that it is entitled to whole of the billed amount, as the related electricity was supplied upon the instructions of National Transmission and Dispatch Company Limited. Previously, being prudent, the management had only recorded receivable balance amounting to Rupees 722,852 thousands which comprises only fuel cost and fixed cost component of the invoices excluding sales tax. Owing to lack of progress in recovery process and decreased capacity of end consumers to bear additional burden, management is not hopeful of early recovery.

8.4 This represents the provision for bad debt against the long term receivable from CPPA-G, movement is as follows:

	Note	2022	2021
		----Rupees in thousands----	
Balance at the beginning of the year		**8,675,424**	706,626
Charged during the year		**10,863,474**	7,968,798
Balance at the end of the year		**19,538,898**	8,675,424

8.5 Maximum amount outstanding at anytime during the year with reference to month end was Rupees 111,207,348 thousand (2021: Rupees 96,518,820 thousand).

8.6 As of the reporting date, the outstanding trade debt (excluding markup on delayed payments) includes an amount of Rupees 10,301,740 thousand (2021: Rupees 4,084,024 thousand), which remains not yet due.

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8.7 CPPA-G is a GoP owned company and accordingly, related credit risk is minimal and as of reporting date no objective evidence of impairment exist. The management has not recognized any provision on the amount receivable from CPPA-G except for matter where the Company is in dispute with CPPA-G and it is unlikely to receive the outstanding amount as discussed in note 8.3.

8.8 Terms and conditions:

The payment term of receivables are 30 days from the receipt of invoice by CPPA-G. The aging analysis is provided in Note 30.2(a)(ii).

		Note	2022	2021
9.	**ADVANCES, LOAN AND PREPAYMENTS**		**----Rupees in thousands----**	
	Unsecured:			
	Advances	9.1	**1,121,057**	588,426
	Secured:			
	Loan to related party	9.2	**608,297**	608,297
	Prepayments		**201**	3,996
			1,729,555	1,200,719

9.1 Advances - unsecured

	Note	2022	2021
Advances to employees against:			
-Travelling		**50**	61
-Other expenses		**1,349**	588
		1,399	649
Advances to suppliers / contractors	9.1.1	**1,148,917**	618,502
Current portion of long term advances	4	**12,494**	11,028
		1,162,810	630,179
Less: Provision for doubtful advances	9.1.2	**(41,753)**	(41,753)
		1,121,057	588,426

9.1.1 This includes an advance of Rupees 522,818 thousand and Rupees 9,315 thousand owed to the Chief Resident Representative Karachi (CRRK) WAPDA, an associated entity, for the import of equipment, stores and spare parts and medical & pension obligations.

Maximum amount outstanding with CRRK WAPDA at anytime during the year with reference to month end amounted to Rupees 629,421 thousand (2021: Rupees 494,570 thousand).

9.1.2 These represent advances extended to following contractors against rental power projects:

Contractors	Project	2022	2021
Pakistan Power Resource-LLC	110 MW Guddu	**1,404**	1,404
Walters Power International	51 MW Naudero-I	**40,349**	40,349
		41,753	41,753

The Company has issued demand notices for recovery of these advances. The matter is under investigation by the National Accountability Bureau (NAB), as part of the larger investigation ordered by the Honorable Supreme Court of Pakistan into rental power projects. The management of the Company is confident about the recovery of advances, however, as a matter of prudence, the Company has recognized a provision against the full amount.

9.2 This represents loan given to Lakhra Power Generation Company Limited (GENCO-IV), an associated company. The loan is interest free and has been given under the instructions of GoP and approval of the Board of Directors. As of reporting date, management was confident that the due amount will be recovered within twelve (12) months of reporting date. Management has assessed that the related credit risk is minimal, as GENCO-IV is wholly owned by a sovereign, and accordingly the impact of provision for bad debt, which is insignificant and primarily relates to time value of money, has not been recognized in the financial statements. The maximum amount outstanding at any time during the year with reference to month end amounted to Rupees 608,297 thousand (2021: Rupees 608,297 thousand).

10. OTHER RECEIVABLES

	Note	2022	2021
		----Rupees in thousands----	
Due from:			
Associated undertakings	10.1	1,845,940	1,815,685
Walters Power International	10.2	194,056	194,056
Income tax receivable from CPPA-G as pass through item		382,023	-
		2,422,019	2,009,741
Accrued interest on bank deposits		14,612	19,811
		2,436,631	2,029,552
Less: Provision for doubtful debt from Walters Power International		(194,056)	(194,056)
		2,242,575	1,835,496

10.1 Due from associated undertakings

	Note	2022	2021
WAPDA	10.1.1	147,595	144,798
Northern Power Generation Company Limited (GENCO-III)		1,586,901	1,586,978
Jamshoro Power Generation Company Limited (GENCO-I)		83,909	83,909
GENCO Holding Company Limited (GHCL)		27,535	-
		1,845,940	1,815,685

10.1.1 This includes receivables from WAPDA as follows:

	2022	2021
Workers' Welfare Fund	45,041	42,244
Others	102,554	102,554
	147,595	144,798

10.1.2 Maximum amounts outstanding at anytime during the year calculated with reference to month-end balances as follows:

	2022	2021
WAPDA	45,041	42,244
Northern Power Generation Company Limited (GENCO-	1,586,901	1,608,619
Jamshoro Power Generation Company Limited (GENCO-	83,909	84,606
GENCO Holding Company Limited (GHCL)	27,535	-

10.2 This amount is receivable from Walters Power International against the cost of gas used during the trial run period, paid by the Company, in the year ended 30 June 2010 and 2011. The amount is doubtful due to ongoing investigation of NAB as disclosed above in Note 9.1.2. Therefore, being prudent, the Company has recognized a provision against the full amount.

10.3 Movement in provision for doubtful debt

	2022	2021
Balance at the beginning of the year	194,056	194,056
Charged during the year	-	-
Balance at the end of the year	194,056	194,056

The Company's receivable from associated undertakings is not exposed to significant credit risk as any default by an undertaking controlled by GoP would either result in payment of compensation by GoP or adjustment against balances owed by the Company to other associated undertakings controlled by GoP. Accordingly, the Company has not recognized provision against these balances.

11. TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2022	2021
		----Rupees in thousands----	
			Restated
Sales tax	11.1	**7,135,278**	5,401,029
Less : Provision for doubtful refunds		**(492,807)**	(492,807)
Sales tax - net		**6,642,471**	4,908,222
Provision for taxation - net		**(820,861)**	(364,544)
		5,821,610	4,543,678
Income tax payable - presented under current liabilities		**820,861**	364,544
		6,642,471	4,908,222

11.1 This includes an amount of Rupees 100,000 thousand deposited by the Company in 2011 under the protest, in the Government treasury, in response to a verbal demand of the taxation authorities. The management is confident of full recovery.

12. BANK BALANCES

	Note	2022	2021
Deposit accounts - local currency	12.1	**6,802,905**	5,294,409

12.1 These carry interest ranging from 6.7% to 13% (2021: 6.2% to 7.2%) per annum on outstanding balances.

13. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Number of shares 2022	Number of shares 2021		Note	2022	2021
				----Rupees in thousands----	
50,000	50,000	Ordinary shares of Rupees 10 each fully paid in cash		**500**	500

13.1 Ordinary shares fully paid in cash are beneficially owned by President of Pakistan directly and through nominee directors.

14. SHARE DEPOSIT MONEY

	Note	2022	2021
Incorporation expenses incurred by WAPDA	14.1	**5,020**	5,020
Allocation of debt services liability	14.2	**3,070,460**	3,070,460
Conversion of long term loan	14.3	**268,439**	268,439
		3,343,919	3,343,919

14.1 This represents the debt services provided by WAPDA on foreign relent and cash development loans, against which the Company will issue shares to WAPDA, upon WAPDA's instructions.

14.2 This represents the conversion of long-term loans obtained by WAPDA, and payable to the GoP, into equity of the GoP in WAPDA. WAPDA has passed this effect to the Company. The Company will issue shares to WAPDA, upon WAPDA's instructions.

14.3 The Company has not yet announced the offer for issue of shares. Accordingly, the limit for issuance of shares has not commenced under the relevant legal and regulatory framework. Thus, despite non issuance of shares, the share deposit money is not being treated as loan, in accordance with the provision of section 199 of the Companies Act, 2017.

15. LONG-TERM FINANCING

	Note	2022	2021
		----Rupees in thousands----	
From financial institutions - secured			
Foreign direct loans	15.1	**26,541,203**	28,553,696
From related party - unsecured			
Foreign relent loans	15.2	**133,854**	133,854
Cash development loans - GoP			
- For 747MW	15.3	**7,873,397**	7,873,397
- For general purpose	15.4	**171,142**	171,142
		8,044,539	8,044,539
Accrued finance cost	20	**9,299,523**	8,212,660
		44,019,119	44,944,749
Current portion shown under current liabilities			
Foreign direct loans		**26,541,203**	28,553,696
Foreign relent loans		**133,854**	133,854
Cash development loans:			
- For 747MW		**7,873,397**	7,873,397
- For general purpose		**171,142**	171,142
		(34,719,596)	(36,732,089)
Accrued finance cost	20	**(9,299,523)**	(8,212,660)
		-	-

15.1 This represents an export credit facility obtained from a consortium of banks for a period of 6 years, with Hong Kong Shanghai Banking Corporation and The Export-Import Bank of China as the mandated lead arrangers, having a sanctioned limit of $ 464,084,737. The last tranche was drawn during 2016. Actual drawdown amounted to $ 463,826,843 equivalent to Rupees 48,701,818 thousand at spot exchange rate. The loan was obtained to finance the 747 MW power generation plant, and is repayable in eighteen equal semi-annual instalments commencing from 21 January 2016. The loan carries mark-up at the rate of LIBOR plus 2.4% with the effective interest rate of 4.05% as of 30 June 2022 (2021: LIBOR plus 2.4% with the effective interest rate of 2.63%). The loan is secured by way of a guarantee issued by the President of the Islamic Republic of Pakistan, through the Ministry of Finance and Revenue (MoFR). Refer to note 15.8 for discussion of event of default.

15.2 These represent various re-lent loans granted to the Company from MoFR through WAPDA, for the purpose of meeting cash requirements of the Company. These loans were payable in 12 to 13 equal annual installments, commencing from 30 June 2004. The interest rate on these loans is 11% (2021: 11%) per annum. The Company has not made any payment to settle the principal, and related interest accrued, since the year ended 30 June 2015. However, the Company intends to settle the outstanding balance in due time, after receipt of specific instructions from MoFR.

15.3 These represent three loans obtained by the Company from MoFR for financing for Block V power generation plant. The loans are repayable in 20 annual instalments, commencing from 30 June 2011. The interest rate on these loans ranges from 12.64% to 13.61% (2021: 12.64% to 13.61%) per annum. The interest payment commenced from 30 June 2016. The Company has not made any payment to settle the principal, and related interest accrued, since the year ended 30 June 2015. However, the Company intends to settle the outstanding balance in due time, after receipt of specific instructions from MoFR.

15.4 These represent two loans obtained by the Company from MoFR through WAPDA for the purpose of meeting general cash requirements of the Company. These loans are repayable in 20 equal annual instalments, commencing from 30 June 2004. The interest rate on these loans ranges from 17.71% to 18.03% (2021: 17.71% to 18.03%) per annum. The Company has not made any payment to settle the instalments, and related interest accrued, since the year ended 30 June 2015. However, the Company intends to settle the outstanding balance in due time, after receipt of specific instructions from MoFR.

15.5 As at 30 June 2022, total loan instalments and interest accrued amounting to Rupees 1,166,341 (2021: Rupees 950,071) thousand and Rupees 7,130,994 (2021: Rupees 6,176,297) thousand, respectively, are overdue. The remaining outstanding balances and the related interest accrued will also be settled upon specific instructions from MoFR. All of the balances have been shown under current liabilities (refer to note 15.7) and no interest is charged on the outstanding balance, after their due dates.

		2022	2021
15.6 The movement in long-term financing is as follows:	**Note**	**----Rupees in thousands----**	
Balance at the beginning of the year		**36,732,088**	47,313,782
Repayments during the year		**(8,789,519)**	(8,507,357)
Exchange loss / (gain) during the year - net		**6,777,026**	(2,074,337)
Balance at the end of the year		**34,719,595**	36,732,088

15.7 The Company did not repay the instalment of foreign relent loans (FRL) and cash development loans (CDL) as per agreed repayment schedules. The Company does not have an unconditional right to defer the settlement of these loans for at least twelve months after the reporting date. As a result of being in default of these loans, the management has classified the FRLs and CDLs amounting to Rupees 133,854 thousand (2021: Rupees 133,854 thousand) and Rupees 8,044,539 thousand (2021: Rupees 8,044,539 thousand), respectively, as current liabilities. Additional interest has, however not been charged on the outstanding balances, after their due dates.

15.8 As disclosed in note 15.7, the Company did not repay installments of FRL and CDL as per agreed repayment schedule, which constitute a default event under the financing document for FDL. Accordingly, the Company does not have an unconditional right to defer the settlement of this loan for at least twelve months after the reporting date. As a result, the management has classified the whole amount of loan as current.

15.9 The Company's borrowings under the long term loan facilities rank pari passu and are secured by fixed and floating charges and/or mortgage over the Company's present and future assets, including, but not limited to land, equipment, plant and machinery, trade deposits, trade debts, loans and advances, inventory, agreements, cash, letters of credit (LC), accounts, insurance proceeds, receivables, and other tangible and intangible assets, as detailed in Form 10s dated 27 April 2011 and 28 April 2011, as well as shares of the corporate members of the Company pledged with the Security Trustee (Standard Chartered Bank, London).

16. DEFERRED TAX - NET

As at reporting date, the Company had following deferred tax (assets) / liabilities items:

	2022	2021
Deferred tax liability comprises of:		
Taxable temporary difference on:		
Accelerated tax depreciation	**16,724,423**	16,544,563
Deferred tax assets comprises of:		
(Deductible) temporary difference on:		
Unabsorbed tax depreciation	**(8,893,787)**	(6,234,301)
Deferred liabilities - employee benefit obligations	**(7,309,534)**	(9,201,088)
Provision for bad debt	**(5,666,280)**	(990,426)
Provision for stores, spare parts and loose tools	**(540,978)**	-
Provision for disputed gas payables	**-**	(118,748)
Provision for advances , loans and prepayments	**(12,108)**	-
Provision for doubtful debt on other receivables	**(56,276)**	-
Minimum tax	**(588,032)**	-
	(23,066,995)	(16,544,563)
	(6,342,572)	-
Unrecognized deferred tax asset	**6,342,572**	-
	-	-

16.1 Deferred tax asset as at 30 June 2022 of Rupees 6,342,572 thousand has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

17. EMPLOYEE BENEFIT OBLIGATIONS - unfunded

	Note	2022	2021
		----Rupees in thousands----	
Post retirement benefits			
Pension		**22,396,403**	26,350,213
Free electricity		**827,067**	2,304,331
Free medical		**1,346,325**	1,988,990
		24,569,795	30,643,534
Compensated absences		**635,494**	684,423
		25,205,289	31,327,957

17.1 Actuarial valuations of retirement benefits

The latest actuarial valuations were carried out as at 30 June 2022, using the "Projected Unit Credit Method", details of which are presented in note 2.17.

17.2 General description of benefits

Pension

Pension is payable under the scheme to all eligible employees by the rules of the scheme. An employee is entitled to benefits under Pension scheme on ceasing to be an employee due to any of the following reasons:

- Retirement at age 60
- Death in service
- Disability during service

Pension is calculated on last pay drawn on completion of qualifying service. No benefit is payable under the scheme for less than five years of service.

No benefits under this scheme are available to any employee who either resigned from the service or who is dismissed / terminated from the service of Company due to misconduct.

Free electricity

Free Electricity is payable under the scheme to all eligible employees of the Company as provided by the rules of the scheme. An employee is entitled to benefits under this scheme on ceasing to be an employee due to any of the following reasons:

- Normal retirement at age 60
- Death in service
- Disability
- Retiring after completion of 25 years of service
- Compulsory Retirement

The benefit is payable at various rates based on units consumed according to Grades.

No benefits under this scheme are available to any employee who either resigned from the service or who is dismissed / terminated from the service of Company due to misconduct.

Free medical

All regular employees and their family members (retiring on superannuation, voluntary retirement, early retirement, death / disability in service) are eligible for the post retirement medical benefits without any limitation subject to a minimum service requirement.

The minimum service requirement for medical benefits is:

- Superannuation retirements	10 years
- Normal retirements	25 years
- Death / Disability in service	10 years

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

	2022			
	Pension	**Free electricity**	**Free medical**	**Total**
	--------------	Rupees in thousands	--------------	
Balance at the beginning of the year	**26,350,213**	**2,304,331**	**1,988,990**	**30,643,534**
Charged during the year	**2,870,708**	**339,501**	**217,512**	**3,427,721**
Actuarial gain on remeasurement	**(5,970,960)**	**(1,814,881)**	**(761,654)**	**(8,547,495)**
Payments made during the year	**(853,558)**	**(1,884)**	**(98,523)**	**(953,965)**
Balance at the end of the year	**22,396,403**	**827,067**	**1,346,325**	**24,569,795**

	2021			
	Pension	**Free electricity**	**Free medical**	**Total**
	--------------	Rupees in thousands	--------------	
Balance at the beginning of the year	24,604,429	2,086,692	3,467,102	30,158,223
Charged for the year	2,596,866	301,559	357,304	3,255,729
Actuarial loss / (gain)	143,622	(81,497)	(1,720,360)	(1,658,235)
Payments made during the year	(994,704)	(2,423)	(115,056)	(1,112,183)
Balance at the end of the year	26,350,213	2,304,331	1,988,990	30,643,534

17.4 Amounts recognized in statement of profit or loss are as follows:

	2022			
	Pension	**Free electricity**	**Free medical**	**Total**
	--------------	Rupees in thousands	--------------	
Current service cost	**205,335**	**102,586**	**18,032**	**325,953**
Interest cost	**2,665,373**	**236,915**	**199,480**	**3,101,768**
	2,870,708	**339,501**	**217,512**	**3,427,721**

	2021			
	Pension	**Free electricity**	**Free medical**	**Total**
	--------------	Rupees in thousands	--------------	
Current service cost	186,162	93,011	16,347	295,520
Interest cost	2,410,704	208,548	340,957	2,960,209
	2,596,866	301,559	357,304	3,255,729

17.5 Remeasurement recognized in statement of comprehensive income:

	2022			
	Pension	Free electricity	Free medical	Total
	---------------Rupees in thousands---------------			
Remeasurement chargeable to OCI	(5,970,960)	(1,814,881)	(761,654)	(8,547,495)

Remeasurement recognized in statement of comprehensive income:

	2021			
	Pension	Free electricity	Free medical	Total
	---------------Rupees in thousands---------------			
Remeasurement chargeable to OCI	143,622	(81,497)	(1,720,360)	(1,658,235)

17.6 Compensated absences	**Note**	**2022**	**2021**
		----Rupees in thousands----	
Balance at the beginning of the year		**684,423**	742,862
Charged during the year		**67,114**	70,254
Actuarial gain on remeasurement		**(43,316)**	(42,315)
Payments made during the year		**(72,727)**	(86,378)
Balance at the end of the year		**635,494**	684,423

17.7 Principal actuarial assumptions used in the actuarial valuation:

	2022		
	Pension	Free electricity	Free medical
	-------------% per annum-------------		
Financial assumptions			
Discount rate	13.50%	13.50%	13.50%
Salary increase rate	13.50%	-	-
Pension inflation rate	11.50%	-	-
Electricity inflation rate	-	13.50%	-
Medical inflation rate	-	-	13.50%

	2021		
	Pension	Free electricity	Free medical
	-------------% per annum-------------		
Financial assumptions			
Discount rate	10.38%	10.38%	10.38%
Salary increase rate	10.25%	-	-
Pension inflation rate	8.50%	-	-
Electricity inflation rate	-	8.25%	-
Medical inflation rate	-	-	10.00%

Demographic assumptions	**2022**	**2021**
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Withdrawal rate	Low	Low
Duration	19 years	19 years

17.8 Sensitivity analysis for actuarial assumptions:

The sensitivity of the staff retirement benefits as at reporting date to changes in the weighted assumptions is:

	2022	2021	2022	2021
	------Rupees in thousands------		------Percentage------	
Pension Scheme Rate Increase +1%	**25,819,885**	23,479,915	**15.31%**	-10.89%
Pension Scheme Rate Decrease -1%	**20,177,961**	30,876,352	**-10.77%**	17.18%
Electricity Scheme Increase +1%	**797,292**	2,311,613	**11.72%**	0.32%
Electricity Scheme Decrease -1%	**751,834**	3,178,619	**-10.04%**	37.94%
Medical Benefit Scheme Increase +1%	**2,549,610**	1,657,266	**21.97%**	-16.68%
Medical Benefit Scheme Decrease -1%	**1,723,348**	2,396,600	**-17.62%**	20.49%
Salary Rate Increase +1%	**22,880,391**	27,601,990	**4.76%**	9.53%
Salary Rate Decrease -1%	**21,959,928**	26,481,299	**-4.20%**	-8.33%

The sensitivity analysis is based on a change in discount rate 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 employee benefit obligations to significant actuarial assumptions, the same method (present value of the employee benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied.

17.9 The employee's post retirement benefit schemes exposes 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.

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.

Salary Increase Risk:

The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

17.10 Maturity profile

Projected payments during the following years are as follows:	Rupees in thousands
For the year ended 30 June 2023	999,239
For the year ended 30 June 2024	1,165,228
For the year ended 30 June 2025	1,315,109
For the year ended 30 June 2026	1,507,275
For the year ended 30 June 2027	1,638,394
For the year ended 30 June 2028 to 30 June 2030	6,244,511
For the year ended 31 June 2031 to 30 June 2033	9,069,808

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18. TRADE AND OTHER PAYABLES

	Note	2022	2021
		----Rupees in thousands----	
			Restated
Trade creditors	18.1	**124,190,660**	111,883,698
Payable for capital expenditure		**439,359**	419,374
Payable to General Electrics (GE)		**245,020**	823,337
Due to associated undertakings	18.2	**8,925,042**	8,014,513
Amounts withheld from gas suppliers		**2,331,378**	2,331,378
Late payment interest / surcharge payable		**19,906,819**	11,869,751
Accrued liabilities		**491,712**	180,088
Retention money payable		**8,807**	5,843
Withholding tax payable		**9,251**	26,861
Other liabilities		**52,743**	45,206
		156,600,791	135,600,049

18.1 This includes gas charges of Rupees 31,471,000 thousand payable to MPL, Rupees 73,273,000 thousand payable to PPL and Rupees 13,207,000 thousand to SNGPL (State owned entities / related parties). Further, this includes Take or pay charges payable to PPL amounting to Rupees 6,182,000 thousand.

18.2 Due to associated undertakings

This represents the net amount payable to various related parties on account of free electricity provided to the families of the Company's employees, residing within the territorial jurisdiction of these related parties, and payments of other expenses incurred on behalf of the Company. A party wise breakup is as follows:

	2022	2021
Faisalabad Electric Supply Company Limited	**10,813**	9,138
Gujranwala Electric Power Company Limited	**4,652**	4,001
Hyderabad Electric Supply Company Limited	**1,511,717**	1,508,590
Quetta Electric Supply Company Limited	**4,830**	4,647
Islamabad Electric Supply Company Limited	**7,844**	6,801
Lahore Electric Supply Company Limited	**13,108**	9,644
Multan Electric Power Company Limited	**112,221**	88,647
Peshawar Electric Supply Company Limited	**4,531**	3,808
Sukkur Electric Power Company Limited	**6,925,286**	6,006,674
WAPDA	**48,015**	48,015
National Transmission Dispatch Company Limited	**276,721**	299,176
Lakhra Power Generation Company Limited (GENCO-IV)	**5,304**	5,314
GENCO Holding Company Limited	**-**	20,058
	8,925,042	8,014,513

18.2.1 Trade payables to related parties mainly represent payable against purchase of goods, services and expenses. These payables are non-interest bearing and are normally settled in ordinary course of business.

19. PROVISION FOR LIQUIDATED DAMAGES

	2022	2021
Provision for liquidated damages	**21,294,116**	18,009,195

19.1 CPPA-G has imposed liquidated damages amounting to Rupees 21,294,116 thousand, alleging that the Company availed higher outages than allowed under the Company's PPA, for the period from financial year 2015 to financial year 2022. Ministry of Energy, via letter dated 16 November 2022, has formed a committee to ensure settlement of these damages after verification of quantum of outages. The Company's regulator, NEPRA has instructed CPPA-G to ensure timely recovery of these damages. Management of the Company is confident that they will be able to minimize the quantum of liquidate damages based on their contention that majority of outages cost by factor beyond the Company. Owing to persistent instruction by NEPRA to CPPA-G, to ensure immediate recovery of damages, the Company has recognized provision for the whole amount of the demand raised by CPPA-G, as a matter of prudence.

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20. INTEREST ACCRUED ON LONG-TERM FINANCING

	Note	2022	2021
		----Rupees in thousands----	
Foreign direct loan		330,595	334,507
Guarantee fee on foreign direct loan		1,837,933	1,701,855
Foreign relent loan		15,668	15,668
Cash development loans:			
For 747MW		6,952,614	6,010,224
For general purpose		162,713	150,406
		7,115,327	6,160,630
		9,299,523	8,212,660

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies:

21.1.1 Sales Tax

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
i)	Commission Inland Revenue Appeal "CIR(A)"	The learned Deputy Commissioner Inland Revenue (DCIR) passed an order under section 11(2) of the Sales Tax Act (the "ST Act") while disallowing input tax claimed by the Company on household appliances ceramic products and laboratory apparatus and thereby created impugned demand amounting to Rupees 417 thousand along with the default surcharge of Rupees 215 thousand and penalty of Rupees 13 thousand for the tax periods from July 2015 to April 2017. Being aggrieved, the Company filed an appeal dated 24 June 2019 before the CIR (Appeals), which is pending adjudication. The Company's legal counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.	Company and Federal Board of Revenue (FBR)	25/Jan/2016
ii)	Commission Inland Revenue Appeal "CIR(A)"	The Company filed an appeal on 16 February 2016 with the CIR(A), against the assessment order No. 93/36/2015 dated 25 January 2016, passed under section 11(2) of the Sales Tax Act, 1990, requiring the Company to pay Rupees 641,152 thousand on account of non-apportionment of input tax claimed by the Company against its output tax, for the tax period from July 2011 to June 2012. The tax department took the position that the input tax being claimed by the Company should be apportioned in the ratio of taxable and exempt component of its revenue. The Company received an order from CIR(A) dated 17 June 2016 which concluded that the matter is sub-judice before High Court and pending adjudication till final determination of the matter by the larger bench of seven members. The Company's legal counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.	Company and Federal Board of Revenue (FBR)	16/Feb/2016

21.1.2 Income Tax

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
i)	Appellate Tribunal Inland Revenue (ATIR)	The Assistant Commissioner Inland Revenue (ACIR) passed an order under section 122(1)/(5) of the Ordinance for the tax year 2011 while disallowing certain expenses claimed by the Company and imposition of minimum tax, resulting in an impugned demand of Rupees 35,938 thousand. Being aggrieved, the Company filed an appeal before CIR (Appeals) against impugned order passed by the learned ACIR, which was decided against the Company. Being aggrieved by the order, the Company has filed second appeal before the ATIR on 03 December 2019, which is pending adjudication. The Company's legal counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.	Company and Federal Board of Revenue (FBR)	3/Dec/2019
ii)	Appellate Tribunal Inland Revenue (ATIR)	For the Tax Year 2016, the proceedings under section 161/205 of the Ordinance was initiated by the Deputy Commissioner Inland Revenue (DCIR). The DCIR passed order charging tax amounting to Rupees 29,462 thousand on account of alleged default under various heads of accounts, mainly under the heads of salaries, wages, repair, maintenance and other direct expenses. Being aggrieved, the Company filed an appeal before the CIR(A). The CIR(A), who vide its order No. 66 dated 11 December 2019 has set aside the order of the DCIR. Currently, no demand is outstanding against the taxpayer. Further, against the set-aside order, the Company has filed a second appeal before the ATIR - which is pending for adjudication. The Company's counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.	Company and Federal Board of Revenue (FBR)	24/Jun/2019
iii)	Appellate Tribunal Inland Revenue (ATIR)	For the Tax Year 2013, the proceedings under section 124/161/205 of the Ordinance was Initiated by the DCIR. The DCIR passed an order creating tax demand for non-deduction of tax amounting to Rupees 1,025,937 thousand at time of making payments. Being aggrieved, the Company filed an appeal before the CIR(A). The CIR(A), who vide its order No. 24 dated 10 October 2019 decided the appeal in favour of the Company, and CIR(A) has annulled the order for re-assessment and has given certain directions to the DCIR. Therefore, currently no demand is outstanding under this order. However, a second appeal has also been filed before the ATIR for deletion of the demand. The Company's legal counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.	Company and Federal Board of Revenue (FBR)	29/Jul/2019

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	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
iv)	Appellate Tribunal Inland Revenue (ATIR)	For the Tax Year 2015, the proceeding under section 122(1) of the Ordinance was initiated by the DCIR. The DCIR has charged tax amounting to Rupees 554,679 thousand on account of alleged default under various heads of accounts. Being aggrieved, the Company filed an appeal before the CIR(A), who has decided the case with certain additions. The Company filed appeal on 6 July 2021 before ATIR against the order of CIR(A) which is pending for adjudication. The Company's legal counsel is of the view that the matter will be decided in favor of the Company. accordingly, no provision has been made in these financial statements.	Company and Federal Board of Revenue (FBR)	6/Jul/2021
v)	Appellate Tribunal Inland Revenue (ATIR)	For the Tax Year 2015, the proceedings under section 161/205 of the Ordinance was initiated by the ACIR/DCIR and charged tax amounting to Rupees 440,979 thousand along with default surcharge of Rupees 307,923 thousand on account of alleged default under various heads of accounts, mainly repair, maintenance, admin expenses, plant and machinery. Being aggrieved, the Company has filed appeal before the CIR(A). The CIR(A) has decided the case and confirmed certain additions. The Company has filed an appeal on 26 July 2021 before ATIR against the order of CIR(A) which is pending for adjudication. The Company's legal counsel is of the view that the matter will be decided in favor of the Company. accordingly, no provision has been made in these financial statements.	Company and Federal Board of Revenue (FBR)	26/Jul/2021
vi)	Appellate Tribunal Inland Revenue (ATIR)	For the Tax Year 2017, the proceedings under section 161/205 of the Ordinance was initiated by the ACIR/DCIR and charged tax amounting to Rupees 440,979 thousand along with default surcharge of Rupees 307,923 thousand on account of alleged default under various heads of accounts, mainly repair, maintenance, admin expenses, plant and machinery. Being aggrieved, the Company has filed appeal before the CIR(A). The CIR(A) has decided the case and confirmed certain additions. The Company has filed an appeal on 26 December 2023 before ATIR against the order of CIR(A) which is pending for adjudication. The Company's legal counsel is of the view that the matter will be decided in favor of the Company, accordingly, no provision has been made in these financial statements.	Company and Federal Board of Revenue (FBR)	26/Dec/2023

21.1.3 Other matters:

i) A large number of small cases have been filed against the Company, primarily by the Company's employees 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 on the part of the Company, in respect of such cases.

ii) The Company has not recognized certain Late Payment Surcharge (LPS) amounts claimed by its gas suppliers, Pakistan Petroleum Limited (PPL) and Mari Petroleum Company Limited (MPCL). The unrecognized amounts claimed by PPL and MPCL totals Rupees 26,296,924 thousand (2021 : Rupees 21,793,979 thousand) and Rupees 13,316,025 thousand (2021 : Rupees 11,418,321 thousand) respectively. As per the Gas Supply Agreements (GSAs) signed with PPL on 23 October 2017 and MPCL on 20 June 2017, effective from 08 May 2013 and 09 February 2016, respectively, the Company is required to pay LPS at six months KIBOR + 2.5%. However, the Company is actively negotiating with PPL and MPCL for a waiver of the disputed LPS and remains confident that it will be waived. Therefore, these amounts have not been recognized in the financial statements.

Moreover, the Company is in the process of finalizing an agreement with Sui Northern Gas Pipelines Limited (SNGPL) and has stopped purchasing gas from Sui Southern Gas Company Limited (SSGCL). SNGPL has also demanded Late Payment Surcharge (LPS) amounting to Rupees 14,424,487 thousand (2021: 12,602,038 thousand). These disputed amounts remains unrecognized in the financial statements. Management believes that the Company is only responsible for paying interest once formal terms are agreed upon and remains confident that, without a finalized agreement, there is no legal or contractual obligation to pay the disputed amount.

Additionally, the Company has not recognized take-or-pay charges of Rupees 18,752,429 thousand and 4,558,190 thousand, as demanded by MPCL and PPL, respectively. As per the Gas Sales Agreement (GSA), the Company is required to purchase a minimum quantity of gas. If it fails to do so, it must compensate for any shortfall in the minimum purchase requirement. However, the Company remains confident that, in accordance with the Ministry of Energy's directive to renew the gas agreements, there is no legal or contractual obligation to pay these take-or-pay charges.

iv) The Company has withheld payment of its contribution towards the Workers' Profit Participation Fund (WPPF). The matter is pending for decision with the Economic Coordination Committee upon a recommendation submitted by WAPDA to exempt the corporatized entities under its umbrella, from the requirements of the Companies Profit (Workers' Participation) Act, 1968, and accordingly, the Company has not made a provision against WPPF for the year ended 30 June 2022 (2019: Rupees 250,000 thousand, 2020: Rupees 158,000 thousand & 2021: Rupees Nil.

21.2 Commitments:	**2022**	**2021**
	----Rupees in thousands----	
Outstanding purchase orders	**41,466**	149,951
Commitments for capital expenditure	**-**	95,339

21.2.1 The Company has furnished indemnity bonds to the Collector of Customs to avail the exemption under SRO 567 (I) / 2006 dated 05 June 2006 amounting to Rupees 1,906 thousand (2021: Rupees 1,906 thousand) in respect of custom duty payable on account of equipment imported for the Naudero-I Rental Power Project.

22. REVENUE FROM CONTRACT WITH CUSTOMER - NET

	2022	**2021**
	----Rupees in thousands----	**Restated**
Energy Purchase Price (EPP)	**35,727,680**	44,815,825
Less: Sales tax	**(5,191,730)**	(6,517,450)
Net energy charges	**30,535,950**	38,298,375
Capacity Purchase Price (CPP)	**16,506,595**	21,075,758
	47,042,545	59,374,133

Timing of revenue recognition - net

At a point in time	**30,535,950**	38,298,375
Over the time	**16,506,595**	21,075,758
	47,042,545	59,374,133

22.1 The Company does not have any further segments and all the revenue of the Company is generated from local sales to CPPA (single customer), and accordingly, further disaggregation of the Company's revenue from contract with customer has not been presented.

22.2 **Performance obligation**

Performance obligations is satisfied when capacity is made available and NEO is delivered to CPPA-G over the time and at a point in time, respectively.

22.3 **Units sold**

	2022	2021
Energy (KWh)	**4,143,948,983**	4,824,888,901
Capacity (KW) - original	**720,790**	1,640,790

22.3.1 The disclosed capacity reflects the dependable capacity of Block V (2021: Blocks I, II & V) as approved by NEPRA.

22.4 **Average rates of energy**

Energy charges (Rupees per KWh)	**7.37**	7.94
Capacity charges (Rupees per KWh per month)	**1,908.39**	1,070.41

23. **COST OF REVENUE**

	Note	2022	2021
		----Rupees in thousands----	
			Restated
Fuel consumed		**33,792,426**	39,378,306
Take or pay charges		**-**	6,182,000
Salaries, wages and other benefits	23.1	**5,278,941**	4,959,237
Depreciation	3.1.6	**4,155,720**	5,888,655
Impairment		**1,610,158**	3,699,573
Repair and maintenance		**1,400,422**	1,251,209
Power, gas and water		**463,044**	366,016
Insurance		**3,996**	65,716
Travelling expenses		**45,688**	55,862
Vehicle running expenses		**37,180**	34,385
Stores, spare parts and loose tools consumed		**13,781**	30,926
		46,801,356	61,911,885

23.1 These include provision for employee benefits obligations - unfunded as follows:

Pension obligations - unfunded	**2,669,758**	2,415,085
Medical benefits	**202,286**	332,293
Free electricity	**315,736**	280,450
Accumulated compensated absences	**22,132**	25,983
	3,209,912	3,053,811

24. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2022	2021
		----Rupees in thousands----	
Salaries, wages and other benefits	24.1	**397,340**	373,276
Management fee		**27,567**	91,728
Depreciation	3.1.6	**84,811**	120,177
Repair and maintenance		**190,967**	170,619
NEPRA fees		**39,640**	37,670
Power, gas and water PGW-Admin		**33,046**	37,550
Security expenses		**5,344**	18,350
Advertisement		**3,094**	3,493
Vehicle running expenses		**12,393**	11,462
Legal and professional fees		**8,772**	5,578
Travelling expenses		**3,439**	4,205
Office supplies		**4,539**	3,716
Directors' remuneration		**15,963**	9,663
Communication charges		**4,298**	4,760
Miscellaneous expenses		**737**	1,372
Furnace oil write-off	7.1	**-**	182,656
Auditors' remuneration	24.2	**2,200**	3,650
		834,150	1,079,925

24.1 These include provision for employee benefits obligations - unfunded as follows:

	2022	2021
Pension obligations - unfunded	**200,950**	181,781
Medical benefits	**15,226**	25,011
Free electricity	**23,765**	21,109
Accumulated compensated absences	**1,666**	1,956
	241,607	229,857

24.2 Auditors' Remuneration

	2022	2021
Annual statutory audit	**2,000**	2,000
Half year review	**-**	1,000
Out of pocket expenses	**200**	650
	2,200	3,650

25. OTHER EXPENSES

	Note	2022	2021
		----Rupees in thousands----	Restated
Liquidated damages against forced outages		**(5,706,426)**	(18,009,195)
Late payment interest / surcharge		**(8,037,067)**	(10,848,652)
		(13,743,493)	(28,857,847)

26. OTHER INCOME

	2022	2021
Income from financial assets:		
Profit on bank deposits	**414,571**	264,482
Mark-up on delayed payments by CPPA	**8,037,067**	10,848,652
	8,451,638	11,113,134

	Note	2022	2021
		----Rupees in thousands----	
Income from other than financial assets:			
Amortization of deferred grant		-	198,591
Rent		17,111	17,630
Training charges		9,650	3,602
Penalties recovered		4,954	3,782
Electricity charges		8,500	11,692
Sale of scrap material		-	6,914
Tender fee		366	520
Store handing charges		-	74,450
Reversal of liabilities which is no longer payable		1,000	-
Miscellaneous		5,684	21,738
		47,265	338,919
		8,498,903	11,452,053

27. FINANCE COSTS

	Note	2022	2021
Interest cost on foreign direct loans		735,803	891,436
From related parties:			
Cash development loans		954,697	980,836
Guarantee fee on foreign direct loans (GoP)		136,078	159,364
Others - Bank Charges		8,571	6,660
		1,099,346	1,146,860
		1,835,149	2,038,296

28. TAXATION

	Note	2022	2021
Current tax	28.1	206,009	890,715
Deferred tax		-	(2,790,652)
		206,009	(1,899,937)

28.1 The provision for current tax represents minimum turnover tax @ 1.25% of the turnover (2021: minimum turnover tax), under the provisions of the Income Tax Ordinance, 2001 less the reimbursement of tax from CPPA-G duly verified and acknowleged under power purchase agreement. The Company has not recognized deferred tax asset against tax credits, minimum turnover tax and deductible temporary differences, as it is not probable that sufficient taxable profits will be available to adjust these balances, before their expiry.

28.2 Reconciliation between the tax chargeable on accounting profit and taxable profit is not relevant as the Company is subject to minimum tax.

28.3 The Institute of Chartered Accountants of Pakistan (ICAP) has issued circular 7/2024 "IAS 12: Application Guidance on Accounting for Minimum Taxes" (the Guidance) dated 15 May 2024, which is applicable for accounting periods ending after the date of publication, with retrospective effect.

Under the Guidance, the Company is required to distinguish and account for amounts paid under the Income Tax Ordinance, 2001 (the Ordinance) in the following manner:

a) any final taxes (i.e., under Final Presumption Tax Regime and not based on taxable income) as levy; subject to IAS 37/ IFRIC 22. No related deferred taxes will be recognized. The charge will be presented as final tax before profit (loss) before tax.

b) any taxes payable/ paid in respect of taxable income only (i.e., under the Normal Tax Regime) as income tax, subject to IAS 12. The related deferred taxes will be recognized at effective income tax rate for all deductible (where recoverable) taxable temporary differences.

c) for any hybrid taxes (i.e., which consist of elements comprising a component within the scope of IAS 12 (Income Tax) and a component within the scope of IFRIC 21 (Levies, normally minimum taxes in reference to amount of turnover etc.)), the Company will exercise judgment and adopt a consistent approach of either considering the amount paid/ payable to be primarily an income tax (and thus only recognize any excess amount as levy) or considering the amount to be primarily a levy (and thus only recognizing any excess amount as income tax). The related deferred taxes will be recognized at effective income tax rate only for all deductible (where recoverable) taxable temporary differences. Any minimum tax expected to be adjustable against future income tax liability will be recognized directly as deferred tax asset. The charge relating to levy will be presented before profit / (loss) before tax, as either minimum tax or differential minimum tax (as applicable).

The Company expects that the above-mentioned Guidance will only require the Company to reclassify amount of any levy from "Taxation" to "Minimum tax difference/ Final taxes" (as applicable), in the statement of profit or loss, without affecting the amount of profit / (loss) after tax and categorization of "Tax payable" as "Levy payable", where applicable, in the statement of financial position. The Company intends to apply the Guidance for the year ended 30 June 2024.

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate of amounts charged in the financial statements for the remuneration including benefits paid to the Chief Executive and Executives of the Company, are given below:

	2022			2022		
	CHIEF EXECUTIVE OFFICER	**DIRECTOR**	**EXECUTIVES**	**CHIEF EXECUTIVE OFFICER**	**DIRECTOR**	**EXECUTIVES**
	---------- Rupees in thousand ----------					
Meeting fee	-	15,963	-	-	9,663	-
Managerial remuneration	3,465	-	68,875	5,044	-	48,666
Others	1,610	-	39,182	2,351	-	37,893
Bonus	-	-	2,891	-	-	4,208
	5,075	15,963	110,948	7,395	9,663	90,767
Number of person(s)	1	5	37	1	8	36

In addition, the Chief Executive is also provided with a Company maintained vehicle for official and private purposes, unfurnished residential accommodation and free electricity as per entitlement. Chief Executive is not entitled to any post employment benefits.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 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 senior management oversees the management of these risks. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors review and agree policies for managing each of these risks.

30.2 As of 30 June 2022, the Company is exposed to the following risks :

a) **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provision for doubtful debts, if any, and through the prudent use of collateral policy.

The Company's credit risk is primarily attributable to advances, deposits, trade debt, loan to related party, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2022	2021
		---Rupees in thousands---	
Bank balances		**6,802,905**	5,294,409
Trade debt		**90,507,613**	93,861,249
Long term advances		**63,163**	62,987
Long term deposits		**-**	281
Loan to related party		**608,297**	608,297
Other receivables		**2,242,575**	1,835,496
		100,224,553	101,662,719

i) **Bank balances**

Credit ratings both short-term and long-term of the banks along with the bank balances as of year end are as follows:

Bank Name	Rating Agency	Rating		2022	2021
		Short-term	Long-term	---Rupees in thousands---	
United Bank Limited	VIS	A-1+	AAA	**1,649,036**	2,131,934
Habib Bank Limited	VIS	A-1+	AAA	**2,964,412**	1,318,401
National Bank of Pakistan	VIS	A-1+	AAA	**2,189,457**	1,844,074
				6,802,905	5,294,409

Due to the Company's long-standing business relationships with these financial institutions and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Further, based on external credit rating, the Company has accessed that the provision on bank balances is insignificant and rounds to zero.

ii) **Trade debt**

Refer to note 2.7 regarding exemption available to the Company in respect of application of requirements relating to recognition of ECL on the Company's trade debt. The trade debts is from the Company's sole customer CPPA-G, an associated company. Refer to note 8.7 for detailed discussion of the Company's assessment that no objective evidence exists to necessitate recognition of additional provision for bad debt. The Company has, however, recognized provision against matters disclosed in note 8.3 amounting to Rupees 18,832,272 thousand (2021: Rupees 8,675,424 thousand), wherein CPPA-G has raised dispute regarding validity of the Company's claim.

Aging analysis of trade debts (excluding markup on delayed payments) is provided below:

	Note	2022	2021
		----Rupees in thousands----	
Neither past due nor impaired		**30,208,559**	15,283,193
Past due but not impaired			
0 to 3 Months (0 - 90 days)		**13,533,439**	12,210,652
4 to 6 Months (91 - 180 days)		**7,504,839**	14,826,282
7-12 Months		**18,647,421**	40,953,915
Over 12 Months		**40,152,253**	19,262,631
		79,837,952	87,253,480
		110,046,511	102,536,673

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the support of the Federal Government, management believes the liquidity risk to be low.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. As a result of Company's defaults on its long term financing (as discussed in notes 15.7 and 15.8, whole of the carrying value of long term financing has been presented as payable on demand. Till the date of approval of these financial statements, the Company's lenders have not required the Company to settle whole of the amount. The Company is confident that the Company's lenders will not undertake any action which may effect the Company's solvency. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equate to their carrying balances, as the impact of discounting is not significant.

30 June 2022	On demand	6-12 months	1 - 5 years	More than 5 years	Carrying amount
	--------------------Rupees in thousands --------------------				
Long-term financing	34,719,596	-	-	-	34,719,596
Trade and other payables	48,157	156,543,383	-	-	156,591,540
Interest accrued on long-term financing	9,299,523	-	-	-	9,299,523
	44,067,276	156,543,383	-	-	200,610,659

30 June 2021	On demand	6-12 months	1 - 5 years	More than 5 years	Carrying amount
	--------------------Rupees in thousands --------------------				
Long-term financing	36,732,089	-	-	-	36,732,089
Trade and other payables	45,538	135,527,650	-	-	135,573,188
Interest accrued on long-term financing	8,212,660	-	-	-	8,212,660
	44,990,287	135,527,650	-	-	180,517,937

Further, as at 30 June 2022, the Company is also contracted to pay interest on its long term financing. An estimate of interest in respect of the remaining terms of these loans is as follows:

	2022	2021
Due in next year	**2,536,416**	1,682,246
Due after 1 year with in 5 years	**5,147,590**	4,307,861
Due after 5 years	**3,253,106**	4,765,886
	10,937,112	10,755,993

c) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

The sensitivity analysis in the following sections relate to the position as at 30 June in 2022 and 2021.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to variable interest rates of debt and the proportion of financial instruments in foreign currencies are all constant.

The analysis exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations; and provisions.

i) **Foreign 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's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's payments against foreign direct loans.

Following is the gross exposure classified into separate foreign currencies:

	2022	2021	2022	2021
	---------USD---------		---------Euros---------	
Long-term financing	**128,840,790**	180,377,106	**-**	-
Interest accrued on long-term financing	**1,604,827**	2,126,329	**-**	-
Trade and other payables	**1,190,916**	5,201,117	**739,093**	739,093
	131,636,533	187,704,552	**739,093**	739,093

Significant exchange rates applied as at year end were as follows:

	2022	2021	2022	2021
	----USD----		----Euros----	
Rupees per foreign currency				
Reporting date rate	**206.00**	158.30	**215.75**	188.71
Average rate during the year	**182.15**	163.53	**202.23**	189.22

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euros exchange rates, with all other variables held constant.

	Change in USD Rate	Effects on Long Term Financing	Effects on Loss Before Tax	Change in Euro Rate	Effects on Loss Before Tax
		--------------------Rupees in thousands	---------------------		
30 June 2022	**5%**	**(1,327,060.13)**	**(28,796)**	**5%**	**(7,973)**
	-5%	**1,327,060.13**	**28,796**	**-5%**	**7,973**
30 June 2021	5%	(1,427,684.79)	(57,997)	5%	(6,974)
	-5%	1,427,684.79	57,997	-5%	6,974

The Company's exposure to foreign currency changes for all other currencies is not material.

ii) 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 manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

At the reporting date the interest rate profile of the Company's interest-bearing financial liabilities / (assets) was as follow:

	2022	2021
	---Rupees in thousands---	
Fixed rate instruments		
Financial liabilities		
Long-term financing - foreign relent loans	**133,854**	133,854
Long-term financing - cash development loans	**8,044,539**	8,044,539
	8,178,393	8,178,393
Floating rate instruments		
Financial assets		
Bank balances	**(6,802,905)**	(5,294,409)
Financial liabilities		
Long-term financing - foreign direct loans	**26,541,203**	28,553,696
	19,738,298	23,259,287

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 rates at the reporting date would not affect the profit or loss of the Company.

Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk.

	2022		2021	
	Increase	Decrease	Increase	Decrease
	---Rupees in thousands---		---Rupees in thousands---	
Cash flow sensitivity:				
- floating rate financial assets	**(68,029)**	**68,029**	(52,944)	52,944
- floating rate financial liabilities	**(265,412)**	**265,412**	(285,537)	285,537
Net effect	**(333,441)**	**333,441**	(338,481)	338,481

This analysis is prepared, consistent from previous year, assuming the amounts of variable rate instruments outstanding at reporting date were outstanding for the whole year.

iii) Other price risk

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

(a) Equity price risk

The Company is not exposed to equity price risk since the Company has not invested in any listed equity securities.

(b) Commodity risk

The Company is not exposed to commodity risk as it had signed long term PPA and Gas Supply Agreements with CPPA-G and MPCL & PPL respectively, with fixed tariff, subject to indexation mechanism provided in the aforementioned agreements.

30.3 Financial instruments by categories:

	Note	2022	2021
		----Rupees in thousands----	
Financial assets as per statement of financial position		**At amortized cost**	
Long term advances		**63,163**	62,987
Long term deposits		**-**	281
Trade debts		**90,507,613**	93,861,249
Other receivables		**2,242,575**	1,835,496
Loan to related party		**608,297**	608,297
Bank balances		**6,802,905**	5,294,409
		100,224,553	101,662,719
Financial liabilities as per statement of financial position		**At amortized cost**	
Long-term financing		**-**	-
Trade and other payables		**156,591,540**	135,573,188
Interest accrued on long-term financing		**9,299,523**	8,212,660
Current portion of long-term financing		**34,719,596**	36,732,089
		200,610,659	180,517,937

30.4 Reconciliation to the line items presented in the statement of financial position is as follows:

	2022		
	Financial assets	**Non-financial assets**	**Assets as per statement of financial position**
	----Rupees in thousands----		
Assets			
Property, plant and equipment	**-**	**98,000,612**	**98,000,612**
Long term advances	**63,163**	**-**	**63,163**
Stores, spare parts and loose tools	**-**	**2,396,628**	**2,396,628**
Fuel stock	**-**	**889**	**889**
Trade debt	**90,507,613**	**-**	**90,507,613**
Advances, loan and prepayments	**608,297**	**1,108,764**	**1,717,061**
Other receivables	**2,242,575**	**-**	**2,242,575**
Tax refunds due from the Government	**-**	**6,642,471**	**6,642,471**
Bank balances	**6,802,905**	**-**	**6,802,905**
	100,224,553	**108,149,364**	**208,373,917**

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

	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	----Rupees in thousands----		
Liabilities			
Long-term financing	-	-	-
Employee benefit obligations	-	**25,205,289**	**25,205,289**
Trade and other payables	**156,591,540**	**9,251**	**156,600,791**
Provision for liquidated damages	-	**21,294,116**	**21,294,116**
Interest accrued on long-term financing	**9,299,523**	-	**9,299,523**
Current portion of long-term financing	**34,719,596**	-	**34,719,596**
Provision for taxation - net	-	**820,861**	**820,861**
	200,610,659	**47,329,517**	**247,940,176**

	2021		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	----Rupees in thousands----		
Assets			
Property, plant and equipment	-	89,711,309	89,711,309
Long term advances	62,987	-	62,987
Long term deposits	281	-	281
Stores, spare parts and loose tools	-	4,010,324	4,010,324
Fuel stock	-	955	955
Trade debt	93,861,249	-	93,861,249
Advances, loan and prepayments	608,297	581,394	1,189,691
Other receivables	1,835,496	-	1,835,496
Tax refunds due from the Government	-	4,908,222	4,908,222
Bank balances	5,294,409	-	5,294,409
	101,662,719	99,212,204	200,874,923

	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	----Rupees in thousands----		
Liabilities			
Long-term financing	-	-	-
Employee benefit obligations	-	31,327,957	31,327,957
Trade and other payables	135,573,188	26,861	135,600,049
Provision for liquidated damages	-	18,009,195	18,009,195
Interest accrued on long-term financing	8,212,660	-	8,212,660
Current portion of long-term financing	36,732,089	-	36,732,089
Provision for taxation - net	-	364,544	364,544
	180,517,937	49,728,557	230,246,494

30.5 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The different levels of fair valuation method has been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data.

As of the reporting date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair value.

30.6 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide benefits for stakeholders.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. The gearing ratio as at the reporting date is as follows:

	Note	2022	2021
		----Rupees in thousands----	
Long term loans		-	-
Accrued mark-up		9,299,523	8,212,660
Current portion of long term loans		34,719,596	36,732,089
Total debt		44,019,119	44,944,749
Bank balances		(6,802,905)	(5,294,409)
Net debt		37,216,214	39,650,340
Share capital		500	500
Share deposit money		3,343,919	3,343,919
Revenue reserves		(42,910,678)	(32,715,990)
Total equity		(39,566,259)	(29,371,571)
Total capital employed		(2,350,045)	10,278,769
Gearing		1583.64%	385.75%

The Company's strategy is to ensure compliance with the Prudential Regulations issued by the State Bank of Pakistan, if applicable, and is in accordance with agreements executed with financial institutions so that the total long term borrowings to equity ratio does not exceed the lender covenants. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. For discussion of breaches of financial covenants of interest bearing loans, refer to notes 15.7 and 15.8.

31. TRANSACTIONS WITH RELATED PARTIES

Following are the details of related parties and associated companies / undertakings with whom the Company had entered into transactions or had arrangements in place during the year:

31.1 Particulars of related parties and associated undertakings

The related parties comprise of the Government of Pakistan (GoP), GoP owned entities, WAPDA, associated companies, Directors of the Company and companies with common directorship and key management personnel. List of all related parties along with percentage of shares is given below:

Name of related party	Basis of relationship	Percentage of shareholding
Government of Pakistan	Shareholding	100%
Directors / Executives	Key Management Personnel	0%
GENCO Holding Company Limited	Managing entity	N/A
Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)	State owned / controlled entities	N/A
Faisalabad Electric Supply Company Limited	State owned / controlled entities	N/A
Gujranwala Electric Power Company Limited	State owned / controlled entities	N/A
Hyderabad Electric Supply Company Limited	State owned / controlled entities	N/A
Quetta Electric Supply Company Limited	State owned / controlled entities	N/A
Islamabad Electric Supply Company Limited	State owned / controlled entities	N/A
Lahore Electric Supply Company Limited	State owned / controlled entities	N/A
Multan Electric Power Company Limited	State owned / controlled entities	N/A
Peshawar Electric Supply Company Limited	State owned / controlled entities	N/A
Sukkur Electric Power Company Limited	State owned / controlled entities	N/A
National Transmission and Despatch Company Limited	State owned / controlled entities	N/A
Jamshoro Power Company Limited (GENCO-I)	State owned / controlled entities	N/A
Northern Power Generation Company Limited (GENCO-III)	State owned / controlled entities	N/A
Lakhra Power Generation Company Limited (GENCO-IV)	State owned / controlled entities	N/A
Sui Southern Gas Company Limited (SSGCL)	State owned / controlled entities	N/A
Sui Northern Gas Pipelines Limited (SNGPL)	State owned / controlled entities	N/A
Mari Petroleum Company Limited (MPCL)	State owned / controlled entities	N/A
Pakistan Petroleum Limited (PPL)	State owned / controlled entities	N/A
WAPDA	State owned / controlled entities	N/A
Chief Resident Representative Karachi - WAPDA	State owned / controlled entities	N/A
National Insurance Company Limited	State owned / controlled entities	N/A

31.2 Details of transactions with related parties other than those disclosed elsewhere are as follows:

Name	Nature of transactions	2022	2021
		---Rupees in thousands---	
CPPA-G	Electricity sales	47,042,545	59,374,133
	Funds received during the year	50,340,000	43,310,500
WAPDA, associated companies	Electricity and other utility purchases	1,739,618	836,673
	Credit movement	2,645,142	871,042
Ministry of Finance	Interest and guarantee fee on long- term financing	1,090,775	1,140,200
SNGPL	Purchase of gas	2,188,596	2,212,477
	Payments made during the year	3,184,958	5,284,571
PPL	Purchase of gas	22,724,877	31,136,696
	Payments made during the year	16,759,868	16,476,644
MPCL	Purchase of gas	8,879,540	12,723,986
	Payments made during the year	7,297,230	7,890,937
GENCO Holding Co. Ltd	Management fees	27,567	91,728
National Insurance Co. Ltd	Insurance	3,996	65,716
NEPRA	License fee	39,640	37,670

There are certain other transactions with government related entities that are not considered significant either individually or collectively for disclosure purposes.

32. APPLICABILITY OF IFRS 16 LEASES

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 24(I) / 2012 dated 16 January 2012, as modified by S.R.O. 986(I) / 2019 dated 02 September 2019, granted exemption from the requirements of IFRS 16 (refer to note 2.8 for details).

The effect are as follows:

De-recognition of fixed assets	98,000,612	89,687,523
Recognition of lease debtor	101,364,235	119,010,295
De-recognition of trade debts	90,507,613	93,861,249
Increase in accumulated losses at the beginning of the year	25,830,001	21,540,081
Increase in loss for the year	10,475,082	4,289,920
Increase in accumulated losses at the end of the year	36,305,083	25,830,001

33. IMPACT OF NON-CAPITALIZATION OF EXCHANGE LOSS

SECP, through its S.R.O 986(1)/2019, dated 2 September 2019, exempted the power companies from application of IFRS 9 to the extent of recognition of embedded derivative and IAS 21 to the extent of charging exchange losses (refer to note 2.8 for details).

Had the IAS 21 been applied, following adjustments to the financial statement line items would have been made:

	Accumulated losses	Property, plant and equipment
	Decrease	Decrease
	---Rupees in thousands---	
Change due to non-capitalization of exchange loss as at 01 July 2020	(21,213,613)	21,213,613
Charge off of exchange gain for the year	2,296,002	(2,296,002)
Change due to non-capitalization of exchange loss as at 30 June 2021	(18,917,611)	18,917,611
Charge off of exchange loss for the year	(6,828,431)	6,828,431
Change due to non-capitalization of exchange loss as at 30 June 2022	(25,746,042)	25,746,042

34. NUMBER OF EMPLOYEES

Total number of employees as at the reporting date	1,491	1,591
Average number of employees during the year	1,512	1,647
Total number of plant site employees as at the reporting date	885	944
Average number of plant site employees during the year	938	1,021

35. PLANT CAPACITY AND ACTUAL PRODUCTION

	2022	2021
	-------------MWh-------------	
Based on 365 days		
Annual installed capacity - original	14,373,320	14,373,320
Actual output	4,143,949	4,824,889

35.1 Under utilization of available capacity is due to non-operational plants of the Company. Further, during the year, owing to outages suffered at the plant sites, the Company could not make available its operational power plants for a period of 40,822 hours.

36. RESTATEMENT IN PRIOR YEAR FINANCIAL STATEMENTS

The Company has identified certain prior period errors in recognition, measurement and classification of receivables, the related minimum tax and sales tax on revenue, late payment surcharges (LPS) payable to gas companies, LPS receivable from CPPA-G, and the provision for liquidated damages in the books of the Company. The previously omitted revenue, expenses, assets, and liabilities, which should have been recognized in the respective financial years, have now been appropriately accounted for retrospectively in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting Policies, Change in Accounting Estimate and Error'. The impact of these restatements is as follows:

	As previously reported	Restatement Adjustment	As restated
	--------------Rupees in thousand--------------		
Impact on Statement of Financial Statements			
As at 30 June 2021			
Trade debt	75,038,132	18,823,117	93,861,249
Tax refunds due from the Government	5,132,230	(224,008)	4,908,222
Trade and other payable	117,548,297	18,051,752	135,600,049
Provison for liquidated damages	15,538,358	2,470,837	18,009,195
Provision for taxation	263,604	100,940	364,544
Accumulated losses	(30,691,570)	(2,024,420)	(32,715,990)
As at 30 June 2020			
Trade debt	68,273,192	1,021,100	69,294,292
Trade and other payables	104,460,640	1,021,100	105,481,740
Impact on Statement of Profit or Loss			
for the year ended 30 June 2021			
Revenue from contract with customer - net	52,644,776	6,729,357	59,374,133
Cost of revenue	55,729,885	6,182,000	61,911,885
Liquidated damages against forced outages	15,538,358	2,470,837	18,009,195
Late payment interest / surcharge	-	10,848,652	10,848,652
Other income	603,401	10,848,652	11,452,053
Taxation	2,000,877	100,940	1,899,937
for the year ended 30 June 2020			
Late payment interest / surcharge	-	1,021,100	1,021,100
Other income	530,563	1,021,100	1,551,663
Impact on Statement of Cashflows			
Cashflow From Operating Activities			
for the year ended 30 June 2021			
Trade debt	(14,733,738)	(18,823,117)	(33,556,855)
Tax refunds due from the Government	(1,350,530)	224,008	(1,126,522)
Trade and other payables	13,309,323	18,051,752	31,361,076
Provision for liquidated damages	15,538,358	2,470,837	18,009,195
for the year ended 30 June 2020			
Trade debt	(14,088,731)	(1,021,100)	(15,109,831)
Trade and other payables	14,478,737	1,021,100	15,499,837

37. SUBSEQUENT EVENTS

Subsequent to the reporting date, on 10 July 2022, Turbine (ST-16) in Block V—carrying a value of Rupees 4,664,935 thousand and having a capacity of 237,350 KW—was severely damaged by fire. The Company engaged Harbin Electric International Company Limited (HEI), China, to conduct an integrity assessment of the turbine. Based on HEI's evaluation, the estimated cost of replacing the damaged parts is CNY 172,200 thousand (approximately PKR 6,684,804 thousand). Consequently, the Company expects to record an impairment loss of Rupees 4,664,935 thousand in the financial year 2023.

38. GENERAL

38.1 Corresponding figures have been re-arranged and re-classified for better presentation, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made in these financial statements except for the following:

From	To	Rupees in thousands
Due from associated undertakings	Advances to suppliers / contractors	370
Trade creditors	Amounts withheld from gas suppliers	1,921,931

38.2 Figures have been rounded off to the nearest thousands of Pak Rupees, unless otherwise stated.

39. DATE OF AUTHORIZATION

These financial statements were approved and authorized for issue on 12 AUG 2025 by the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER

DIRECTOR