ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

Tele: Pabx: 051-9252937-39 Ext: 376
Direct 051-9253284
Fax 051-9253286

Office of the
Finance Director
IESCO Head Office,
Street 40, G-7/4 Islamabad

No 6444 /IESCO/FDI/CPC

Dated 28/10 2019

The Registrar, NEPRA
NEPRA Tower, G-5/1
Islamabad

REQUEST FOR DISTRIBUTION MARGIN FOR FY 2019-20

In continuation of this office letter No 4429/IESCO/FDI/CPC dated 20-09-2019 and 3909/IESCO/FDI/CPC dated 06-09-2019 and subsequent meeting in NEPRA dated 09-10-2019 vide letter No NEPRA/R/TRF-100/18327-39 dated 02-10-2019 on the subject matter. Enclosed please find here with the requisite information/data as under: -

1. Draft Accounts for the Financial year 2018-19
2. Bifurcation of financial statements (Profit & loss statement and balance sheet) in distribution & supply business.
3. Certificate of Pension Trust fund.
4. Certificate regarding tax payment.
5. Copies of CPPA-G Invoices adjusted against Late payment surcharge (Other income). This adjustment of Rs.2500 million needs adjustment in Distribution Margin of IESCO for the FY 2018-19 as reflected in Draft accounts for the FY 2018-19

Senior Advisor Tariff-I
Dy No: 9222
Date: 31-10-19

REGISTRAR
Dy. No: 10836
Date: 30-10-19

ADG (Tariff)
Dy. No. 1658
Date 1-11-19

28/10/2019

FINANCE DIRECTOR
IESCO ISLAMABAD

For information & n/a pl.
— SAT-II
Cpu b: ADG(L) 31/10
30 X 19
— SA (Tech)
c: Chairman
VC
— DG (M&E)
— ADG (Lic)
m(T) — m(CA)
— m(Lic)
— SLA
— DR-I/ DG-I/ MF

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 Jun ,2019

	Up to Date 30 Jun, 2019	Distrbution Busniness	Supply Business 30 Jun, 2019
	-----------Rupees-----------	-----------Rupees-----------	
Sale of electricity	128,926,728,033	151,025,445,415	128,926,728,033
Tariff differential subsidy	16,964,938,061		16,964,938,061
	-		
	145,891,666,094	151,025,445,415	145,891,666,094
	-		
Cost of electricity	- 133,296,954,779	- 133,296,954,779	- 151,025,445,415
Gross profit	12,594,711,315	17,728,490,636	- 5,133,779,321
	-		
Amortization of deferred credit	1,432,070,185	1,432,070,185	
	14,026,781,500	19,160,560,821	- 5,133,779,321
Operating expenses:	-		
Administrative expenses	- 6,689,486,496	- 6,383,546,920	- 305,939,576
Distribution costs	- 12,777,013,901	- 12,777,013,901	
Customer services costs	- 692,264,241		- 692,264,241
	- 20,158,764,638	- 19,160,560,821	- 998,203,817
Operating profit	- 6,131,983,138	-	- 6,131,983,138
Other income/Cost	2,253,226,642		2,253,226,642
	- 3,878,756,496	-	
	-		
Finance costs	- 1,270,981,786	- 1,270,981,786	
Provision for Workers' Profit Participation Fund	-		
	-		
PROFIT / (LOSS) BEFORE TAXATION	- 5,149,738,282	- 1,270,981,786	- 3,878,756,496
Taxation	-		
Current	-		
Deferred	-		
	-		
NET PROFIT / (LOSS) FOR THE YEAR	- 5,149,738,282	- 1,270,981,786	- 3,878,756,496

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
BALANCE SHEET
as on 30-6-2019

	Note	June 2019	Distribution Business	Supply Business
			-----------Rupees-----------	
		Provisional		
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
Property, plant and equipment	6	99,796,815,371	98,420,859,294	1,375,956,078
Long-term loans	7	122,060,871	115,957,827	6,103,044
Long-term deposit		73,736,230	73,736,230	
Long term Investment (Supply business)			2,037,589,416	
		99,992,612,472	100,648,142,766	1,382,059,121
CURRENT ASSETS				
Stores, spares and loose tools	8	1,156,738,534	1,156,738,534	
Trade debts	9	98,192,724,172	104,541,522,216	98,192,724,172
Current portion of long-term loans	7	37,120,736	35,264,700	1,856,037
Short-term advances	10	340,589,012	337,589,764	2,999,247
Interest accrued		8,615,846		8,615,846
Receivable from Government of Pakistan	12	6,328,113,489		6,328,113,489
Other receivables	13	3,386,314,935		3,386,314,935
Recoverable from tax authorites	11	25,478,894,478		25,478,894,478
Short-term investments	14	30,790,759		30,790,759
Cash and bank balances	15	3,853,663,052	1,053,660,052	3,853,663,052
		138,813,565,015	107,124,775,266	137,283,972,017
NON-CURRENT ASSETS HELD FOR SALE	14	65,890,500		65,890,500
TOTAL ASSETS		238,872,067,987	207,772,918,032	138,731,921,638
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Authorized capital				
5,000,000,000 (2018: 5,000,000,000) Ordinary shares of Rs. 10/- each		50,000,000,000	50,000,000,000	50,000,000,000
Issued, subscribed and paid up capital	16	5,798,253,340	5,798,253,340	
Revenue reserve				
Accumulated profit/ (loss)		(47,799,453,841)	(47,799,453,841)	
		(42,001,200,501)	(42,001,200,501)	-
Deposit for shares	17	20,250,770,096	20,250,770,096	2,037,589,416
SURPLUS ON REVALUATIOIN OF OPERATING FIXED ASSETS	18	31,741,496,238	31,741,496,238	
NON-CURRENT LIABILITIES				
Long-term loans	19	6,636,845,056	6,636,845,056	
Long-term security deposits	20	6,045,080,129		6,045,080,129
Deferred liabilities:				
Staff retirement benefits	21	42,333,009,077	40,216,358,623	2,116,650,454
Deferred taxation - net	22	1,225,226,639	-	1,225,226,639
Deferred credit	23	26,997,537,657	26,997,537,657	
		83,237,698,558	73,850,741,336	9,386,957,222
CURRENT LIABILITIES				
Trade and other payables	24	139,341,700,060	117,629,507,328	127,307,375,001
Interest accrued on long-term loans		4,327,852,899	4,327,852,899	
Current portion of long-term loans	19	1,973,750,637	1,973,750,637	
Provision for taxation		-		-
		145,643,303,596	123,931,110,864	127,307,375,001
CONTINGENCIES AND COMMITMENTS	25			
TOTAL EQUITY AND LIABILITIES		238,872,067,987	207,772,918,033	138,731,921,639

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

Tele: Pabx: 051-9253283-9 Ext: 372
Direct: 051-9253289
Fax: 051-9253286

Office of
Finance Director
IESCO Head Office,
Street 40, G-7/4, Islamabad

No. IESCO/FDI/PENSION/ 5712-13

Dated: 15.10.2019

DY: FINANCE DIRECTOR
IESCO ISLAMABAD

SUMMARY OF THE DIRECTIONS OF THE AUTHORITY SPECIFIED IN THE MULTI YEAR CONSUMER END TARIFF DETERMINATION OF IESCO PERTAINING TO FY 2015-16 TO 2019-20

Reference: - Your letter No.5408-09/IESCO/FDI/CPC dated 10.010.2019

It is to certify that balance in "**IESCO Employees' Pension Fund Trust**" Account No.3141042438 maintained in NBP Aabpara Market Br. Islamabad is Rs.520,770,829.53 as on 30.6.2019 (copy of statement attached).

Dy: Manager
Corporate Accounts
IESCO Islamabad

Copy to:-

- PA to Finance Director, IESCO Islamabad for information.

AM cm
15/10

National Bank of Pakistan

Account Statement

itle(s) IESCO EMPLOYEES PENSION FUND TRUST

Address: STREET NO. 40 SECTOR G-7/4
ISLAMABAD

Postal Code:

ranch Code/Name: 1456 Aabpara Branch

Region Name: Islamabad

tatement Printing Date: 09-Jul-2019

ser: 00010930 Branch: 1456 Terminal: . OPSMANAGER1456

Town:
District:
City: ISLAMABAD
Province/State: CAPITAL
Country: PAKISTAN
Product Name:
Currency:
CIF No: 12171114
Account No: 3141042438
IBAN: PK94NBPA1456003141042438

B/F Balance: 363,691,829.53

From: 01-Jun-2019 To: 30-Jun-2019

S. No.	Date	Particulars	Instno	Memo	Debit	Credit	Balance
1	25-Jun-2019	TRANSFER			0.00	157,079,000.00	520,770,829.53

Total 1 Credit transactions of amount: 157,079,000.00

Total 0 Debit transactions of amount: 0.00

9/7/19

This is a computer generated statement and does not require any signature

Islamabad Electric Supply Company Limited (IESCO)
Detail of Supplemental Charges FY 2018-19

Month	Amount
07-2018 to 09-2018	365,650,924
10-2018	111,454,908
11-2018	228,145,544
12-2018	106,873,700
01-2019	249,551,921
02-2019	47,472,540
03-2019	394,568,186
04-2019	266,089,397
05-2019	428,747,350
06-2019	302,286,774
Invoices total for the year 2018-19	2,500,841,244

Central Power Purchasing Agency (Guarantee) Limited
A Company of Government of Pakista...

Delayed Payment Charges Advice

CPPA-NTN: 4401241-1
CPPA-GST No. 3277876113750

Name and Adress

Islamabad Elecrtic 18-19ly Company (IESCO) Street No. 40, Sector G -7/4 Islamabad GST No 26-00-2716-001-91

Billing Year	Jul-2018 to Sep-2018
Advice No	LPS/18-19/IESCO-1st Qtr
Issue Date	19/10/2018

Description	Amount (Rs.)
Supplemental Charges for First Quarter of Financial Year 2018-19	365,650,924

Manager Finance (Billing & Recovery)

1

Central Power Purchasing Agency (Guarantee) Limited

A Company of Government of Pakistan

Delayed Payment Charges Advice

CPPA-NTN: 4401241-1
CPPA-GST No. 3277876113750

Name and Adress

Islamabad Elecrtic Supply Company (IESCO)
Street No. 40, Sector G -7/4 Islamabad

GST No 26-00-2716-001-91

Billing Month	October-2018
Advice No	LPS/Oct-18/IESCO
Issue Date	20/11/2018

Description	Amount (Rs.)
Supplemental Charges for Oct-18	111,454,908

M. A[illegible]

Manager Finance (Billing & Recovery)

Shaheen Plaza, Plot no. 73-West, Fazal-e-Haq road, Blue Area, Islamabad Tel # 051-9216960, Fax # 051-9216949 Email: billing@cppa.gov.pk

Central Power Purchasing Agency (Guarantee) Limited

A Company of Government of Pakistan

Delayed Payment Charges Advice

CPPA-NTN: 4401241-1
CPPA-GST No. 3277876113750

Name and Adress

Islamabad Elecrtic Supply Company (IESCO)
Street No. 40, Sector G -7/4 Islamabad

GST No 26-00-2716-001-91

Billing Month	November-2018
Advice No	LPS/Nov-18/IESCO
Issue Date	18/12/2018

Description	Amount (Rs.)
Supplemental Charges for Nov-18	**228,145,544**

M-Aslam

Manager Finance (Billing & Recovery)

Shaheen Plaza, Plot no. 73-West, Fazal-e-Haq road, Blue Area, Islamabad Tel # 051-9216960, Fax # 051-9216949 Email: billing@cppa.gov.pk

Central Power Purchasing Agency (Guarantee) Limited
A Company of Government of Pakistan

Delayed Payment Charges Advice

CPPA-NTN: 4401241-1
CPPA-GST No. 3277876113750

Name and Adress

Islamabad Elecrtic Supply Company (IESCO)
Street No. 40, Sector G -7/4 Islamabad

GST No 26-00-2716-001-91

Billing Month	December-2018
Advice No	LPS/Dec-18/IESCO
Issue Date	16/01/2019

Description	Amount (Rs.)
Supplemental Charges for Dec-18	84,851,656

Manager Finance (Billing & Recovery)

~ 106873700
Revised

Shaheen Plaza, Plot no. 73-West, Fazal-e-Haq road, Blue Area, Islamabad Tel # 051-9216960, Fax # 051-9216949 Email: billing@cppa.gov.pk

Central Power Purchasing Agency (Guarantee) Limited
A Company of Government of Pakistan

Delayed Payment Charges Advice

CPPA-NTN: 4401241-1
CPPA-GST No. 3277876113750

Name and Adress

Islamabad Elecrtic Supply Company (IESCO)
Street No. 40, Sector G -7/4 Islamabad

GST No 26-00-2716-001-91

Billing Month	January-2019
Advice No	LPS/Jan-18/IESCO
Issue Date	18/02/2019

Description	Amount (Rs.)
Supplemental Charges for Jan-2019	**249,551,921**

Manager Finance (Billing & Recovery)

Shaheen Plaza, Plot no. 73-West, Fazal-e-Haq road, Blue Area, Islamabad Tel # 051-9216960, Fax # 051-9216949 Email: billing@cppa.gov.pk

Central Power Purchasing Agency (Guarantee) Limited
A Company of Government of Pakistan

Delayed Payment Charges Advice

CPPA-NTN: 4401241-1
CPPA-GST No. 3277876113750

Name and Adress

Islamabad Elecrtic Supply Company (IESCO)
Street No. 40, Sector G -7/4 Islamabad

GST No 26-00-2716-001-91

Billing Month	February-2019
Advice No	LPS/Feb-19/IESCO
Issue Date	23/03/2019

Description	Amount (Rs.)
Supplemental Charges for Feb-2019	47,472,540

M. Alam
Manager Finance (Billing & Recovery)

Shaheen Plaza, Plot no. 73-West, Fazal-e-Haq road, Blue Area, Islamabad Tel # 051-9216960, Fax # 051-9216949 Email: billing@cppa.gov.pk

CPPA

Central Power Purchasing Agency (Guarantee) Limited

A Company of Government of Pakistan

Delayed Payment Charges Advice

CPPA-NTN: 4401241-1
CPPA-GST No. 3277876113750

Name and Adress

Islamabad Elecrtic Supply Company (IESCO)
Street No. 40, Sector G -7/4 Islamabad

GST No 26-00-2716-001-91

Billing Month	March-2019
Advice No	LPS/Mar-19/IESCO
Issue Date	23/04/2019

Description	Amount (Rs.)
Supplemental Charges for Mar-2019	**394,568,186**

M-Alam

Manager Finance (Billing & Recovery)

Central Power Purchasing Agency (Guarantee) Limited

A Company of Government of Pakistan

Delayed Payment Charges Advice

CPPA-NTN: 4401241-1
CPPA-GST No. 3277876113750

Name and Adress

Islamabad Elecrtic Supply Company (IESCO) **Street No. 40, Sector G -7/4 Islamabad** GST No 26-00-2716-001-91

Billing Month	April-2019
Advice No	LPS/Apr -19/IESCO
Issue Date	21/05/2019

Description	Amount (Rs.)
Supplemental Charges for Apr-2019	266,089,397

Manager Finance (Billing & Recovery)

Shaheen Plaza, Plot no. 73-West, Fazal-e-Haq road, Blue Area, Islamabad Tel # 051-9216960, Fax # 051-9216949 Email: billing@cppa.gov.pk

Central Power Purchasing Agency (Guarantee) Limited
A Company of Government of Pakistan

Delayed Payment Charges Advice

CPPA-NTN: 4401241-1
CPPA-GST No. 3277876113750

Name and Adress

Islamabad Elecrtic Supply Company (IESCO)
Street No. 40, Sector G -7/4 Islamabad

GST No 26-00-2716-001-91

Billing Month	May-2019
Advice No	LPS/May-19/IESCO
Issue Date	24/06/2019

Description	Amount (Rs.)
Supplemental Charges for May-2019	428,747,350

Manager Finance (Billing & Recovery)

Shaheen Plaza, Plot no. 73-West, Fazal-e-Haq road, Blue Area, Islamabad Tel # 051-9216960, Fax # 051-9216949 Email: billing@cppa.gov.pk

Central Power Purchasing Agency (Guarantee) Limited
A Company of Government of Pakistan

Delayed Payment Charges Advice

CPPA-NTN: 4401241-1
CPPA-GST No. 3277876113750

Name and Adress

Islamabad Elecrtic Supply Company (IESCO)
Street No. 40, Sector G -7/4 Islamabad

GST No 26-00-2716-001-91

Billing Month	June-2019
Advice No	LPS/Jun-19/IESCO
Issue Date	30/07/2019

Description	Amount (Rs.)
Supplemental Charges for June-2019	**302,286,774**

Dy Manager Finance (Billing & Recovery)

National Electric Power Regulatory Authority
Islamic Republic of Pakistan
NEPRA Tower, Ataturk Avenue (East) G-5/1, Islamabad
Phone: 9206500, Fax: 2600026
Website: www.nepra.org.pk, Email: info@nepra.org.pk

OFFICE OF THE REGISTRAR

No: NEPRA/R/TRF-100/ 18327-39

October 2, 2019

1. Chief Executive Officer
Lahore Electric Supply Company (LESCO)
22-A, Queen Road, Lahore

2. Chief Executive Officer
Gujranwala Electric Power Company (GEPCO)
565/A, Model Town, G.T Road, Gujranwala

3. Chief Executive Officer
Multan Electric Power Company (MEPCO)
NTDC Colony, Khanewal Road, Multan

4. Chief Executive Officer
Peshawar Electric Supply Company (PESCO)
NTDC House, Shami Road, Peshawar

5. Chief Executive Officer
Tribal Areas Electricity Supply Company
213-NTDC House
Shami Road, Peshawar

6. Chief Executive Officer
Quetta Electric Supply Company (QESCO)
Zarghoon Road, Quetta

7. Chief Executive Officer
Islamabad Electric Supply Company
IESCO Head Office Street 40
Sector G-7/4, Islamabad

8. Chief Executive Officer
Faisalabad Electric Supply Company (FESCO)
Abdullahpur, Canal Bank Road,
Faisalabad

9. Chief Executive Officer
Sukkur Electric Supply Company (SEPCO)
Old Thermal Power Station,
Sukkhur

10. Chief Executive Officer
Hyderabad Electric Supply Company (HESCO)
HESCO Headquarter
WAPDA Complex, Hussainabad, Hyderabad

Subject: **CONSULTATIVE SESSION WITH CEO'S OF XW-DISCOS IN RESPECT OF FILING TARIFF PETITIONS IN ACCORDANCE WITH NEPRA (AMENDMENT) ACT, 2018**

Reference: NEPRA's letter dated 03.06.2019

The Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the NEPRA Act) has been amended vide the Regulation of Generation, Transmission and Distribution of Electric Power (Amendment) Act, 2018 (the Amendment Act). Under the amended NERPA Act, 'power supply' licensees under Section 23E shall perform the function of sale of electric power and 'distribution' licensees under Section 20 shall be limited to ownership, operation, management or control of distributing facilities for the movement or delivery to consumers of electric power. Further, XW-DISCOs currently deemed to hold a 'power supply' licence by operation of section 23E(1) proviso of the NEPRA Act.

2. Thus all non-sale elements of the Distribution segment (i.e. installation / investment, operation, maintenance and controlling of distribution network) now form part of the Distribution license under Section 20 and all sale related activities earlier being performed by Distribution licensees (metering, billing and collection etc.) shall now form part of Supply license under Section 23E. in view thereof Discos are required to file petitions with clear bifurcation / breakup of costs in respect of distribution and supply functions.

Dy. Finance Director
IESCO, Islamabad
Diary No. 668
Dated: 7-10-19

P - 1/2

Accordingly, NEPRA vide above referred letter dated 03.06.2019 advised DISCOs to file separate tariff petitions for determination of tariff for power supply (sale of electric power) and distribution (all other non-sale elements). A consultative session was also held by NEPRA on 27.07.2019 whereby all DISCOs were invited to take them on-board with regard to submission of tariff petitions in accordance with NEPRA Amendment Act. Due to meagre participation of DISCOs, the said session could not prove fruitful. Subsequently, the DISCOs (i.e. HESCO, TESCO, PESCO, SEPCO and QESCO) filed their tariff petitions, however, the same were not found in accordance with the Amended NEPRA Act clearly bifurcating the costs in respect of distribution and supply functions.

4. The Authority has considered the matter and decided to invite CEOs of all XW-DISCOs for another consultative session with NEPRA Professionals to take them on-board for procedural clarity for filing separate petitions for Distribution and Supply tariff. The meeting is scheduled as per following:

Date:	**October 09, 2019 (Wednesday)**
Time:	**02:30 PM**
Venue:	**NEPRA Headquarter, Islamabad**

5. All CEOs are requested to make sure their presence in the above meeting for a fruitful session aimed at enabling DISCOs to file their petitions in accordance with NEPRA Amended Act which is necessary to expedite the much delayed determination of tariff of DISCOs.

2/X/19

(Iftikhar Ali Khan)
Director
Registrar Office

CC: Secretary
Power Division, Ministry of Energy
Government of Pakistan
'A' Block, Pak Secretariat, Islamabad

Chief Executive Officer
Central Power Purchasing Agency Guarantee Limited (CPPA-G)
Ground Floor, Enercon Building
G-5/2, Islamabad

ISLAMABAD ELECTRIC SUPPLY COMPANY LTD

Tele: Pabx: 051-9252937-39 Ext: 376
Direct: 051-9253284
Fax: 051-9253286

Office of the
Finance Director IESCO
IESCO Head Quarters
Street # 40 G-7/4,
Islamabad

Dated 20/09/2019

No. 4429/IESCO/FDI/CPC/

The Registrar, NEPRA
NEPRA Tower, G-5/1
Islamabad.

"ADDENDUM"

Subject: REQUEST FOR DISTRIBUTION MARGIN FOR FY 2019-20

Dear Sir,

In continuation of this office letter No. 3909/IESCO/FDI/CPC dated: 06th Sep, 2019 regarding annual component of adjustments for FY 2018-19 (under Multi Year Tariff Regime). The following addendum is incorporated here: -

Sr. No.	Description	Projected FY 2019-20 (Rs. In Millions)
01	Salaries and wages	10,954
02	Post Retirements Benefits	5,410
03	Other Operating Expenses	3,361
	O&M Cost	**19,725**
04	Depreciation	5,184
05	RORB	5,293
	Gross Distribution Margin	**30,202**
06	Other income	(809)
	Net Distribution Margin	**29,393**

01. Salaries and Wages

Subhead wise detail is as under please: -

i. Enhancement of 10% (BPS-1-16) & 5% (BPS-17-20) in Pay & Allowances allowed by GOP. Rs. 400 (M)

ii. Impact of New Recruitment (4,649 No.) Rs. 1,238 (M)

iii. Incremental Effect. Rs. 225 (M)

iv. Due to enhancement of different allowances allowed by IESCO-BOD i.e. enhancement in Marriage Grant, enhancement in Danger Allowance, adoption of PEPCO healthcare policy as a whole and procurement of uniform sets for line staff. Rs. 675 (M)

02 **Post Retirements Benefits**

Post Retirement Benefit for FY 2018-19 is Rs. 4,918 Million, the projection for FY 2019-20 is Rs. 5,410 Million after incorporating inflationary impact.

03 **Other Operating Expenses**

These are the following reasons for Enhancement in Other Operating Expenses: -

i. Due to Inflationary impact.

ii. IESCO-BOD also approved Prime Minister Assistance Package amounting to Rs. 133 (M).

04 **Depreciation**

Depreciation for FY 2018-19 is Rs. 4,713 Million, 10% increase is projected.

05 **RORB**

Return is calculated at 13.25% at present KIBOR.

06 **Other Income**

Last payment surcharge is deducted from Other Income.

We shall be thankful if the authority shall allow the above mentioned addendum in the Distribution margin FY 2019-20. In case any further clarification/information is required, please intimate.

D.A/As above.

Regards

20/09/2019

(Raees Haider)
Finance Director
IESCO Islamabad

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

IESCO

Tele: Pabx: 051-9252937-39 Ext: 376
Direct 051-9253284
Fax 051-9253286

Office of the
Finance Director
IESCO Head Office,
Street 40, G-7/4 Islamabad

No 3909 /IESCO/FDI/CPC

Dated 06-09-2019

National Electric Power Regulatory Authority
Receipt & Issue Section
Date 06/09/19
Signature
NEPRA

The Registrar, NEPRA
NEPRA Tower, G-5/1
Islamabad

REQUEST FOR ADJUSTMENT OF ANNUAL COMPONENTS FOR FINANCIAL YEAR 2018-19 (UNDER MULTI YEAR TARIFF REGIME

Dear Sir,

In continuation of this office Letter No IESCO/FDI/CPC/3011 dated 05-08-2018 the annual components of adjustments is being submitted. As per multiyear tariff regime, IESCO requires recovery of its cost of service at the current market prices to maintain its financial viability.

The following adjustments are submitted: -

Details	2018-19Rs. In Million	
Less Recovery of PPP (3rd & 4th Quarter)	3,409	Annexure-I
Annual components FY 2018-19	6,388	Annexure-II
Adjustment of advance tax U/s 147(F/Y 2017-18 & 2018-19)	2,988	Annexure-III
Adjustments for FY 2017-18	7,097	Annexure-II
Impact of recruitment and retirement FY 2009-13	327	Annexure-IV
Sales Mix 2018-19	(246)	Annexure-II
Total recoverable adjustment	**19,962**	

In para 15.4 of NEPRA Determination dated 31-08-2018, the Authority has worked out the amount of Salaries & wages as Rs.6,973 million whereas actual amount as per F/Y (2018-19 PF) is Rs. 7887 (M). The increase of 914 (M) is due to 50% increase in house requisition/ceiling as announced by GoP, it is therefore requested the balance amount of Rs.914 (M) may be allowed.

In para 16.3 of NEPRA Determination dated 31-08-2018, the Authority has worked out the amount of post retirements benefits as Rs.4,444 million whereas actual amount as per F/Y (2018-19 PF) is Rs. 4,988 (M), it is therefore requested the balance amount of Rs.544 (M) may be allowed.

In para 17.1 of NEPRA Determination dated 31-08-2018 the Authority has decided to true up the benefit of incremental investments which addresses the concerns of the Petitioner for calculation of depreciation each year based on actual CAPEX" the Authority has worked out the amount of depreciation as Rs.2,617

06/9

million whereas actual amount as per F/Y (2018-19 PF) is Rs. 4,713 (M), it is therefore requested the balance amount of Rs.2,096 (M) may be allowed.

In para 18.3 of NEPRA Determination dated 31-08-2018, the Authority has worked out the amount of RORB as Rs.3,223 million whereas actual amount is Rs. 4,408 (M), it is therefore requested the balance amount of Rs.1,185 (M) may be allowed. In para 23 of NEPRA Determination dated 31-08-2018, KIBOR is determined as 7.01% which may be adjusted as presently KIBOR is 13.91%.

In para 19.2 of NEPRA Determination dated 31-08-2018, the Authority has worked out the amount of other operating expenses as Rs.2,303 million whereas as per F/Y (2018-19 PF) is Rs. 2,496 (M). The increase is due to inflationary impact during the year, it is therefore requested the balance amount of Rs.193 (M) may be allowed.

Moreover we are enclosing the following annexures provided by CPPA-G for projection of power purchase price 2019-20.

- DISCO Wise Energy FY 2019-20
- DISCO Wise Maximum Demand in MW
- DISCO WISE Load Factor
- Energy Fuel Component
- Energy O&M Component
- Capacity Purchase price
- Transmission charge and MOF
- O&M Charges
- Power Purchase price 2019-20

We shall be thankful if the Authority shall allow the Adjustments for the Financial Year 2018-19 (4th Quarter) along with annual components. In case any further clarification/information is required, please intimate.

DA/As above

Regards

06/09

FINANCE DIRECTOR
IESCO ISLAMABAD

O/C
6-9-19

Summary of IESCO Recoverable Amount F/Y 2018-19

Rs. In Million

Particulars	Distribution Cost	Supply Cost	Total F/Y 2018-19 PF	Notified as on 1-01-2019	Difference
Less/(Excess) recovery of PPP					3,409
D.M , PYA , O.Income & S.Mix					
Distribution Margin					
Salaries and wages	7,334	554	7,887	6,973	914
Post Retirements Benefits	4,727	261	4,988	4,444	544
Other Operating Expenses	2,355	140	2,496	2,303	193
O&M Cost	14,416	955	15,372	13,720	1,652
Depreciation	4,616	97	4,713	2,617	2,096
RORB	4,177	231	4,408	3,2[illegible]	1,185
Gross Distribution Margin	23,2[illegible]	1,283	24,493	19,[illegible]	4,933
Other income	(696)	(39)	(735)	(2,1[illegible]0)	1,455
Net Distribution Margin	22,513	1,245	23,758	17,370	6,[illegible]88
Piror Year Adjustment					
Allowed					14,167
Recovered					14,167
Sales Mix 2018-19					(246)
Adjustment of advance tax					
Payment of Advance Tax U/s 147 (F/Y17-18					1,278
Payment of Advance Tax U/s 147 (F/Y18-19)					1,710
					2,988
Remaining adjustments/Shortfall F/Y 2017-18					
Salaries and Wages					1,115
Post retirements benefits					628
Other Operating expenses					487
O&M Cost					2,230
Depreciation					1,783
RORB					1,788
Gross Distribution Margin					5,801
Other Income					1,296
Net Distribution Margin					7,097
Impact of recruitment and Retirement F/Y 2009-13					327
Total recoverable adjustment F/Y 2018-19					19,962

IESCO DRAFT FINAL ACCOUNTS FOR THE FINANCIAL YEAR 2018-19 (UN-AUDITED)

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 Jun ,2019

	Up to Date 30 Jun, 2019	From 30 Jun, 2019	up to 30 Nov, 2018	2018
	----------Rupees----------	----------Rupees----------	----------Rupees----------	
Sale of electricity	128,926,728,033	69,273,761,885	59,652,966,148	96,197,249,209
Tariff differential subsidy	16,964,938,061	10,097,440,675	6,867,497,386	11,180,870,919
	145,891,666,094	79,371,202,560	66,520,463,534	107,378,120,128
	-			-
Cost of electricity	(133,296,954,779)	(75,349,204,389)	(57,947,750,390)	(115,304,228,777)
Gross profit	12,594,711,315	4,021,998,171	8,572,713,144	(7,926,108,649)
	-			-
Amortization of deferred credit	1,432,070,185	866,774,987	565,295,197	1,317,589,677
	14,026,781,500	4,888,773,159	9,138,008,341	(6,608,518,972)
Operating expenses:	-			-
Administrative expenses	(7,493,461,324)	(4,959,754,549)	(2,533,706,775)	(6,536,910,582)
Distribution costs	(12,777,013,901)	(7,783,029,688)	(4,993,984,213)	(12,319,987,844)
Customer services costs	(692,264,241)	(408,161,613)	(284,102,629)	(646,238,853)
	(20,962,739,466)	(13,150,945,849)	(7,811,793,616)	(19,503,137,279)
Operating profit	(6,935,957,966)	(8,262,172,691)	1,326,214,725	(26,111,656,251)
				-
Other income	2,253,226,642	1,278,740,535	974,486,107	1,867,656,872
	(4,682,731,324)	(6,983,432,156)	2,300,700,832	(24,243,999,379)
	-			-
Finance costs	(1,270,981,786)	(1,268,377,448)	(2,604,338)	(1,867,695,888)
Provision for Workers' Profit Participation Fund	-		-	-
	-	-		-
PROFIT / (LOSS) BEFORE TAXATION	(5,953,713,110)	(8,251,809,604)	2,298,096,493	(26,111,695,267)
Taxation	-			-
Current	-		-	(1,225,226,639)
Deferred	-		-	-
	-			-
NET PROFIT / (LOSS) FOR THE YEAR	(5,953,713,110)	(8,251,809,604)	2,298,096,493	(27,336,921,906)

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
BALANCE SHEET
AS AT 30 Jun ,2019

	30 Jun, 2019	2018
	-----------Rupees-----------	
	Provisional	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	99,796,805,369	93,656,715,310
Long-term loans	122,060,871	89,139,069
Long-term deposit	73,736,230	73,736,230
	99,992,602,470	**93,819,590,609**
CURRENT ASSETS		
Stores, spares and loose tools	1,156,738,534	957,872,617
Trade debts	96,970,187,670	84,097,887,274
Current portion of long-term loans	37,120,736	33,278,570
Short-term advances	340,589,012	368,471,871
Interest accrued	8,615,846	6,484,621
Receivable from Government of Pakistan	6,328,113,489	5,859,696,963
Other receivables	3,386,314,935	2,283,636,353
Recoverable from tax authorites	25,478,894,478	20,136,655,218
Short-term investments	30,790,759	30,790,759
Cash and bank balances	3,853,663,052	2,121,684,292
	137,591,028,513	**115,896,458,538**
NON-CURRENT ASSETS HELD FOR SALE	**65,890,500**	**65,890,500**
TOTAL ASSETS	**237,649,521,482**	**209,781,939,647**
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital		
Authorized capital		
5,000,000,000 (2018: 5,000,000,000) Ordinary	**50,000,000,000**	**50,000,000,000**
Issued, subscribed and paid up capital	**5,798,253,340**	**5,798,253,340**
Revenue reserve		
Accumulated profit/ (loss)	**(47,174,625,443)**	**(42,651,514,278)**
	(41,376,372,103)	**(36,853,260,938)**
Deposit for shares	**20,250,770,096**	**20,030,165,684**
SURPLUS ON REVALUATIOIN OF OPERATING FIXED ASSETS	**31,741,496,238**	**31,420,481,685**
NON-CURRENT LIABILITIES		
Long-term loans	**6,636,845,056**	**6,350,636,935**
Long-term security deposits	**6,045,080,129**	**5,568,091,813**
Deferred liabilities:		
Staff retirement benefits	**41,708,180,679**	**40,123,468,365**
Deferred taxation - net	**1,225,226,639**	**-**
Deferred credit	**26,997,537,657**	**25,158,736,218**
	82,612,870,159	**77,200,933,331**
CURRENT LIABILITIES		
Trade and other payables	**138,119,153,556**	**104,511,050,737**
Interest accrued on long-term loans	**4,327,852,899**	**9,289,686,928**
Current portion of long-term loans	**1,973,750,637**	**4,182,882,220**
	144,420,757,092	**117,983,619,885**
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	**237,649,521,483**	**209,781,939,647**

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 Jun ,2019

	Provisonal 30 Jun, 2019	2018
	------------Rupees------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	(8,251,809,604)	(26,111,695,267)
Adjustment for non-cash items:		
Depreciation	2,772,433,267	4,249,596,838
(Gain)/Loss on disposal of Assets		(1,665,001)
Change in Revaluation Surplus	-	1,778,943
Amortization of deferred credit	(866,774,987)	(1,317,589,677)
Provision for staff retirement benefits	4,705,683,877	5,072,246,289
Provision for doubtful debts	-	-
Provision/(reversal) for obsolete inventory	0.00	6,124,801
Impairment of WIP	-	-
Reversal of accrued interest recorded in non-current assets held-for-sale		
Profit on bank deposits	(46,830,519)	(46,774,896)
Exchange difference - net	68,569,530	30,187,446
Finance costs	1,199,807,918	1,837,508,442
	(418,920,518)	(16,280,282,082)
Working capital changes:		
(Increase) / decrease in current assets		
Store, spares and loose tools	(198,865,917)	(298,675,431)
Trade debts	(12,872,300,396)	(18,336,776,133)
Short term advances	27,882,859	(161,500,442)
Recoverable from tax authorities	(2,330,386,591)	(5,215,826,849)
Receivable from Government of Pakistan	(468,416,526)	8,864,740,645
Other receivables	(1,102,678,582)	2,737,690,200
Increase / (decrease) in current liabilities		
Trade and other payables	43,149,094,936	38,541,506,789
	26,204,329,783	26,131,158,779
Net operating cash flows after working capital changes	25,785,409,265	9,850,876,697
Long-term security deposits	476,988,316	539,896,183
Long-term deposit	-	(28,959,937)
Staff retirement benefits paid	(1,692,168,338)	(2,141,745,724)
Long-term loans given during the year	(36,763,968)	(35,387,628)
Finance costs paid	(6,438,481,229)	(391,359,550)
Income tax recovered/ paid	(3,011,852,670)	(1,282,633,121)
Net cash generated from operating activities	15,083,131,376	6,510,686,920
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(10,593,558,237)	(8,107,781,282)
Change in Desposit for issue of Shares	220,604,412	
Profit on Sale of Fixed Assets	-	41,191,296
Profit on bank deposits	44,699,294	-
Sales proceed from the sale of land	-	1,800,000
Net cash used in investing activities	(10,328,254,531)	(8,064,789,986)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	(1,991,492,992.16)	1,263,045,017
Repayment of long-term loans	-	-
Net cash generated from financing activities	(1,991,492,992)	1,263,045,017
Net increase / (decrease) in cash and cash equivalents	2,763,383,853	(291,058,049)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,121,684,294	2,412,742,343
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4,885,068,146	2,121,684,294

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 Jun ,2019

	Provisonal 30 Jun, 2019	Audited 2018
	----------Rupees----------	
Net profit / (loss) for the year	(4,524,909,884)	(27,336,921,906)
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:		
Actuarial loss relating to defined benefit plans	1,428,803,226	2,887,419,981
Total comprehensive income / (loss) for the year	(3,096,106,658)	(24,449,501,925)

Surplus arising on 'revaluation of operating fixed assets' is presented under a separate head below equity as 'surplus on revaluation of assets' in accordance with the requirements specified by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O.45(I)/2003 dated 13 January 2003 and Companies Ordinance, 1984, respectively.

The annexed notes from 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 Jun ,2019

	Share capital	Revenue reserve	Capital Reserve	Provisonal
Balance as at June 30, 2017 - Restated	5,798,253,340	(19,401,317,073)	32,619,786,404	19,016,722,671
Loss for the year	-	(27,336,921,906)	-	(27,336,921,906)
Other comprehensive income	-	2,887,419,981	-	2,887,419,981
Total comprehensive loss for the year	-	**(24,449,501,925)**	-	**(24,449,501,925)**
Transfer from surplus on revaluation of operating fixed assets recognized directly in equity - net of deferred tax fixed assets to accumulated loss- on disposal	-	1,199,170,209	(1,199,170,209)	-
Balance as at June 30, 2018	**5,798,253,340**	**(42,651,648,789)**	**31,420,616,195**	**(5,432,779,254)**
Net income for the year		2,298,096,493	-	2,298,096,493
Other comprehensive income		-	-	-
Total comprehensive income for the year	-	**2,300,029,724**	-	**2,298,096,493**
Transfer from surplus on revaluation of operating fixed assets recognized directly in equity - net of deferred tax		-	-	-
Balance as at 30 Nov ,2018	-	**(40,351,619,065)**	**31,420,616,195**	**(3,134,682,761)**
Net income for the year		(8,251,809,604)	-	(8,251,809,604)
Other comprehensive income		1,428,803,226	-	1,428,803,226
Total comprehensive income for the year	-	**(6,823,006,378)**	-	**(6,823,006,378)**
Adjustment in Revaluation Surplus			320,880,043	320,880,043.27
Transfer from surplus on revaluation of operating fixed assets recognized directly in equity - net of deferred tax		-		-
Balance as at 30 Jun ,2019	5,798,253,340	(47,174,625,443)	31,741,496,238	(9,636,809,095)

CHIEF EXECUTIVE **CHAIRMAN**

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. The Company and its operations

Islamabad Electric Supply Company Limited (the Company) is a public limited company incorporated in Pakistan, under Companies Ordinance 1984. The Company was established to take over all the properties, rights and liabilities of Islamabad Area Electricity Board owned by Pakistan Water and Power Development Authority (WAPDA). The Company was incorporated on April 25, 1998 and commenced commercial operations on June 01, 1998.

The Company is principally engaged in distribution and supply of electricity within defined geographical boundaries. The Company was granted a license on November 02, 2001 by the National Electric Power Regulatory Authority (NEPRA) for electricity distribution. The registered office of the Company is situated at IESCO Headquarters, Street 40, G-7/4, Islamabad.

2. 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 (IFRS Standards) 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 Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance 1984.

2.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses	January 01, 2017
Amendments to IFRS 12 'Disclosure of Interests in Other Entities' issued in the Annual Improvements Cycle 2014-2016	

Certain annual improvements have also been made to a number of IFRSs. Such improvements did not have any material effect on the financial statements of the Company.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 41, change in nomenclature of primary statements,etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:
- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

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

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

	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 15 'Revenue from contracts with customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - IFRIC 14 'IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

The company has further assessed the impact of following standards at time of their initial application from July 01, 2018. The expected impacts are not significant for the Company.
- IFRS 15 'Revenue from contracts with customers'
- IFRS 9 'Financial Instruments'

3. Basis of preparation

These financial statements have been prepared on the basis of the historical cost convention except for staff retirement benefits, which are measured using actuarial techniques and freehold land, leasehold land, buildings on freehold and leasehold lands and distribution equipment, which are stated using the revaluation model.

4. Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. A revision to the accounting estimates is recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The estimates / judgements and associated assumptions that have significant effects on the financial statements are as follows:

4.1 Useful life and residual value of property, plant and equipment

The Company reviews the appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation on items of property, plant and equipment on a regular basis (note 6.1). Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available inside/outside the Company, as appropriate. Any change in these estimates in the future might affect the carrying amount of items of property, plant and equipment, with a corresponding effect on the depreciation charge, impairment and amortization of deferred credit.

The Company measures certain items of property, plant and equipment (as disclosed in note 6.1) at revalued amounts, with changes in fair value being recognized directly in equity.

4.2 Provision for obsolete stores, spares and loose

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

4.3 Provision for doubtful trade debts

Management reviews its trade debts at each reporting date to identify the existence of any doubtful debts and to assess whether a provision should be recorded in the profit or loss account. In particular, judgment by management is required in the estimation of the amount and timing of the future cash flows, when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

4.4 Provision for staff retirement benefits

The actuarial valuation of pension, medical benefits, compensated absences plans and free electricity requires the use of certain assumptions related to future periods, including increase in future salary / pension / medical costs, inflation rate and the discount rate used to discount future cash flows to present values.

4.5 Provision for taxation

The Company recognizes income tax provisions using estimates based upon expert opinions of its tax and legal advisors. Differences, if any, between the recorded income tax provision and the Company's tax liability, are recorded on the final determination of such liability.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that future taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

4.6 Other provisions and contingent liabilities

The management exercises judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

5. Summary of significant accounting policies

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

5.1 Functional and presentation currency

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

5.2 Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing on reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary items at end of the year exchange rates, are charged to income for the year.

5.3 Borrowings costs

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

5.4 Property, plant and equipment

a) Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for land, buildings and distribution equipment, which are stated at their revalued amounts less subsequent accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Depreciation is charged to income on a straight-line method so as to write-off the depreciable amount of an asset over its estimated useful life at the rates given in note 6.1 to the financial statements. Depreciation on depreciable assets is commenced from the month the asset is available for use up to the month preceding the month of disposal. Major renewals and improvements are capitalized. Minor replacement, repairs and maintenance are charged to profit or loss.

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

b) **Surplus on revaluation of operating fixed assets**

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus

c) **Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their construction, erection, installation and acquisition. The assets are transferred to the relevant category of operating fixed assets when they are ready for their intended use.

5.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold-land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment loss are restricted to the original cost of the asset. An impairment loss, or the reversal of an impairment loss, is recognized in the profit or loss for the year.

5.6 Stores, spares and loose tools

These are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis, comprising invoice values and the related charges incurred up to the date of the statement of financial position. 100% provision is made for inactive stores and spares over 3 years.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

5.7 Trade debts

Trade debts are carried at original billed value less an estimate for provision for doubtful debts. Trade debts are written-off when considered irrecoverable. No provision is made for amount due from federal and provincial government consumers.

5.8 Loans and other receivables

These are initially recognized at the fair value of consideration given. Subsequent to initial recognition these are recorded at their amortized cost less impairment, if any.

5.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks in current and savings accounts, and short-term highly liquid investments with original maturities of three months or less, and that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

5.10 Staff retirement benefits

The Company operates unfunded pension, post retirement free electricity, medical benefits and compensated absences schemes for all its permanent employees. Provisions are made in accordance with the actuarial recommendations using the Projected Unit Credit Method as required by IAS-19. The latest valuation was carried out as at June 30, 2018.

The Company also maintains a General Provident Fund and WAPDA Welfare Fund for all its regular employees. The Company makes deductions from salaries of its employees and remits these amounts to the respective funds established by WAPDA.

5.11 Deferred credit

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

5.12 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost, which approximates the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

5.13 Revenue recognition

Revenue is recognized to the extent it is probable that the future economic benefits will flow to the Company. The Company generates revenue from:

a) Electricity sale

Revenue related to electricity sales is recognized on supply of electricity to consumers at the rates determined by NEPRA and notified by the Government of Pakistan, from time to time. Late payment surcharges are recognized on an accrual basis.

b) Tariff differential subsidy

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

c) Rental and service income

Meter rentals are recognized on a time proportionate basis.

d) Interest / mark-up

Interest / mark-up on bank deposits is recognized on accrual basis using the effective interest rate method.

5.14 Borrowings

Borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and the redemption value is recognized in the profit or loss over the period of borrowing on an effective rate basis. The borrowing cost on qualifying assets is included in the cost of the related assets.

5.15 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

5.16 Taxation

a) Current

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

b) Deferred

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax expense comprises of current and deferred tax. Income tax is recognized in profit or loss except to extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

5.17 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument, and de-recognized when the Company loses control of the contractual rights that comprise the financial assets, and in case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expires. All financial assets and liabilities are initially recognized at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or losses on de-recognition of financial assets and financial liabilities are included in profit or loss account for the year.

a) Financial assets

Classification and subsequent measurement

The Company classifies its financial assets in the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits to purchase or sell the asset.

i. Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets, designated upon initial recognition, at fair value through profit or loss.
Financial assets at fair value through profit or loss are carried in the financial statements at their fair values, with changes therein recognized in the income for the year. Assets in this category are classified as current assets.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these financial assets are measured at amortized cost, using the effective interest rate method, less impairment, if any.

Impairment of financial assets

The Company assesses at the, end of each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

b) Financial liabilities

Initial recognition and measurement

The Company classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

i. 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 being at fair value through profit or loss. The Company has not designated any financial liabilities upon initial recognition as being at fair value through profit or loss .

ii. Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost, using the effective interest rate method.

c) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements, if the Company has a legally enforceable right to set-off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

5.18 Off-setting of financial assets and financial liabilities

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

PROPERTY, PLANT AND EQUIPMENT

	Note	30 Jun, 2019	2018	2017
		---------Rupees---------		
Operating fixed assets	6.1	86,559,328,388	82,986,295,529	82,235,067,206
Capital work-in-progress	6.2	13,237,476,981	10,670,419,780	7,437,404,130
		99,796,805,369	93,656,715,309	89,672,471,336

Operating fixed assets

Description	At 01 July	Additions/ transfers	Disposals	Revaluation surplus / (revaluation adjustment)*	At 30 June	Rate	Accumulated depreciation: At 01 July	Accumulated depreciation: Charge for the year	Accumulated depreciation: Disposals	Accumulated depreciation: Revaluation adjustment	Accumulated depreciation: At 30 June	Written down value: At 30 June
	------Rupees------						------Rupees------					
30 Jun, 2019												
Freehold land	12,888,841,460	231,000,001		-	13,119,841,461		-	-			-	13,119,841,461
Leasehold land	4,824,460,000	-	-	-	4,824,460,000	33 years	-	-			-	4,824,460,000
Buildings on freehold land	3,341,185,552	329,037,877	-	-	3,670,223,429	2%	144,864,362	88,067,011	14,799,298		247,730,671	3,422,492,758
Buildings on leasehold land	391,963,344	(0)	-	-	391,963,344	2%	17,482,679	9,906,291			27,388,970	364,574,374
Distribution equipment	67,630,511,746	7,325,722,260	(13,825,324)	-	74,942,408,682	3.5%	6,232,156,911	4,525,066,556			10,757,223,467	64,185,185,215
Vehicles	704,666,912	(0)	(599,306)	-	704,067,606	10%	557,636,285	26,963,805			584,600,090	119,467,515
Computer and ancillary equipment	135,568,656	298,433,340	(99,997)	-	433,901,999	33%	128,803,841	22,423,851			151,227,692	282,674,308
Furniture and fixtures	78,986,185	3,992,867	-	-	82,979,052	10%	49,432,502	5,433,171			54,865,673	28,113,380
Other plant and equipment	292,844,554	119,127,721	-	-	411,972,275	10%	172,356,299	27,096,598			199,452,897	212,519,377
	90,289,028,409	8,307,314,056	(14,524,627)	-	98,581,817,847		7,302,732,879	4,704,957,282	14,799,298		12,022,489,459	86,559,328,388
2017												
Freehold land	12,888,976,459	1	(135,000)	-	12,888,841,460		-	-			-	12,888,841,460
Leasehold land	4,824,460,000	-	-	-	4,824,460,000	33 years	-	-			-	4,824,460,000
Buildings on freehold land	3,143,647,410	197,538,142	-	-	3,341,185,552	2%	62,613,494	82,250,868			144,864,362	3,196,321,190
Buildings on leasehold land	391,963,344	-	-	-	391,963,344	2%	7,397,911	10,084,768			17,482,679	374,480,665
Distribution equipment	62,874,410,913	4,757,879,776	(1,778,943)	-	67,630,511,746	3.5%	2,125,210,301	4,106,946,610			6,232,156,911	61,398,354,835
Vehicles	704,666,912	-	-	-	704,666,912	10%	530,840,185	26,796,100			557,636,285	147,030,627
Computer and ancillary equipment	127,458,623	8,110,033	-	-	135,568,656	33%	124,981,724	3,822,117			128,803,841	6,764,815
Furniture and fixtures	75,862,258	3,123,927	-	-	78,986,185	10%	44,278,518	5,153,984			49,432,502	29,553,683
Other plant and equipment	252,707,799	40,136,755	-	-	292,844,554	10%	153,764,379	18,591,920			172,356,299	120,488,254
	85,284,153,718	5,006,788,634	(1,913,943)	-	90,289,028,409		3,049,086,512	4,253,646,367	-	-	7,302,732,879	82,986,295,529

6.1.1 The Company's freehold land, leasehold land, buildings thereon and distribution assets are carried at the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's buildings and distribution equipments as at June 30, 2016 were performed by F.K.S Building Services, independent valuers not related to the Company. Fair valuation of land was performed on June 30, 2014 by the same valuer. F.K.S are on list of approved valuers issued by Pakistan Banks Association. They have the appropriate qualifications and experience in fair value measurement in the relevant locations.

The fair value of the buildings were determined based on market rate per square foot of the covered area after taking into account factors such as provision of utilities and allied services, location and condition of property, legality of occupation of property, type of construction, state of maintenance, building depreciation and law and order situation prevailing in the country. The market value/ cost of construction has been worked out on the analysis of the rates of material and labor prevailing in the local market.

The fair value of the grid stations were determined based on new cost and freight (C&F) values obtained from various sources. Further, factors such as capacity and type of the installed equipment, year of make and its manufacturer and overall condition of these assets were also taken into account while assessment of the fair values. For transmission lines and related equipment, 70% of the new price of distribution material have been taken for assets valuation after taking into account the type of material used, and overall condition of these assets.

Had there been no revaluation, the related figures of revalued assets would have been as follows:

	Cost	Accumulated depreciation	Written down value
	------------Rupees------------		
2019			
Freehold land	337,989,321	-	337,989,321
Leasehold land	56,887,270	(23,004,920)	33,882,350
Buildings on freehold land	4,536,152,072	(858,927,937)	3,677,224,135
Buildings on leasehold land	466,026,224	(111,449,561)	354,576,663
Distribution equipment	77,524,562,943	(26,343,918,366)	51,180,644,577
	82,921,617,830	(27,337,300,785)	55,584,317,045
2018	7,885,760,138		
Freehold land	106,989,320	-	106,989,320
Leasehold land	56,887,270	(23,004,920)	33,882,350
Buildings on freehold land	4,207,114,195	(768,204,896)	3,438,909,299
Buildings on leasehold land	466,026,224	(102,129,037)	363,897,187
Distribution equipment	70,198,840,683	(23,630,558,663)	46,568,282,020
	75,035,857,692	(24,523,897,516)	50,511,960,176

6.1.2 Depreciation charge for the year has been allocated as follows:

		30 Jun, 2019	2018
		------Rupees------	
Administrative expenses	28	54,495,571	77,467,108
Distribution costs	29	2,663,442,126	4,114,405,494
Customer service costs	30	54,495,571	57,724,236
Included in capital work-in-progress		3,973,749	4,049,529
		2,776,407,016	4,253,646,367

6.1.3 In 2002, the Company entered into an agreement with Bahria Town Private Limited (BTPL) for the distribution of electricity to the society. As per the agreement, BTPL transferred 32 kanals land in the name of the Company and agreed to bear all costs associated with the construction of a grid station and a buildings on the land. Later on, the Company assumed the ownership of the land, building and grid station, currently having carrying value of Rs. 234.438 million as at June 30, 2019 (2018: 238.60 million), and recognized these assets in its books of accounts, during the year ended June 30, 2009.

On November 24, 2010, National Electric Power Regulatory Authority (NEPRA) granted a license to BTPL for distribution of electricity to licensed locations. The Company considers the territory granted under distribution licensees to BTPL as its inalienable right and any action to withdraw a part thereof would be violation of the Company's right under the NEPRA Act. Accordingly, the Company filed writ petition in Islamabad High Court to challenge NEPRA's decision of granting license to BTPL. In the meantime, BTPL approached Ministry of Water and Power, Government of Pakistan (MOWP) and submitted a request for settlement of the matter through arbitration process. On BTPL's request Secretary MOWP requested the chairman of the Board of Directors of the Company to withdraw the writ petition and settle the matter through arbitration. Shareholders of the Company in their Extra Ordinary General Meeting held on 14 June 2011 resolved to withdraw the writ petition filed in Islamabad High Court and enter into arbitration process with BTPL. However, the arbitration process could not yield the desired results to the Company and subsequent to which Board of Directors of the Company in their meeting held on July 03, 2012 decided to re-file a writ petition with Islamabad High Courts against the decision of NEPRA to grant distribution license to BTPL, which was filed on September 01, 2012. During the year no hearing was held and the matter is pending for adjudication.

The management of the Company is confident of a favorable outcome of the writ petition filed with the Honorable Islamabad High Court and accordingly the fixed assets and land received from BTPL, having carrying values in aggregate of Rs. 238.60 million (2017: Rs. 240.68 million) have not been derecognized in these financial statements.

	Note	30 Jun, 2019	2018
6.2 Capital work-in-progress			
Civil works		272,816,500	142,572,436
Distribution equipment		6,074,448,663	7,969,221,016
Distribution equipment - Deposit	6.2.2	3,951,895,918	
	6.2.1	10,299,161,080	8,111,793,452
Provision for impairment			
	6.2.3	-	-
		10,299,161,080	8,111,793,452
Capital stores	6.2.4	2,904,413,899	2,454,251,597
Advances to suppliers		33,902,002	104,374,731
		13,237,476,981	10,670,419,780

6.2.1 Movement in capital work-in-progress during the year

	30 Jun, 2019	2018
Balance at the beginning of the year	8,111,793,451	5,616,045,635
Additions during the year	9,828,302,439	7,451,165,735
Transfers to operating fixed assets during the year:		
- Building on freehold land	(329,037,877)	(197,538,143)
- Building on leasehold land	0	-
- Distribution equipment	(7,311,896,932)	(4,757,879,776)
	(7,640,934,809)	(4,955,417,919)
Balance at the end of the year	10,299,161,080	8,111,793,451

6.2.2 **Breakup of distribution equipment is as follows:**

Material	5,196,910,305	4,419,002,507
Labour	493,776,239	514,131,353
Overheads:		
Borrowing costs	276,839,282	127,973,473
Other charges	1,295,240,364	1,173,893,194
	1,572,079,646	1,301,866,667
Contract work	2,763,578,391	1,734,220,489
	10,026,344,580	7,969,221,016

6.2.2.1 The capitalization ratio for the year is 16.12% (2016: 16.19%)

6.2.3 This represents costs incurred on various capital projects which are no longer viable and are therefore fully provided for by the Company.

6.2.4 These represent items of stores, spares and loose tools held for capitalization.

	30 Jun, 2019	2018
7. LONG-TERM LOANS		
Secured, considered good		
To employees	159,181,607	122,417,639
Current portion shown under current assets	(37,120,736)	(33,278,570)
	122,060,871	89,139,069

7.1 These represent long-term loans given to employees for purchase of houses, plots, cars, motor cycles and bicycles. House building and plot loans are repayable in 10 years, car and motor-cycle loans in 5 years and bicycle loans in 4 years. As per the Company's policy, the rate of mark-up charged on these loans is 12%-14% (2017:12%-14%) per annum, which is the same rate as that payable on employees balances in the General Provident Fund. Loans are secured by a mortgage of immovable property and hypothecation of vehicles.

	Note	30 Jun, 2019	2018
8. STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		1,306,436,232	1,107,570,315
Provision for slow moving/ obsolete items		(149,697,698)	(149,697,698)
		1,156,738,534	957,872,617

	30 Jun, 2019	2018
8.1 Movement in provision during the year is as follows:		
Balance at the beginning of the year	149,697,698	143,572,897
Write-offs against provision	-	-
Charge for the year	-	6,124,801
Balance at the end of the year	149,697,698	149,697,698

	Note	30 Jun, 2019	2018
9. TRADE DEBTS			
Considered good	9.1, 9.2 & 26.1	96,970,187,670	84,097,887,275
Considered doubtful		565,070,232	565,070,232
		97,535,257,903	84,662,957,507
Provision for doubtful debts	9.3	(565,070,232)	(565,070,232)
		96,970,187,670	84,097,887,275

9.1 These include an amount of Rs. 67,321 million (2017: Rs. 54,781 million), receivable from the Government of Azad, Jammu and Kashmir (GoAJK), representing the differential of the amount billed to GoAJK on tariff notified by Government of Pakistan (GOP) and the tariff approved by the sub-committee constituted at the time of a presentation given to the Chief Executive of Pakistan, in September 2002, on the Raising of the Mangla Dam. The rate approved by the sub-committee at that time was Rs. 2.32 per unit which was increased to Rs. 2.59 per unit subsequently. However, the Company has a practice to bill electricity supplied to GoAJK, on the basis of tariffs notified by the GoP from time to time. The GoAJK has been settling its dues at a tariff of Rs. 2.59 per unit and contesting the applicability of tariff approved by NEPRA and notified by the GoP by claiming that AJK does not fall under notified tariff.

The Company has taken up the matter with the Ministry of Finance and GoAJK. Further, the Ministry of Water and Power had decided in a meeting held on May 29, 2015 to constitute a committee to deliberate the tariff issue with NEPRA and sort out an amicable tariff for all stake-holders. The said committee, in its meeting held on December 8, 2015, has formulated a proposal to revise the tariff by increasing up to Rs. 5.79 per unit, with effect from, July 01, 2015 which has also been agreed by GoAJK vide letter no. SE/PS/70-82/2016 dated: January 01, 2016. However, Ministry of Water and Power is further deliberating on the matter, thus no official notification has been received in this regard. Further, the Company has filed a claim of Rs. 66,610 million representing the AJK receivable balance, as tariff differential, with the Ministry of Water and Power for the period from April 2008 to June 2018, for onward submission to Ministry of Finance, pursuant to the decision made in meeting of such committee. Accordingly, the management is confident that the amount will be recovered as tariff differential subsidy in near future.

9.2 The Company's recievable from non-government consumers are secured to the extent of the consumers' security deposits against electricity connections, as disclosed in note 19.

9.3 **Movement in provision for doubtful debts is as follows:**

	Note	30 Jun, 2019	2018
Balance at the beginning of the year		565,070,232	565,070,232
Write-offs against provision		-	-
Balance at the end of the year		565,070,232	565,070,232

10. SHORT-TERM ADVANCES

Considered good

To suppliers	280,604,063.59	311,628,574.00
To employees against operating expenses	59,984,948.04	56,843,297.00
	340,589,012	368,471,871

11. RECEIVABLE FROM GOVERNMENT OF PAKISTAN

	Note	30 Jun, 2019	2018
Balance at the beginning of the year		5,859,696,963	14,806,782,863
Subsidy recognized during the year on account of:			
- Tariff differential	11.1	16,964,938,061	9,316,374,752
- Fuel Price Adjustment		-	
		16,964,938,061	9,316,374,752
Debit note received from Central Power Purchasing Agency		-	
Credit note received from Central Power Purchasing Agency		(16,496,521,535)	(18,263,460,652)
Subsidy received from GoP during the year	11.2		
Balance at the end of the year		6,328,113,489	5,859,696,963

11.1 This represents Tariff Differential Subsidy (TDS) receivable from GoP as a difference between NEPRA rates notified as per "Schedule-I" and the rates charged to the consumers as per "Schedule-II" as notified by federal government in S.R.O. 569 (I)/2015 dated June 10,2015.

11.2 This represent subsidy recognized of Rs. 2,814,646,230 in previous financial year for the period from August 2011 to March 2013, in respect of non-charging of Fuel Price Adjustment to domestic consumers, having consumption of units from 51 to 350 units, pursuant to the determination of the IESCO's tariff by the NEPRA, duly notified by the GoP vide SRO No. 701 dated August 05, 2013 and SRO No. 914 dated October 11, 2013 and the NEPRA's clarification issued in the case of another distribution company.
During the year, MoWP vide its letter no. PF-05(15-FPA)/2012, directed the Company to include these claims in future tariff petition to be filed with NEPRA

	Note	30 Jun, 2019	2018
12. OTHER RECEIVABLES			
Unsecured, considered good			
Receivable from related parties:			
- CPPA (Current Account)			
- CPPA (CP-135)		0.00	
- Other related parties on account of:			
- Free electricity and other transactions	13.1	1,684,302,793	809,393,763.00
- Pensions	13.2	1,639,882,960.00	1,429,913,210.00
Others		62,129,182.44	44,329,380.00
Current Accounts		0.00	
		3,386,314,935	2,283,636,353

12.1 This represents the net amount receivable from WAPDA and other related parties on account of free electricity provided to the employees of these companies residing within the Company's territorial jurisdiction; a party wise breakup is as follows:

	30 Jun, 2019	2018
Wapda Current A/c (all wings)	542,099,296.80	889,633,529.00
WAPDA (CP-91) (all wings)	148,674,571.30	
WAPDA WWF	248,991,887.20	
National Transmission and Dispatch Company Limited	710,482,115.48	(110,424,549.00)
Pakistan Electric Power Company Limited		-
Quetta Electric Supply Company Limited	12,663,685.90	10,899,667.00
Northern Power Generation Company Limited	7,480,121.47	6,827,660.00
Central Power Generation Company Limited	5,410,233.50	4,905,072.00
Tribal Electric Supply Company Limited	5,350,435.63	4,660,371.00
Jamshoro Power Generation Company Limited	1,824,452.58	1,654,938.00
Lakhra Power Generation Company Limited	1,325,993.18	1,237,075.00
	1,684,302,793.04	809,393,763.00

12.2 This represents the amount receivable from WAPDA and other related parties on account of pension paid to the retired employees of these companies residing within the Company's territorial jurisdiction; a party wise breakup is as follows:

	30 Jun, 2019	2018
WAPDA	1,062,488,159.00	1,043,636,333.00
National Transmission and Dispatch Company Limited	308,754,051.00	201,321,108.00
Lahore Electric Supply Company Limited	65,093,117.00	37,998,137.00
Faisalabad Electric Supply Company Limited	15,798,369.00	12,099,493.00
Gujranwala Electric Power Company Limited	37,717,076.00	11,252,744.00
Peshawar Electric Supply Company Limited	29,176,176.00	9,687,005.00
Multan Electric Power Company Limited	15,975,458.00	15,174,431.00
Hyderabad Electric Supply Company Limited	13,365,301.00	14,747,314.00
Northern Power Generation Company Limited (GENCO-III)	22,126,475.00	22,823,618.00
Central Power Generation Company Limited (GENCO-II)	12,644,472.00	15,018,540.00
Quetta Electric Supply Company Limited	28,706,344.00	16,682,735.00
Jamshoro Power Generation Company Limited (GENCO-I)	1,544,993.00	1,173,322.00
Lakhra Power Generation Company Limited (GENCO-IV)	601,776.00	489,093.00
PEPCO	20,513,295.00	22,788,207.00
PITC	2,047,623.00	1,390,002.00
GHCL	243,099.00	1,578,135.00
Tribal Area Electric Supply Company	2,227,898.00	1,971,507.00
Sukkur Electric Supply Company	859,278.00	81,486.00
	1,639,882,960.00	1,429,913,210.00

13. RECOVERABLE FROM TAX AUTHORITIES		30 Jun, 2019	2018
		------------Rupees------------	
Sales tax	13.1	(199,018,161)	(92,445,950)
Other receivables from tax authorities		22,042,093,209.06	19,605,134,407.00
Advance income tax		3,635,819,430.65	623,966,761.00
		25,478,894,478	20,136,655,218

13.1 These represent amounts recovered by the taxation authorities, alleging that the Company, in the current or prior years, has either failed to recover sales tax from various customers or have adjusted incorrect input tax in its returns related to subsidy provided by GOP to IESCO. The Company has filed various appeals against these cases which are pending before the taxation authorities and different courts of law. The management of the Company is confident of a favorable outcome of these pending cases and accordingly, a provision has not been recorded in the financial statements against these balances.

14. SHORT-TERM INVESTMENTS	Note	30 Jun, 2019	2018
Held-to-maturity / RECEIVABLE FROM TIBL	14.1	30,790,759	30,790,759

14.1 These represented investment made in the TDRs of Trust Investment Bank Limited (TIBL) in accordance with the Ministry of Finance Regulations, which were matured in January 2013. However, the Bank was facing liquidity issues, due to which the full amount of investments made could not be recovered on the maturity date. During the year ended June 30, 2014, under a Settlement Agreement dated April 09, 2014 between the Company and TIBL, the Company recovered an amount of Rs. 2,149,282 in cash, and for the remaining principal amount of Rs. 96,681,259 and accumulated interest thereon amounting to Rs. 10,297,841, TIBL transferred the possession of certain properties in the name of the Company representing various lands and buildings.

Further, under another separate agreement dated July 04, 2014, it was agreed that if the Company would sell or transfers all of the properties to a bona fide third party/parties on an arm's length basis before June 30, 2015, and the sales considerations paid by such third party/parties would be less than the outstanding amount as per the original agreement, than TIBL would be required to compensate the Company for shortfall amount, either in the form of cash or any other means within seven days of notification by the Company

During 2015, the Company was able to obtain the legal transfer of only one property in its name, having current market value of Rs. 16,000,000 at that time, while steps were being taken to obtain the physical possession and to transfer the remaining properties in the name of the Company. The Separate Agreement mentioned above was also extended to June,30 2016. However during the year ended June 30, 2016, BoD, in the light of the fact that TIBL has not honored its commitments under the Separate Agreement mentioned above, resolved not to extend the above mentioned agreement between IESCO and TIBL. The Company has filed a reference with National Accountability Bureau (NAB).

During 2017, another property having value of Rs. 49,000,000 was transferred in the name of the Company. Matter for the remaining settlement is pending with NAB.

An amount of Rs. 30.79 million representing the principal amount of investment not recovered from TIBL so far is being carried as receivable from TIBL in these financial statements while the fair value of transferred property is still carried as non-current assets held-for-sale as the management has the positive intention to dispose off this property in near future.

	Note	30 Jun, 2019	2018
15. CASH AND BANK BALANCES			
Cash			
In hand:		9,227.07	9,310.00
At banks in:			
- Deposit accounts	15.1 & 15.2	1,741,936,399	1,061,206,448
- Deposit Work/Capital Contribution accounts		166,900,597	100,432,351
- Current accounts		2,111,717,423	960,036,183
		4,020,554,420	2,121,674,982
		3,853,663,049	2,121,684,292

15.1 These carry mark-up ranging from 4% to 7% per annum (2017: 4% to 7% per annum).

15.2 Included herein is an amount of Rs. 692 million (2017: Rs. 51.44 million) kept in separate bank accounts relating to customers' and employees' security deposits.

16. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 Jun, 2019	2018		30 Jun, 2019	2018
----Number of shares----				
1,000	1,000	Ordinary shares of Rs. 10 each, issued for consideration in cash	10,000	10,000
579,824,334	579,824,334	Ordinary shares of Rs. 10 each, issued for consideration other than in cash	5,798,243,340	5,798,243,340
579,825,334	579,825,334		5,798,253,340	5,798,253,340

16.1 The President of Pakistan, WAPDA and the IESCO Employees Trust Fund, respectively hold 1,000 (2016: 1,000), 510,245,414 (2016: 510,245,414) and 69,578,920 (2016: 69,578,920) Ordinary shares of the Company at the year end. In 2012, 69,578,920 shares, previously owned by WAPDA, were transferred to the IESCO Employees Trust Fund under the Benazir Employees Stock Option Scheme.

	30 Jun, 2019	2018
17. DEPOSIT FOR SHARES	20,250,760,096	20,030,165,684

17.1 This represents Government of Pakistan's investment/equity in the Company channelized through PEPCO/NTDC as a measures taken to clear circular debts prevailing in the power sector.

	Note	30 Jun, 2019	2018
18. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS- net of tax			
Balance at the beginning of the year		31,420,481,685	32,619,786,404
Surplus on revaluation/(Adjustment) during the year	6.1	320,880,043.00	(134,510.00)
Transfer to unappropriated profit in respect of incremental depreciation			(1,199,170,209)
Related deferred tax liability	6.1		
		-	(1,199,170,209)
		31,741,361,728	31,420,481,685
Impact of deferred taxation			
Deferred tax liability at the beginning of the year		-	
adj.during the year			
Deferred tax liability on incremental depreciation charged during the year			
		-	-
Balance at the end of the year - net of tax		31,741,361,728	31,420,481,685

	Note	30 Jun, 2019	2018
19. LONG-TERM LOANS			
From Government of Pakistan out of:			
Asian Development Bank - Trench I	19.1	920,027,451	2,056,802,451
Asian Development Bank - Trench II	19.2	1,422,445,365	1,841,115,365
International Bank for Reconstruction and Development	19.3	1,813,122,986	3,687,887,986
Asian Development Bank - Trench III		2,240,254,225	1,616,635,201
Earthquake Reconstruction and Rehabilitation Authority	19.4	280,858,259	217,923,729
Asian Development Bank - Trench IV		1,933,887,407	1,113,154,423
		8,610,595,693	10,533,519,155
		8,610,595,693	10,533,519,155
Current maturity shown under current liabilities		(1,973,750,637)	(4,182,882,220)
		6,636,845,056	6,350,636,935

19.1 This represents re-lent portions of the total term finance facility obtained by the Government of Pakistan (GoP) from Asian Development Bank (ADB) for power distribution and enhancement projects. Out of total finance facility, an amount of US $ 30.06 million has been allocated to the Company vide a letter [No. 6(9) ADB-I/86 dated 30 March 2009] of the Ministry of Economic Affairs and Statistics (MEAS), against which the Company has utilized US $ 23.31 (2017: US $ 23.31 million) up to the year end. The loan carries interest at 17% per annum inclusive of exchange risk coverage fee of 6% charged both on the principal amount and the interest amount, separately. The initial agreed amount was later revised to a total allocation of 23.3 million via letter number 5654 from ADB dated July 17, 2013. This closes the loan from ADB-1.

The loan is repayable in 26 semi-annual installments, excluding a grace period of 2 years, ending August 15, 2023 with first repayment due on February 15, 2011. Owing to an expected revision in the repayment schedules between the Debt Management Wing of MEAS and ADB, the Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs. 1,304,052,761 and Rs. 1,878,170,879 respectively. However, the principal amount which has fallen due and is due for repayment within next 12 months of the reporting date, has been transferred to the current portion.

19.2 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for power distribution and enhancement projects. Out of the total finance facility of US $ 172.300 million, an amount of US $ 19.560 million has been allocated to the Company [vide letter No. 1(3) ADB-II/06-A dated March 31, 2011] of the MEAS, against which the Company has utilized US $ 18.334 million (2017: US $ 16.50 million) up to the year end. The loan carries interest at 15% per annum inclusive of exchange risk coverage fee of 6.8% charged on both the principal amount and the interest amount separately.

The loan is repayable in 34 semi-annual installments, excluding a grace period of 3 years, ending December 01, 2030, with a first repayment due on June 01, 2014. Owing to an expected revision in the repayment schedules between the Debt Management Wing of MEAS and ADB, the Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs. 539,706,254 and Rs. 1,282,258,431 respectively. However, the principal amount which has fallen due and is due for repayment within the next 12 months of the reporting date have been transferred to the current portion.

19.3 This represents re-lent portions of the total term finance facility obtained by the GoP from the International Bank for Reconstruction and Development (IBRD) for electricity distribution and transmission projects. Out of the total finance facility an amount of US $ 58.50 million has been allocated to the Company [vide letter No. 1(28) IDA-I/2006 dated November 16, 2011] of the MEAS, against which the Company has utilized US $ 40.974 million (2017: US $ 40.974 million) up to the year end. The loan carries interest at 17% p.a. inclusive of exchange risk coverage fee of 6% charged on both the principal amount and the interest amount, separately. The total amount of loan to be utilized has been revised for IESCO to a figure of 40.98 US Dollars via the letter from World Bank dated July 16, 2015 and this closes the total loan from the World Bank.
The loan is repayable in 26 semi-annual installments, excluding a grace period of 2 years, ending March 15, 2024 with first repayment due on September 15, 2011. Owing to an expected revision in the repayment schedules between the Debt Management Wing of MEAS and ADB, the Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs. 2,176,951,850 and Rs. 3,746,213,456 respectively. However, the principal amount, which has fallen due and is due for repayment within the next 12 months of the reporting date, has been transferred to the current portion.

19.4 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for power distribution and enhancement projects. Out of the total finance facility an amount of US $ 24.55 million has been allocated to the Company [vide letter No. 2(9) ADB-II/12 dated December 31, 2013] of the MEAS, against which the Company has utilized US $ 15.386 million (2017: US $ 13.46 million) up to the year end. The loan carries interest at 15% p.a. inclusive of exchange risk coverage fee of 6.8% charged on both the principal amount and the interest amount, separately.

The loan is repayable in 40 semi-annual installments, excluding a grace period of 5 years, ending December 31, 2037, with a first repayment due on June 01, 2018. The Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs.119,099,820 and Rs. 715,584,913 respectively .However, the principal amount, which has fallen due and is due for repayment within the next 12 months of the reporting date, has been transferred to the current portion.

19.5 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for Earthquake Emergency Assistance Project. Out of total finance facility an amount of US $ 1.40 million has been allocated to the Company [vide letter No. 6(9) ADB-II/86 dated 22 July 2008] of MEAS, against which the Company has fully utilized US $ 1.79 million in year 2011.The loan carries interest at 1% p.a upto December 15, 2025 and thereafter 2% interest on the amount of loan withdrawn from loan account and outstanding from time to time.

The loan is repayable in US $ in 60 semi-annual installments, excluding a grace period of 10 years, ending December 15, 2045, with the first repayment due on June 15, 2016. No payment on this loan has yet been made. Owing to an expected revision in the repayment schedules between the Debt Management Wing of MEAS and ADB, the Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs. 15,242,110 and Rs. 22,173,575 respectively. However, the principal amount, which has fallen due and is due for repayment within the next 12 months of the reporting date, has been transferred to the current portion.

19.6 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for power distribution and enhancement projects. Out of the total finance facility, an amount of US $ 17.810 million has been allocated to the Company [vide letter from EAD dated November 07, 2014] of the MEAS, against which the Company has utilized US $ 9.978 million (2017: US $ 2.6 million) up to the year end. The loan carries interest at 15% p.a. inclusive of exchange risk coverage fee of 6.8% charged on both the principal amount and the interest amount, separately.

The loan is repayable in 40 semi-annual installments, excluding a grace period of 5 years, ending 01 December 2038, with a first repayment due on June 01, 2018. The Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs. 27,828,861 and Rs. 266,677,745 respectively. However, the principal amount, which has fallen due and is due for repayment within the next 12 months of the reporting date, has been transferred to the current portion.

	Note	30 Jun, 2019	2018
20. LONG-TERM SECURITY DEPOSITS			
Consumers' security deposits	20.1	6,045,080,129	5,568,091,813

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

STAFF RETIREMENT BENEFITS

Four types of defined benefit plans are offered by the Company namely, pension obligations, medical benefits, free electricity and compensated absences.

	Pension obligations		Medical benefits		Free electricity		Compensated absences		Total	
	30 Jun, 2019	2018	30 Jun, 2019	2018	30 Jun, 2019	2018	30 Jun, 2019	2018	30 Jun, 2019	2018
					Rupees					
The amounts recognized in the balance sheet										
Present value of defined benefit obligations	**33,851,557,968**	33,851,557,968	**3,047,193,495**	3,047,193,495	**1,646,493,021**	1,646,493,021	**1,578,223,882**	1,578,223,882	**40,123,468,366**	40,123,468,366
Changes in the present value of defined benefit obligations:										
Balance at the beginning of the year	**33,851,557,968**	35,902,558,782	**3,047,193,495**	1,522,608,896	**1,646,493,021**	1,481,757,454	**1,578,223,882**	1,173,462,650	**40,123,468,366**	40,080,387,782
Current service cost	**675,236,504**	841,118,447	**55,374,606**	58,160,909	**40,908,406**	37,605,942	**214,778,055.00**	534,761,035	**986,297,571**	1,471,646,333
Interest cost	**3,141,317,123**	3,317,074,184	**375,681,769**	143,969,264	**202,387,414**	139,556,508	-		**3,719,386,306**	3,600,599,956
Charged to OCI	**(328,118,879)**		**(767,139,107)**		**(333,545,240)**				**(1,428,803,226)**	
Benefits paid during the year	**(1,570,123,866)**	(1,971,976,836)	**(10,471,701)**	(14,285,923)	**(15,457,066)**	(25,483,162)	**(96,115,705)**	(129,999,803)	**(1,692,168,338)**	(2,141,745,724)
Actuarial losses on obligation	-	(4,237,216,609)	-	1,336,740,349	-	13,056,279	-		-	(2,887,419,981)
Contribution from/(Payment for) deputationists			-	-			-	-	-	-
Balance at the end of the year	**35,769,868,850**	**33,851,557,968**	**2,700,639,062**	**3,047,193,495**	**1,540,786,535**	**1,646,493,021**	**1,696,886,232**	**1,578,223,882**	**41,708,180,679**	**40,123,468,366**
	-	-	0	-	(1)	-	0	-		
Charge for the year:										
Current service cost	**675,236,504**	841,118,447	**55,374,606**	58,160,909	**40,908,406**	37,605,942	**214,778,055**	534,761,035	**986,297,571**	1,471,646,333
Interest cost	**3,141,317,123**	3,317,074,184	**375,681,769**	143,969,264	**202,387,414**	139,556,508	-	-	**3,719,386,306**	3,600,599,956
	3,816,553,627	4,158,192,631	**431,056,375**	202,130,173	**243,295,820**	177,162,450	**214,778,055**	534,761,035	**4,705,683,877**	5,072,246,289
Charge to other comprehensive income										
Actuarial loss / (gain)	-	9,780,537,299	-	(2,134,582,122)	-	(1,078,681,915)	-	-	-	**(2,887,419,981)**
Significant actuarial assumptions at the balance sheet date are:										
Discount rate	9.5%	9.0%	**9.5%**	9.0%	**9.5%**	9.0%	**9.5%**	9.0%		
Future salary increase	8.5%	8.0%	**0.0%**	0	**0.0%**	0	**0.0%**	8.5%		
Indexation Rate	4.3%	4.0%	**0.0%**	0	**0.0%**	0	**0.0%**	0.0%		
Future medical cost increase	-	-	**0**	7.5%	-	-	-	-		
Exposure Inflation Rate	-	-	**0**	3.0%	-	-	-	-		
Electricity Inflation Rate	-	-	-	-	**0**	8.0%	-	-		

Description of risks to the Company

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

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what was assumed.

Withdrawal risk - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

Mortality risk - The risk that the actual mortality experience is different. Similar to the Withdrawal risk, the effect depends on the beneficiaries' service/age distribution and the benefit.

Medical escalation risk - The risk that the cost of post retirement medical benefits will increase.

21.6 Sensitivity analysis

The calculations of the defined benefit obligations is sensitive to the significant actuarial assumptions set out in note 21.4. The table below summarizes how the defined benefit obligations at the end of the reporting period would have increased / (decreased) as a result of change in the respective assumptions.

	Present value of defined benefit obligation				
	Pension obligations	Medical benefits	Free electricity	Compensated absences	Total
	Rupees				
Current Liability	33,851,557,968	3,047,193,495	1,646,493,020	1,578,223,882	**40,123,468,365**
Discount Rate +1%	29,355,712,592	2,597,587,457	1,383,466,518	1,423,463,974	**34,760,230,541**
Discount Rate -1%	39,515,017,932	3,599,761,774	1,990,790,780	1,761,635,667	**46,867,206,153**
Salary increase +1%	35,219,693,652	-	1,730,680,613	1,761,635,667	**38,712,009,932**
Salary decrease -1%	32,650,139,269	-	1,573,659,015	1,420,807,767	**35,644,606,051**
Pension increase rate +1%	35,950,354,562	-	-	-	**35,950,354,562**
Pension decrease rate -1%	32,307,926,924	-	-	-	**32,307,926,924**
Medical Inflation rate increase +1%	-	3,683,142,778	-	-	**3,683,142,778**
Medical Inflation rate decrease -1%	-	2,620,586,406	-	-	**2,620,586,406**
Electricity Rate +1%	-	-	1,874,861,602	-	**1,874,861,602**
Electricity Rate -1%	-	-	1,452,206,844	-	**1,452,206,844**

	Remeasurement (gain) / loss recognized in OCI			
	Pension scheme	Medical benefits	Free electricity	Total
	Rupees			
Remeasurement (gain) / loss on Obligation				
- Financial Assumptions	(1,568,892,868)	1,405,911,163	26,307,542	(136,674,163)
- Demographic Assumptions				-
- Experience Adjustments	(2,668,323,741)	(69,170,814)	(13,251,263)	(2,750,745,818)
Total Remeasurement (gain) / loss	**(4,237,216,609)**	**1,336,740,349**	**13,056,279**	**(2,887,419,981)**
Total Remeasurement (gain) / loss recognized	**(4,237,216,609)**	-	-	**(2,887,419,981)**

The above sensitivity analyses are based on changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

22. DEFERRED TAXATION - net

	Note	30 Jun, 2019	2018
		----------Rupees----------	
Deferred tax asset	22.1	13,565,912,870	(17,102,161,618)
Deferred tax liability	22.2	(13,565,912,870)	17,102,161,618
		-	-

22.1 Movement in deferred tax asset:

	30 Jun, 2019	2018
Balance at the beginning of the year	13,565,912,870	17,102,161,618
Charged for the year		(3,536,248,748)
Reversal for the year	-	
	13,565,912,870	13,565,912,870

22.2 Movement in deferred tax liability:

	30 Jun, 2019	2018
Balance at the beginning of the year	(13,565,912,870)	(17,102,161,618)
Reversal for the year		3,536,248,748
Transfer to profit and loss account on account of incremental depreciation	-	
	(13,565,912,870)	(13,565,912,870)

22.3 In view of the uncertainty of taxable profits in the foreseeable future against which the tax losses could be utilized, the Company has not recognized net deferred tax asset of Rs. 31,302 million (2018: Rs. 33,029 million).

23. DEFERRED CREDIT

	Note	30 Jun, 2019	2018
Balance at the beginning of the year		37,645,419,344	35,062,765,759
Additions during the year		3,270,871,634	2,582,653,585
		40,916,290,978	37,645,419,344
Amortization			
Balance at the beginning of the year		(12,486,683,128)	(11,169,093,451)
For the year		(1,432,070,184)	(1,317,589,677)
		(13,918,753,312)	(12,486,683,128)
Balance at the end of the year		26,997,537,666	25,158,736,216

24. TRADE AND OTHER PAYABLES

	Note	30 Jun, 2019	2018
Creditors:			
Associated undertakings	24.1	103,322,707,384	72,138,389,648
Others		805,568,709	1,176,049,545
		104,128,276,093	73,314,439,193
Other payables:			
Receipts against deposit works		9,689,043,685	10,294,031,825
Advances from customers		747,211,274	1,444,351,901
Provision for Workers' Profit Participation Fund (WPPF)	24.2	1,179,422,289	1,179,422,289
Due to related parties on account of:			
Due to associated undertakings - net	24.3	1,397,489,568	1,372,910,686
Payable to associated undertakings on account of pension	24.4	644,604,532	410,177,825
		2,042,094,100	1,783,088,511
Capital contributions awaiting connections		477,494,100	421,864,575
Accrued liabilities		643,392,067	526,408,902
Retention money - contractors / suppliers		284,184,104	183,698,411
Government sucharges payable:			
- Realized			
Equalization surcharge	24.5	1,669,139,681	1,668,827,499
Tariff rationalization surcharge	24.6	-	-
IDTRS		-	
Add. S. Tax		-	-
Electricity duty		1,275,142,886	1,048,859,357
Neelum Jehlum surcharge		2,108,311,840	1,516,516,256
TV License fee		67,589,019	67,543,699
Financing cost	24.7	3,232,906,191	1,347,942,772
Withholding tax (inc 235A+B)		373,731,575	298,308,378
		8,726,821,192	5,947,997,961
- Unrealized			
Equalization surcharge		178,689,557	179,574,205
Electricity duty		72,412,008	57,356,133
Neelum Jehlum surcharge		1,260,443,004	1,103,778,226
TV license fee		49,750,497	45,675,894
Tariff rationalization surcharge	24.6	5,857,542,705	5,963,882,992
Add. S. Tax		-	
Financing cost	24.7	2,572,716,642	1,897,336,695
Income tax		110,531,935	97,256,531
General sales tax		-	-
Advance income tax		8,594,265	5,539,631
Steel melters income tax		(1,460,920)	458,000
		10,109,219,693	9,350,858,307
Others		92,004,950	64,888,863
		138,119,163,547	104,511,050,738

24.1 Creditors - associated undertakings

	30 Jun, 2019	2018
Central Power Purchase Agency	103,322,707,384	72,138,389,648
Lahore Electric Supply Company Limited		
Peshawar Electric Supply Company Limited		
Faisalabad Electric Supply Company Limited		
Pakistan WAPDA Foundation		
Multan Electric Power Company Limited		
National Transmission and Dispatch Company Limited		
Hyderabad Electric Supply Company Limited		
Sukkur Electric Power Company Limited		
Quetta Electric Supply Company Limited		
	103,322,707,384	72,138,389,648

24.: ##

24. **Due to related parties**

This represents the net amounts payable to related parties on account of free electricity provided to the families of IESCO's employees residing within the territorial jurisdiction of these companies. A party wise breakup is as follows:

	30 Jun, 2019	2018
Lahore Electric Supply Company Limited	897,307,924.47	895,498,508.00
Peshawar Electric Supply Company Limited	271,709,834.57	256,520,670.00
Multan Electric Power Company Limited	78,203,642.92	76,827,476.00
Faisalabad Electric Supply Company Limited	122,278,912.48	117,203,775.00
Gujranwala Electric Power Company Limited	21,504,840.19	19,435,720.00
Hyderabad Electric Supply Company Limited	2,895,833.73	2,667,545.00
Sukkur Electric Power Company	2,522,644.13	2,378,237.00
Pakistan Electric Power Company Limited	1,065,935.07	2,378,755.00
	1,397,489,567.56	1,372,910,686.00

24. **Payable to associated undertakings on account of pension**

This represents amounts payable to related parties on account of pension paid to the retired employees of IESCO residing within the territorial jurisdiction of these Companies. A party wise breakup is as follows:

	30 Jun, 2019	2018
Peshawar Electric Supply Company Limited	266,863,635	173,165,797
Gujranwala Electric Power Company Limited	176,417,558	114,576,480
Faisalabad Electric Supply Company Limited	115,354,227	74,363,498
Lahore Electric Supply Company Limited	68,156,364	36,806,392
Hyderabad Electric Supply Company Limited	3,019,782	1,690,455
Multan Electric Power Company Limited	13,307,369	8,552,521
Quetta Electric Supply Company Limited	1,455,252	992,337
Sukkur Electric Power Company Limited	30,345	30,345
	644,604,532	410,177,825

24. This represents amounts collected from consumers, during the period from April 2011 to June 2012, pursuant to S.R.O 236(1)2011, dated March 15, 2011, issued by the Ministry of Water and Power. However, the amount was collected from customers during the period from April 2011 to May 2012 but further collection has been discontinued on account of a subsequent S.R.O 506(1)2012, dated May 16, 2012. The payment of this amount to the Federal Government is pending as payment mechanism has not been conveyed to the Company by the GoP.

24. Tariff rationalization surcharge has been notified by GOP vide SRO. 569 (1) / 2015 dated June 10, 2015, at the rates mentioned against categories of electricity consumers as specified in schedule of electricity tariff for the Company to maintain uniform rates of electricity across the country for each of the consumer category.

24. Financing cost surcharge has been notified by GoP vide SRO.569 (1) / 2015 dated June 10, 2015, at the rates mentioned against categories of electricity consumers as specified in schedule of electricity tariff for the Company. The amount of surcharge is to be kept in escrow account of CPPA for the payment of the financing cost of various loans obtained to discharge liabilities of power producers against the sovereign guarantees of the GoP.

25. CONTINGENCIES AND COMMITMENTS

25. **Tax and other contingencies**

25. The Additional Commissioner Inland Revenue (ACIR) amended the assessments of the Company for the tax years 2010, 2011 and 2013 by charging minimum tax on distribution margin, earned by the Company inclusive of subsidy; thereby raising an aggregate tax demand of Rs. 716 million. The company filed an appeal with the Commissioner Inland Revenue which was decided against the Company. The company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) and ATIR decided the case against the Company. The company filed reference before Islamabad High Court (IHC) against

25. The Deputy Commissioner Inland Revenue (DCIR) issued various orders u/s 124/161/205 of the Income tax Ordinance, 2001 for the tax year from 2007 to 2012, raising tax demand of Rs. 2,122 million by treating the company as taxpayer in default on certain revenue and capital expenditure.CIR and ATIR both upheld the order in original. The company filed reference before Islamabad High Court (IHC) which is pending.

25. The Deputy Commissioner Inland Revenue (DCIR) issued order u/s 161/205 of income tax ordinance 2001 for the tax year 2013 raised an income tax demand of Rs. 304.5 million by treating the Company as taxpayer in default on certain revenue and capital expenditures. The company appealed before the Commissioner Inland Revenue (CIR) which was unsuccessful. The company preferred an appeal before ATIR which is pending adjudication.

25. The Deputy Commissioner Inland Revenue (DCIR) issued order under section 161/205 of the Income Tax Ordinance 2001 for the tax year 2014 raising an income tax demand of Rs. 1,152 million by treating the Company as tax payer in default for short collection of advance tax on electricity consumption from its consumers. CIR upheld the order, however, ATIR remanded back the case for reconsideration. FTO has reassessed the case and reduced tax demand to Rs. 998 million against which the Company has filed appeal before ATIR, which is pending adjudication. The company has also filed reference before Islamabad High Court (IHC) against earlier decision of ATIR.

25. Taxation Officer Inland Revenue (TOIR) passed the order against the Company in relation to alleged non-payment of sales tax on electricity supplied to the Government of AJK (GoAJK) involving sale tax demand of Rs. 1,269 million including default surcharge and penalty.The amount was withdrawn from the Company's bank accounts or paid by the Company under protest under amnesty scheme. On the Company's appeal, Appellant tribunal Inland revenue (ATIR) Islamabad decided the case in favor of IESCO vide order No 65/IB/2011 and declared electricity supply to GoAJK as exempt supply by considering the Mangla raising agreement as bilateral treaty between the GoP and GoAJK. Subsequently, ATIR vide order No. 207 dated October 28, 2015, granted sales tax adjustment of Rs. 1,269 million on monthly sales tax return. FBR filed petition in Islamabad High COurt (IHC) against the decision of ATIR. IHC decided the case against the Company, vide order No 265/2011 dated March 21, 2016, declaring the supplies as taxable. The Company has filed review petition in Supreme Court of Pakistan which is pending.

25. Officer Inland Revenue (OIR) has passed the order in original no of 04/2011 dated October 30, 2013 raising sales tax demand of Rs. 1,708 million plus default surcharge and penalty thereon for the tax period from July 2007 to June 2008 on account of electricity supplies to AJK, supplies of free electricity to employees and other distribution companies, sales of scrap, demand notes for reimbursement of capital and other costs by electricity consumers, input tax apportionment on account of Government Subsidy and non-payment of unrealized sales tax. The Company filed an appeal before the CIR which was decided against the Company. The company has preferred an appeal before appellate tribunal inland revenue (ATIR),which is pending adjudication.

25. Officer inland revenue passed Order-in-Original no 13/2012 dated September 3, 2012 raising sales tax demand of Rs. 2,454 million plus default surcharge and penalty chargeable thereon for the tax period July 2008 to June 2009 on account of supplies of free electricity to employees and other distribution companies, sales of scrap, demand notes for reimbursement of capital and other costs by electricity consumers, input tax apportionment on account of Government Subsidy and non-payment of unrealized sales tax.CIR and ATIR both dismissed the appeals filed by the Company and upheld the order of the Officer Inland Revenue. The company has preferred an appeal before IHC who remanded the case back to appellate tribunal inland revenue (ATIR), for reconsideration.

25. Officer Inland Revenue passed an Order-in-Original No.02/2013 dated October, 14 2013 raising sales tax demand of Rs.7,784 million plus default surcharge and penalty chargeable thereon for the tax period from July 2009 to June 2012 on account of free supply of electricity to employees and distribution companies, sale of scrap, demand notes for reimbursement of capital and other costs by electricity consumers, input tax apportionment on account of Government subsidy, and non-payment of unrealized sales tax. The Company preferred an appeal before CIR who dismissed the appeal filed by the Company and upheld the order of the Officer Inland Revenue. The Company preferred an appeal before the ATIR, who deleted the demand to the extent of Rs. 1,224 million on account of unrealized sales tax and Rs. 6,504 million on account of sales tax on subsidy and sales tax on demand notes. Further, the ATIR remanded back the case of sales tax on free electricity to employees and distribution companies for denovo consideration. The matter of sales tax on sale of scrap of Rs 416 million has been decided against the Company against which the Company filed reference before IHC.

25. Officer Inland Revenue issued an Order-in-Original no. 21/2012 dated April 24, 2012 raising sales tax demand of Rs. 1,527 million plus default surcharge and penalty chargeable thereon for the tax period July 2010 to June 2011 on account of non-payment of sales tax on supply of electricity to AJK. In a similar case, the ATIR had declared the supply of electricity to AJK as exempt, vide order no. 65/18/2011 dated September 07, 2011 against which FBR filed petition in IHC. The Company also preferred an appeal before the IHC to declare such sales as an export. The IHC decided the case against the Company, vide STR No. 265/2011 dated March 21, 2016, declaring the supplies as taxable. The Company has filed the reference before the honorable Supreme Court, which is still pending. Since, both the cases are of similar nature, the outcome of these is dependent on the decision of Supreme Court.

25. Officer Inland Revenue passed an Order-in-Original No.55/2014 dated May 14, 2014 raising sales tax demand of Rs. 8,407 million plus default surcharge and penalty chargeable thereon for the tax year 2012 to 2013 on account of non payment of sales tax on supply of electricity to AJK, non payment of sales tax on subsidy from GoP, demand notes for reimbursement of capital and other costs by electricity consumers and short payment of sales tax pertaining to miscellaneous receipts. The Company preferred an appeal before the CIR who upheld the order of the Officer Inland Revenue. The Company preferred an appeal before ATIR who passed the Order-in-Appeal vide STA No. 326/IB/2014 dated January 27, 2016 whereby tax demand to the extent of Rs. 6,998 million on the matter of sales tax on demand notes, supply of electricity to AJK and subsidy from GoP has been deleted. The matter of sales tax amounting to Rs. 1,547 million pertaining to miscellaneous receipts has been remanded back to the original adjudicating authority for reconsideration. The demand of sales tax on scrap amounting to Rs. 56 million has not been confirmed by ATIR.The company filed reference against demand of sales tax on scrap before IHC which is pending.

25. The ACIR passed an Order-in-Original No. 57/2014 dated May 29, 2014 raising sales tax demand of Rs. 212 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2009 to June 2012 on account of inadmissible adjustment of input tax for steel sector. The Company filed an appeal before the CIR which was dismissed. The Company has preferred an appeal before ATIR which is pending adjudication.

25. The ACIR passed an Order-in-Original No. 14/2015 dated January 28, 2015 raising sales tax demand of Rs. 312 million plus default surcharge and penalty chargeable thereon for the tax period from July 2013 to June 2014 on account of inadmissible adjustment of input tax for steel sector. DCIR had redetermined the original sales tax demand to Rs. 182 million vide Order in Remand No. 05/14 of 2015. The Company has preferred an appeal before ATIR which is pending adjudication.

25. The ACIR passed an Order-in-Original No. 06/2016 dated January 01, 2016 raising sales tax demand of Rs. 1,042 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2011 to March 2012 on account of inadmissible adjustment of input tax over output tax. The Company filed an appeal before the CIR which was dismissed. The Company preferred an appeal before ATIR who has directed the Company and department to reconcile the numbers and submit a report in the court. The reconciliation exercise has been completed and also submitted and presented at the last hearing of the case. No order is yet passed by ATIR.

25. ACIR passed an Order-in-Original No. 11/2016 dated February 11, 2016 raising sales tax demand of Rs. 1,948 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2015 to February 2016 on account of inadmissible adjustment of input tax over output tax. The Company has filed an appeal before the CIR which was dismissed. The Company preferred an appeal before ATIR which is pending adjudication.

25. The DCIR passed an Order-in-Original No. 149/2017 dated May 22, 2017 raising tax demand of Rs. 223 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2015 to January 2017 on account of sales tax withheld based on the review of the sales tax returns for the period July 2015 to January 2017. CIR upheld the order in original. The company has filed an appeal with ATIR which is pending adjudication.

25. The DCIR passed an Order-in-Original No. 09/2017 dated May 12, 2017 raising tax demand of Rs. 1,802 million plus default surcharge and penalty chargeable thereon for the tax period from July 2015 to June 2016 on account of short payment of sales tax based on difference between gross supplies and taxable supplies as appearing in the monthly sales tax returns, further alleging that the Company has wrongly treated supplies to AJK and others as zero rated.CIR upheld the order in original. The company has filed an appeal with ATIR which is pending adjudication.

25. The DCIR passed an Order-in-Original No. 05/2017 dated February 24, 2017 raising tax demand of Rs. 1,728 million plus default surcharge and penalty chargeable thereon for the tax period from July 2014 to June 2015 on account of short payment of sales tax based on difference between gross supplies and taxable supplies as appearing in the monthly sales tax returns, further alleging that the Company has wrongly treated supplies to AJK and others as zero rated.CIR upheld the order in original. The company has filed an appeal with ATIR which is pending adjudication.

25. The DCIR passed an Order-in-Original No. 17-25/2017 dated February 02, 2018 raising tax demand of Rs. 586 million plus default surcharge and penalty chargeable thereon for the tax periods July 2016 to June 2017 on account of short payment of sales tax based on difference between gross supplies and taxable supplies as appearing in the monthly sales tax returns, further alleging that the Company has wrongly treated supplies to AJK and others as zero rated.CIR upheld the order in original. The company has filed an appeal with ATIR which is pending adjudication.

25. The DCIR passed an order in original No. 04/2017 dated February 14, 2017 raising tax demand of Rs 4,817 million plus default surcharge and penalty chargeable thereon for the period from July 2014 to June 2015 on account of non-payment of sales tax on supply of free electricity to other distribution company's and to employees residing within the company's territorial jurisdiction, non-payment of sales tax in taxable supplies other than electricity, short payment of sales tax, non-payment of sales tax on amount received on account of demand notices and non-payment of sales tax on subsidy from government of Pakistan.CIR upheld the order in original. An appeal against the order has been filled with the appellate tribunal (ATIR) which is pending adjudication.

25. The Company's case was selected for audit u/s 214C of the Income Tax Ordinance 2001 and information was called u/s 177 during the course of audit. The demand in this particular case was Rs. 2,403 million .The ACIR finalized the audit proceedings by issuing order vide DCR NO.04/02 dated October 31, 2016 u/s 122(1) of the income tax Ordinance , 2001. Feeling aggrieved, the company had filled an appeal before the CIR (Appeal) against the order. CIR (Appeal) passed a partial judgement on certain issues. The company has filed an appeal against the appellate order of CIR before Appellate Tribunal Inland revenue Isalambad.Whereas, the main appeal is pending adjudication before the ATIR.

25. DCIR has issued order u/s 122(5A) of the Income Tax Ordinance 2001 raising tax demand of Rs 551 million vide order No 8/75(u-1) dated April 28, 2016 . The assessment of the Company was amended by disallowing subsidy amounting to Rs 11,239 million and business losses from tax year 2010 to 2014 amounting to Rs. 72,868 million. CIR(A) upheld the order in original. The Company filed an appeal Before ATIR which is pending adjudication.

25. The Employees' Old age Benefits Institute (EOBI) served a demand notice on the Company under section 12(3) of the Employees' Old Age Benefits Act, 1976 (EOBI Act) for payment of the Company's and its employees' contributions, amounting to Rs. 788 million, for the period from June 1998 to May 2012. The Company contested the case before the adjudicating authority through its legal advisor, however, view of the Company could not prevail and decision was made against the Company on April 04, 2014. The Company also took up matter with the Federal Secretary for Water & Power in February 2014 to request the Economics Co-ordination Committee of the Cabinet to extent IESCO the same exemption granted to WAPDA under section 47 (d) of the EOBI Act. On April, 25 2014, the Company filed a writ petition before the Honorable Islamabad High court and EOBI has been asked to file its comments. Thereafter, the writ petition has been adjourned to date. Further, the Company has also obtained a stay order restraining EOBI for the recovery of the abovementioned demand. The Company and its legal advisor are of the view that the matter will be settled in the favor of the Company and hence, no provision has been made in these financial statements.

25. No provision on account of above contingencies has been made in these financial statements as the management and the tax / legal advisors of the Company are of the view, that these matters will eventually be settled in favor of the Company.

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

2 **Claims not acknowledged as debts are as follows:**

	Note	30 Jun, 2019	2018
		---Rupees---	
Loans not acknowledged as debt by the Company	25.2.1		25,399,096,471
Interest on syndicated loans	25.2.1		974,166,399
Supplemental charges of CPPA	25.2.2		7,395,993,557
Advertisement charges - net	25.2.3		459,949,667
O&M Cost of PEPCO	25.2.4		535,350,437
Short cash remittance as per CPPA			121,628,257
FC Surcharge withdrawn from cash	25.2.5		-
Use of system charges	25.2.6		1,580,935,490
Others	25.2.6		1,693,291,017
		-	12,761,314,824

25. In order to curb the circular debt in the country, the Federal Government, through Power Holding Private Limited (PHPL) has injected money from time to time through borrowings from commercial banks. The amount was ultimately transferred to Distribution Companies on the basis of outstanding payables towards Central Power Purchasing Agency (CPPA).

Originally, PHPL planned to re-lend the loan to DISCO's through multi-party agreement between Lenders, DISCOs and PHPL with each DISCO jointly and severely liable in-case of default. The Management of DISCOs objected to this arrangement and based on their observations the proposed mechanism of extending the loan was revised in a joint meeting held at the Ministry of Water and Power (MoWP) on May 14, 2012, whereby a bilateral agreement was proposed to be signed between each DISCO and PHPL with all DISCOs being severally liable. The Board of Directors of the Company accorded its approval in its 100th and 101st meeting subject to certain reservations. The draft of the relending agreement between the Company and PHPL was received on August 13, 2012. Subsequently, during a joint meeting held at LESCO Head Office on August 27, 2012, it was agreed among DISCOs that the relending agreement will be effective from the date it is signed by the respective DISCOs and the same was communicated to MoWP vide a letter issued by the LESCO Legal Director [# L-Dir/12150-53 dated 28 August 2012]. As of June 30, 2014, CPPA has issued advices of loan amounting to Rs. 10,377 million representing the facility allocated to the Company by the Ministry.

MoWP vide its letter dated February 19, 2015, had directed the CPPA to re-allocate the loans obtained by the Federal Government between DISCOs on the basis of energy drawl basis instead of receivable basis. Therefore, CPPA issued two more credit invoices to the Company amounting to Rs. 17,301 million and Rs. 6,562 million, resulting in total loan allocation of Rs. 34,241 million, along with related accrued mark-up of Rs. 7,716 million.

In 2017, CPPA on direction of MOWP issued one credit note amounting to Rs.6,703 million and one debit note amounting to Rs. 15,545 million resulting in re-allocation of loans to the Company.

During the year, CPPA has issued certain debit and credit notes against loan and related accrued mark up. As a result thereof, total unrecorded loans and

The World Bank, being the lender of the Company, and NEPRA being the power sector regulator have also raised certain concerns on the structure of the transaction which have been forwarded to the Ministry of Water and Power (MoWP) vide [letter No. 1970-73 dated September 07, 2012]. Pending resolution of matters raised by the World Bank and NEPRA, the relending agreement between PHPL and the Company was not finalized. Further during year 2016, Pak Electric Power Company (Pvt.) Limited vide its letter 235-38, dated January 21, 2016, directed the Company to book the debit/credit notes already issued by CPPA in respect of its share in loans and markups thereon. However, the management believes that its obligation under the arrangement will arise once the bilateral relending agreement between the Company and PHPL is finalized, which is still pending. Accordingly, the Company has not accounted for the loan along with the related markup due to non-availability of terms and conditions of the loan and finalization of re-lending agreement between the Company and PHPL. Further, as per the management, NEPRA did not allow the Company to claim the markup cost in its tariff determination in previous years, hence the markup cost has not been recorded in its books. The management also obtained an independent legal opinion in 2014-15 from a law firm which concurred with the management point of view to not to record the liability and related markup cost in its books.

25. This represents supplementary charges invoiced by CPPA to the Company on account of allocation of late payment charges. During year 2016, the matter was discussed in para 43 of tariff determination by NEPRA communicated through letter no. NEPRA/TRF-336/IESCO-2015 dated February 29, 2016. According to which late payment charges recovered from consumers on utility bills shall be off set against the late payment invoices raised by CPPA to Company in determination of its consumer end tariff pertaining to financial years 2015-16 to 2019-20. However, matter of invoices raised prior to the year ended June 30, 2015 is still to be resolved and of which management is of the view that invoices should not be recorded until same is allowed by NEPRA in its tariff determination.

25. CPPA has charged Rs. 459,949,667 (2017: Rs. 459,949,667) to the Company as its share in advertisement carried out by Pakistan Electric Power Company (PEPCO). The management of the Company asserts that these amounts will not be payable to CPPA as they do not relate to the Company and further detail of these amounts have not been received by the Company. Further, the management of the Company asserts that the Company will not be able to claim these amounts from NEPRA through tariff determination. Accordingly these amounts have not been recognized in these financial statements as liability towards CPPA.

25. The amount was debited by the CPPA during 2015 on account of certain O&M cost of PEPCO formations which is still under consideration of management and has not been recorded at year end. During the year debit note of Rs. 16 million has issued by CPPA.

25. In 2017 CPPA issued two debit notes amounting to Rs. 2,105 million and Rs. 3,640 million respectively on account of FC Surcharges collected from the customers and adjusted the same against cash remittances made by the Company to CPPA. This adjustment has also resulted in significant difference in the cash remittances as per records of CPPA. As mentioned in the above notes the terms of the loans received under the re-lent arrangements to the Company are not yet finalized. Accordingly the adjustment of FC Surcharge to the CPPA has not been recognized by the Company in its books.

25. In 2017, CPPA has issued a credit note to the Company for an amount of Rs. 5,347 million on account of system charges payable to National Transmission and Dispatch Company Limited (NTDC). The Company has not recorded this amount as CPPA has not provided relevant details\calculations for this adjustment.

2.7 These represents debit notes/ credit notes issued to the Company by CPPA on account of adjustments against the provisional monthly power purchase billing for previous years and certain other charges. Management do not agree with these adjustment, therefore these have not been recorded in the Company's books.

25. Commitments

25. Inland letters of credits as at 30 June 2017 amounted to Rs. 1,043 million (2016: 746 million).

	30 Jun, 2019	2018
26. SALE OF ELECTRICITY		
Gross sales	88,912,731,479.47	112,782,405,480.00
Sales tax	(10,566,656,749.00)	(16,585,156,271.00)
	78,346,074,730	96,197,249,209

26 This includes unbilled revenue of Rs. 6,552,532,952 (2017: Rs. 3,108,423,834).

26. SUBSIDY FROM GOVERNMENT OF PAKISTAN

Tariff differential subsidy		9,316,374,752
Industrial support program	5,048,398,950	1,864,496,167
	5,048,398,950	11,180,870,919

26 Re-determination of Tariff for 2015-16 to 2019-20 by NEPRA

The tariff determination for the Company, pertaining to financial year 2015-16 to 2019-20, was issued by NEPRA in February 2016. The Company preferred a review motion with NEPRA in March 2016 on the basis that the tariff determination had not taken into account all the requirements laid down in the NEPRA (Tariff Standards and Procedures) Rules, 1998, which was declined. Subsequently the Federal Government also requested NEPRA for reconsideration of the Company's tariff determined for the financial year 2015-16 to 2019-20 which was also decided against the Company.

The Company along with other DISCOs, being aggrieved with the decisions of NEPRA pertaining to the respective tariff determinations for financial year 2015-16 to 2019-20, filed a petition with the Islamabad High Court (IHC), requesting IHC to refer the tariff for financial year 2015-16 to 2019-20 back to NEPRA for redetermination. IHC has decided the matter vide judgment dated June 22, 2017 whereby previous tariff determination by NEPRA for financial year 2015-16 to 2019-20 has been set aside. Accordingly, tariff redetermination for IESCO vide letter no. NEPRA/TRF -336/IESCO-2015/15633-15635, dated September 18, 2017 for financial year 2015-16 to 2019-20 has been made by NEPRA and consequential tariff notification for financial year 2015-16 to 2019-20 from the Federal Government is awaited.

	30 Jun, 2019	2018
27. COST OF ELECTRICITY		
Central Power Purchase Agency		
Cost of electricity	75,349,204,389	114,487,158,075
Supplementary charges		817,070,702
	75,349,204,389	115,304,228,777

27. This represents tariff charged by Central Power Purchase Agency as determined by National Electric Power Regulatory Authority (NEPRA) and notified by the Government of Pakistan in the Gazette of Pakistan.

27 As per para 43 of tariff determination by NEPRA communicated through letter no. NEPRA/TRF-336/IESCO-2015 dated February 29, 2016, late payment charges recovered from consumers on utility bills shall be off set against the late payment invoices raised by CPPA-G to Company in determination of its consumer end tariff pertaining to financial years 2015-16 to 2019-20.

During the year, the Company has recorded the invoiced amount of Rs. 817 million, received during the year against the late payment charges billed to consumers amounting to Rs. 973 million during 2017-18.

28.1 This includes a sum of Rs. 4,788 million (2017: Rs. 3,188 million) and Rs.161 million (2017: Rs. 247 million) in respect of staff retirement benefits and provision of free electricity benefits to employees, respectively.

29. DISTRIBUTION COSTS

		30 Jun, 2019	2018
Salaries, wages and other benefits	29.1	3,915,447,167	6,286,330,439
Depreciation	6.1.2	2,663,442,126	4,114,405,494
Repairs and maintenance		759,503,914	1,303,623,011
Transportation		157,600,702	449,151,240
(Reversal) / provision for slow moving stores, spares and loose tools	8.1		6,124,801
Write-off of stores, spares and loose tools		-	-
Office supplies and other expenses		9,489,998	13,475,596
Rent, rates and taxes		23,582,359	35,699,877
Legal and professional charges		13,508	15,000
Power, light and water charges		19,297,590	23,347,413
Postage and telephone		12,742,428	20,159,098
Miscellaneous expenses		50,078,003	67,655,876
		7,611,197,795	12,319,987,844

29.1 This includes a sum of Rs.84 million (2017: Rs. 63 million) and Rs. 5 million (2017: Rs. 9 million) in respect of staff retirement benefits and provision of free electricity benefits to employees, respectively.

30. CUSTOMER SERVICES COSTS

		30 Jun, 2019	2018
Salaries, wages and other benefits	30.1	288,911,407	489,027,368
Transportation		1,708,596	29,317,477
Electricity bill collection charges		35,306,101	53,958,534
Depreciation	6.1.2	54,495,571	57,724,236
Office supplies and other expenses		2,474,789	3,617,163
Rent, rates and taxes		1,345,854	2,298,196
Power, light and water charges		2,052,258	3,114,738
Postage and telephone		1,310,262	1,946,603
Repairs and maintenance		915,112	1,258,136
Miscellaneous expenses		2,810,780	3,976,402
		391,330,729	646,238,853

30.1 This includes a sum of Rs.10 million (2016: Rs. 8 million) and Rs. 9 million (2017: Rs. 14.7 million) in respect of staff retirement benefits and provision of free electricity benefits to employees, respectively.

31. OTHER INCOME

		Note	30 Jun, 2019	2018
Income from financial assets				
Profit on bank deposits			46,830,519	46,774,896
Late payment surcharge			867,910,509	973,548,978
			914,741,028	1,020,323,874
Income from non-financial assets				
Sale of scrap			55,478,503	42,409,116
Vetting and processing fee	420700		29,244,641	52,525,119
Income from Rest Houses	420700A		738,925	1,833,704
Operating revenue	412008		137,573,395	502,866,300
			223,035,464	599,634,239
Others				
Public lighting			8,734,200	14,580,240
Commission on collection of electricity duty and PTV license fee			27,368,542	42,168,017
Liquidated damages	420700		21,497,605	45,717,084
Exchange gain			-	
Meter / service rent			17,486,930	29,936,670
Reconnection fees			1,931,752	3,361,131
Miscellaneous	420700		63,945,014	111,935,617
			140,964,043	247,698,759
			1,278,740,535	1,867,656,872

32. FINANCE COSTS

Interest on long-term loans	1,195,186,877	1,826,762,704
Bank charges	4,621,041	10,745,738
Exchange loss	68,569,530	30,187,446
	1,268,377,448	1,867,695,888

33. TAXATION

Current			
- For the year		-	1,225,226,639
- Prior year		-	-
	33.1	-	1,225,226,639
Deferred	33.2		-
		-	1,225,226,639

33.1 The provision for minimum taxation is calculated @ 1.25% (2017: 1.25%) of the Company's gross revenue and other income under the provisions of the Income Tax Ordinance, 2001.

28. ADMINISTRATIVE EXPENSES

	Note	30 Jun, 2019	2018
Salaries, wages and other benefits	28.1	715,799,417	5,781,090,688
Transportation		37,857,224	138,019,323
Depreciation	6.1.2	54,495,571	77,467,108
Market operation fee			92,907,715
Electricity bill collection charges		78,861,520	119,980,529
Reversal of provision for doubtful debts	9.3	-	-
Office supplies and other expenses		56,518,436	63,930,985
Rent, rates and taxes		-	
Legal and professional charges		106,821,748	96,894,616
Repairs and maintenance		2,790,970	5,173,681
Power, light and water charges		9,341,485	7,842,420
Postage and telephone		5,606,147	40,357,269
Insurance expense		23,620,410	24,996,955
NEPRA fee and charges		4,000,000	27,701,234
Advertising and publicity		9,610,649	43,853,106
Auditor's remuneration		1,725,000	1,500,000
Miscellaneous expenses		14,265,390	15,194,953
		1,121,313,967	6,536,910,582

33. Charge for deferred tax is as follows:

	30 Jun, 2019	2018
Charge for the year		
Reversal of taxable differences relating to incremental depreciation		3,536,248,748
Reversal of deductible differences		(3,536,248,748)
	-	-

34. REMUNERATION OF THE CHIEF EXECUTIVE AND DIRECTORS

34. Remuneration of the Chief Executive

	30 Jun, 2019	2018
Managerial remuneration	4,294,807	1,275,668
Other allowances	401,004	1,854,920
Bonus	172,820	403,545
	4,868,631	3,534,133
Number of persons	1	1

In addition, the Chief Executive is also provided with free transport, residential telephone and medical facilities.

34. The aggregate amount charged in the financial statements for the year as fees to Directors is Rs. 8,260,000 (2017: Rs. 7,064,000) for attending Board of Directors and sub-committee meetings.

35. FINANCIAL RISK MANAGEMENT

35. Financial risk factors

The Company's activities expose it to a variety of financial risks that include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on its financial performance.

Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market variables such as foreign exchange rates and interest rates. Market risks include currency risk, interest rate risk and other price risk, such as equity price risk. The Company is exposed to the following market risks:

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies.

Exposure to currency risk

The company has taken foreign loans from Asian Development Bank and International Bank for Reconstruction and Development (IBRD) through Government of Pakistan (GoP), denominated in US dollars; however, since the receipt and repayment of loan from GoP is in Pak rupees and Exchange Risk Component is also being paid as part of its financing arrangement with GoP, it is not subject to currency risk on this financial instrument. However, the Company is exposed to currency risk on its loan from Asian Development Bank (ADB) for Earthquake Emergency Assistance Project as follows:

	30 Jun, 2019	2018
USD		
Long-term loans - secured	280,858,259	217,923,729

The following significant exchange rates were applied during the year:

	30 Jun, 2019	2018
Rupees per USD		
Average rate	160.05	110.59
Reporting date rate	160.05	110.59

Sensitivity analysis

Following is the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant, of the Company's profit before tax.

	2018		2017	
Change in rate	+10%	-10%	+10%	-10%
	Rupees		Rupees	
Effect on profit before tax	21,792,373	(21,792,373)	18,773,628	(18,773,628)

ii) Non-financial assets at fair value using a valuation technique

###

	Level 1	Level 2
	-----------Rs-----------	
Land	-	17,713,301,460
Building	-	3,570,801,855
Distribution equipment	-	61,398,354,835
As at June 30, 2018	-	82,682,458,150
As at June 30, 2017	-	81,928,236,419

Valuation technique are defined in note 6.1.1 of these financial statements.

There were no transfers made among various levels of fair value hierarchy during the year.

iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the Company has fixed interest rate due to which the Company is isolated from the financial risk due to change in interest rates.

The analysis of interest rate / mark up rate risk is as under:

	2018	2017	30 Jun, 2019	2018
	Effective rate (In Percentages)		Carrying amount Rupees	
Financial Assets				
Variable rate instruments:				
Deposit accounts	4 to 7	4 to 7	1,168,601,564	1,168,601,564
Financial Liabilities				
Fixed rate instruments:				
Long term loans	15 to 17	15 to 17	8,610,595,693	10,533,519,155

Cash flow sensitivity analysis for the fixed rate instruments

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

iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity and equity price risk.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge an obligation.

Exposure to credit risk

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

	30 Jun, 2019		2018	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
		----------Rupees----------		
Long-term loans	(37,120,736)	(37,120,736)	122,417,639	
Long-term deposits	73,736,230	73,736,230	73,736,230	
Trade debts	97,535,257,903	97,535,257,903	84,662,957,507	
Short-term advances	340,589,012	340,589,012	368,471,871	
Interest accrued	8,615,846	8,615,846	6,484,621	
Other receivables	3,386,314,935	3,386,314,935	2,283,636,353	
Receivable from TIBL	30,790,759	30,790,759	30,790,759	
Bank balances	4,020,554,420	4,020,554,420	2,121,674,982	
	105,358,738,368	105,358,738,368	89,670,169,962	

The management believes that there is no credit risk involved in respect of receivables from the Government of Pakistan. The credit risk on liquid funds is limited, because the counter parties are banks with reasonably high credit ratings. In case of trade debts the Company believes that due to large number and diversity of its consumer base, concentration of credit risk is limited. Further, the Company manages its credit risk by obtaining security deposits from consumers.

The maximum exposure to credit risk for trade receivables at the reporting date by type of sector is as follows:

	30 Jun, 2019	2018
Government sector		68,003,180,000
Private sector		16,659,777,507
	97,535,257,903	84,662,957,507

The maximum exposure to credit risk for trade receivables at the reporting date by type of product is:	30 Jun, 2019	2018
Electricity consumers	97,535,257,903	84,662,957,507

Ageing

The ageing of trade receivables at the reporting date was:

	30 Jun, 2019		2018
	Gross	Impairment	Gross
		----------Rupees----------	
Not past due	16,408,236,987	-	11,644,947,087
Past due up to 1 year	401,165,270	18,099,121	9,927,343,009
Past due between			
- 1 to 3 years	398,131,598	32,775,669	293,684,288
- 3 to 5 years	3,669,043,107	514,203,170	14,774,889,083
Over 5 years	63,786,380,545	-	29,685,317,906
	84,662,957,507	565,077,960	66,326,181,373

The receivable balance due over 5 years relates to receivable from government entities and Azad Jammu and Kashmir. As per the company, the balance is fully recoverable from these parties, so no provision has been made for this balance.

##

	Rating Agency	Rating		2018	2017
		Short-term	Long-term	----------Rupees----------	
Public Sector Banks					
National Bank of Pakistan	PACRA	A-1+	AAA	372,515,657	691,641,270
Sindh Bank Limited	JCR-VIS	A-1+	AA	513,866	611,290
The Bank of Khyber	PACRA	A-1+	A	(195,457)	(142,230)
The Bank of Punjab	PACRA	A1+	AA	189,552,696	202,917,656
Specialized Banks					
SME Bank Limited	PACRA	B	B-	19,708	17,834
	PACRA	A-1+	AAA	3,632,433	2,280,083
Private Sector Banks					
Allied Bank Limited	PACRA	A1+	AAA	377,454,906	514,333,045
	PACRA	A1+	AA	342,110,045	523,109,970
Bank Alflah Limited	PACRA	A1+	AA	14,728,727	9,727,165
Faysal Bank Limited	PACRA	A1+	AA	(677,257)	(788,398)
Habib Bank Limited	JCR-VIS	A-1	AA	100,280,332	35,441,197
	PACRA	A1+	AA+	(2,968,596)	(2,595,941)
JS Bank Limited	PACRA	A1+	AA-	5,565,386	5,650,073
	PACRA	A1+	AAA	316,580,337	224,863,708
NIB Bank Limited	PACRA	A1+	AA-	369,931	1,410,158
Silk Bank Limited	JCR-VIS	A-2	A-	(233,131)	(558,985)
Soneri Bank Limited	PACRA	A1+	AA-	183,328	1,712,455
	PACRA	A1+	AAA	3,186,482	2,228,145
Summit Bank	JCR-VIS	A-1	A-	956,406	840,228
United Bank Limited	JCR-VIS	A-1	AAA	277,672,341	104,668,359
Other institutions	N/A	N/A	N/A	127,398,918	95,368,332
				2,128,647,058	2,412,735,415
				2,001,248,140	2,317,367,082

Due to Company's long standing business relationships with these counterparties, and after giving due consideration to their strong financial standing, including obtaining security deposits from them, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, credit risk is minimal.

c) **Liquidity risk**

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

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Contractual cash flows	Less than one year	One to five years
	-----Rupees-----			
2017				
Long-term loans - secured	10,533,519,155	10,533,519,155	4,182,882,220	-
Long-term security deposits	5,568,091,813	5,568,091,813	-	-
Trade and other payables	85,997,122,515	85,997,122,515	85,997,122,515	-
Accrued interest	9,289,686,928	9,289,686,928	9,289,686,928	-
	111,388,420,411	111,388,420,411	99,469,691,663	-
2016				
Long-term loans - secured	9,240,286,692	9,240,286,692	3,493,315,685	-
Long-term security deposits	5,028,195,630	5,028,195,630	-	-
Trade and other payables	12,142,442,778	12,142,442,778	12,142,442,778	-
Accrued interest	7,715,554,563	7,715,554,563	7,715,554,563	-
	34,126,479,663	34,126,479,663	23,351,313,026	-

35. **Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial instruments reflected in these financial statements approximate their fair value.

35. **Financial instruments by categories**

Financial assets as per balance sheet	Loans and receivables 2018	Loans and receivables 2017	Held-to-maturity 2018
	-----Rupees-----		
Long-term loans	122,417,639	87,030,011	-
Long-term deposits	73,736,230	44,776,293	-
Trade debts	84,662,957,507	66,326,181,373	-
Interest accrued	6,484,621	901,021	-
Receivable from Government of Pakistan	5,859,696,963	14,806,782,863	-
Other receivables	2,283,636,353	5,021,326,553	-
Short-term investments	30,790,759	30,790,759	-
Bank balances	2,121,674,982	2,412,735,415	-
	95,161,395,054	88,730,524,288	-

Financial liabilities as per balance sheet	Liabilities at fair value through profit and 2018	Liabilities at fair value through profit and 2017	Other financial liabilities 2018
	-----Rupees-----		
Long-term loans - secured	-	-	10,533,519,155
Long-term security deposits	-	-	5,568,091,813
Trade and other payables	-	-	85,997,122,515
Accrued interest	-	-	9,289,686,928
	-	-	111,388,420,411

35. **Capital risk management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The Company manages its capital structure, which comprises capital and reserves, by monitoring it's return on net assets, and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves and / or issue new shares.

The company manages its capital structure and makes adjustments to it in the light of changes in economic conditions.

The Company monitors capital using the net debt to total capital ratio, which is total debt of the Company as reduced by cash and cash equivalents, divided by total equity plus the net debt. Equity comprises of share capital, capital and revenue reserves. During the year, the Company's strategy was to maintain leveraged gearing. The net debt to equity ratio as at 30 June 2017 and 30 June 2018 were as follows:

	Note	30 Jun, 2019	2018
Long-term loans	19.	6,636,845,056	6,350,636,935
Long-term security deposits	20.	6,045,080,129	5,568,091,813
Deferred credit	23.	26,997,537,657	25,158,736,218
Trade and other payables	24.	138,119,153,556	104,511,050,738
Interest accrued on long-term loans		4,327,852,899	9,289,686,928
Current portion of long-term loans		1,973,750,637	4,182,882,220
Total debt		184,100,219,934	155,061,084,852
Cash and bank balances		(3,853,663,052)	(2,121,684,292)
Net debt		180,246,556,881	152,939,400,560
Equity		(41,376,372,103)	(11,231,032,594)
Total Capital		138,870,184,778	141,708,367,966
Net debt to total equity		1.30	1.08

36. RELATED PARTY TRANSACTIONS

WAPDA holds 88% (2017: 88%) shares of the Company, therefore all electricity generation and distribution undertakings of WAPDA are related parties of the company. Other related parties comprise of directors, key management personnel, Government of Pakistan and Government owned entities.

Revenue transactions with Government of Pakistan and Government owned entities are not disclosed as the management is of the opinion that it is impracticable to disclose such transactions due to the nature of the Company's operations.

Balances with related parties have been disclosed in respective notes to the financial statements. Transactions with electricity generation and distribution undertakings of WAPDA, other than remuneration and benefits to the Chief Executive as disclosed in note 34 to the financial statements, are as follows:

	30 Jun, 2019	2018
WAPDA		
Net Pension paid on behalf of WAPDA	37,491,642	281,464,577
Related parties		
Free electricity supplied on behalf of related parties	55,380,520	61,985,796
Free electricity supplied on behalf of Company	47,812,453	49,763,336
Assets transferred to the Company	6,389,327	-
Electricity duty paid by the Company	1,416,090,000	-
Pension paid on behalf of related parties	46,944,710	304,265,577
Pension paid on behalf of the Company	102,080,463	334,388,907
Cost of power purchased from CPPA	72,478,456,439	115,304,228,777
Cash remitted to CPPA	83,161,238,016	97,536,988,920
Payable to CPPA against subsidy adjustment	-	
Services provided to the Company	380,353	12,761,252,687
Government related entities		
Relent loan received during the year	639,728,104	1,263,045,017
Markup expense during the year	1,162,071,179	1,826,762,704
Subsidy claimed during the year	6,502,411,709	11,180,870,919
Subsidy received through adjustment of CPPA Payable during the year	4,474,073,341	-

37. NUMBER OF EMPLOYEES

The number of total employees at the year end were 13,521 (2018: 13,521), whereas the average number of employees during the year were 12,905 (2018: 12,905).

38. PROVIDENT FUND

The Company contributes to a general provident fund scheme, operated by WAPDA for all power sector companies.

39. CAPACITY

The Company's capacity of the electricity distribution depends on various factors including supply and demand of electricity, and transmission and distribution losses. The Company distributed 10,605,862,607 (2017: 9,627,548,801) units of electricity to its consumers during the year.

40. BENAZIR EMPLOYEE STOCK OPTION SCHEME

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

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

The scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP. The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities and Exchange Commission of Pakistan in June 2011 vide SRO 587(I)/2001; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the salaries, wages & other benefits cost and accumulated profits of the Company would not have had a significant impact.

41. CORRESPONDING FIGURES

In current year, the company has prepared its financial statement according to the provisions of Companies Act, 2017 (the Act). Due to the application of the Act treatment of revaluation surplus has been changed. In the repealed Companies Ordinance, 1984, the company was allowed to set off revaluation surplus on one asset against revaluation deficit on other asset and disclose net revaluation surplus. However, the Act has abolished this treatment. Consequently, requirement of IAS 16 ' property plant and equipment, has become applicable on the Company. According to the requirements of 'IAS 16' any deficit on revaluation of an asset below its historical carrying amount is charged to profit and loss account.

The Company has applied effect of this change in policy retrospectively by restating each of the affected financial statement line items for the prior periods, as follows:

Impact on Equity (increase/(decrease) in equity)	June 30, 2017 ---------Rupees--------
Increase / (decrease) revaluation surplus on operating fixed assets - net of deferred tax	(719,375,750)
Increase / (decrease) unappropriated profit - net of deferred tax	719,375,750
Net impact on Equity	-

42.
SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTED THE COMPANY'S FINANCIAL POSOTION AND PERFORMANCE

43. The financial position and performance of the Company was affected by the following events and transactions during the year:

- Restatement due to change in accounting policy on account of change in law (see note 41).
- Increase in cost of elecricity due to increase in tariff charged by CPPA (see note 27).
- Increase in payable to CPPA due to current year adjustments (see note 23.1.1).

CORRESPONDING FIGURES

Corresponding figures have been rearranged in statement of profit or loss to conform to current year's presentation. Following changes have been made in

Statement of profit or loss	------------Rupees------
Amount reclassified to "Subsidy from Government of Pakistan" from "Sale of electricity"	

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on ____________________ by the Board of Directors of the Company.

45 GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

Tele: Pabx: 051-9252937-39 Ext: 376
Direct 051-9253284
Fax 051-9253286

Office of the
Finance Director
IESCO Head Office,
Street 40, G-7/4 Islamabad

No 8282-83/IESCO/FDI/CPC

Dated 3-12-2019

The Registrar, NEPRA,
NEPRA Tower, G-5/1
Islamabad.

REGISTRAR
Dy. No: 12719
Date: 03-12-19

Subject: **ANNUAL ADJUSTMENTS/INDEXATIONS UNDER MULTIYEAR TARIFF (MYT) REGIME**

With reference to your office letter No. 24253-53/NEPRA/SAT-II/TRF-100/XWDISCOs/DG dated 14/11/2019 on the subject matter. In this regard it is submitted that enclosed please find herewith the following requisite documents please: -

1. Breakup of costs in term of distribution function and supply function "Annexure-I".
2. Audited Financial statement for the FY 2017-18 & FY 2018-19 "Annexure-II".
3. Detail of Post-retirement benefits "Annexure-III": -
   - I. NEPRA allowed Rs.4,444 (M)
   - II. Provision as per actuarial valuation Rs.4,705 (M)
   - III. Actual Paid: Rs.1,632 (M)
   - IV. Transfer to Pension Fund FY 18-19 Rs 330 (M) (upto date Balance Rs.1,335 M)
4. Amount of post-retirement benefits deposited in the fund along-with documentary evidence "Annexure-IV".
5. Sales mix Variance calculation on the format already provided "Annexure-V".
6. Amounts of actual write-offs made since FY 2015-16 (NIL).

ADG 1967
05-12-19

10233
6/12-19

DA/As above.

03/12/2019

FINANCE DIRECTOR
IESCO ISLAMABAD

For information & n.a. Please
- SA(Tariff-I)
Copy to:
- DG (M&E)
- M/F

ADGT
4/12

03 12 19
CC: Chairman
- M (Tariff)

Copy to: -

1. Deputy Manager (Co-ordination), IESCO Islamabad.

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 Jun ,2019

	Up to Date 30 Jun, 2019	Distrbution Busniness 30 Jun, 2019	Supply Business 30 Jun, 2019
	-----------Rupees-----------	-----------Rupees-----------	
Sale of electricity	128,926,728,033	151,398,317,544	128,926,728,033
Tariff differential subsidy	16,964,938,061		16,964,938,061
	-		
	145,891,666,094	151,398,317,544	145,891,666,094
	-		
Cost of electricity	- 132,916,340,967	- 132,916,340,967	- 151,398,317,544
Gross profit	12,975,325,127	18,481,976,577	- 5,506,651,450
	-		
Amortization of deferred credit	1,432,070,185	1,432,070,185	
	14,407,395,312	19,914,046,762	- 5,506,651,450
Operating expenses:	-		
Administrative expenses	- 7,483,592,979	- 7,141,335,429	- 342,257,550
Distribution costs	- 12,772,711,333	- 12,772,711,333	
Customer services costs	- 692,264,241		- 692,264,241
	- 20,948,568,553	- 19,914,046,762	- 1,034,521,792
Operating profit/Loss	- 6,541,173,241	-	- 6,541,173,241
Other income/Cost	2,243,359,298		2,243,359,298
	- 4,297,813,943	-	
	-		
Finance costs	- 1,656,645,866	- 1,656,645,866	
Provision for Workers' Profit Participation Fund	-		
	-		
PROFIT / (LOSS) BEFORE TAXATION	- 5,954,459,809	- 1,656,645,866	- 4,297,813,943
Taxation	- 1,638,924,453		- 1,638,924,453
Current	-		
Deferred	-		
	-		
NET PROFIT / (LOSS) FOR THE YEAR	- 7,593,384,262	- 1,656,645,866	- 5,936,738,396

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
BALANCE SHEET
as on 30-6-2019

	Note	June 2019	Distribution Business	Supply Business
		----------Rupees----------		
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
Property, plant and equipment	3	99,792,713,363	98,794,786,229	997,927,134
Long-term loans	4	122,060,871	115,957,827	6,103,044
Intangible Assets under Development	5	43,678,792	43,678,792	
Long term Investment (Supply business)				9,924,629,178
		99,958,453,026	98,954,422,848	1,004,030,177
CURRENT ASSETS				
Stores, spares and loose tools	6	1,156,738,534	1,156,738,534	
Trade debts	7	96,970,187,670	103,318,985,714	96,970,187,670
Advances	8	334,030,956	317,329,408	16,701,548
Interest accrued on bank deposits		8,615,846	337,589,764	2,999,247
Receivable from Government of Pakistan	9	6,328,113,489		8,615,846
Security Deposits	10	73,736,230		73,736,230
Other receivables	11	3,386,314,935		3,386,314,935
Recoverable from tax authorites	12	22,632,626,478		22,632,626,478
Receivable from TIBL	13	30,790,759		30,790,759
Cash and bank balances	14	3,332,892,482	1,053,660,052	3,332,892,482
		134,254,047,380	106,184,303,472	126,454,865,196
NON-CURRENT ASSETS HELD FOR SALE	13	65,890,500		65,890,500
TOTAL ASSETS		234,278,390,905	205,138,726,321	127,524,785,873
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Authorized capital				
5,000,000,000 (2018: 5,000,000,000) Ordinary shares of Rs. 10/- each		50,000,000,000	50,000,000,000	50,000,000,000
Issued, subscribed and paid up capital	15	5,798,253,340	5,798,253,340	
Revenue reserve				
Accumulated profit/ (loss)		(47,616,169,065)	(47,616,169,065)	
Deposit for shares	16	20,250,770,096	20,250,770,096	2,037,589,416
SURPLUS ON REVALUATIOIN OF OPERATING FIXED ASSETS	17	30,534,963,137	30,534,963,137	
Total Equity		8,967,817,508	8,967,817,508	2,037,589,416
LIABILITIES				
NON-CURRENT LIABILITIES				
Long-term loans	18	7,053,024,516	7,053,024,516	
Long-term security deposits	19	6,045,080,129		6,045,080,129
Staff retirement benefits	20	41,187,410,111	39,128,039,605	2,059,370,506
Deferred taxation - net	21	-	-	-
Deferred credit	22	26,997,537,666	26,997,537,666	
		81,283,052,422	73,178,601,787	8,104,450,635
CURRENT LIABILITIES				
Trade and other payables	23	138,137,046,637	117,101,832,688	117,382,745,823
Interest accrued on long-term loans		4,332,903,161	4,332,903,161	
Current portion of long-term loans	18	1,557,571,177	1,557,571,177	
		144,027,520,975	122,992,307,026	117,382,745,823
TOTAL LIABILITES		225,310,573,397	196,170,908,813	125,487,196,458
CONTINGENCIES AND COMMITMENTS	24			
TOTAL EQUITY AND LIABILITIES		234,278,390,905	205,138,726,321	127,524,785,873

Riaz Ahmad & Company
Chartered Accountants

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

30 JUNE 2019

A member of Nexia International

Riaz Ahmad & Company
Chartered Accountants

2-A, ATS Centre, 30-West
Fazal-ul-Haq Road, Blue Area
Islamabad, Pakistan
T: +92 (51) 227 41 21 - 2
F: +92 (51) 227 88 59
racoisd@racopk.com
www.racopk.com

INDEPENDENT AUDITOR'S REPORT

To the members of Islamabad Electric Supply Company Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Islamabad Electric Supply Company Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that, except as described in the basis for qualified opinion section below, 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 possible effect of the matter 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 respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As stated in note 7.4 of the accompanying financial statements, bogus receipts were recorded in trade receivables at one of the revenue offices of the Company involving collusion of some employees. Accordingly, bank balances and trade receivables were misstated in the books of accounts of the Company to the extent of amount of fraud. An internal inquiry committee in its interim inquiry report identified embezzlement of Rupees 207.75 million for the period from July 2018 to June 2019. The committee apprehended that the amount of fraud may increase through detailed scrutiny of previous periods. Further, investigations are currently been carried out by the management. As per management, out of Rupees 207.75 million, an amount of Rupees 145.12 million has been recovered from some of the related consumers. Since, the matter is currently under investigation the exact amount of fraud cannot be determined at this stage. Accordingly, no adjusting entry has been made in the bank and trade receivable balances as at 30 June 2019.

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

Emphasis of Matters

We draw attention to the following matters:

a) As stated in note 24.2 of the accompanying financial statements, there are certain charges levied by Central Power Purchasing Agency (Guarantee) Limited (CPPA) which the Company does not acknowledge.

b) As explained in note 9.1 of the accompanying financial statements, management has taken up the matter of subsidy receivable from the Government of Pakistan (GoP), amounting to Rupees 2,814.65 million recognized in 2014 on account of fuel price adjustment to domestic consumers, for the period from August 2011 to March 2013. The recovery of said amount is dependent on the notification by the GoP; and

c) Note 24.1 of the accompanying financial statements, which describes various matters regarding tax contingencies, the ultimate outcome of which cannot be presently determined; hence pending the resolution thereof, no provision for the same has been made in accompanying financial statements.

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 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 draw attention to the matter described in the *Basis for Qualified Opinion* section above. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors 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 possible effect of the matter 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 possible effect of the matter 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 possible effect of the matter 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).

Other Matter

The financial statements for the preceding year ended 30 June 2018 excluding the adjustment described in note 2.23 to the financial statements were audited by another firm of chartered accountants who, vide their report dated 25 October 2018, has expressed modified audit opinion on those financial statements concerning recovery of trade receivables from the Government of Azad Jammu and Kashmir along with emphasis of matters concerning (i) recovery of subsidy from the Government of Pakistan; (ii) non-recognition of various debit / credit notes received by the Company from Central Power Purchasing Agency (CPPA); and (iii) uncertainties regarding the tax contingencies.

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

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

ISLAMABAD

Date: 06 NOV 2019

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	NOTE	2019 Rupees	2018 Restated Rupees	2017 Restated Rupees
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	3	99,792,713,363	93,971,124,012	89,988,926,038
Intangible asset under development	4	43,678,792	43,678,792	-
Long term loans	5	122,060,871	89,139,069	59,874,078
		99,958,453,026	94,103,941,873	90,048,800,116
CURRENT ASSETS				
Stores, spares and loose tools	6	1,156,738,534	957,872,617	665,321,987
Trade debts	7	96,970,187,670	84,097,887,276	65,761,111,141
Advances	8	334,030,956	358,071,649	234,127,362
Interest accrued on bank deposits		8,615,846	6,484,619	901,021
Receivable from Government of Pakistan	9	6,328,113,489	5,859,696,963	14,806,782,863
Security deposits	10	73,736,230	73,736,230	44,776,293
Other receivables	11	3,386,314,935	2,283,636,353	5,021,326,553
Recoverable from tax authorities	12	22,632,626,478	20,136,655,218	14,863,421,887
Receivable from TIBL	13	30,790,759	30,790,759	30,790,759
Cash and bank balances	14	3,332,892,482	1,930,782,070	2,343,596,984
		134,254,047,379	115,735,613,754	103,772,156,850
Non-current assets held for sale	13	65,890,500	65,890,500	65,890,500
		134,319,937,879	115,801,504,254	103,838,047,350
TOTAL ASSETS		234,278,390,905	209,905,446,127	193,886,847,466
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital 5,000,000,000 (2018: 5,000,000,000) Ordinary shares of Rupees 10 each		50,000,000,000	50,000,000,000	50,000,000,000
Issued, subscribed and paid up capital	15	5,798,253,340	5,798,253,340	5,798,253,340
Revenue reserve-accumulated loss		(47,616,169,065)	(42,652,648,754)	(19,401,613,059)
Capital reserves				
Deposit for shares	16	20,250,770,096	20,030,165,684	20,112,510,939
Surplus on revaluation of operating fixed assets - net of deferred income tax	17	30,534,963,137	31,736,024,864	32,936,537,093
		50,785,733,233	51,766,190,548	53,049,048,032
Total equity		8,967,817,508	14,911,795,134	39,445,688,313
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term loans	18	7,053,024,516	6,350,636,935	5,746,971,007
Long term security deposits	19	6,045,080,129	5,568,091,813	5,028,195,630
Staff retirement benefits	20	41,187,410,111	39,932,566,143	40,011,242,424
Deferred taxation - net	21	-	-	-
Deferred credit	22	26,997,537,666	25,158,736,216	23,893,672,310
		81,283,052,422	77,010,031,107	74,680,081,371
CURRENT LIABILITIES				
Trade and other payables	23	138,137,046,637	104,511,050,738	68,552,197,534
Accrued mark-up		4,332,903,161	9,289,686,928	7,715,564,563
Current portion of long term loans	18	1,557,571,177	4,182,882,220	3,493,315,685
		144,027,520,975	117,983,619,886	79,761,077,782
TOTAL LIABILITIES		225,310,573,397	194,993,650,993	154,441,159,153
CONTINGENCIES AND COMMITMENTS	24			
TOTAL EQUITY AND LIABILITIES		234,278,390,905	209,905,446,127	193,886,847,466

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

CHIEF EXECUTIVE OFFICER

Saadullah Khan

CHAIRMAN

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Rupees	2018 Restated Rupees
SALE OF ELECTRICITY - NET	25	128,926,728,033	96,197,249,209
SUBSIDY FROM GOVERNMENT OF PAKISTAN	26	16,964,938,061	11,180,870,919
		145,891,666,094	107,378,120,128
COST OF ELECTRICITY	27	(132,916,340,967)	(115,304,228,777)
GROSS PROFIT / (LOSS)		12,975,325,127	(7,926,108,649)
AMORTIZATION OF DEFERRED CREDIT	22	1,432,070,184	1,317,589,677
		14,407,395,311	(6,608,518,972)
OPERATING EXPENSES:			
ADMINISTRATIVE EXPENSES	28	(7,483,592,979)	(6,537,199,717)
DISTRIBUTION COSTS	29	(12,772,711,333)	(12,319,987,844)
CUSTOMER SERVICES COSTS	30	(692,264,242)	(646,238,852)
		(20,948,568,554)	(19,503,426,413)
LOSS FROM OPERATIONS		(6,541,173,243)	(26,111,945,385)
OTHER INCOME	31	2,243,358,298	1,865,900,007
FINANCE COST	32	(1,656,645,866)	(1,867,695,888)
LOSS BEFORE TAXATION		(5,954,460,811)	(26,113,741,266)
TAXATION	33	(1,638,924,453)	(1,225,226,639)
LOSS AFTER TAXATION		(7,593,385,264)	(27,338,967,905)

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

CHIEF EXECUTIVE OFFICER

Saadullah Khan

CHAIRMAN

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	2019 Rupees	2018 Restated Rupees
LOSS AFTER TAXATION	(7,595,385,264)	(27,338,967,905)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	1,428,803,226	2,887,419,981
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	1,428,803,226	2,887,419,981
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(6,164,582,038)	(24,451,547,924)

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

CHIEF EXECUTIVE OFFICER

Saadullah Khan

CHAIRMAN

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	2019 Rupees	2018 Restated Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,954,460,811)	(26,113,741,266)
Adjustment for non-cash items:		
Depreciation	4,699,327,805	4,251,642,838
Loss due to theft	12,161,569	1,778,943
Amortization of deferred credit	(1,432,070,184)	(1,317,589,677)
Provision against staff retirement benefits	4,695,815,532	5,070,489,424
Provision against slow moving / obsolete items	-	6,124,801
Profit on bank deposits	(56,130,129)	(45,018,031)
Exchange loss	68,569,530	30,187,446
Gain on sale of property, plant and equipment	-	(1,665,000)
Finance cost	1,588,076,336	1,837,508,442
	3,621,289,648	(16,280,282,080)
Working capital changes:		
(Increase) / decrease in current assets:		
Store, spares and loose tools	(198,865,917)	(298,675,431)
Trade debts	(23,158,245,975)	(18,336,776,135)
Advances	24,040,693	(161,500,442)
Recoverable from tax authorities	(2,248,269,682)	(5,215,826,849)
Receivable from Government of Pakistan	(247,812,114)	8,864,740,645
Other receivables	(1,102,678,582)	2,737,690,200
Increase in trade and other payables	36,896,867,533	38,541,506,789
	9,965,035,956	26,131,158,777
Cash generated from operations	13,586,325,604	9,850,876,697
Long term security deposits	476,988,316	539,896,183
Long term deposits	-	(23,959,937)
Staff retirement benefits paid	(2,012,168,338)	(2,261,745,724)
Long term loans given during the year	(32,921,802)	(35,387,628)
Finance cost paid	(7,224,765)	(391,359,550)
Income tax paid	(1,886,626,031)	(1,282,633,123)
Net cash generated from operating activities	10,124,372,984	6,390,686,918
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(10,258,602,541)	(8,107,781,282)
Proceeds from sale of property, plant and equipment	2,363,058	1,800,000
Profit on bank deposits	53,998,902	39,434,433
Net cash used in investing activities	(10,202,240,581)	(8,066,546,849)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term loans	1,479,978,009	1,263,045,017
Net cash generated from financing activities	1,479,978,009	1,263,045,017
Net increase / (decrease) in cash and cash equivalents	1,402,110,412	(412,814,914)
Cash and cash equivalents at the beginning of the year	1,930,782,070	2,343,596,984
Cash and cash equivalents at the end of the year	3,332,892,482	1,930,782,070

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

CHIEF EXECUTIVE OFFICER

CHAIRMAN

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVE-ACCUMULATED LOSS	TOTAL RESERVES	TOTAL EQUITY
		DEPOSIT FOR SHARES	SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED INCOME TAX			
	Rupees					
Balance as at 30 June 2017 - as previously reported	5,798,253,340	20,112,510,939	32,619,786,404	(19,401,317,073)	33,330,980,270	39,129,233,610
Impact of restatement (Note 2.23)	-	-	316,750,689	(295,986)	316,454,703	316,454,703
Balance as at 30 June 2017 - restated	5,798,253,340	20,112,510,939	32,936,537,093	(19,401,613,059)	33,647,434,973	39,445,688,313
Non-cash settlement against deposit for shares	-	(82,345,255)	-	-	(82,345,255)	(82,345,255)
Loss for the year - restated	-	-	-	(27,338,967,905)	(27,338,967,905)	(27,338,967,905)
Other comprehensive income for the year	-	-	-	2,887,419,981	2,887,419,981	2,887,419,981
Total comprehensive loss for the year - restated	-	-	-	(24,451,547,924)	(24,451,547,924)	(24,451,547,924)
Incremental depreciation transferred from surplus on revaluation of operating fixed assets to accumulated loss - net of deferred income tax	-	-	(1,200,377,719)	1,200,377,719	-	-
Transfer from surplus on revaluation of operating fixed assets to accumulated loss on disposal of assets	-	-	(134,510)	134,510	-	-
Balance as at 30 June 2018 - restated	5,798,253,340	20,030,165,684	31,736,024,864	(42,652,648,754)	9,113,541,794	14,911,795,134
Non-cash settlement against deposit for shares	-	220,604,412	-	-	220,604,412	220,604,412
Loss for the year	-	-	-	(7,593,385,264)	(7,593,385,264)	(7,593,385,264)
Other comprehensive income for the year	-	-	-	1,428,803,226	1,428,803,226	1,428,803,226
Total comprehensive loss for the year	-	-	-	(6,164,582,038)	(6,164,582,038)	(6,164,582,038)
Incremental depreciation transferred from surplus on revaluation of operating fixed assets to accumulated loss - net of deferred income tax	-	-	(1,200,412,719)	1,200,412,719	-	-
Transfer from surplus on revaluation of operating fixed assets to accumulated loss on disposal of assets	-	-	(649,008)	649,008	-	-
Balance as at 30 June 2019	5,798,253,340	20,250,770,096	30,534,963,137	(47,616,169,065)	3,169,564,168	8,967,817,508

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

CHIEF EXECUTIVE OFFICER

Saadullah Khan.

CHAIRMAN

1. THE COMPANY AND ITS OPERATIONS

1.1 Islamabad Electric Supply Company Limited (the Company) is a public limited company incorporated in Pakistan, under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company was established to take over all the properties, rights and liabilities of Islamabad Area Electricity Board owned by Pakistan Water and Power Development Authority (WAPDA). The Company was incorporated on 25 April 1998 and commenced commercial operations on 01 June 1998.

1.2 The Company is principally engaged in distribution and supply of electricity within defined geographical boundaries. The Company was granted a license on 02 November 2001 by the National Electric Power Regulatory Authority (NEPRA) for electricity distribution. The registered office of the Company is situated at IESCO Headquarters, Street No. 40, G-7/4, Islamabad. While, the Company has various 132-KV grid stations along with other offices located at Islamabad, Rawalpindi, Jhelum, Attock and Chakwal.

1.3 Ministry of Energy vide its S.R.O. 04(I)/2019 dated 01 January 2019 and S.R.O. 666(I)/2019 dated 28 June 2019, has adjusted the tariff of the Company on account of Prior Year Adjustment (PYA). According to these S.R.O.s from Ministry of Energy, the adjustments of Rupees 10.626 billion and Rupees 18.427 billion will be billed to the consumers in the first six months of the next financial year and next fifteen months after June 2019 respectively. These adjustments will enhance the sales of the Company by Rupees 29.053 billion in the next financial years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for staff retirement benefits, which are measured using actuarial techniques and freehold land, leasehold land, buildings on freehold and leasehold lands and distribution equipment, which are stated using the revaluation model.

c) Critical accounting estimates and judgments

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

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective items of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Provision for obsolete stores, spares and loose tools

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

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Staff retirement benefits

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

Other provisions and contingent liabilities

The management exercises judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

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

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

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

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9. These are disclosed in Note 2.8. Most of the other amendments listed above except for IFRS 9 and IFRS 15 (as disclosed in Note 2.17) did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

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

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

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

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

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

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

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

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

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore, not detailed in these financial statements.

2.2 Staff retirement benefits

The Company operates funded pension and unfunded post retirement free electricity, medical benefits and compensated absences schemes for all its permanent employees. Provisions are made in accordance with the actuarial recommendations using the Projected Unit Credit Method as required by IAS-19. The latest valuation was carried out as at 30 June 2019.

The Company also maintains a General Provident Fund and WAPDA Welfare Fund for all its regular employees. The Company makes deductions from salaries of its employees and remits these amounts to the respective funds established by WAPDA.

2.3 Taxation

Current

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

Deferred

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

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

2.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.5 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.7 Property, plant, equipment and depreciation

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for land, buildings and distribution equipment, which are stated at their revalued amounts less subsequent accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Capital work-in-progress is stated at cost less any recognized impairment loss.

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

Increases in the carrying amounts arising on revaluation of land, buildings and distribution equipment, are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

Leased

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to statement of profit or loss over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to statement of profit or loss.

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the straight-line method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 3.1 Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed of. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

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

2.8 IFRS 9 "Financial instruments"

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

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

i. Recognition of financial instruments

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

ii. Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) **Measurement**

At initial recognition, the Company 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities

a) Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii. Impairment of financial assets

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

iv. De-recognition

a) Financial assets

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

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

v. Offsetting of financial instruments

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

Rao.

vi. Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended 30 June 2019.

vii. Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

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

Financial assets (01 July 2018)

	Trade debts categorized as	
	Loans and receivables	Amortized cost
	Rupees	
Opening balance (before reclassification)	84,097,887,276	-
Reclassification of trade debts	(84,097,887,276)	84,097,887,276
Recognition of expected credit losses on trade debts	-	-
Opening balance (after reclassification)	-	84,097,887,276

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Company were as follows:

	Measurement category		Carrying amounts		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
			Rupees		
Non-current financial assets					
Long term loans	Loans and receivables	Amortized cost	122,417,639	122,417,639	-
Long term deposits	Loans and receivables	Amortized cost	73,736,230	73,736,230	-
Current financial assets					
Trade debts	Loans and receivables	Amortized cost	84,097,887,276	84,097,887,276	-
Interest accrued	Loans and receivables	Amortized cost	6,484,619	6,484,619	-
Other receivables	Loans and receivables	Amortized cost	2,283,636,353	2,283,636,353	-
Receivable from TJBL	Loans and receivables	Amortized cost	30,790,759	30,790,759	-
Cash and bank balances	Loans and receivables	Amortized cost	2,121,684,292	2,121,684,292	-
Non-current financial liabilities					
Long term loans - secured	Amortized cost	Amortized cost	10,533,519,155	10,533,519,155	-
Long term security deposits	Amortized cost	Amortized cost	5,568,091,813	5,568,091,813	-
Current financial liabilities					
Trade and other payables	Amortized cost	Amortized cost	85,997,122,515	85,997,122,515	-
Accrued mark-up	Amortized cost	Amortized cost	9,289,686,928	9,289,686,928	-

2.9 Stores, spare parts and loose tools

These are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis, comprising invoice values and the related charges incurred up to the date of the statement of financial position. 100% provision is made for inactive stores and spares over 3 years.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

2.10 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days except for receivables form Government. Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 985 (I)/2019 dated 02 September 2019, deferred the applicability of the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method till 30 June 2021 in respect of companies holding financial assets due from the Government of Pakistan. The aforementioned exemption is provided on the condition that such companies shall follow relevant requirements of IAS 39, in respect of above referred financial assets during the exemption period.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.11 Deferred credit

Amounts received from consumers and Government as contributions towards the cost of extension of electricity distribution network and of providing service connections are deferred and amortized over the estimated useful lives of related assets except for separately identifiable services in which case revenue is recognized upfront upon establishing a connection network. Amortization of deferred credit for the year is recognized as income in the statement of profit or loss.

2.12 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.13 Borrowing cost

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

2.14 Trade and other payables

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

2.15 Cash and cash equivalents

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

2.16 Share capital

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

2.17 **Revenue from contracts with customers**

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

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

i) **Revenue recognition**

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

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

Sale of electricity

Revenue from the sale of electricity is recognized on supply of electricity to consumers at the rates determined by NEPRA and notified by the Government of Pakistan in official gazette from time to time. Late payment charges are recognized on accrual basis.

Tariff differential subsidy

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

Rental and service income

Meter rentals are recognized on time proportion basis.

Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or hourly rate.

Interest

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

Other revenue

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

ii) **Contract assets**

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

iii) **Customer acquisition costs**

Customer acquisition costs are capitalized as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortized on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) **Customer fulfillment costs**

Customer fulfillment costs are capitalized as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfillment costs are amortized on a straight-line basis over the term of the contract.

v) **Right of return assets**

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) **Contract liabilities**

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

vii) **Refund liabilities**

Refund liabilities are recognized where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

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

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is Rupees Nil.

2.18 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

2.19 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.20 Government grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

2.21 Contingent assets

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

2.22 Contingent liabilities

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

2.23 Prior period error

i. During the year ended 30 June 2016 the Company inadvertently write off freehold land and building on that land. This error had understated operating fixed assets, accumulated depreciation, surplus on revaluation of operating fixed assets and overstated accumulated loss:

Now this error has been rectified and the effect of this restatement has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

	30 June 2018			30 June 2017		
	As previously reported	Adjustment	Restatement	As previously reported	Adjustment	Restated
	---------- Rupees ----------					
Effect on statement of financial position						
Operating fixed assets	90,289,028,408	333,300,001	90,622,328,409	85,284,153,718	333,300,001	85,617,453,719
Accumulated depreciation	(7,302,732,879)	(18,891,298)	(7,321,624,177)	(3,049,086,512)	(16,845,298)	(3,065,931,810)
Surplus on revaluation of operating fixed assets	(31,420,481,685)	(315,543,179)	(31,736,024,864)	(32,619,786,404)	(316,750,689)	(32,936,537,093)
Accumulated loss	42,651,514,278	1,134,476	42,652,648,754	19,401,317,073	295,986	19,401,613,059

ii. Previously, the Company inadvertently did not take plan assets into actuarial calculation of pension fund as a result cash and bank balances and staff retirement benefits were overstated. Now this error has been rectified and the effect of this restatement has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

	30 June 2018			30 June 2017		
	As previously reported	Adjustment	Restatement	As previously reported	Adjustment	Restated
	---------- Rupees ----------					
Effect on statement of financial position						
Cash and bank balances	2,121,684,292	(190,902,222)	1,930,782,070	2,412,742,341	(69,145,357)	2,343,596,984
Staff retirement benefits	40,123,468,365	(190,902,222)	39,932,566,143	40,080,387,781	(69,145,357)	40,011,242,424

Interest on bank deposit have been netted off against provision for the year 2018 and 2019. It has no impact on retained earnings of the Company.

3 PROPERTY, PLANT AND EQUIPMENT

	NOTE	2019 Rupees	2018 Rupees
Operating fixed assets	3.1	86,555,236,382	83,300,704,232
Capital work-in-progress	3.2	13,237,476,981	10,670,419,780
		99,792,713,363	93,971,124,012

3.1 Operating fixed assets

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Distribution equipment	Vehicles	Computer and ancillary equipment	Furniture and fixtures	Other plant and equipment	Total
	Rupees									
At 30 June 2017										
Cost	12,888,976,459	4,824,460,000	3,143,647,410	391,963,344	62,874,410,913	704,666,912	127,458,623	75,862,258	252,707,799	85,284,153,718
Accumulated depreciation	-	-	(62,613,494)	(7,397,911)	(2,125,210,301)	(530,840,185)	(124,981,724)	(44,278,518)	(153,764,379)	(3,049,086,512)
Net book value	12,888,976,459	4,824,460,000	3,081,033,916	384,565,433	60,749,200,612	173,826,727	2,476,899	31,583,740	98,943,420	82,235,067,206
Effect of rectification of error (Note 2.23)										
Cost	231,000,000	-	102,300,001	-	-	-	-	-	-	333,300,001
Accumulated depreciation	-	-	(16,845,298)	-	-	-	-	-	-	(16,845,298)
Net book value	231,000,000	-	85,454,703	-	-	-	-	-	-	316,454,703
At 30 June 2017 - Restated										
Cost	13,119,976,459	4,824,460,000	3,245,947,411	391,963,344	62,874,410,913	704,666,912	127,458,623	75,862,258	252,707,799	85,617,453,719
Accumulated depreciation	-	-	(79,458,792)	(7,397,911)	(2,125,210,301)	(530,840,185)	(124,981,724)	(44,278,518)	(153,764,379)	(3,065,931,810)
Net book value	13,119,976,459	4,824,460,000	3,166,488,619	384,565,433	60,749,200,612	173,826,727	2,476,899	31,583,740	98,943,420	82,551,521,909
Year ended 30 June 2018										
Opening net book value	13,119,976,459	4,824,460,000	3,166,488,619	384,565,433	60,749,200,612	173,826,727	2,476,899	31,583,740	98,943,420	82,551,521,909
Additions	-	-	197,538,142	-	4,757,879,776	-	8,110,033	3,123,927	40,136,755	5,006,788,633
Disposals:										
Cost	(135,000)	-	-	-	(1,778,943)	-	-	-	-	(1,913,943)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
	(135,000)	-	-	-	(1,778,943)	-	-	-	-	(1,913,943)
Effect of rectification of error (Note 2.23)	-	-	(2,046,000)	-	-	-	-	-	-	(2,046,000)
Depreciation charge	-	-	(82,250,868)	(10,084,768)	(4,106,946,610)	(26,796,100)	(3,822,117)	(5,153,984)	(18,591,920)	(4,253,646,367)
Closing net book value	13,119,841,459	4,824,460,000	3,279,729,893	374,480,665	61,398,354,835	147,030,627	6,764,815	29,553,683	120,488,255	83,300,704,232
At 30 June 2018										
Cost	13,119,841,459	4,824,460,000	3,443,485,553	391,963,344	67,630,511,746	704,666,912	135,568,656	78,986,185	292,844,554	90,622,328,409
Accumulated depreciation	-	-	(163,755,660)	(17,482,679)	(6,232,156,911)	(557,636,285)	(128,803,841)	(49,432,502)	(172,356,299)	(7,321,624,177)
Net book value	13,119,841,459	4,824,460,000	3,279,729,893	374,480,665	61,398,354,835	147,030,627	6,764,815	29,553,683	120,488,255	83,300,704,232
Year ended 30 June 2018										
Opening net book value	13,119,841,459	4,824,460,000	3,279,729,893	374,480,665	61,398,354,835	147,030,627	6,764,815	29,553,683	120,488,255	83,300,704,232
Additions	-	-	226,737,872	-	7,325,722,260	-	298,433,340	3,992,867	119,127,721	7,974,014,060
Loss due to theft										
Cost	-	-	-	-	(12,799,600)	(599,306)	(99,997)	-	-	(13,498,903)
Accumulated depreciation	-	-	-	-	1,337,334	-	-	-	-	1,337,334
	-	-	-	-	(11,462,266)	(599,306)	(99,997)	-	-	(12,161,569)
Disposals:										
Cost	-	-	-	-	(3,000,000)	-	-	-	-	(3,000,000)
Accumulated depreciation	-	-	-	-	636,942	-	-	-	-	636,942
	-	-	-	-	(2,363,058)	-	-	-	-	(2,363,058)
Depreciation charge	-	-	(88,067,011)	(9,906,291)	(4,525,066,556)	(26,963,805)	(22,423,851)	(5,433,171)	(27,096,598)	(4,704,957,283)
Closing net book value	13,119,841,459	4,824,460,000	3,418,400,754	364,574,374	64,185,185,215	119,467,516	282,674,307	28,113,379	212,519,378	86,555,236,382
At 30 June 2019										
Cost	13,119,841,459	4,824,460,000	3,670,223,425	391,963,344	74,940,434,406	704,067,606	433,901,999	82,979,052	411,972,275	98,579,843,566
Accumulated depreciation	-	-	(251,822,671)	(27,388,970)	(10,755,249,191)	(584,600,090)	(151,227,692)	(54,865,673)	(199,452,897)	(12,024,607,184)
Net book value	13,119,841,459	4,824,460,000	3,418,400,754	364,574,374	64,185,185,215	119,467,516	282,674,307	28,113,379	212,519,378	86,555,236,382
Depreciation rate (%) per annum			2%	2%	3.5%	10%	33%	10%	10%	

3.1.1 The Company's freehold land, leasehold land, buildings thereon and distribution assets are carried at the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's buildings and distribution equipments as at 30 June 2016 were performed by F.K.S Building Services, independent valuers not related to the Company. Fair valuation of land was performed on 30 June 2014 by the same valuer. F.K.S are on list of approved valuers issued by Pakistan Banks Association. They have the appropriate qualifications and experience in fair value measurement in the relevant locations.

The fair value of the buildings were determined based on market rate per square foot of the covered area after taking into account factors such as provision of utilities and allied services, location and condition of property, legality of occupation of property, type of construction, state of maintenance, building depreciation and law and order situation prevailing in the country. The market value / cost of construction has been worked out on the analysis of the rates of material and labor prevailing in the local market.

The fair value of the grid stations were determined based on new cost and freight (C&F) values obtained from various sources. Further, factors such as capacity and type of the installed equipment, year of make and its manufacturer and overall condition of these assets were also taken into account while assessment of the fair values. For transmission lines and related equipment, 70% of the new price of distribution material have been taken for assets valuation after taking into account the type of material used, and overall condition of these assets.

Had there been no revaluation, the related figures of revalued assets would have been as follows:

	Cost	Accumulated depreciation	Written down value
		Rupees	
2019			
Freehold land	106,989,320	-	106,989,320
Leasehold land	56,887,270	(23,004,920)	33,882,350
Buildings on freehold land	4,433,852,067	(856,881,937)	3,576,970,130
Buildings on leasehold land	466,026,224	(111,449,561)	354,576,663
Distribution equipment	77,524,562,943	(26,343,918,366)	51,180,644,577
	82,588,317,824	(27,335,254,784)	55,253,063,040
2018			
Freehold land	106,989,320	-	106,989,320
Leasehold land	56,887,270	(23,004,920)	33,882,350
Buildings on freehold land	4,207,114,195	(768,204,896)	3,438,909,299
Buildings on leasehold land	466,026,224	(102,129,037)	363,897,187
Distribution equipment	70,198,840,683	(23,630,558,663)	46,568,282,020
	75,035,857,692	(24,523,897,516)	50,511,960,176

3.1.2 Depreciation charge for the year has been allocated as follows:

		2019	2018 Restated
		Rupees	Rupees
Administrative expenses	28	84,992,218	79,513,108
Distribution costs	29	4,529,343,369	4,114,405,494
Customer service costs	30	84,992,218	57,724,236
Included in capital work-in-progress		5,629,478	4,049,529
		4,704,957,283	4,255,692,367

3.1.3 In 2002, the Company entered into an agreement with Bahria Town Private Limited (BTPL) for the distribution of electricity to the society. As per the agreement, BTPL transferred 32 kanals land in the name of the Company and agreed to bear all costs associated with the construction of a grid station and a buildings on the land. Later on, the Company assumed the ownership of the land, building and grid station, currently having carrying value of Rupees 234.438 million as at 30 June 2019 (2018: Rupees 238.60 million) and recognized these assets in its books of accounts, during the year ended 30 June 2009.

On 24 November 2010, National Electric Power Regulatory Authority (NEPRA) granted a license to BTPL for distribution of electricity to licensed locations. The Company considers the territory granted under distribution license to BTPL as its inalienable right and any action to withdraw a part thereof would be violation of the Company's right under the NEPRA Act. Accordingly, the Company filed writ petition in Islamabad High Court to challenge NEPRA's decision of granting license to BTPL. In the meantime, BTPL approached Ministry of Water and Power, Government of Pakistan (MOWP) and submitted a request for settlement of the matter through arbitration process. On BTPL's request Secretary MOWP requested the chairman of the Board of Directors of the Company to withdraw the writ petition and settle the matter through arbitration. Shareholders of the Company in their Extra Ordinary General Meeting held on 14 June 2011 resolved to withdraw the writ petition filed in Islamabad High Court and enter into arbitration process with BTPL. However, the arbitration process could not yield the desired results to the Company and subsequent to which Board of Directors of the Company in their meeting held on 03 July 2012 decided to re-file a writ petition with Islamabad High Courts against the decision of NEPRA to grant distribution license to BTPL, which was filed on 01 September 2012. During the year no hearing was held. However, subsequent to the year end, on 12 October 2019 Court allowed impleading of Privatization Commission of Pakistan as a necessary party to the case at the request of Attorney General. The matter is pending for adjudication.

The management of the Company is confident of a favorable outcome of the writ petition filed with the Honorable Islamabad High Court and accordingly the fixed assets and land received from BTPL, having carrying values in aggregate of Rupees 234.438 million (2018: Rupees 238.60 million) have not been derecognized in these financial statements.

3.1.4 On 01 March 2019, the Company entered into an Authorization and Interest agreement with Power Holding (Private) Limited (PHPL) and Meezan Bank Limited (MBL), in which Company authorized PHPL to carry out "Certain Actions" in relation to Relevant Transaction Assets representing freehold land at Rawalpindi, Islamabad, Jhelum and Taxila, having combined area of 853 kanal and 19 marla amounting to Rupees 7,215.64 million. Certain Actions include selling the Relevant Transaction Assets to MBL and creating a security interest over the same for the purpose of enabling PHPL to raise financing through the Sukuk issue. In addition to this agreement, PHPL entered into an Asset Purchase Agreement with MBL for selling the Relevant Transaction Assets to MBL which include the land of the Company and of other distribution and generation companies for a total purchase price of Rupees 200,000 million against which Sukuk certificates will be issued by PHPL for a period of ten years.

3.1.5 Lands amounting to Rupees 17,713 million are under the possession of the Company but the Company does not have the title of the lands amounting to Rupees 11,971 million, whereas, lands amounting Rupees 8,995 are under the title of WAPDA.

	NOTE	2019 Rupees	2018 Rupees
3.2 Capital work-in-progress			
Civil works		272,816,499	142,572,436
Distribution equipment		6,074,448,663	3,919,239,971
Distribution equipment - deposit		3,951,895,918	4,049,981,045
	3.2.1	10,026,344,581	7,969,221,016
	3.2.2	10,299,161,080	8,111,793,452
Capital stores	3.2.3	2,904,413,899	2,454,251,597
Advances to suppliers		33,902,002	104,374,731
		13,237,476,981	10,670,419,780

3.2.1 Breakup of distribution equipment is as follows:

	2019	2018
Material	5,196,910,305	4,419,002,507
Labour	493,776,239	514,131,353
Overheads:		
Borrowing costs	276,839,242	127,973,473
Other charges	1,295,240,404	1,173,893,194
	1,572,079,646	1,301,866,667
Contract work	2,763,578,391	1,734,220,489
	10,026,344,581	7,969,221,016

3.2.1.1 The capitalization ratio for the year is 15% (2018: 16.12%).

3.2.2 Movement in capital work-in-progress during the year

	2019	2018
Balance at the beginning of the year	8,111,793,452	5,616,045,635
Additions during the year	9,726,002,436	7,451,165,735
Transfers to operating fixed assets during the year:		
- Building on freehold land	(226,737,872)	(197,538,142)
- Distribution equipment	(7,311,896,936)	(4,757,879,776)
	(7,538,634,808)	(4,955,417,918)
Balance at the end of the year	10,299,161,080	8,111,793,452

3.2.3 These represent items of stores, spares and loose tools held for capitalization.

4 INTANGIBLE ASSET UNDER DEVELOPMENT

This represents advance given for Enterprise Resource Planning (ERP) system, which is in the implementation phase.

5 LONG TERM LOANS

	NOTE	2019	2018
Considered good - secured			
To employees			
- Executives		1,293,728	837,627
- Other employees		157,887,879	121,580,012
Less: Current portion shown under current assets	8	(37,120,736)	(33,278,570)
		122,060,871	89,139,069

5.1 These represent long term loans given to employees for purchase of houses, plots, cars, motor cycles and bicycles. House building and plot loans are repayable in 10 years, car and motor-cycle loans in 5 years and bicycle loans in 4 years. Loans are secured by a mortgage of immovable property and hypothecation of vehicles.

	NOTE	2019 Rupees	2018 Rupees
6 STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		1,306,436,232	1,107,570,315
Provision against slow moving /obsolete items		(149,697,698)	(149,697,698)
		1,156,738,534	957,872,617

6.1 Movement in provision against slow moving / obsolete items is as follows:

	2019 Rupees	2018 Rupees
Balance at the beginning of the year	149,697,698	143,572,897
Charge for the year	-	6,124,801
Balance at the end of the year	149,697,698	149,697,698

	NOTE	2019 Rupees	2018 Rupees
7 TRADE DEBTS			
Considered good	7.1, 7.2	96,970,187,670	84,097,887,276
Considered doubtful		565,070,232	565,070,232
		97,535,257,902	84,662,957,508
Less: Allowance for expected credit losses	7.3	(565,070,232)	(565,070,232)
	7.4	96,970,187,670	84,097,887,276

7.1 These include an amount of Rupees 75,751 million (2018: Rupees 67,321 million), receivable from the Government of Azad, Jammu and Kashmir (GoAJK), representing the differential of the amount billed to GoAJK on tariff notified by Government of Pakistan (GoP) and the tariff approved by the sub-committee constituted at the time of a presentation given to the Chief Executive of Pakistan, in September 2002, on the raising of the Mangla Dam. The rate approved by the sub-committee at that time was Rupees 2.32 per unit which was increased to Rupees 2.59 per unit subsequently. However, the Company has a practice to bill electricity supplied to GoAJK, on the basis of tariffs notified by the GoP from time to time. The GoAJK has been settling its dues at a tariff of Rupees 2.59 per unit and contesting the applicability of tariff approved by NEPRA and notified by the GoP by claiming that AJK does not fall under notified tariff.

The Company has taken up the matter with the Ministry of Finance and GoAJK. Further, the Ministry of Water and Power had decided in a meeting held on 29 May 2015 to constitute a committee to deliberate the tariff issue with NEPRA and sort out an amicable tariff for all stake-holders. The said committee, in its meeting held on 08 December 2015, has formulated a proposal to revise the tariff by increasing up to Rupees 5.79 per unit, with effect from 01 July 2015 which has also been agreed by GoAJK vide letter No. SE/PS/70-82/2016 dated 01 January 2016. However, Ministry of Water and Power is further deliberating on the matter, thus no official notification has been received in this regard. Further, the Company has filed a claim of Rupees 66,610 million representing the AJK receivable balance, as tariff differential, with the Ministry of Water and Power for the period from April 2008 to June 2018, for onward submission to Ministry of Finance, pursuant to the decision made in meeting of such committee.

Ministry of Energy (Power Division) submitted a summary regarding cash and non-cash settlement for power sector @ Rupees 3/KWH subsidy announced by the Prime Minister for the industrial support Package and GoAJK. ECC of the Cabinet in its meeting held on 10 June 2019, considered the summary and approved that adjustment of payable industrial support package and GoAJK subsidy will be made through memorandum authorization by Finance Division. Receivable from GoAJK amounting to Rupees 80,580 million net of charges amounting to Rupees 12,352 million will be settled in cash, non-cash against re-lent loan and equity. However, claims of AJK subsidy beyond 30 June 2019 will be dealt in accordance with the agreement with GoAJK.

Finance Division vide its letter No. F.1(14)CF-1/2015-16/1290 dated 26 September 2019, allowed adjustment of GoAJK receivables amounting to Rupees 10,285.945 million against foreign re-lent loans till 30 June 2018.

Accordingly, the management is confident that the remaining amount will be recovered in near future.

7.2 The Company's recievable from non-government consumers are secured to the extent of the consumers' security deposits against electricity connections, as disclosed in note 19.

7.3 Allowance for expected credit losses

	2019 Rupees	2018 Rupees
Balance at the beginning of the year	565,070,232	565,070,232
Write-offs against provision	-	-
Balance at the end of the year	565,070,232	565,070,232

7.4 Bogus receipts were recorded in the consumer accounts at Revenue Office - I, Islamabad with the collusion of some employees. The matter was initially identified during July 2019, subsequent to reporting period, where the employees involved in the matter collected bills from the consumers in cash through bargaining and prepared bogus scrolls for posting of receipts against their clients' accounts (IESCO consumers bargaining for lesser payments against electricity bills). To settle the receipts from such clients, the employees involved prepared bogus bank scrolls, billing stubs, bank statements and other documents on the basis of which bogus receipts were fed to the computer center. The arrangement was designed in a manner that the bank reconciliation process could not reveal the misstatements. Accordingly, bank balance and trade receivables were misstated in the books of accounts of the Company to the extent of amount of fraud.

An internal inquiry committee was constituted vide order No. 6198-94 dated 22 July 2019, subsequent to reporting date, to investigate the matter which submitted its interim inquiry report. According to the inquiry committee's findings the amount of fraud worked out so far was Rupees 207.75 million for the period from July 2018 to June 2019. The committee apprehended that the amount of fraud may increase than the above reported figure through detailed scrutiny of previous periods. Internal auditors of the Company and the Federal Investigation Agency (FIA) are also investigating the matter. Further, we have also been given to understand that the management intends to conduct detailed audit of the matter through an independent firm of Chartered Accountants.

On the basis of preliminary investigation, the management initially identified bogus receipts amounted to Rupees 207.75 million, out of which the management claims that it has recovered amount of Rupees 145.12 million from the consumers. In addition to this, it can also be suspected that the same arrangement of fraud might be in place at other revenue offices. Since, the matter is under investigation the exact amount of fraud cannot be determined at this stage. Accordingly, no adjusting entry has been made in the bank and trade receivable balances as at 30 June 2019.

		NOTE	2019 Rupees	2018 Rupees
8	ADVANCES			
	Considered good			
	Suppliers		236,925,272	267,949,782
	Employees against operating expenses		59,984,948	56,843,297
	Current portion of long term loans	5	37,120,736	33,278,570
			334,030,956	358,071,649

9	RECEIVABLE FROM GOVERNMENT OF PAKISTAN			
	Balance at the beginning of the year	9.1	5,859,696,963	14,806,782,863
	Subsidy recognized during the year on account of tariff differential subsidy	9.2	16,964,938,061	9,316,374,752
	Adjusted against debit notes received from CPPA of TRS		(16,496,521,535)	(18,263,460,652)
	Balance at the end of the year		6,328,113,489	5,859,696,963

9.1 This includes subsidy recognized of Rupees 2,814.65 million in previous financial years for the period from August 2011 to March 2013, in respect of non-charging of Fuel Price Adjustment to domestic consumers, having consumption of units from 51 to 350 units, pursuant to the determination of the IESCO's tariff by the NEPRA, duly notified by the GoP vide SRO No. 701 dated 05 August 2013 and SRO No. 914 dated 11 October 2013 and the NEPRA's clarification issued in the case of another distribution company.

In previous year, MoWP vide its letter no. PF-05(15-FPA)/2012, directed the Company to include these claims in future tariff petition to be filed with NEPRA.

9.2 This represents Tariff Differential Subsidy (TDS) receivable from GoP as a difference between NEPRA rates notified as per "Schedule-I" and "Schedule-II" as notified by Federal Government in S.R.O. 569 (I)/2015 dated 10 June 2015, S.R.O. 377(1)/2018 dated 22 March 2018 and SRO 04/(1)/2019 dated 01 January 2019.

10 SECURITY DEPOSITS

These include deposit related to a court case titled "Ball Bibi vs "IESCO" in which a woman filed case against Company before Civil Judge Rawalpindi regarding compensation of sudden death of her son due to electric shock. The Company filed a civil revision before Lahore High Court Rawalpindi Bench, Rawalpindi and Court vide order dated 03 February 2015 remanded back the case to lower court and further instructed to submit bank guarantee. The Company submitted a bank guarantee of Rupees 40 million. The case was again decided against the Company by additional District and Session judge on 31 January 2017 and reduced the claim amount to Rupees 33.65 million.

The Company filed a civil revision before Lahore High Court Rawalpindi Bench, Rawalpindi, who granted stay order and directed to submit Rupees 16.82 million with registrar High court and furnish bank guarantee of the remaining amount of Rupees 16.82 million. The case is still pending adjudication.

		NOTE	2019 Rupees	2018 Rupees
11	OTHER RECEIVABLES			
	Unsecured, considered good			
	Receivable from related parties:			
	- Free electricity and other transactions	11.1	1,684,302,793	809,393,763
	- Pensions	11.2	1,639,882,960	1,429,913,210
	Others		62,129,182	44,329,330
			3,386,314,935	2,283,636,353

11.1 This represents the net amount receivable from WAPDA and other related parties on account of free electricity provided to the employees of these companies residing within the Company's territorial jurisdiction; a party wise breakup is as follows:

Raw.

	2019 Rupees	2018 Rupees
WAPDA	939,765,755	889,633,529
National Transmission and Dispatch Company Limited	710,482,115	(110,424,549)
Quetta Electric Supply Company Limited	12,663,686	10,899,667
Northern Power Generation Company Limited	7,480,121	6,827,660
Central Power Generation Company Limited	5,410,234	4,905,072
Tribal Electric Supply Company Limited	5,350,436	4,660,371
Jamshoro Power Company Limited	1,824,453	1,654,938
Lakhra Power Generation Company Limited	1,325,993	1,237,075
	1,684,302,793	809,393,763

11.2 This represents the amount receivable from WAPDA and other related parties on account of pension paid to the retired employees of these companies residing within the Company's territorial jurisdiction; a party wise breakup is as follows:

	NOTE	2019 Rupees	2018 Rupees
WAPDA		1,062,488,159	1,043,636,333
National Transmission and Dispatch Company Limited		308,754,051	201,321,108
Lahore Electric Supply Company Limited		65,093,117	37,998,137
Faisalabad Electric Supply Company Limited		15,798,369	12,099,493
Gujranwala Electric Power Company Limited		37,717,076	11,252,744
Peshawar Electric Supply Company Limited		29,176,176	9,687,005
Multan Electric Power Company Limited		15,975,458	15,174,431
Hyderabad Electric Supply Company Limited		13,365,301	14,747,314
Northern Power Generation Company Limited (GENCO-III)		22,126,475	22,823,618
Central Power Generation Company Limited (GENCO-II)		12,644,472	15,018,540
Quetta Electric Supply Company Limited		28,706,344	16,682,735
Jamshoro Power Company Limited (GENCO-I)		1,544,993	1,173,322
Lakhra Power Generation Company Limited (GENCO-IV)		601,776	489,093
Pakistan Electric Power Company Limited		20,513,295	22,788,207
Tribal Area Electric Supply Company Limited		2,227,898	1,390,002
Sukkur Electric Supply Company Limited.		859,278	1,578,135
Power Information Technology Company (Private) Limited		2,047,623	1,971,507
GENCO Holding Company Limited		243,099	81,486
		1,639,882,960	1,429,913,210

11.3 The maximum aggregate amount due from associated undertakings at the end of any month during the year was as follows:

	2019 Rupees	2018 Rupees
Free electricity		
WAPDA	956,027,619	902,917,386
National Transmission and Dispatch Company Limited	710,482,115	843,195,091
Quetta Electric Supply Company Limited	12,663,686	10,899,667
Northern Power Generation Company Limited	7,480,121	6,827,661
Central Power Generation Company Limited	5,410,234	4,905,072
Tribal Electric Supply Company Limited	5,350,436	4,660,370
Jamshoro Power Company Limited	1,824,453	1,655,303
Lakhra Power Generation Company Limited	1,325,993	1,237,075
Pension		
WAPDA	1,062,488,159	1,043,636,333
National Transmission and Despatch Company Limited	316,440,653	201,321,108
Lahore Electric Supply Company Limited	65,093,117	37,998,137
Faisalabad Electric Supply Company Limited	27,438,266	42,318,955
Gujranwala Electric Power Company Limited	37,717,076	69,799,519
Peshawar Electric Supply Company Limited	29,176,176	23,989,674
Multan Electric Power Company Limited	21,937,032	20,461,652
Hyderabad Electric Supply Company Limited	16,062,701	14,747,314
Northern Power Generation Company Limited (GENCO-III)	24,789,537	24,026,802
Central Power Generation Company Limited (GENCO-II)	15,018,540	16,199,414
Quetta Electric Supply Company Limited	28,706,344	16,682,735
Jamshoro Power Company Limited (GENCO-I)	1,746,536	1,173,322
Lakhra Power Generation Company Limited (GENCO-IV)	601,776	783,008
Pakistan Electric Power Company Limited	22,788,207	24,245,714
Tribal Area Electric Supply Company Limited	2,227,898	1,815,997
Sukkur Electric Supply Company Limited	1,823,119	4,389,987
Power Information Technology Company (Private) Limited	2,047,623	1,971,507
GENCO Holding Company Limited	243,099	135,810

12 RECOVERABLE FROM TAX AUTHORITIES

	NOTE	2019 Rupees	2018 Rupees
Sales tax		218,864,930	(92,445,950)
Other receivables from tax authorities	12.1	21,542,093,209	19,605,134,407
Advance income tax		871,668,339	623,966,761
		22,632,626,478	20,136,655,218

las.

12.1 These represent amounts recovered by the taxation authorities, alleging that the Company, in the current or prior years, has either failed to recover sales tax from various customers or have adjusted incorrect input tax in its returns related to subsidy provided by GoP to IESCO. The Company has filed various appeals against these cases which are pending before the taxation authorities and different courts of law. The management of the Company is confident of a favorable outcome of these pending cases and accordingly, a provision has not been recorded in the financial statements against these balances.

13 RECEIVABLE FROM TIBL

13.1 These represent investment made in the TDRs of Trust Investment Bank Limited (TIBL) in accordance with the Ministry of Finance Regulations, which were matured in January 2013. However, the Bank was facing liquidity issues, due to which the full amount of investments made could not be recovered on the maturity date. During the year ended 30 June 2014, under a Settlement Agreement dated 09 April 2014 between the Company and TIBL, the Company recovered an amount of Rupees 2.15 million in cash, and for the remaining principal amount of Rupees 96.68 million and accumulated interest thereon amounting to Rupees 10.29 million, TIBL transferred the possession of certain properties in the name of the Company representing various lands and buildings.

Further, under another separate agreement dated 04 July 2014, it was agreed that if the Company would sell or transfer all of the properties to a bona fide third party / parties on an arm's length basis before 30 June 2015, and the sales considerations paid by such third party / parties would be less than the outstanding amount as per the original agreement, then TIBL would be required to compensate the Company for shortfall amount, either in the form of cash or any other means within seven days of notification by the Company.

During the year 2015, the Company was able to obtain the legal transfer of only one property in its name, having current market value of Rupees 16 million at that time, while steps were being taken to obtain the physical possession and to transfer the remaining properties in the name of the Company. The Separate Agreement mentioned above was also extended to 30 June 2016. However during the year ended 30 June 2016, BoD, in the light of the fact that TIBL has not honored its commitments under the Separate Agreement mentioned above, resolved not to extend the above mentioned agreement between IESCO and TIBL. The Company has filed a reference with National Accountability Bureau (NAB).

During the year 2017, another property having value of Rupees 49 million was transferred in the name of the Company. Matter for the remaining settlement is pending with NAB.

An amount of Rupees 30.79 million representing the principal amount of investment not recovered from TIBL so far is being carried as receivable from TIBL in these financial statements while the fair value of transferred property is still carried as non-current assets held-for-sale as the management has the positive intention to dispose off this property in near future. Provision has not been recognized based on management's view that the amount will be fully recovered.

	NOTE	2019 Rupees	2018 Rupees
14 CASH AND BANK BALANCES			
Cash			
In hand:		9,227	9,310
At banks in:			
- Deposit accounts	14.1, 14.2 & 14.3	1,741,936,663	977,699,342
- Deposit work / capital contribution accounts	14.1	166,900,597	-
- Current accounts		1,424,045,995	953,073,418
		3,332,883,255	1,930,772,760
		3,332,892,482	1,930,782,070

14.1 These carry mark-up ranging from 7% to 11.25% per annum (2018: 4% to 7% per annum).

14.2 Included herein is an amount of Rupees 1,095 million (2018: Rupees 692 million) kept in separate bank accounts relating to customers' and employees' security deposits.

14.3 Included herein is an amount of Rupees 520.77 million (2018: Rupees 190.90 million) kept in separate bank accounts relating to employees' pension fund.

15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
----Number of shares----			Rupees	Rupees
1,000	1,000	Ordinary shares of Rupees 10 each, issued for consideration in cash	10,000	10,000
579,824,334	579,824,334	Ordinary shares of Rupees 10 each, issued for consideration other than in cash	5,798,243,340	5,798,243,340
579,825,334	579,825,334		5,798,253,340	5,798,253,340

15.1 The President of Pakistan, WAPDA and the IESCO Employees Trust Fund, respectively hold 1,000 (2018: 1,000), 510,245,414 (2018: 510,245,414) and 69,578,920 (2018: 69,578,920) Ordinary shares of the Company at the year end. In 2012, 69,578,920 shares, previously owned by WAPDA, were transferred to the IESCO Employees Trust Fund under the Benazir Employees Stock Option Scheme.

16 DEPOSIT FOR SHARES

This represents Government of Pakistan's investment / equity in the Company channelized through PEPCO / NTDC as a measures taken to clear circular debts prevailing in the power sector, with slight adjustment made during the year.

	NOTE	2019 Rupees	2018 Rupees
17 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED INCOME TAX			
Opening balance		31,736,024,864	32,619,786,404
Effect of rectification of error (Note 2.23)		-	316,750,689
Opening balance - restated		31,736,024,864	32,936,537,093
Transfer from surplus on revaluation of operating fixed assets to accumulated loss on disposal of assets		(649,008)	(134,510)
		31,735,375,856	32,936,402,583
Transferred to accumulated loss in respect of incremental depreciation charge during the year		(1,690,722,140)	(1,739,677,853)
Related deferred income tax liability		490,309,421	539,300,134
		(1,200,412,719)	(1,200,377,719)
		30,534,963,137	31,736,024,864

18 LONG TERM LOANS

	NOTE	2019 Rupees	2018 Rupees
From Government of Pakistan			
Asian Development Bank - Tranche I	18.1	920,027,451	2,056,802,452
Asian Development Bank - Tranche II	18.2	1,422,445,365	1,841,115,364
International Bank for Reconstruction and Development	18.3	1,813,122,986	3,687,887,986
Asian Development Bank - Tranche III	18.4	2,240,254,225	1,616,635,201
Earthquake Reconstruction and Rehabilitation Authority	18.5	280,858,259	217,923,729
Asian Development Bank - Tranche IV	18.6	1,933,887,407	1,113,154,423
		8,610,595,693	10,533,519,155
		8,610,595,693	10,533,519,155
Current maturity shown under current liabilities	18.7	(1,557,571,177)	(4,182,882,220)
		7,053,024,516	6,350,636,935

18.1 This represents re-lent portions of the total term finance facility obtained by the Government of Pakistan (GoP) from Asian Development Bank (ADB) for power distribution and enhancement projects. Out of total finance facility, an amount of US $ 30.06 million has been allocated to the Company vide letter No. 6(9) ADB-I/86 dated 30 March 2009, of the Ministry of Economic Affairs and Statistics (MEAS), against which the Company has utilized US $ 23.31 (2018: US $ 23.31 million) up to the year end. The loan carries interest at 17% per annum inclusive of exchange risk coverage fee of 6% charged both on the principal amount and the interest amount, separately. The initial agreed amount was later revised to a total allocation of US $ 23.31 million via letter No. 5654 from ADB dated 17 July 2013.

The loan is repayable in 26 semi-annual installments, excluding a grace period of 2 years, ending 15 August 2023 with first repayment due on 15 February 2011. No repayment was made till 30 June 2018. However, ECC of the Cabinet in its meeting held on 10 June 2019, decided that receivable from GoAJK will be settled in cash, non-cash adjustment against re-lent loan and injection of equity.

Further, Finance Division vide its letter No. F.1(14)CF-1/2015-16/1290 dated 26 September 2019, allowed adjustment of GoAJK receivables amounting to Rupees 10,285.945 million against foreign re-lent loans till 30 June 2018. As a result, the Company adjusted over due principal and mark-up outstanding till 30 June 2018 amounting to Rupees 1,136.77 million and Rupees 1,728.87 million respectively against receivable from GoAJK.

The Company has withheld the principal repayments along with related interest accrued up to 30 June 2019, aggregating to Rupees 167.27 million and Rupees 149.29 million respectively. However, the principal amount due for repayment within next 12 months of the reporting date, has been transferred to the current portion.

18.2 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for power distribution and enhancement projects. Out of the total finance facility of US $ 172.30 million, an amount of US $ 19.56 million has been allocated to the Company vide ADB letter dated 26 March 2018, against which the Company has utilized US $ 18.33 million (2018: US $ 18.33 million) up to the year end. The loan carries interest at 15% per annum inclusive of exchange risk coverage fee of 6.8% charged on both the principal amount and the interest amount separately.

The loan is repayable in 34 semi-annual installments, excluding a grace period of 3 years, ending on 01 December 2030, with a first repayment due on 01 June 2014. No repayment was made till 30 June 2018. However, ECC of the Cabinet in its meeting held on 10 June 2019, decided that receivable from GoAJK will be settled in cash, non-cash adjustment against re-lent loan and injection of equity.

Further, Finance Division vide its letter No. F.1(14)CF-1/2015-16/1290 dated 26 September 2019, allowed adjustment of GoAJK receivables amounting to Rupees 10,285.945 million against foreign re-lent loans till 30 June 2018. As a result, the Company adjusted over due principal and mark-up amounting to Rupees 418.669 million and Rupees 1,064.201 million respectively against receivable from GoAJK.

The Company has withheld the principal repayments along with related interest accrued up to 30 June 2019, aggregating to Rupees 121.036 million and Rupees 218.057 million respectively. However, the principal amount due for repayment within next 12 months of the reporting date, has been transferred to the current portion.

18.3 This represents re-lent portions of the total term finance facility obtained by the GoP from the International Bank for Reconstruction and Development (IBRD) for electricity distribution and transmission projects. Out of the total finance facility an amount of US $ 58.50 million has been allocated to the Company vide letter No. 1(28) IDA-I/2006 dated 16 November 2011 of the MEAS, against which the Company has utilized US $ 40.974 million (2018: US $ 40.974 million) up to the year end. The loan carries interest at 17% p.a. inclusive of exchange risk coverage fee of 6% charged on both the principal amount and the interest amount, separately. The total amount of loan to be utilized has been revised for IESCO to a figure of US $ 40.98 via the letter from World Bank dated 16 July 2015 and this closes the total loan from the World Bank.

The loan is repayable in 26 semi-annual installments, excluding a grace period of 2 years, ending on 15 March 2024 with first repayment due on 15 September 2011. No repayment was made till 30 June 2018. However, ECC of the Cabinet in its meeting held on 10 June 2019, decided that receivable from GoAJK will be settled in cash, non-cash adjustment against re-lent loan and injection of equity.

Further, Finance Division vide its letter No. F.1(14)CF-1/2015-16/1290 dated 26 September 2019, allowed adjustment of GoAJK receivables amounting to Rupees 10,285.945 million against foreign re-lent loans till 30 June 2018. As a result, the Company adjusted over due principal and mark-up outstanding amounting to Rupees 1,874.765 million and Rupees 3,445.091 million respectively against receivable from GoAJK.

The Company has withheld the principal repayments along with related interest accrued up to 30 June 2019, aggregating to Rupees 302.187 million and Rupees 301.122 million respectively. However, the principal amount due for repayment within next 12 months of the reporting date, has been transferred to the current portion.

18.4 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for power distribution and enhancement projects. Out of the total finance facility an amount of US $ 24.55 million has been allocated to the Company vide letter No. 2(9) ADB-II/12 dated 31 December 2013 of the MEAS, against which the Company has utilized US $ 20.221 million (2018: US $ 15.386 million) up to the year end. The loan carries interest at 15% p.a. inclusive of exchange risk coverage fee of 6.8% charged on both the principal amount and the interest amount, separately.

The loan is repayable in 40 semi-annual installments, excluding a grace period of 5 years, ending 31 December 2037, with a first repayment due on 01 June 2018. No repayment was made till 30 June 2018. However, ECC of the Cabinet in its meeting held on 10 June 2019, decided that receivable from GoAJK will be settled in cash, non-cash adjustment against re-lent loan and injection of equity.

Further, Finance Division vide its letter No. F.1(14)CF-1/2015-16/1290 dated 26 September 2019, allowed adjustment of GoAJK receivables amounting to Rupees 10,285.945 million against foreign re-lent loans till 30 June 2018. As a result, the Company adjusted over due principal and mark-up amounting to Rupees 35.626 million and Rupees 474.227 million respectively against receivable from GoAJK.

The Company has withheld the principal repayments along with related interest accrued up to 30 June 2019, aggregating to Rupees 103.728 million and Rupees 283.498 million respectively. However, the principal amount due and is due for repayment within next 12 months of the reporting date, has been transferred to the current portion.

18.5 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for Earthquake Emergency Assistance Project. Out of total finance facility an amount of US $ 1.40 million has been allocated to the Company vide letter No. 6(9) ADB-II/86 dated 22 July 2008 of MEAS, against which the Company has fully utilized US $ 1.79 million in year 2011. The loan carries interest at 1% p.a upto 15 December 2025 and thereafter 2% interest on the amount of loan withdrawn from loan account and outstanding from time to time.

The loan is repayable in US $ in 60 semi-annual installments, excluding a grace period of 10 years, ending 15 December 2045, with the first repayment due on 15 June 2016. No payment on this loan has yet been made. No repayment was made till 30 June 2018. However, ECC of the Cabinet in its meeting held on 10 June 2019, decided that receivable from GoAJK will be settled in cash, non-cash adjustment against re-lent loan and injection of equity.

Further, Finance Division vide its letter No. F.1(14)CF-1/2015-16/1290 dated 26 September 2019, allowed adjustment of GoAJK receivables amounting to Rupees 10,285.945 million against foreign re-lent loans till 30 June 2018. As a result, the Company adjusted over due principal and mark-up amounting to Rupees 5.635 million and Rupees 14.857 million respectively against receivable from GoAJK.

The Company has withheld the principal repayments along with related interest accrued up to 30 June 2019, aggregating to Rupees 14.445 million and Rupees 14.354 million respectively. However, the principal amount due for repayment within next 12 months of the reporting date, has been transferred to the current portion.

18.6 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for power distribution and enhancement projects. Out of the total finance facility, an amount of US $ 17.810 million has been allocated to the Company vide ADB letter dated 23 February 2017, against which the Company has utilized US $ 16.056 million (2018: US $ 9.978 million) up to the year end. The loan carries interest at 15% p.a. inclusive of exchange risk coverage fee of 6.8% charged on both the principal amount and the interest amount, separately.

The loan is repayable in 40 semi-annual installments, excluding a grace period of 5 years, ending 01 December 2038, with a first repayment due on 01 June 2018. No repayment was made till 30 June 2018. However, ECC of the Cabinet in its meeting held on 10 June 2019, decided that receivable from GoAJK will be settled in cash, non-cash adjustment against re-lent loan and injection of equity.

Further, Finance Division vide its letter No. F.1(14)CF-1/2015-16/1290 dated 26 September 2019, allowed adjustment of GoAJK receivables amounting to Rupees 10,285.945 million against foreign re-lent loans till 30 June 2018. As a result, the Company adjusted over due principal and mark-up amounting to Rupees Nil and Rupees 87.223 million respectively against receivable from GoAJK.

The Company has withheld the principal repayments along with related interest accrued up to 30 June 2019, aggregating to Rupees 48.347 million and Rupees 244.110 million respectively. However, the principal amount which has fallen due for repayment within next 12 months of the reporting date, has been transferred to the current portion.

18.7 This includes overdue amount of Rupees 757.02 million.

19 LONG TERM SECURITY DEPOSITS

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

20 STAFF RETIREMENT BENEFITS

Four types of defined benefit plans are offered by the Company namely, pension obligations, medical benefits, free electricity and compensated absences.

	Pension obligations		Medical benefits		Free electricity		Compensated absences		Total	Total
	2019	2018 (Restated)	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees									
20.1 The amounts recognized in the statement of financial position										
Present value of defined benefit obligations	35,769,868,850	33,851,557,968	2,700,339,062	3,047,193,495	1,540,786,534	1,646,493,020	1,696,886,232	1,578,223,882	41,708,180,678	40,123,468,365
Fair value of plan assets	(520,770,567)	(190,902,222)	-	-	-	-	-	-	(520,770,567)	(190,902,222)
	35,249,098,283	33,660,655,746	2,700,639,062	3,047,193,495	1,540,786,534	1,646,493,020	1,696,886,232	1,578,223,882	41,187,410,111	39,932,566,143
20.2 Changes in the present value of defined benefit obligations:										
Balance at the beginning of the year	33,660,655,746	35,833,413,425	3,047,193,495	1,522,608,896	1,646,493,020	1,481,757,453	1,578,223,882	1,173,462,650	39,932,566,143	40,011,242,424
Current service cost	675,236,504	841,118,447	55,374,606	58,160,909	40,908,406	37,605,942	214,778,055	534,761,035	986,297,571	1,471,646,333
Interest cost	3,131,448,778	3,315,317,319	375,681,769	143,969,264	202,387,414	139,556,508	-	-	3,709,517,961	3,598,843,091
Benefits paid during the year	(1,570,123,866)	(1,971,976,836)	(10,471,701)	(14,285,923)	(15,457,066)	(25,463,162)	(96,115,705)	(129,999,803)	(1,692,168,338)	(2,141,745,724)
Actuarial (gain) / loss on obligation	(328,118,879)	(4,237,216,609)	(767,139,107)	1,336,740,349	(333,545,240)	13,056,279	-	-	(1,428,803,226)	(2,887,419,981)
Contributions	(320,000,000)	(120,000,000)	-	-	-	-	-	-	(320,000,000)	(120,000,000)
Balance at the end of the year	35,249,098,283	33,660,655,746	2,700,639,062	3,047,193,495	1,540,786,534	1,646,493,020	1,696,886,232	1,578,223,882	41,187,410,111	39,932,566,143
	(0.00)	-	-	-	-	-	-	-		
20.3 Charge for the year:										
Current service cost	675,236,504	841,118,447	55,374,606	58,160,909	40,908,406	37,605,942	214,778,055	534,761,035	986,297,571	1,471,646,333
Interest cost	3,131,448,778	3,315,317,319	375,681,769	143,969,264	202,387,414	139,556,508	-	-	3,709,517,961	3,598,843,091
	3,806,685,282	4,156,435,766	431,056,375	202,130,173	243,295,820	177,162,450	214,778,055	534,761,035	4,695,815,532	5,070,489,424
Charge to other comprehensive income										
Actuarial (gain) / loss	(328,118,879)	(4,237,216,609)	(767,139,107)	1,336,740,349	(333,545,240)	13,056,279	-	-	(1,428,803,226)	(2,887,419,981)
20.4 Significant actuarial assumptions at the reporting date are:										
Discount rate	12.4%	9.50%	12.4%	9.5%	12.4%	9.50%	12.35%	9.50%		
Future salary increase	11.4%	8.50%	[illegible]	-	11.4%	0.00%	11.35%	8.50%		
Indexation rate	4.3%	4.25%	0.0%	-	0.0%	0.00%	-	-		
Future medical cost increase	-	-	10.00%	4.25%	-	0.00%	-	-		
Exposure inflation rate	-	-	-	3.00%	10%	4.25%	-	-		
Electricity inflation rate	-	-	-	-	-	0.00%	-	-		

20.5 Description of risks to the Company

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

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what was assumed.

Withdrawal risk - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

Mortality risk - The risk that the actual mortality experience is different. Similar to the Withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Medical escalation risk - The risk that the cost of post retirement medical benefits will increase.

20.6 **Sensitivity analysis**

The calculations of the defined benefit obligations is sensitive to the significant actuarial assumptions set out in note 20.4. The table below summarizes how the defined benefit obligations at the end of the reporting period would have increased / (decreased) as a result of change in the respective assumptions.

	Present value of defined benefit obligation				
	Pension obligations	Medical benefits	Free electricity	Compensated absences	Total
	---------- Rupees ----------				
Current liability	35,769,568,850	2,700,639,062	1,540,786,534	1,696,886,232	41,707,880,678
Discount rate +1%	32,399,383,699	2,471,621,793	1,354,071,868	1,556,860,162	37,781,937,522
Discount rate -1%	38,889,964,919	2,926,955,692	1,729,303,921	1,860,803,809	45,407,028,341
Salary increase +1%	39,033,044,394	-	1,731,557,447	1,861,482,564	42,626,084,405
Salary decrease -1%	32,474,500,424	-	1,354,184,743	1,529,569,815	35,358,254,982
Pension increase rate +1%	40,650,204,949		-	-	40,650,204,949
Pension decrease rate -1%	3,247,231,440		-	-	3,247,231,440
Medical inflation rate increase +1%	-	2,958,226,323	-	-	2,958,226,323
Medical inflation rate decrease -1%	-	2,454,664,549	-	-	2,454,664,549
Electricity rate +1%	-	-	1,722,749,276	-	1,722,749,276
Electricity rate -1%	-	-	1,364,216,545	-	1,364,216,545
Expected charge to profit and loss account for the next financial year	5,159,634,021	395,304,972	235,498,946	278,171,469	6,068,609,408

	Remeasurement gain recognized in OCI			
	Pension scheme	Medical benefits	Free electricity	Total
	---------- Rupees ----------			
Remeasurement (gain) / loss on Obligation				
- Financial Assumptions	65,623,776	(406,927,034)	160,467,856	(180,835,402)
- Experience Adjustments	(393,742,655)	(360,212,073)	(494,013,096)	(1,247,967,824)
Total Remeasurement gain recognized in OCI	**(328,118,879)**	**(767,139,107)**	**(333,545,240)**	**(1,428,803,226)**

The above sensitivity analyses are based on changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

20.7 **Plan assets at 30 June 2019 comprise:**

	2019	2018
Bank	100%	100%
	100%	100%

Raes.

	NOTE	2019 Rupees	2018 Rupees
21 DEFERRED TAXATION - net			
Deferred tax asset	21.1	13,843,051,416	13,565,912,870
Deferred tax liability	21.2	(13,843,051,416)	(13,565,912,870)
		-	-

21.1 Movement in deferred tax asset:

Balance at the beginning of the year	13,565,912,870	17,102,161,618
Charged for the year	277,138,546	(3,536,248,748)
	13,843,051,416	13,565,912,870

21.2 Movement in deferred tax liability:

Balance at the beginning of the year	(13,565,912,870)	(17,102,161,618)
Reversal for the year	(277,138,546)	3,536,248,748
	(13,843,051,416)	(13,565,912,870)

21.3 In view of the uncertainty of taxable profits in the foreseeable future against which the tax losses could be utilized, the Company has not recognized net deferred tax asset of Rupees 45,001.21 million (2018: Rupees 31,414 million).

Business tax losses aggregating to Rupees 59,616.23 million against which deferred tax asset has not been recognized, will expire as follows:

Tax year	Rupees
2024	34,310,888,757
2025	25,305,339,408
	59,616,228,165

	NOTE	2019 Rupees	2018 Rupees
21.4 `Movement in deferred tax relating to revaluation surplus on operating fixed assets			
Deferred tax liability at the beginning of the year		6,771,902,026	7,311,202,160
Deferred tax liability reversal on incremental depreciation charged during the year		(490,309,421)	(539,300,134)
Deferred tax liability at the closing of the year		6,281,592,605	6,771,902,026
22 DEFERRED CREDIT			
Balance at the beginning of the year		37,645,419,344	35,062,765,759
Additions during the year		3,270,871,634	2,582,653,585
		40,916,290,978	37,645,419,344
Amortization			
Balance at the beginning of the year		(12,486,683,128)	(11,169,093,451)
For the year		(1,432,070,184)	(1,317,589,677)
		(13,918,753,312)	(12,486,683,128)
Balance at the end of the year		26,997,537,666	25,158,736,216
23 TRADE AND OTHER PAYABLES			
Creditors:			
Associated undertakings - Central Power Purchase Agency (Guarantee) Limited	23.1	103,340,590,475	72,138,389,648
Others	23.2	805,568,709	1,176,049,545
		104,146,159,184	73,314,439,193
Other payables:			
Receipts against deposit works	23.3	9,689,043,685	10,294,031,825
Advances from customers		747,211,274	1,444,351,901
Provision for Workers' Profit Participation Fund (WPPF)	23.4	1,179,422,289	1,179,422,289
Due to related parties on account of:			
Free electricity	23.5	1,397,489,567	1,372,910,686
Pension	23.6	644,604,532	410,177,825
		2,042,094,099	1,783,088,511
Capital contributions awaiting connections		477,494,100	421,864,575
Accrued liabilities		643,392,067	526,408,902
Retention money - contractors / suppliers		284,184,104	183,698,411
Government surcharges payable:			
- Realized			
Equalization surcharge	23.7	1,669,139,681	1,668,827,499
Electricity duty		1,275,142,886	1,048,859,357
Neelum Jhelum surcharge		2,108,311,840	1,516,516,256
TV License fee		67,589,019	67,543,699
Financing cost	23.8	3,232,906,191	1,347,942,772
Withholding income tax		373,731,575	298,308,378
		8,726,821,192	5,947,997,961
Carried forward		127,935,821,994	95,095,303,568

	NOTE	2019 Rupees	2018 Rupees
Brought forward		127,935,821,994	95,095,303,568
- Unrealized			
Equalization surcharge	23.7	178,689,557	179,574,205
Electricity duty		72,412,008	57,356,133
Neelum Jhelum surcharge		1,260,443,004	1,103,778,226
TV license fee		49,750,497	45,675,894
Tariff rationalization surcharge	23.9	5,857,542,705	5,963,882,992
Financing cost	23.8	2,572,716,642	1,897,336,695
Income tax		110,531,935	97,256,531
Advance income tax		7,133,345	5,539,631
Steel melters income tax		-	458,000
		10,109,219,693	9,350,858,307
Others		92,004,950	64,888,863
		138,137,046,637	104,511,050,738

23.1 During the year, CPPA issued certain debit notes to all DISCOs including the Company to make alignments in certain account heads related to CPPA payables, Tariff Rationalization Surcharge (TRS) and Finance Cost (FC) surcharge. Accordingly, the Company made adjustment to TRS payable and FC surcharge payable to CPPA account.

23.2 This represents payable to various suppliers on account of materials purchased.

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

23.4 The Company has held payment of its contribution towards Workers' Profit Participation Fund (WPPF) amounting to Rupees 1,179 million, being Company's liability on account of WPPF till 30 June 2014, which is long outstanding. PEPCO has forwarded its recommendation to MoWP for exemption of DISCO's, GENCO's, and NTDC from the liability of the payment to be made under the Companies Profit (Workers' Participation) Act, 1968, which is pending decision. Hence, no payments are being made till the outcome of the decision. Moreover, during the year Company incurred a loss, therefore no provision was booked during the year.

23.5 This represents the net amounts payable to related parties on account of free electricity provided to the families of IESCO's employees residing within the territorial jurisdiction of these companies. A party wise breakup is as follows:

	2019 Rupees	2018 Rupees
Lahore Electric Supply Company Limited	897,307,924	895,498,508
Peshawar Electric Supply Company Limited	271,709,835	256,520,670
Multan Electric Power Company Limited	78,203,643	76,827,476
Faisalabad Electric Supply Company Limited	122,278,912	117,203,775
Gujranwala Electric Power Company Limited	21,504,840	19,435,720
Hyderabad Electric Supply Company Limited	2,895,834	2,667,545
Sukkur Electric Power Company	2,522,644	2,378,237
Pakistan Electric Power Company Limited	1,065,935	2,378,755
	1,397,489,567	1,372,910,686

23.6 **Payable to associated undertakings on account of pension**

This represents amounts payable to related parties on account of pension paid to the retired employees of IESCO residing within the territorial jurisdiction of these Companies. A party wise breakup is as follows:

	2019 Rupees	2018 Rupees
Peshawar Electric Supply Company Limited	266,863,635	173,165,797
Gujranwala Electric Power Company Limited	176,417,558	114,576,480
Faisalabad Electric Supply Company Limited	115,354,227	74,363,498
Lahore Electric Supply Company Limited	68,156,364	36,806,392
~~Hyderabad Electric Supply Company Limited~~	~~3,019,782~~	~~1,690,455~~
Multan Electric Power Company Limited	13,307,369	8,552,521
Quetta Electric Supply Company Limited	1,455,252	992,337
Sukkur Electric Power Company Limited	30,345	30,345
	644,604,532	410,177,825

23.7 This represents amounts collected from consumers, during the period from April 2011 to June 2012, pursuant to S.R.O 236(1)2011, dated 15 March 2011, issued by the Ministry of Water and Power. However, the amount was collected from customers during the period from April 2011 to May 2012 but further collection has been discontinued on account of a subsequent S.R.O 506(1)2012, dated 16 May 2012. The payment of this amount to the Federal Government is pending as payment mechanism has not been conveyed to the Company by the GoP.

23.8 Financing cost surcharge has been notified by GoP vide SRO.569 (1) / 2015 dated 10 June 2015, at the rates mentioned against categories of electricity consumers as specified in schedule of electricity tariff for the Company. The amount of surcharge is to be kept in escrow account of CPPA for the payment of the financing cost of various loans obtained to discharge liabilities of power producers against the sovereign guarantees of the GoP.

23.9 Tariff rationalization surcharge has been notified by GOP vide SRO. 569 (1) / 2015 dated 10 June 2015, at the rates mentioned against categories of electricity consumers as specified in schedule of electricity tariff for the Company to maintain uniform rates of electricity across the country for each of the consumer category.

24 CONTINGENCIES AND COMMITMENTS

24.1 Tax and other contingencies

24.1.1 The Additional Commissioner Inland Revenue (ACIR) amended the assessments of the Company for the tax years 2010, 2011 and 2013 by charging minimum tax on distribution margin, earned by the Company inclusive of subsidy; thereby raising an aggregate tax demand of Rupees 716 million. The Company filed an appeal with the Commissioner Inland Revenue which was decided against the Company. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) and ATIR decided the case against the Company. The Company filed reference before Islamabad High Court (IHC) against decision of ATIR. Management of the Company is confident that the matter will be decided in favor of the Company and accordingly, no provision has been made in these financial statements.

24.1.2 The Deputy Commissioner Inland Revenue (DCIR) issued various orders u/s 124/161/205 of the Income tax Ordinance, 2001 for the tax year from 2007 to 2012, raising tax demand of Rupees 2,122 million by treating the Company as taxpayer in default on certain revenue and capital expenditure. CIR and ATIR both upheld the order in original. The Company filed reference before Islamabad High Court (IHC) which is pending.

24.1.3 The Deputy Commissioner Inland Revenue (DCIR) issued order u/s 161/205 of Income Tax Ordinance, 2001 for the tax year 2013 raised an income tax demand of Rupees 304.5 million by treating the Company as taxpayer in default on certain revenue and capital expenditures. The Company appealed before the Commissioner Inland Revenue (CIR) which was unsuccessful. The Company preferred an appeal before ATIR which is pending adjudication.

24.1.4 The Deputy Commissioner Inland Revenue (DCIR) issued order under section 161/205 of the Income Tax Ordinance, 2001 for the tax year 2014 raising an income tax demand of Rupees 1,152 million by treating the Company as tax payer in default for short collection of advance tax on electricity consumption from its consumers. CIR upheld the order, however, ATIR remanded back the case for reconsideration. FTO has reassessed the case and reduced tax demand to Rupees 998 million against which the Company has filed appeal before ATIR, which is pending adjudication. The Company has also filed reference before Islamabad High Court (IHC) against earlier decision of ATIR.

24.1.5 Taxation Officer Inland Revenue (TOIR) passed the order against the Company in relation to alleged non-payment of sales tax on electricity supplied to the Government of AJK (GoAJK) involving sale tax demand of Rupees 1,269 million including default surcharge and penalty. The amount was withdrawn from the Company's bank accounts or paid by the Company under protest under amnesty scheme. On the Company's appeal, Appellant tribunal Inland revenue (ATIR) Islamabad decided the case in favor of the Company, vide order No 65/IB/2011 and declared electricity supply to GoAJK as exempt supply by considering the Mangla raising agreement as bilateral treaty between the GoP and GoAJK.

Subsequently, ATIR vide order No. 207 dated 28 October 2015, granted sales tax adjustment of Rupees 1,269 million on monthly sales tax return. FBR filed petition in Islamabad High Court (IHC) against the decision of ATIR. IHC decided the case against the Company, vide order No. 265/2011 dated 21 March 2016, declaring the supplies as taxable. The Company has filed review petition in Supreme Court of Pakistan which is pending.

24.1.6 Officer Inland Revenue (OIR) passed the order in original No of 04/2011 dated 30 October 2013 raising sales tax demand of Rupees 1,708 million plus default surcharge and penalty thereon for the tax period from July 2007 to June 2008 on account of electricity supplies to AJK, supplies of free electricity to employees and other distribution companies, sales of scrap, demand notices for reimbursement of capital and other costs by electricity consumers, input tax apportionment on account of Government Subsidy and non-payment of unrealized sales tax. The Company filed an appeal before the CIR which was decided against the Company. The Company has preferred an appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

24.1.7 Officer inland revenue passed Order-in-Original No. 13/2012 dated 03 September 2012 raising sales tax demand of Rupees 2,454 million plus default surcharge and penalty chargeable thereon for the tax period July 2008 to June 2009 on account of supplies of free electricity to employees and other distribution companies, sales of scrap, demand notes for reimbursement of capital and other costs by electricity consumers, input tax apportionment on account of Government Subsidy and non-payment of unrealized sales tax. CIR and ATIR both dismissed the appeals filed by the Company and upheld the order of the Officer Inland Revenue. The Company has preferred an appeal before IHC who remanded the case back to Appellate Tribunal Inland Revenue (ATIR), for reconsideration.

24.1.8 Officer Inland Revenue passed an Order-in-Original No.02/2013 dated 14 October 2013 raising sales tax demand of Rupees 7,784 million plus default surcharge and penalty chargeable thereon for the tax period from July 2009 to June 2012 on account of free supply of electricity to employees and distribution companies, sale of scrap, demand notice for reimbursement of capital and other costs by electricity consumers, input tax apportionment on account of Government subsidy, and non-payment of unrealized sales tax. The Company preferred an appeal before CIR who dismissed the appeal filed by the Company and upheld the order of the Officer Inland Revenue. The Company preferred an appeal before the ATIR, who deleted the demand to the extent of Rupees 1,224 million on account of unrealized sales tax and Rupees 6,504 million on account of sales tax on subsidy and sales tax on demand notes. Further, the ATIR remanded back the case of sales tax on free electricity to employees and distribution companies for re-consideration. The matter of sales tax on sale of scrap of Rupees 416 million has been decided against the Company against which the Company filed reference before IHC.

24.1.9 Officer Inland Revenue issued an Order-in-Original No. 21/2012 dated 24 April 2012 raising sales tax demand of Rupees 1,527 million plus default surcharge and penalty chargeable thereon for the tax period July 2010 to June 2011 on account of non-payment of sales tax on supply of electricity to AJK. In a similar case, the ATIR had declared the supply of electricity to AJK as exempt, vide order No. 65/18/2011 dated 07 September 2011 against which FBR filed petition in IHC. The Company also preferred an appeal before the IHC to declare such sales as an export. The IHC decided the case against the Company, vide STR No. 265/2011 dated 21 March 2016, declaring the supplies as taxable. The Company has filed the reference before the honorable Supreme Court, which is still pending. Since, both the cases are of similar nature, the outcome of these is dependent on the decision of Supreme Court.

24.1.10 Officer inland Revenue passed an Order-in-Original No.55/2014 dated 14 May 2014 raising sales tax demand of Rupees 8,407 million plus default surcharge and penalty chargeable thereon for the tax year 2012 to 2013 on account of non-payment of sales tax on supply of electricity to AJK, non payment of sales tax on subsidy from GoP, demand notes for reimbursement of capital and other costs by electricity consumers and short payment of sales tax pertaining to miscellaneous receipts. The Company preferred an appeal before the CIR who upheld the order of the Officer Inland Revenue. The Company preferred an appeal before ATIR who passed the Order-in-Appeal vide STA No. 326/IB/2014 dated 27 January 2016 whereby tax demand to the extent of Rupees 6,998 million on the matter of sales tax on demand notes, supply of electricity to AJK and subsidy from GoP has been deleted. The matter of sales tax amounting to Rupees 1,547 million pertaining to miscellaneous receipts has been remanded back to the original adjudicating authority for reconsideration. The demand of sales tax on scrap amounting to Rupees 56 million has not been confirmed by ATIR. The Company filed reference against demand of sales tax on scrap before IHC which is pending.

24.1.11 The ACIR passed an Order-in-Original No. 57/2014 dated 29 May 2014 raising sales tax demand of Rupees 212 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2009 to June 2012 on account of inadmissible adjustment of input tax for steel sector. The Company filed an appeal before the CIR which was dismissed. The Company has preferred an appeal before ATIR which is pending adjudication.

24.1.12 The ACIR passed an Order-in-Original No. 14/2015 dated 28 January 2015 raising sales tax demand of Rupees 312 million plus default surcharge and penalty chargeable thereon for the tax period from July 2013 to June 2014 on account of inadmissible adjustment of input tax for steel sector. DCIR had redetermined the original sales tax demand to Rupees 182 million vide Order in Remand No. 05/14 of 2015. The Company has preferred an appeal before ATIR which is pending adjudication.

24.1.13 The ACIR passed an Order-in-Original No. 06/2016 dated 01 January 2016 raising sales tax demand of Rupees 1,042 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2011 to March 2012 on account of inadmissible adjustment of input tax over output tax. The Company filed an appeal before the CIR which was dismissed. The Company preferred an appeal before ATIR who has directed the Company and department to reconcile the numbers and submit a report in the court. The reconciliation exercise has been completed and also submitted and presented at the last hearing of the case. No order is yet passed by ATIR.

24.1.14 DCIR passed an Order-in-Original No. 11/2016 dated 11 February 2016 raising sales tax demand of Rupees 1,948 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2015 to February 2016 on account of inadmissible adjustment of input tax over output tax. The Company has filed an appeal before the CIR which was dismissed. The Company preferred an appeal before ATIR. ATIR vide order-in-Appeal No. STA No. 442/IB/2016 dated 2 May 2017 remanded back the case to the original adjudicating authority. The matter is pending adjudication.

24.1.15 The DCIR passed an Order-in-Original No. 149/2017 dated 22 May 2017 raising tax demand of Rupees 223 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2015 to January 2017 on account of sales tax withheld based on the review of the sales tax returns for the period July 2015 to January 2017. CIR upheld the Order-in-Original. The Company has filed an appeal with ATIR which is pending adjudication.

24.1.16 The DCIR passed an Order-in-Original No. 09/2017 dated 12 May 2017 raising tax demand of Rupees 1,802 million plus default surcharge and penalty chargeable thereon for the tax period from July 2015 to June 2016 on account of short payment of sales tax based on difference between gross supplies and taxable supplies as appearing in the monthly sales tax returns, further alleging that the Company has wrongly treated supplies to AJK and others as zero rated. CIR upheld the Order-in-Original. The Company has filed an appeal with ATIR. ATIR vide order No. STA No. 523(IB)2017 dated 8 July 2019 has decided the case in favor of the Company.

24.1.17 The DCIR passed an Order-in-Original No. 05/2017 dated 24 February 2017 raising tax demand of Rupees 1,728 million plus default surcharge and penalty chargeable thereon for the tax period from July 2014 to June 2015 on account of short payment of sales tax based on difference between gross supplies and taxable supplies as appearing in the monthly sales tax returns, further alleging that the Company has wrongly treated supplies to AJK and others as zero rated. CIR upheld the Order-in-Original. The Company has filed an appeal with ATIR which is pending adjudication.

24.1.18 The DCIR passed an Order-in-Original No. 17-25/2017 dated 02 February 2018 raising tax demand of Rupees 586 million plus default surcharge and penalty chargeable thereon for the tax periods July 2016 to June 2017 on account of short payment of sales tax based on difference between gross supplies and taxable supplies as appearing in the monthly sales tax returns, further alleging that the Company has wrongly treated supplies to AJK and others as zero rated. CIR upheld the Order-in-Original. The Company has filed an appeal with ATIR which is pending adjudication.

24.1.19 The DCIR passed an Order-in-Original No. 04/2017 dated 14 February 2017 raising tax demand of Rupees 4,817 million plus default surcharge and penalty chargeable thereon for the period from July 2014 to June 2015 on account of non-payment of sales tax on supply of free electricity to other distribution company's and to employees residing within the Company's territorial jurisdiction, non-payment of sales tax in taxable supplies other than electricity, short payment of sales tax, non-payment of sales tax on amount received on account of demand notices and non-payment of sales tax on subsidy from Government of Pakistan. CIR upheld the Order-in-Original. An appeal against the order has been filled with ATIR. ATIR vide its order No. STA No. 353(IB)/2017 dated 10 July 2019 has deleted that demand.

24.1.20 The Company's case was selected for audit u/s 214C of the Income Tax Ordinance, 2001 and information was called u/s 177 during the course of audit. The demand in this particular case was Rupees 2,403 million .The ACIR finalized the audit proceedings by issuing order vide DCR NO.04/02 dated 31 October 2016 u/s 122(1) of the Income Tax Ordinance, 2001. Being aggrieved, the Company had filled an appeal before the CIR (Appeal) against the order. CIR (Appeal) passed a partial judgement on certain issues. The Company has filed an appeal against the appellate order of CIR before Appellate Tribunal Inland Revenue Islamabad. Whereas, the main appeal is pending adjudication before the ATIR.

24.1.21 DCIR has issued order u/s 122(5A) of the Income Tax Ordinance, 2001 raising tax demand of Rupees 551 million vide order No. 8/75(u-1) dated 28 April 2016 . The assessment of the Company was amended by disallowing subsidy amounting to Rupees 11,239 million and business losses from tax year 2010 to 2014 amounting to Rupees 72,868 million. CIR(A) upheld the order in original. The Company filed an appeal before ATIR which is pending adjudication.

24.1.22 The DCIR passed Order-in-Original No. 07/2018 dated 30 June 2018 raising demand for Rupees 534 million alleging that the Company has claimed input tax related to items which were not used for business purpose and input tax cannot be adjusted. The Company filed an appeal before CIR (A). The CIR (A) vide Order in Appeal No. 117/2019 dated 28 January 2019 decided case against the Company. The Company has filed an appeal before the ATIR which is pending adjudication.

24.1.23 The DCIR passed Order-in-Original No. 4/2018 dated 26 June 2018 raising demand of Rupees 639 million alleging that the Company has wrongly treated supplies to AJK and others as zero rated. The company has filed an appeal before CIR (A). The CIR (A) vide order in appeal No. ST-25/2018 dated 12 September 2019 reduced the demand to Rupees 346 million. The case is pending at ATIR level.

24.1.24 Deputy Commissioner Inland Revenue has issued order u/s 4B of the Income Tax Ordinance, 2001 raising demand of Rupees 35 million vide order No. 35402660 dated 7 August 2018. Being aggrieved the Company filed an appeal before CIR (Appeal) against the order. CIR (Appeal) vide order in Appeal No. 137/2018 dated 13 September 2018 upheld the order of DCIR. The company has filed appeal before ATIR which is pending adjudication.

24.1.25 No provision on account of above contingencies has been made in these financial statements as the management and the tax / legal advisors of the Company are of the view, that these matters will eventually be settled in favor of the Company.

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

24.2 Books of account of the Company are not in agreement with the records of Central Power Purchasing Agency (Guarantee) Limited (CPPA) in respect of amount payable to CPPA. There is a net difference of Rupees 13,036.88 million between the amount confirmed by CPPA and the amount recorded in the books of the Company as at 30 June 2019. Reconciliation of this difference reveals that there are certain charges levied by CPPA which the management does not acknowledge, unless both the parties do not resolve these differences the amount of liability recognized in the books of the Company cannot be adjusted.

Claims not acknowledged as debts are as follows:

	NOTE	2019 Rupees	2018 Rupees
Loans not acknowledged as debt by the Company	24.2.1	-	25,399,096,471
Interest on syndicated loans	24.2.1	1,329,507,190	974,166,399
Supplemental charges of CPPA	24.2.2	7,395,993,557	7,395,993,557
Advertisement charges - net	24.2.3	459,949,668	459,949,667
O&M Cost of PEPCO	24.2.4	539,349,639	535,350,437
Short cash remittance as per CPPA		13,304,505	121,628,257
Use of system charges	24.2.5	1,580,935,490	1,580,935,490
Others	24.2.6	1,717,838,266	1,693,291,017
		13,036,878,315	12,761,314,824

24.2.1 In order to curb the circular debt in the country, the Federal Government, through Power Holding Private Limited (PHPL) has injected money from time to time through borrowings from commercial banks. The amount was ultimately transferred to Distribution Companies on the basis of outstanding payables towards Central Power Purchasing Agency (CPPA). These loans have been withdrawn by CPPA during the year.

Originally, PHPL planned to re-lend the loan to DISCO's through multi-party agreement between Lenders, DISCOs and PHPL with each DISCO jointly and severely liable in-case of default. The management of DISCOs objected to this arrangement and based on their observations the proposed mechanism of extending the loan was revised in a joint meeting held at the Ministry of Water and Power (MoWP) on 14 May 2012, whereby, a bilateral agreement was proposed to be signed between each DISCO and PHPL with all DISCOs being severally liable. The Board of Directors of the Company accorded its approval in its 100th and 101st meeting subject to certain reservations. The draft of the re-lending agreement between the Company and PHPL was received on 13 August 2012. Subsequently, during a joint meeting held at LESCO Head Office on August 27, 2012, it was agreed among DISCOs that the relending agreement will be effective from the date it is signed by the respective DISCOs and the same was communicated to MoWP vide a letter issued by the LESCO Legal Director [# L-Dir/12150-53 dated 28 August 2012]. As of June 30, 2014, CPPA has issued advices of loan amounting to Rupees 10,377 million representing the facility allocated to the Company by the Ministry.

MoWP vide its letter dated February 19, 2015, had directed the CPPA to re-allocate the loans obtained by the Federal Government between DISCOs on the basis of energy drawl basis instead of receivable basis. Therefore, CPPA issued two more credit invoices to the Company amounting to Rupees 17,301 million and Rupees 6,562 million, resulting in total loan allocation of Rupees 34,241 million, along with related accrued mark-up of Rupees 7,716 million.

In 2017, CPPA on direction of MOWP issued one credit note amounting to Rupees 6,703 million and one debit note amounting to Rupees 15,545 million resulting in re-allocation of loans to the Company.

During the year, CPPA has issued certain debit and credit notes against loan and related accrued mark up. As a result thereof, total unrecorded loans and related accrued mark-up as at 30 June 2019 are Rupees Nil (2018: Rupees 25,399 million) and Rupees 1,329 million (2018: Rupees 974 million) respectively.

Raus

The World Bank, being the lender of the Company, and NEPRA being the power sector regulator have also raised certain concerns on the structure of the transaction which have been forwarded to the Ministry of Water and Power (MoWP) vide letter No. 1970-73 dated 07 September 2012. Pending resolution of matters raised by the World Bank and NEPRA, the relending agreement between PHPL and the Company was not finalized. Further during year 2016, Pak Electric Power Company (Private) Limited vide its letter No. 235-38, dated 21 January 2016, directed the Company to book the debit / credit notes already issued by CPPA in respect of its share in loans and markups thereon. However, the management believes that its obligation under the arrangement will arise once the bilateral relending agreement between the Company and PHPL is finalized, which is still pending. Accordingly, the Company has not accounted for the loan along with the related mark-up due to non-availability of terms and conditions of the loan and finalization of re-lending agreement between the Company and PHPL. Further, as per the management, NEPRA did not allow the Company to claim the markup cost in its tariff determination in previous years, hence, the markup cost has not been recorded in its books. The management also obtained an independent legal opinion in 2014-15 from a law firm which concurred with the management point of view to not to record the liability and related markup cost in its books.

24.2.2 This represents supplementary charges invoiced by CPPA to the Company on account of allocation of late payment charges. During year 2016, the matter was discussed in para 43 of tariff determination by NEPRA communicated through letter no. NEPRA/TRF-336/IESCO-2015 dated 29 February 2016. According, to which late payment charges recovered from consumers on utility bills shall be off set against the late payment invoices raised by CPPA to Company in determination of its consumer end tariff pertaining to financial years 2015-16 to 2019-20. However, matter of invoices raised prior to the year ended 30 June 2015 is still to be resolved and of which management is of the view that invoices should not be recorded until same is allowed by NEPRA in its tariff determination.

24.2.3 CPPA has charged Rupees 459.949 million (2018: Rupees 459.949 million) to the Company as its share in advertisement carried out by Pakistan Electric Power Company (PEPCO). The management of the Company asserts that these amounts will not be payable to CPPA as they do not relate to the Company and further detail of these amounts have not been received by the Company. Further, the management of the Company asserts that the Company will not be able to claim these amounts from NEPRA through tariff determination. Accordingly these amounts have not been recognized in these financial statements as liability towards CPPA.

24.2.4 The amount was debited by the CPPA during 2015 on account of certain O&M cost of PEPCO formations which is still under consideration of management and has not been recorded at year end.

24.2.5 In 2017, CPPA has issued a credit note to the Company for an amount of Rupees 5,347 million on account of system charges payable to National Transmission and Dispatch Company Limited (NTDC). The Company has not recorded this amount as CPPA has not provided relevant details \ calculations for this adjustment.

24.2.6 These represents debit notes / credit notes issued to the Company by CPPA on account of adjustments against the provisional monthly power purchase billing for previous years and certain other charges. Management do not agree with these adjusment, therefore these have not been recorded in the Company's books.

24.3 Commitments

24.3.1 Inland letters of credit as at 30 June 2019 amounted to Rupees 393 million (2018: Rupees 1,122 million).

	2019 Rupees	2018 Rupees
25 SALE OF ELECTRICITY		
Gross sales	158,167,774,792	112,782,405,480
Sales tax	(29,241,046,759)	(16,585,156,271)
	128,926,728,033	96,197,249,209

25.1 This includes unbilled revenue of Rupees 7,349.003 million (2018: Rupees 6,552 million).

25.2 For the year ended 30 June 2016 and from 01 July 2016 to 22 March 2018, the Company billed its customers on the rates notified by the Government of Pakistan (GoP) for the financial year 2015-16 vide S.R.O 569 (1) dated, 10 June 2015 and recorded revenue accordingly. The Company filed a multiyear tariff petition on 10 October 2015 for determination of its tariff from 2016 to 2020. In response NEPRA through case No. NEPRA/TRF-336 pronounced the tariff determination on 29 February 2016 and same was intimated to GoP for notification in the official Gazette. IESCO being aggrieved of the aforesaid tariff determination filed Motion for Leave for Review which was disposed off vide decision dated 18 May 2016. IESCO filed writ petition in Islamabad High Court (IHC) against the aforementioned decision of the Authority. Pursuant to the directions of the Honorable IHC vide Judgment dated 22 June 2017, the tariff of the Company was re-determined by the Authority on 18 September 2017 and was intimated to the GoP for notification in the official Gazette. This new tariff was notified by GoP vide S.R.O. 377 dated 22 March 2018. Loss sustained by the Company during the year 2017-18 was mainly due to delay in notification of revised tariffs. NEPRA vide its determination letter number NEPRA/TRF/336/13637-13639 dated 31 August 2018 has allowed the Company certain positive tariff adjustments for the year 2017-18 which were notified by GoP through SRO 04/(1)/2019 dated 01 January 2019.

	NOTE	2019 Rupees	2018 Rupees
26 SUBSIDY FROM GOVERNMENT OF PAKISTAN			
Tariff differential subsidy	9.2	16,964,938,061	9,316,374,752
Industrial support program		-	1,864,496,167
		16,964,938,061	11,180,870,919

	2019	2018
27 COST OF ELECTRICITY		
Central Power Purchase Agency		
Cost of electricity	130,194,895,311	114,487,156,075
Supplementary charges	2,721,445,656	817,070,702
	132,916,340,967	115,304,226,777

27.1 This represents tariff charged by Central Power Purchase Agency as determined by National Electric Power Regulatory Authority (NEPRA) and notified by the Government of Pakistan in the Gazette of Pakistan.

27.2 As per para 43 of tariff determination by NEPRA communicated through letter No. NEPRA/TRF-336/IESCO-2015 dated 29 February 2016, late payment charges recovered from consumers on utility bills shall be off set against the late payment invoices raised by CPPA-G to Company in determination of its consumer end tariff pertaining to financial years 2015-16 to 2019-20.

During the year, the Company has recorded the invoiced amount of Rupees 3,102 million (2018: Rupees 817 million), received during the year against the late payment charges billed to consumers amounting to Rupees 1,498 million (2018: Rupees 973 million) during 2018-19.

28 ADMINISTRATIVE EXPENSES	NOTE	2019 Rupees	2018 Restated Rupees
Salaries, wages and other benefits	28.1	6,701,770,691	5,779,333,823
Transportation		129,832,387	138,019,323
Depreciation	3.1.2	84,992,218	79,513,108
Market operation fee		36,816,380	92,907,715
Electricity bill collection charges		133,219,710	119,980,529
Office supplies and other expenses		59,066,005	63,930,985
Legal and professional charges		139,483,668	96,894,616
Repairs and maintenance		4,457,706	5,173,681
Power, light and water charges		18,236,060	7,842,420
Postage and telephone		74,015,679	40,357,269
Insurance expense		28,639,627	24,996,955
NEPRA fee and charges		36,107,438	27,701,234
Advertising and publicity		17,282,971	43,853,106
Auditor's remuneration		1,725,000	1,500,000
Miscellaneous expenses		17,947,439	15,194,953
		7,483,592,979	6,537,199,717

28.1 This includes a sum of Rupees 4,705 million (2018: Rupees 4,964 million) in respect of staff retirement benefits.

29 DISTRIBUTION COSTS	NOTE	2019 Rupees	2018 Rupees
Salaries, wages and other benefits	29.1	6,501,839,752	6,286,330,439
Depreciation	3.1.2	4,529,343,369	4,114,405,494
Electricity bill collection charges		25,872	-
Repairs and maintenance		1,070,992,333	1,303,623,011
Transportation		496,099,220	449,151,240
Provision against slow moving stores, spares and loose tools		-	6,124,801
Office supplies and other expenses		16,070,465	13,475,595
Rent, rates and taxes		36,550,337	35,699,877
Legal and professional charges		70,639	15,000
Power, light and water charges		29,794,864	23,347,413
Postage and telephone		20,851,551	20,159,098
Advertising and publicity		108,890	-
Miscellaneous expenses		70,964,041	67,655,876
		12,772,711,333	12,319,987,844

29.1 This includes a sum of Rupees Nil (2018: Rupees 89 million) in respect of staff retirement benefits.

30 CUSTOMER SERVICES COSTS			
Salaries, wages and other benefits	30.1	501,459,818	489,027,368
Transportation		28,009,542	29,317,477
Electricity bill collection charges		60,584,196	53,958,534
Depreciation	3.1.2	84,992,218	57,724,236
Office supplies and other expenses		3,714,744	3,617,163
Rent, rates and taxes		2,081,236	2,298,196
Power, light and water charges		3,292,155	3,114,738
Postage and telephone		2,308,347	1,946,603
Repairs and maintenance		1,520,864	1,258,136
Advertising and publicity		4,560	-
Miscellaneous expenses		4,296,562	3,976,401
		692,264,242	646,238,852

30.1 This includes a sum of Rupees Nil (2018: Rupees 19 million) in respect of staff retirement benefits.

	NOTE	2019 Rupees	2018 Rupees
31 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		56,130,129	45,018,031
Late payment surcharge		1,498,658,115	973,548,978
		1,554,788,244	1,018,567,009
Income from non-financial assets			
Sale of scrap		71,664,479	42,409,116
Vetting and processing fee		61,963,318	52,525,119
Income from Rest Houses		1,404,740	1,833,704
Operating revenue		308,323,826	502,866,300
		443,356,363	599,634,239
Others			
Public lighting		14,843,143	14,580,240
Commission on collection of electricity duty and PTV license fee		50,905,805	42,168,017
Liquidated damages		39,878,465	45,717,084
Meter / service rent		29,889,742	29,936,670
Reconnection fees		3,692,163	3,361,131
Miscellaneous		106,004,373	111,935,617
		245,213,891	247,698,759
		2,243,358,298	1,865,900,007
32 FINANCE COST			
Interest on long term loans		1,580,850,953	1,826,762,704
Bank charges		7,225,383	10,745,738
Exchange loss		68,569,530	30,187,446
		1,656,645,866	1,867,695,888
33 TAXATION			
Current			
For the year		1,638,924,453	1,225,226,639
Deferred		-	-
		1,638,924,453	1,225,226,639

33.1 The provision for minimum taxation is calculated @ 1.25% (2018: 1.25%) of the Company's gross revenue and other income under the provisions of the Income Tax Ordinance, 2001.

33.2 The relationship between tax expense and accounting profit has not been presented in these financial statements as taxable income and tax liability are based on minimum tax payable on turnover for the year.

34 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	NOTE	Long term loans Rupees
Balance as at 01 July 2018		10,533,519,155
Proceeds from long term loans		1,479,978,009
Non-cash settlement	7.1	(3,471,471,001)
Exchange loss		68,569,530
Balance as at 30 June 2019		8,610,595,693

35 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are given below:

	Chief Executive Officer		Executives	
	2019	2018	2019	2018
	....	.... Rupees	....	....
Managerial remuneration and allowances	4,735,200	3,130,588	118,081,608	84,275,028
Bonus	172,820	403,545	5,728,680	8,402,560
Retirement benefits	1,771,311	1,171,069	28,535,122	20,365,561
	6,679,331	4,705,202	152,345,410	113,043,149
Number of persons	1	1	44	36

In addition, the Chief Executive is also provided with free transport, residential telephone and medical facilities.

The aggregate amount charged in the financial statements for the year as fee to directors is Rupees 5,880,000 (2018: Rupees 8,260,000) for attending Board of Directors and sub-committee meetings.

36 FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

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

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

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Exposure to currency risk

The Company has taken foreign loans from Asian Development Bank and International Bank for Reconstruction and Development (IBRD) through Government of Pakistan (GoP), denominated in US $; however, since the receipt and repayment of loan from GoP is in Pak rupees and Exchange Risk Component is also being paid as part of its financing arrangement with GoP, it is not subject to currency risk on this financial instrument. However, the Company is exposed to currency risk on its loan from Asian Development Bank (ADB) for Earthquake Emergency Assistance Project as follows:

	2019	2018
USD		
Long term loans - secured	1,757,033	1,792,239
Net exposure	1,757,033	1,792,239

The following significant exchange rates were applied during the year:

	2019	2018
Rupees per USD		
Average rate	135.96	110.59
Reporting date rate	160.05	121.75

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 14.06 million (2018: Rupees 10.91 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk.

iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the Company has fixed interest rate due to which the Company is isolated from the financial risk due to change in interest rates.

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

	2019 Rupees	2018 Rupees
Fixed rate instruments		
Financial assets		
Deposit accounts	1,908,837,260	977,699,342
Financial liabilities		
Long term loans	8,610,595,693	10,533,519,155

Fair value sensitivity analysis for fixed rate instruments

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

b) Credit risk

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

Exposure to credit risk

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

	2019 Rupees	2018 Rupees
Long term loans	159,181,607	122,417,639
Security deposits	73,736,230	73,736,230
Trade debts	96,970,187,670	84,097,887,276
Interest accrued on bank deposits	8,615,846	6,484,619
Other receivables	3,386,314,935	2,283,636,353
Receivable from TIBL	30,790,759	30,790,759
Bank balances	3,332,883,255	1,930,772,760
	103,961,710,302	88,545,725,636

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

	Rating			2019	2018
Public Sector Banks	Short term	Long term	Agency	Rupees	Rupees
National Bank of Pakistan	A-1+	AAA	PACRA	1,223,184,413	174,650,669
Sindh Bank Limited	A-1	A+	VIS	810,295	513,866
The Bank of Khyber	A-1	A	PACRA	327,621	(195,457)
The Bank of Punjab	A-1+	AA	PACRA	393,204,199	189,552,696
Specialized Banks					
SME Bank Limited	B	CCC	PACRA	(230,990)	19,708
Zarai Taraqiati Bank Limited	A-1+	AAA	VIS	2,671,737	3,632,433
Private Sector Banks					
Allied Bank Limited	A-1+	AAA	PACRA	96,343,226	377,454,906
Askari Bank Limited	A-1+	AA+	PACRA	446,398,832	342,110,045
Bank Alflah Limited	A-1+	AA+	PACRA	18,793,835	14,728,727
Faysal Bank Limited	A-1+	AA	PACRA	418,647	(677,257)
Habib Bank Limited	A-1+	AAA	VIS	40,839,084	100,280,332
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	-	(2,968,596)
JS Bank Limited	A-1+	AA-	PACRA	-	5,565,386
MCB Bank Limited	A-1+	AAA	PACRA	823,618,857	316,580,337
MCB Islamic Bank Limited	A-1	A	PACRA	651,666	369,931
Silkbank Limited	A-2	A-	VIS	331,317	(233,131)
Soneri Bank Limited	A-1+	AA-	PACRA	581,259	183,328
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA	2,803,519	3,186,482
Summit Bank Limited	A-3	BBB-	VIS	-	956,406
United Bank Limited	A-1+	AAA	VIS	176,030,684	277,672,341
Other institutions	N/A	N/A	N/A	106,105,054	127,389,608
				3,332,883,255	1,930,772,760

The Company's exposure to credit risk and expected credit losses related to trade debts is disclosed in Note 7.

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

c) **Liquidity risk**

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

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	-----Rupees-----				
Non-derivative financial liabilities:					
2019					
Long term loans - secured	8,610,595,693	8,610,595,693	1,557,571,177	3,449,647,312	3,603,377,204
Long term security deposits	6,045,080,129	6,045,080,129	-	-	6,045,080,129
Trade and other payables	107,207,834,404	107,207,834,404	107,207,834,404	-	-
Accrued mark-up	4,332,903,161	4,332,903,161	4,332,903,161	-	-
	126,196,413,387	126,196,413,387	113,098,308,742	3,449,647,312	9,648,457,333
2018					
Long term loans - secured	10,533,519,155	10,533,519,155	4,182,882,220	3,534,335,742	2,816,301,193
Long term security deposits	5,568,091,813	5,568,091,813	-	-	5,568,091,813
Trade and other payables	75,872,523,880	75,872,523,880	75,872,523,880	-	-
Accrued mark-up	9,289,686,928	9,289,686,928	9,289,686,928	-	-
	101,263,821,776	101,263,821,776	89,345,093,028	3,534,335,742	8,384,393,006

36.2 Financial instruments by categories

	2019 Rupees At amortized cost	2018 Rupees Loans and receivables
As at 30 June		
Assets as per statement of financial position		
Long term loans	159,181,607	122,417,639
Long term deposits	73,736,230	73,736,230
Trade debts	96,970,187,670	84,097,887,276
Interest accrued	8,615,846	6,484,619
Other receivables	3,386,314,935	2,283,636,353
Receivable from TIBL	30,790,759	30,790,759
Cash and bank balances	3,332,892,482	1,930,782,070
	103,961,719,529	88,545,734,946

	At amortized cost	
	Rupees	Rupees
Liabilities as per statement of financial position		
Long term loans - secured	8,610,595,693	10,533,519,155
Long term security deposits	6,045,080,129	5,568,091,813
Trade and other payables	107,207,834,404	75,872,523,880
Accrued interest	4,332,903,161	9,289,686,928
	126,196,413,387	101,263,821,776

36.3 Offsetting financial assets and liabilities

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

36.4 Capital risk management

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

37 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

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

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

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

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

38 RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS

(i) Fair value hierarchy

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

At 30 June 2019	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	13,119,841,459	-	13,119,841,459
Leasehold land	-	4,824,460,000	-	4,824,460,000
Buildings on freehold land	-	3,418,400,754	-	3,418,400,754
Buildings on leasehold land	-	364,574,374	-	364,574,374
Distribution equipment	-	64,185,185,215	-	64,185,185,215
	-	85,912,461,802	-	85,912,461,802

Lalo

At 30 June 2018	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	13,119,841,459	-	13,119,841,459
Leasehold land	-	4,824,460,000	-	4,824,460,000
Buildings on freehold land	-	3,279,729,893	-	3,279,729,893
Buildings on leasehold land	-	374,480,665	-	374,480,665
Distribution equipment	-	61,398,354,835	-	61,398,354,835
	-	82,996,866,852	-	82,996,866,852

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

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

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

The Company obtains independent valuations for its property, plant and equipment after regular intervals. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery and electric installations is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the replacement value / new purchase of the same plant and machinery and electric installation.

39 RELATED PARTY TRANSACTIONS

WAPDA holds 88% (2018: 88%) shares of the Company, therefore all electricity generation and distribution undertakings of WAPDA as disclosed in note 11 and 23 to the financial statements are related parties of the Company. Other related parties comprise of directors, key management personnel, Government of Pakistan and Government owned entities.

Revenue transactions with Government of Pakistan and Government owned entities are not disclosed as the management is of the opinion that it is impracticable to disclose such transactions due to the nature of the Company's operations.

Balances with related parties have been disclosed in respective notes to the financial statements. Transactions with electricity generation and distribution undertakings of WAPDA, other than remuneration and benefits to the Chief Executive as disclosed in note 35 to the financial statements, are as follows:

	2019 Rupees	2018 Rupees
WAPDA		
Net Pension paid on behalf of WAPDA	40,908,639	281,464,577
Related parties		
Free electricity supplied on behalf of related parties	93,387,103	61,985,796
Free electricity supplied on behalf of Company	74,393,433	49,763,336
Pension paid on behalf of related parties	380,132,507	304,265,577
Pension paid on behalf of the Company	426,299,175	334,368,907
Cost of power purchased from CPPA	132,916,340,967	115,304,228,777
Cash remitted to CPPA	107,714,694,930	97,536,988,920
Services provided to the Company	3,126,128,070	12,761,252,687
Government related entities		
Relent loan received during the year	1,479,978,009	1,263,045,017
Adjusted during the year	(3,471,471,001)	-
Markup expense during the year	1,560,850,953	1,826,762,704
Subsidy claimed during the year	16,964,938,061	11,180,870,919
Subsidy received through adjustment of CPPA payable during the year	(16,496,521,535)	(18,263,460,652)

40 NUMBER OF EMPLOYEES

The number of total employees at the year end were 11,179 (2018: 13,521), whereas the average number of employees during the year were 12,350 (2018: 12,905).

41 PROVIDENT FUND

The Company contributes to a general provident fund scheme, operated by WAPDA for all power sector companies.

42 CAPACITY

The Company's capacity of the electricity distribution depends on various factors including supply and demand of electricity, and transmission and distribution losses. The Company distributed 10,789,046,374 (2018: 10,605,862,607) units of electricity to its consumers during the year.

43 BENAZIR EMPLOYEE STOCK OPTION SCHEME

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

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

The scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP. The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities and Exchange Commission of Pakistan in June 2011 vide SRO 587(I)/2001; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the salaries, wages & other benefits cost and accumulated profits of the Company would not have had a significant impact.

44 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. Restatement due to rectification of prior period error described in the note 2.23. Deposit for issue of share capital is classified in equity for better presentation. No other reclassification / rearrangements of corresponding figures have been made except the following:

From	To	Rupees
Advances	Intangible asset under development	43,678,792
Long term deposits	Security deposits	73,736,230

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06 NOV 2019 by the Board of Directors of the Company.

46 GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

Islamabad Electric Supply Company Limited
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
#18-B/1
Chohan Mansion,
G-8 Markaz, Islamabad
Pakistan

Tel: +92 (51) 8350601
+92 (51) 8734400
Fax: +92 (51) 8350602

www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the members of Islamabad Electric Supply Company Limited

Report on the audit of the financial statements

Qualified Opinion

We have audited the annexed financial statements of Islamabad Electric Supply Company Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and 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, except as described in the basis for qualified opinion section below, 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 possible effect of the matter 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, given the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As explained in note 9.1 to the financial statements, the Company's trade debts include an amount of Rs. 67,321 million (2017: 54,781 million), receivable from the Government of Azad Jammu and Kashmir (GoAJK) against supply of electricity, being the difference between electricity amounts billed to GoAJK, at the tariff rates notified by the Federal Government, from time to time and the amount paid by the GoAJK at Rs. 2.59 per unit. The Company has claimed this amount from the Government of Pakistan (GoP) based on decision taken as discussed in the above referred note. However, in absence of official notification in this regard, we have not been able to obtain sufficient appropriate audit evidence regarding the recovery of these receivables and consequently, we were unable to determine whether any adjustment to this amount was necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for

Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

We draw attention to the contents of following notes to the financial statements:

a) as explained in note 11.2 to the financial statements, management has taken up the matter of subsidy receivable from the Government of Pakistan, amounting to Rs.2,815 million recognized in 2014 on account of non-charging of Fuel Price Adjustment to domestic consumers, for the period from August 2011 to March 2013. The recovery of said amount is dependent on the notification by the Government of Pakistan;

b) note 25.2.1, where it has been explained that the Company has not recorded various credit and debit notes received from the Central Power Purchasing Agency (CPPA), relating to the Company's share of borrowings obtained by the Federal Government, in order to settle the matter of circular debt in the country along with the related accrued markup thereon, amounting to Rs. 25,399 million and Rs. 974 million, respectively; and

c) note 25.1, which describes various matters regarding tax contingencies, the ultimate outcome of which cannot be presently determined; hence pending the resolution thereof, no provision for the same has been made in accompanying financial statements.

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 obtained at the date of this auditor's report is director's report.

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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the 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 possible effect of the matter 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 possible effect of the matter 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) 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 Shahzad Ali.

Deloitte Yousuf Adil

Chartered Accountants

Place: Islamabad
Date: October 25, 2018

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017 Restated (Note 41)	As at July 1, 2016 Restated (Note 41)
		Rupees		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	93,656,715,309	89,672,471,335	86,430,846,482
Long-term loans	7	89,139,069	59,874,078	60,020,353
Long-term deposit		73,736,230	44,776,293	1,586,230
		93,819,590,608	89,777,121,706	86,492,453,065
CURRENT ASSETS				
Stores, spares and loose tools	8	957,872,617	665,321,987	604,712,053
Trade debts	9	84,097,887,276	65,761,111,141	55,980,270,195
Current portion of long-term loans	7	33,278,570	27,155,933	20,374,089
Short-term advances	10	368,471,871	206,971,429	255,525,824
Interest accrued		6,484,621	901,021	784,555
Receivable from Government of Pakistan	11	5,859,696,963	14,806,782,863	7,768,646,740
Other receivables	12	2,283,636,353	5,021,326,553	9,393,221,327
Recoverable from tax authorities	13	20,136,655,218	14,863,421,887	13,656,825,360
Receivable from TIBL	14	30,790,759	30,790,759	80,681,259
Cash and bank balances	15	2,121,684,292	2,412,742,341	1,354,641,206
		115,896,458,540	103,796,525,914	89,115,682,608
NON-CURRENT ASSETS HELD FOR SALE	14	65,890,500	65,890,500	16,000,000
TOTAL ASSETS		209,781,939,648	193,639,538,120	175,624,135,673
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Issued, subscribed and paid up capital	16	5,798,253,340	5,798,253,340	5,798,253,340
Reserves				
Accumulated loss		(42,651,514,278)	(19,401,317,073)	(2,155,847,062)
Revaluation surplus on operating fixed assets		31,420,481,685	32,619,786,404	33,803,514,663
		(11,231,032,593)	13,218,469,331	31,647,667,601
Deposit for shares	17	20,030,165,684	20,112,510,939	20,112,510,939
NON-CURRENT LIABILITIES				
Long-term loans	18	6,350,636,935	5,746,971,007	5,564,263,745
Long-term security deposits	19	5,568,091,813	5,028,195,630	4,581,775,257
Staff retirement benefits	20	40,123,468,365	40,080,387,781	31,639,179,729
Deferred taxation - net	21	-	-	-
Deferred credit	22	25,158,736,218	23,893,672,310	23,079,719,609
		77,200,933,331	74,749,226,728	64,864,938,340
CURRENT LIABILITIES				
Trade and other payables	23	104,511,050,738	68,552,197,534	44,122,053,850
Interest accrued on long-term loans		9,289,686,928	7,715,564,563	6,218,088,444
Current portion of long-term loans	18	4,182,882,220	3,493,315,685	2,860,623,159
		117,983,619,886	79,761,077,782	53,200,765,453
TOTAL EQUITY AND LIABILITIES		209,781,939,648	193,639,538,120	175,624,135,673
CONTINGENCIES AND COMMITMENTS	24			

The annexed notes 1 to 45 form an integral part of these financial statements.

Saadullah Khan.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		----------Rupees----------	
Sale of electricity - net	25	**96,197,249,209**	78,160,758,702
Subsidy from Government of Pakistan	26	**11,180,870,919**	8,503,256,593
		107,378,120,128	86,664,015,295
Cost of electricity	27	**(115,304,228,777)**	(84,307,754,745)
Gross (loss) / profit		**(7,926,108,649)**	2,356,260,550
Amortization of deferred credit	22	**1,317,589,677**	1,227,196,802
		(6,608,518,972)	3,583,457,352
Operating expenses			
Administrative expenses	28	**(6,536,910,582)**	(4,935,953,242)
Distribution costs	29	**(12,319,987,844)**	(8,963,077,386)
Customer services costs	30	**(646,238,852)**	(590,974,275)
		(19,503,137,278)	(14,490,004,903)
Operating loss		**(26,111,656,250)**	(10,906,547,551)
Other income	31	**1,867,656,872**	1,115,397,938
		(24,243,999,378)	(9,791,149,613)
Finance costs	32	**(1,867,695,888)**	(1,373,502,968)
LOSS BEFORE TAXATION		**(26,111,695,266)**	(11,164,652,581)
Taxation			
Current		**(1,225,226,639)**	(695,335,099)
Deferred		**-**	-
	32	**(1,225,226,639)**	**(695,335,099)**
LOSS FOR THE YEAR		**(27,336,921,905)**	**(11,859,987,680)**

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

Saedullah Khan.
CHAIRMAN

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		-----------Rupees-----------	
Loss for the year		**(27,336,921,905)**	(11,859,987,680)
Other comprehensive income not to be reclassified to profit or loss account in subsequent periods:			
Actuarial gain / (loss) relating to defined benefit plans	20	2,887,419,981	(6,567,273,262)
Total comprehensive loss for the year		**(24,449,501,924)**	(18,427,260,942)

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

Saadullah Khan.
CHAIRMAN

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	-----------Rupees-----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(26,111,695,266)**	(11,164,652,581)
Adjustment for non-cash items:		
Depreciation	**4,249,596,838**	2,207,940,357
Write off of distribution equipment	**1,778,943**	3,063,325
Amortization of deferred credit	**(1,317,589,677)**	(1,227,196,802)
Provision for staff retirement benefits	**5,072,246,289**	3,531,751,835
Provision for obsolete inventory	**6,124,801**	41,074,614
Reversal of provision for impairment	**-**	(6,813,267)
Profit on bank deposits	**(46,774,896)**	(10,722,970)
Exchange loss - net	**30,187,446**	35,128
Gain on disposal of land	**(1,665,000)**	-
Finance costs	**1,837,508,442**	1,373,467,840
	(16,280,282,080)	**(5,252,052,521)**
Working capital changes:		
(Increase) / decrease in current assets		
Store, spares and loose tools	**(298,675,431)**	(101,684,548)
Trade debts	**(18,336,776,135)**	(9,780,840,946)
Short term advances	**(161,500,442)**	48,554,395
Recoverable from tax authorities	**(5,215,826,849)**	(1,091,920,398)
Receivable from Government of Pakistan	**8,864,740,645**	(7,038,136,123)
Other receivables	**2,737,690,200**	4,371,894,774
Increase / (decrease) in current liabilities		
Trade and other payables	**38,541,506,789**	26,471,293,187
	26,131,158,777	12,879,160,341
Net operating cash flows after working capital changes	**9,850,876,697**	7,627,107,820
Long-term security deposits	**539,896,183**	446,420,373
Long-term deposit	**(28,959,937)**	(43,190,063)
Staff retirement benefits paid	**(2,141,745,724)**	(1,657,817,045)
Long-term loans given during the year	**(35,387,628)**	(6,635,569)
Finance costs paid	**(391,359,550)**	(10,448,367)
Income tax paid	**(1,282,633,121)**	(810,011,228)
Net cash generated from operating activities	**6,510,686,920**	**5,545,425,921**
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	**(8,107,781,282)**	(5,313,295,950)
Profit on bank deposits	**41,191,296**	10,606,504
Sales proceed from the sale of land	**1,800,000**	-
Net cash used in investing activities	**(8,064,789,986)**	**(5,302,689,446)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	**1,263,045,017**	815,364,660
Net cash generated from financing activities	**1,263,045,017**	815,364,660
Net increase / (decrease) in cash and cash equivalents	**(291,058,049)**	1,058,101,135
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**2,412,742,341**	1,354,641,206
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**2,121,684,292**	**2,412,742,341**

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

Saadullah Khan.
CHAIRMAN

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Note	Share capital	Revenue reserve	Capital Reserve	
		Issued, subscribed and paid up	Accumulated profit / (loss)	Revaluation surplus on operating fixed assets	Total
		---------- Rupees ----------			
Balance as at July 1, 2016 (as previously reported)		**5,798,253,340**	**6,086,187,964**	-	**11,884,441,304**
Adjustment due to restatement	41	-	(8,242,035,026)	33,803,514,663	25,561,479,637
Balance as at July 1, 2016 - Restated		**5,798,253,340**	**(2,155,847,062)**	**33,803,514,663**	**37,445,920,941**
Loss for the year		-	(11,859,987,680)	-	(11,859,987,680)
Other comprehensive (loss) / income		-	(6,567,273,262)	-	(6,567,273,262)
Total comprehensive income for the year		-	**(18,427,260,942)**	-	**(18,427,260,942)**
Transfer from surplus on revaluation of operating fixed assets recognized directly in equity - net of deferred tax - restated		-	1,181,790,931	(1,181,790,931)	-
Adjustment in revaluation surplus		-	-	(1,937,328)	(1,937,328)
Balance as at June 30, 2017 - Restated		**5,798,253,340**	**(19,401,317,073)**	**32,619,786,404**	**19,016,722,671**
Loss for the year		-	(27,336,921,905)	-	(27,336,921,905)
Other comprehensive income		-	2,887,419,981	-	2,887,419,981
Total comprehensive loss for the year		-	**(24,449,501,924)**	-	**(24,449,501,924)**
Transfer from surplus on revaluation of operating fixed assets recognized directly in equity - net of deferred tax		-	1,199,170,209	(1,199,170,209)	-
Transfer from surplus on revaluation of operating fixed assets to accumulated loss- on disposal		-	134,510	(134,510)	-
Balance as at June 30, 2018		**5,798,253,340**	**(42,651,514,278)**	**31,420,481,685**	**(5,432,779,253)**

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

Saadullah Khan

CHAIRMAN

1. The Company and its operations

Islamabad Electric Supply Company Limited (the Company) is a public limited company incorporated in Pakistan, under Companies Ordinance 1984. The Company was established to take over all the properties, rights and liabilities of Islamabad Area Electricity Board owned by Pakistan Water and Power Development Authority (WAPDA). The Company was incorporated on April 25, 1998 and commenced commercial operations on June 01, 1998.

The Company is principally engaged in distribution and supply of electricity within defined geographical boundaries. The Company was granted a license on November 02, 2001 by the National Electric Power Regulatory Authority (NEPRA) for electricity distribution. The registered office of the Company is situated at IESCO Headquarters, Street 40, G-7/4, Islamabad.

2. 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 (IFRS Standards) 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 Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses	January 01, 2017
Amendments to IFRS 12 'Disclosure of Interests in Other Entities' issued in the Annual Improvements Cycle 2014-2016	

Certain annual improvements have also been made to a number of IFRSs. Such improvements did not have any material effect on the financial statements of the Company.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 41, change in nomenclature of primary statements,etc.

Further, the disclosure requirements contained in the fifth schedule to the Act have been revised, resulting in the:
- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

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

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

	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 15 'Revenue from contracts with customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - IFRIC 14 'IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

The company has further assessed the impact of following standards at time of their initial application from July 01, 2018. The expected impacts are not significant for the Company.
- IFRS 15 'Revenue from contracts with customers'
- IFRS 9 'Financial Instruments'

3. Basis of preparation

These financial statements have been prepared on the basis of the historical cost convention except for staff retirement benefits, which are measured using actuarial techniques and freehold land, leasehold land, buildings on freehold and leasehold lands and distribution equipment, which are stated using the revaluation model.

4. Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. A revision to the accounting estimates is recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The estimates / judgements and associated assumptions that have significant effects on the financial statements are as follows:

4.1 Useful life and residual value of property, plant and equipment

The Company reviews the appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation on items of property, plant and equipment on a regular basis (note 6.1). Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available inside/outside the Company, as appropriate. Any change in these estimates in the future might affect the carrying amount of items of property, plant and equipment, with a corresponding effect on the depreciation charge, impairment and amortization of deferred credit.

The Company measures certain items of property, plant and equipment (as disclosed in note 6.1) at revalued amounts, with changes in fair value being recognized directly in equity.

4.2 Provision for obsolete stores, spares and loose

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

4.3 Provision for doubtful trade debts

Management reviews its trade debts at each reporting date to identify the existence of any doubtful debts and to assess whether a provision should be recorded in the profit or loss account. In particular, judgment by management is required in the estimation of the amount and timing of the future cash flows, when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

4.4 **Provision for staff retirement benefits**

The actuarial valuation of pension, medical benefits, compensated absences plans and free electricity requires the use of certain assumptions related to future periods, including increase in future salary / pension / medical costs, inflation rate and the discount rate used to discount future cash flows to present values.

4.5 **Provision for taxation**

The Company recognizes income tax provisions using estimates based upon expert opinions of its tax and legal advisors. Differences, if any, between the recorded income tax provision and the Company's tax liability, are recorded on the final determination of such liability.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that future taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

4.6 **Other provisions and contingent liabilities**

The management exercises judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

5. **Summary of significant accounting policies**

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

5.1 **Functional and presentation currency**

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

5.2 **Foreign currency transactions and translations**

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing on reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary items at end of the year exchange rates, are charged to income for the year.

5.3 **Borrowings costs**

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

5.4 **Property, plant and equipment**

a) Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for land, buildings and distribution equipment, which are stated at their revalued amounts less subsequent accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Depreciation is charged to income on a straight-line method so as to write-off the depreciable amount of an asset over its estimated useful life at the rates given in note 6.1 to the financial statements. Depreciation on depreciable assets is commenced from the month the asset is available for use up to the month preceding the month of disposal. Major renewals and improvements are capitalized. Minor replacement, repairs and maintenance are charged to profit or loss.

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

b) Surplus on revaluation of operating fixed assets

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus on operating fixed assets. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus on operating fixed assets.

c) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their construction, erection, installation and acquisition. The assets are transferred to the relevant category of operating fixed assets when they are ready for their intended use.

5.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date, or whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment loss are restricted to the original cost of the asset. An impairment loss, or the reversal of an impairment loss, is recognized in the profit or loss for the year.

5.6 Stores, spares and loose tools

These are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis, comprising invoice values and the related charges incurred up to the date of the statement of financial position. 100% provision is made for inactive stores and spares over 3 years.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

5.7 Trade debts

Trade debts are carried at original billed value less an estimate for provision for doubtful debts. Trade debts are written-off when considered irrecoverable. No provision is made for amount due from federal and provincial government consumers.

5.8 Loans and other receivables

These are initially recognized at the fair value of consideration given. Subsequent to initial recognition these are recorded at their amortized cost less impairment, if any.

5.9 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks in current and savings accounts, and short-term highly liquid investments with original maturities of three months or less, and that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

5.10 Staff retirement benefits

The Company operates unfunded pension, post retirement free electricity, medical benefits and compensated absences schemes for all its permanent employees. Provisions are made in accordance with the actuarial recommendations using the Projected Unit Credit Method as required by IAS-19. The latest valuation was carried out as at June 30, 2018.

The Company also maintains a General Provident Fund and WAPDA Welfare Fund for all its regular employees. The Company makes deductions from salaries of its employees and remits these amounts to the respective funds established by WAPDA.

5.11 Deferred credit

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

5.12 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost, which approximates the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

5.13 Revenue recognition

Revenue is recognized to the extent it is probable that the future economic benefits will flow to the Company. The Company generates revenue from:

a) Electricity sale

Revenue related to electricity sales is recognized on supply of electricity to consumers at the rates determined by NEPRA and notified by the Government of Pakistan, from time to time. Late payment surcharges are recognized on an accrual basis.

b) Tariff differential subsidy

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

c) Rental and service income

Meter rentals are recognized on a time proportionate basis.

d) Interest / mark-up

Interest / mark-up on bank deposits is recognized on accrual basis using the effective interest rate method.

5.14 Borrowings

Borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and the redemption value is recognized in the profit or loss over the period of borrowing on an effective rate basis. The borrowing cost on qualifying assets is included in the cost of the related assets.

5.15 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

5.16 Taxation

a) Current

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

b) Deferred

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax expense comprises of current and deferred tax. Income tax is recognized in profit or loss except to extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

5.17 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument, and derecognized when the Company loses control of the contractual rights that comprise the financial assets, and in case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expires. All financial assets and liabilities are initially recognized at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or losses on derecognition of financial assets and financial liabilities are included in profit or loss account for the year.

a) Financial assets

Classification and subsequent measurement

The Company classifies its financial assets in the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits to purchase or sell the asset.

i. Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets, designated upon initial recognition, at fair value through profit or loss.
Financial assets at fair value through profit or loss are carried in the financial statements at their fair values, with changes therein recognized in the income for the year. Assets in this category are classified as current assets.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these financial assets are measured at amortized cost, using the effective interest rate method, less impairment, if any.

Impairment of financial assets

The Company assesses at the, end of each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

b) Financial liabilities

Initial recognition and measurement

The Company classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

i. 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 being at fair value through profit or loss. The Company has not designated any financial liabilities upon initial recognition as being at fair value through profit or loss .

ii. Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost, using the effective interest rate method.

c) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements, if the Company has a legally enforceable right to set-off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

5.18 Offsetting of financial assets and financial liabilities

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

	Note	2018	2017
		----------Rupees----------	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	**82,986,295,529**	82,235,067,206
Capital work-in-progress	6.2	**10,670,419,780**	7,437,404,129
		93,656,715,309	**89,672,471,335**

6.1 Operating fixed assets

	Cost / revalued amount					Accumulated depreciation				Written down value
	At 01 July	Additions/ transfers	Disposals/ write off/ adjustments	At 30 June	Rate	At 01 July	Charge for the year note 6.1.2	Disposals	At 30 June	At 30 June
	----------Rupees----------					----------Rupees----------				
2018										
Freehold land	12,888,976,459	-	(135,000)	12,888,841,459		-	-	-	-	12,888,841,459
Leasehold land	4,824,460,000	-	-	4,824,460,000		-	-	-	-	4,824,460,000
Buildings on freehold land	3,143,647,410	197,538,142	-	3,341,185,552	2%	62,613,494	82,250,868	-	144,864,362	3,196,321,190
Buildings on leasehold land	391,963,344	-	-	391,963,344	2%	7,397,911	10,084,768	-	17,482,679	374,480,665
Distribution equipment	62,874,410,913	4,757,879,776	(1,778,943)	67,630,511,746	3.5%	2,125,210,301	4,106,946,610	-	6,232,156,911	61,398,354,835
Vehicles	704,666,912	-	-	704,666,912	10%	530,840,185	26,796,100	-	557,636,285	147,030,627
Computer and ancillary equipment	127,458,623	8,110,033	-	135,568,656	33%	124,981,724	3,822,117	-	128,803,841	6,764,815
Furniture and fixtures	75,862,258	3,123,927	-	78,986,185	10%	44,278,518	5,153,984	-	49,432,502	29,553,683
Other plant and equipment	252,707,799	40,136,755	-	292,844,554	10%	153,764,379	18,591,920	-	172,356,299	120,488,255
	85,284,153,718	5,006,788,633	(1,913,943)	90,289,028,408		3,049,086,512	4,253,646,367	-	7,302,732,879	82,986,295,529
2017										
Freehold land	12,888,976,458	1	-	12,888,976,459		-	-	-	-	12,888,976,459
Leasehold land	4,824,460,000	-	-	4,824,460,000		-	-	-	-	4,824,460,000
Buildings on freehold land	3,047,208,417	96,438,993	-	3,143,647,410	2%	425,169	62,188,325	-	62,613,494	3,081,033,916
Buildings on leasehold land	387,293,556	4,669,788	-	391,963,344	2%	228,879	7,169,032	-	7,397,911	384,565,433
Distribution equipment	58,449,733,757	4,427,740,481	(3,063,325)	62,874,410,913	3.5%	35,626,638	2,089,583,663	-	2,125,210,301	60,749,200,612
Vehicles	693,764,725	10,902,187	-	704,666,912	10%	504,958,893	25,881,292	-	530,840,185	173,826,727
Computer and ancillary equipment	125,191,143	2,267,480	-	127,458,623	33%	120,170,296	4,811,428	-	124,981,724	2,476,899
Furniture and fixtures	70,264,461	5,597,797	-	75,862,258	10%	39,357,266	4,921,252	-	44,278,518	31,583,740
Other plant and equipment	239,089,658	13,618,141	-	252,707,799	10%	136,301,922	17,462,457	-	153,764,379	98,943,420
	80,725,982,175	4,561,234,868	(3,063,325)	85,284,153,718		837,069,063	2,212,017,449	-	3,049,086,512	82,235,067,206

6.1.1 The Company's freehold land, leasehold land, buildings thereon and distribution equipments are carried at the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's buildings and distribution equipments as at June 30, 2016 were performed by F.K.S Building Services, independent valuers not related to the Company. Fair valuation of land was performed on June 30, 2014 by the same valuer. F.K.S are on the list of approved valuers issued by Pakistan Banks Association. They have the appropriate qualifications and experience in fair value measurement in the relevant locations.

The fair value of the buildings were determined based on market rate per square foot of the covered area after taking into account factors such as provision of utilities and allied services, location and condition of property, legality of occupation of property, type of construction, state of maintenance, building depreciation and law and order situation prevailing in the country. The market value/ cost of construction has been worked out on the analysis of the rates of material and labor prevailing in the local market.

The fair value of the grid stations were determined based on new cost and freight (C&F) values obtained from various sources. Further, factors such as capacity and type of the installed equipment, year of make and its manufacturer and overall condition of these assets were also taken into account while assessment of the fair values. For transmission lines and related equipment, 70% of the new price of distribution material have been taken for assets valuation after taking into account the type of material used, and overall condition of these assets.

Had there been no revaluation, the related figures of revalued assets would have been as follows:

	Cost	Accumulated depreciation	Written down value
	----------Rupees----------		
2018			
Freehold land	106,989,320	-	106,989,320
Leasehold land	56,887,270	(23,004,920)	33,882,350
Buildings on freehold land	4,207,114,195	(768,204,896)	3,438,909,299
Buildings on leasehold land	466,026,224	(102,129,037)	363,897,187
Distribution equipment	70,198,840,683	(23,630,558,663)	46,568,282,020
	75,035,857,692	(24,523,897,516)	50,511,960,176
2017			
Freehold land	107,124,319	-	107,124,319
Leasehold land	56,887,270	(23,004,920)	33,882,350
Buildings on freehold land	4,009,576,053	(686,463,627)	3,323,112,426
Buildings on leasehold land	466,026,224	(92,808,512)	373,217,712
Distribution equipment	65,442,818,193	(21,307,960,999)	44,134,857,194
	70,082,432,059	(22,110,238,058)	47,972,194,001

Lands amounting to Rs. 11, 972 million are under the posession of the Company but the Company does not have the title of the lands. Although, lands amounting Rs. 8,995 are under the title of WAPDA.

6.1.2 Depreciation charge for the year has been allocated as follows:

	Note	2018	2017
		------------Rupees------------	
Administrative expenses	28	**77,467,108**	57,933,019
Distribution costs	29	**4,114,405,494**	2,092,675,603
Customer service costs	30	**57,724,236**	57,331,735
Included in capital work-in-progress		**4,049,529**	4,077,092
		4,253,646,367	2,212,017,449

6.1.3 In 2002, the Company entered into an agreement with Bahria Town Private Limited (BTPL) for the distribution of electricity to the society. As per the agreement, BTPL transferred 32 kanals land in the name of the Company and agreed to bear all costs associated with the construction of a grid station and buildings on the land. Later on, the Company assumed the ownership of the land, building and grid station, currently having carrying value of Rs. 238.60 million as at June 30, 2018, and recognized these assets in its books of accounts, during the year ended June 30, 2009.

On November 24, 2010, National Electric Power Regulatory Authority (NEPRA) granted a license to BTPL for distribution of electricity to licensed locations. The Company considers the territory granted under distribution licensees to BTPL as its inalienable right and any action to withdraw a part thereof would be violation of the Company's right under the NEPRA Act. Accordingly, the Company filed writ petition in Islamabad High Court to challenge NEPRA's decision of granting license to BTPL. In the meantime, BTPL approached Ministry of Water and Power, Government of Pakistan (MoWP) and submitted a request for settlement of the matter through arbitration process. On BTPL's request Secretary MoWP requested the chairman of the Board of Directors of the Company to withdraw the writ petition and settle the matter through arbitration. Shareholders of the Company in their Extra Ordinary General Meeting held on 14 June 2011 resolved to withdraw the writ petition filed in Islamabad High Court and enter into arbitration process with BTPL. However, the arbitration process could not yield the desired results to the Company and subsequent to which Board of Directors of the Company in their meeting held on July 03, 2012 decided to re-file a writ petition with Islamabad High Court against the decision of NEPRA to grant distribution license to BTPL, which was filed on September 01, 2012. During the year, no hearing was held and the matter is pending for adjudication.

The management of the Company is confident of a favorable outcome of the writ petition filed with the Honorable Islamabad High Court and accordingly the fixed assets and land received from BTPL, having carrying values in aggregate of Rs. 238.60 million (2017: Rs. 240.68 million) have not been derecognized in these financial statements.

		Note	2018	2017
			------------Rupees------------	
6.2	**Capital work-in-progress**			
	Civil works		**142,572,436**	86,483,230
	Distribution equipment	6.2.2	**7,969,221,016**	5,529,562,405
		6.2.1	**8,111,793,452**	5,616,045,635
	Provision for impairment	6.2.3	**-**	(82,924,930)
			8,111,793,452	5,533,120,705
	Capital stores	6.2.4	**2,454,251,597**	1,776,353,560
	Advances to suppliers		**104,374,731**	127,929,864
			10,670,419,780	7,437,404,129
6.2.1	**Movement in capital work-in-progress**			
	Balance at the beginning of the year		**5,616,045,635**	4,953,143,028
	Additions during the year		**7,451,165,735**	5,188,688,544
	Transfers to operating fixed assets			
	- Buildings on freehold land		**(197,538,142)**	(96,438,993)
	- Buildings on leasehold land		**-**	(4,669,788)
	- Distribution equipment		**(4,757,879,776)**	(4,424,677,156)
			(4,955,417,918)	(4,525,785,937)
	Balance at the end of the year		**8,111,793,452**	5,616,045,635
6.2.2	**Breakup of distribution equipment is as follows:**			
	Material		**4,419,002,507**	2,917,317,859
	Labor		**514,131,353**	432,266,418
	Overheads:			
	Borrowing costs		**127,973,473**	134,456,646
	Other		**1,173,893,194**	949,021,666
			1,301,866,667	1,083,478,312
	Contract work		**1,734,220,489**	1,096,499,816
			7,969,221,016	5,529,562,405

6.2.3 This represents costs incurred on various capital projects which are no longer viable and are therefore fully provided for by the Company. Amount of Rs. 82,924,930 has been written off in current year.

6.2.4 These represent items of stores, spares and loose tools held for capitalization.

7. LONG-TERM LOANS

	2018	2017
	------------Rupees------------	
Secured, considered good		
To employees	**122,417,639**	87,030,011
Current portion shown under current assets	**(33,278,570)**	(27,155,933)
	89,139,069	59,874,078

7.1 These represent long-term loans given to employees for purchase of houses, plots, cars, motor cycles and bicycles. House building and plot loans are repayable in 10 years, car and motor-cycle loans in 5 years and bicycle loans in 4 years. As per the Company's policy, the rate of mark-up charged on these loans is 12%-14% (2017:12%-14%) per annum, which is the same rate as that payable on employees balances in the General Provident Fund. Loans are secured by a mortgage of immovable property and hypothecation of vehicles.

8. STORES, SPARES AND LOOSE TOOLS

	Note	2018	2017
		------------Rupees------------	
Stores, spares and loose tools		**1,107,570,315**	808,894,884
Provision for slow moving/ obsolete items	8.1	**(149,697,698)**	(143,572,897)
		957,872,617	665,321,987

8.1 Movement in provision during the year is as follows:

	2018	2017
Balance at the beginning of the year	**143,572,897**	102,498,283
Charge for the year	**6,124,801**	41,074,614
Balance at the end of the year	**149,697,698**	143,572,897

9. TRADE DEBTS

	Note	2018	2017
Considered good	9.1, 9.2 & 25.1	84,097,887,276	65,761,111,141
Considered doubtful		565,070,232	565,070,232
		84,662,957,508	66,326,181,373
Provision for doubtful debts	9.3	(565,070,232)	(565,070,232)
		84,097,887,276	65,761,111,141

9.1 These include an amount of Rs. 67,321 million (2017: Rs. 54,781 million), receivable from the Government of Azad, Jammu and Kashmir (GoAJK), representing the differential of the amount billed to GoAJK on tariff notified by Government of Pakistan (GOP) and the tariff approved by the sub-committee constituted at the time of a presentation given to the Chief Executive of Pakistan, in September 2002, on the Raising of the Mangla Dam. The rate approved by the sub-committee at that time was Rs. 2.32 per unit which was increased to Rs. 2.59 per unit subsequently. However, the Company has a practice to bill electricity supplied to GoAJK, on the basis of tariffs notified by the GoP from time to time. The GoAJK has been settling its dues at a tariff of Rs. 2.59 per unit and contesting the applicability of tariff approved by NEPRA and notified by the GoP by claiming that AJK does not fall under notified tariff.

The Company has taken up the matter with the Ministry of Finance and GoAJK. Further, the MoWP had decided in a meeting held on May 29, 2015 to constitute a committee to deliberate the tariff issue with NEPRA and sort out an amicable tariff for all stake-holders. The said committee, in its meeting held on December 8, 2015, has formulated a proposal to revise the tariff by increasing up to Rs. 5.79 per unit, with effect from, July 01, 2015 which has also been agreed by GoAJK vide letter no. SE/PS/70-82/2016 dated: January 01, 2016. However, MoWP is further deliberating on the matter, thus no official notification has been received in this regard. Further, the Company has filed a claim of Rs. 66,610 million representing the AJK receivable balance, as tariff differential, with the MoWP for the period from April 2008 to June 2018, for onward submission to Ministry of Finance, pursuant to the decision made in meeting of such committee. Accordingly, the management is confident that the amount will be recovered as tariff differential subsidy in near future.

9.2 The Company's recievable from non-government consumers are secured to the extent of the consumers' security deposits against electricity connections, as disclosed in note 19.

		2018	2017
9.3	**Movement in provision for doubtful debts is as follows:**	------------Rupees------------	
	Balance at the beginning of the year	**565,070,232**	565,070,232
	Provision during the year	**-**	-
	Balance at the end of the year	**565,070,232**	565,070,232

		Note	2018	2017
10.	**SHORT-TERM ADVANCES**		------------Rupees------------	
	Considered good			
	To suppliers		**311,628,574**	158,757,289
	To employees against operating expenses		**56,843,297**	48,214,140
			368,471,871	206,971,429
11.	**RECEIVABLE FROM GOVERNMENT OF PAKISTAN**			
	Balance at the beginning of the year		**14,806,782,863**	7,768,646,740
	Subsidy recognized during the year on account of tariff differential subsidy	11.1	**9,316,374,752**	7,038,136,123
			24,123,157,615	14,806,782,863
	Credit note received from Central Power Purchasing Agency		**(18,263,460,652)**	-
	Balance at the end of the year	11.2	**5,859,696,963**	14,806,782,863

11.1 This represents Tariff Differential Subsidy (TDS) receivable from GoP as a difference between NEPRA rates notified as per "Schedule-I" and the rates charged to the consumers as per "Schedule-II" as notified by GoP in S.R.O. 569 (I)/2015 dated June 10, 2015.

11.2 This represents subsidy recognized of Rs. 2,814,646,230 in previous financial year for the period from August 2011 to March 2013, in respect of non-charging of Fuel Price Adjustment to domestic consumers, having consumption of units from 51 to 350 units, pursuant to the determination of the IESCO's tariff by the NEPRA, duly notified by the GoP vide SRO No. 701 dated August 05, 2013 and SRO No. 914 dated October 11, 2013 and the NEPRA's clarification issued in the case of another distribution company.

During the year, MoWP vide its letter no. PF-05(15-FPA)/2012, directed the Company to include these claims in future tariff petition to be filed with NEPRA.

		Note	2018	2017
12.	**OTHER RECEIVABLES**		------------Rupees------------	
	Unsecured, considered good			
	Receivable from related parties:			
	Central Power Purchasing Agency		-	2,260,769,023
	Other related parties on account of:			
	Free electricity and other transactions	12.1	**809,393,763**	1,463,080,801
	Pensions	12.2	**1,429,913,210**	1,264,785,174
	Others		**44,329,380**	32,691,555
			2,283,636,353	5,021,326,553

12.1 This represents the net amount receivable from WAPDA and other related parties on account of free electricity provided to the employees of these companies residing within the Company's territorial jurisdiction; a party wise breakup is as follows:

	Note	2018	2017
		------------Rupees------------	
WAPDA		889,633,529	847,275,948
National Transmission and Dispatch Company Limited		(110,424,549)	589,607,424
Pakistan Electric Power Company Limited		-	-
Quetta Electric Supply Company Limited		10,899,667	9,246,391
Northern Power Generation Company Limited (GENCO-III)		6,827,660	5,869,741
Central Power Generation Company Limited (GENCO-II)		4,905,072	4,355,091
Tribal Electric Supply Company Limited		4,660,371	4,070,232
Jamshoro Power Company Limited (GENCO-I)		1,654,938	1,531,132
Lakhra Power Generation Company Limited (GENCO-IV)		1,237,075	1,124,842
		809,393,763	1,463,080,801

12.2 This represents the amount receivable from WAPDA and other related parties on account of pension paid to the retired employees of these companies residing within the Company's territorial jurisdiction; a party wise breakup is as follows:

	2018	2017
	------------Rupees------------	
WAPDA	1,043,636,333	879,370,410
National Transmission and Dispatch Company Limited	201,321,108	150,265,904
Lahore Electric Supply Company Limited	37,998,137	18,580,728
Faisalabad Electric Supply Company Limited	12,099,493	42,318,955
Gujranwala Electric Power Company Limited	11,252,744	57,999,912
Peshawar Electric Supply Company Limited	9,687,005	21,238,269
Multan Electric Power Company Limited	15,174,431	17,767,888
Hyderabad Electric Supply Company Limited	14,747,314	8,390,804
Northern Power Generation Company Limited (GENCO-III)	22,823,618	17,214,954
Central Power Generation Company Limited (GENCO-II)	15,018,540	13,276,343
Quetta Electric Supply Company Limited	16,682,735	6,672,511
Jamshoro Power Company Limited (GENCO-I)	1,173,322	505,489
Lakhra Power Generation Company Limited (GENCO-IV)	489,093	265,115
Pakistan Electric Power Company Limited	22,788,207	24,245,714
Tribal Area Electric Supply Company	1,390,002	1,452,251
Sukkur Electric Supply Company	1,578,135	3,848,733
Power Information Technology Company	1,971,507	1,297,118
GENCO Holding Company Limited	81,486	74,076
	1,429,913,210	1,264,785,174

13. RECOVERABLE FROM TAX AUTHORITIES

	Note	2018	2017
Sales tax		(92,445,950)	220,758,250
Other receivables from tax authorities	13.1	19,605,134,407	14,076,103,358
Advance income tax		623,966,761	566,560,279
		20,136,655,218	14,863,421,887

13.1 These represent amounts recovered by the taxation authorities, alleging that the Company, in the current or prior years, has either failed to recover sales tax from various customers or have adjusted incorrect input tax in its returns related to subsidy provided by GOP to IESCO. The Company has filed various appeals against these cases which are pending before the taxation authorities and different courts of law. The management of the Company is confident of a favorable outcome of these pending cases and accordingly, a provision has not been recorded in the financial statements against these balances.

	Note	2018	2017
		------------Rupees------------	
14. RECEIVABLE FROM TIBL	14.1	30,790,759	30,790,759

14.1 These represent investment made in the TDRs of Trust Investment Bank Limited (TIBL) in accordance with the Ministry of Finance Regulations, which were matured in January 2013. However, the bank was facing liquidity issues, due to which the full amount of investments made could not be recovered on the maturity date. During the year ended June 30, 2014, under a Settlement Agreement dated April 09, 2014 between the Company and TIBL, the Company recovered an amount of Rs. 2,149,282 in cash, and for the remaining principal amount of Rs. 96,681,259 and accumulated interest thereon amounting to Rs. 10,297,841, TIBL transferred the possession of certain properties in the name of the Company representing various lands and buildings.

Further, under another separate agreement dated July 04, 2014, it was agreed that if the Company would sell or transfer all of the properties to a bona fide third party/parties on an arm's length basis before June 30, 2015, and the sales consideration paid by such third party/parties would be less than the outstanding amount as per the original agreement, then TIBL would be required to compensate the Company for shortfall amount, either in the form of cash or any other means within seven days of notification by the Company.

During 2015, the Company was able to obtain the legal transfer of only one property in its name, having current market value of Rs. 16,000,000 at that time, while steps were being taken to obtain the physical possession and to transfer the remaining properties in the name of the Company. The separate agreement mentioned above was also extended to June,30 2016. However during the year ended June 30, 2016, BoD, in the light of the fact that TIBL has not honored its commitments under the separate agreement mentioned above, resolved not to extend the above mentioned agreement between IESCO and TIBL. The Company has filed a reference with National Accountability Bureau (NAB).

During 2017, another property having value of Rs. 49,000,000 was transferred in the name of the Company. Matter for the remaining settlement is pending with NAB.

An amount of Rs. 30.79 million representing the principal amount of investment not recovered from TIBL so far is being carried as receivable from TIBL in these financial statements while the fair value of transferred property is still carried as non-current assets held-for-sale as the management has the positive intention to dispose off this property in near future.

15. CASH AND BANK BALANCES

	Note	2018	2017
		------------Rupees------------	
Cash in hand		**9,310**	6,926
At banks in:			
- Deposit accounts	15.1 & 15.2	**1,168,601,564**	1,518,732,847
- Current accounts		**953,073,418**	894,002,568
		2,121,674,982	2,412,735,415
		2,121,684,292	2,412,742,341

15.1 These carry mark-up ranging from 4% to 7% per annum (2017: 4% to 7% per annum).

15.2 Included herein is an amount of Rs. 692 million (2017: Rs. 51.44 million) kept in separate bank accounts relating to consumers' and employees' security deposits.

16. SHARE CAPITAL

16.1 Authorized capital

	2018	2017
	------------Rupees------------	
5,000,000,000 (2017: 5,000,000,000) Ordinary shares of Rs. 10/ each	**50,000,000,000**	50,000,000,000

16.2 Issued, subscribed and paid-up capital

2018	2017		2018	2017
----Number of shares----			------------Rupees------------	
1,000	1,000	Ordinary shares of Rs. 10 each, issued for consideration in cash	**10,000**	10,000
579,824,334	**579,824,334**	Ordinary shares of Rs. 10 each, issued for consideration other than in cash	**5,798,243,340**	5,798,243,340
579,825,334	**579,825,334**		**5,798,253,340**	5,798,253,340

16.3 The President of Pakistan, WAPDA and the IESCO Employees Trust Fund, respectively hold 1,000 (2017: 1,000), 510,245,414 (2017: 510,245,414) and 69,578,920 (2017: 69,578,920) ordinary shares of the Company at the year end. In 2012, 69,578,920 shares, previously owned by WAPDA, were transferred to the IESCO Employees Trust Fund under the Benazir Employees Stock Option Scheme.

	2018	2017
	------------Rupees------------	
17. DEPOSIT FOR SHARES	**20,030,165,684**	20,112,510,939

17.1 This represents GoP's investment/equity in the Company channelized through PEPCO/NTDC as a measure taken to clear circular debts prevailing in the power sector.

	Note	2018	2017
		------------Rupees------------	
18. LONG-TERM LOANS			
From Government of Pakistan out of:			
Asian Development Bank - Tranche I	18.1	**2,056,802,452**	2,056,802,452
Asian Development Bank - Tranche II	18.2	**1,841,115,364**	1,636,996,810
International Bank for Reconstruction and Development	18.3	**3,687,887,986**	3,687,887,986
Asian Development Bank - Tranche III	18.4	**1,616,635,201**	1,396,712,169
Earthquake Reconstruction and Rehabilitation Authority	18.5	**217,923,729**	187,736,283
Asian Development Bank - Tranche IV	18.6	**1,113,154,423**	274,150,992
		10,533,519,155	9,240,286,692
Current maturity shown under current liabilities		**(4,182,882,220)**	(3,493,315,685)
		6,350,636,935	5,746,971,007

Movement of long term loans during the year

	2018	2017
Balance at the beginning of the year	**9,240,286,692**	8,424,886,904
Cash received during the year	**1,263,045,017**	815,364,660
Exchange loss	**30,187,446**	35,128
Balance at the end of the year	**10,533,519,155**	9,240,286,692

18.1 This represents re-lent portions of the total term finance facility obtained by the GoP from Asian Development Bank (ADB) for power distribution and enhancement projects. Out of total finance facility, an amount of US $ 30.06 million has been allocated to the Company vide a letter [No. 6(9) ADB-I/86 dated March 30, 2009] of the Ministry of Economic Affairs and Statistics (MEAS), against which the Company has utilized US $ 23.31 (2017: US $ 23.31 million) up to the year end. The loan carries interest at 17% per annum inclusive of exchange risk coverage fee of 6% charged both on the principal amount and the interest amount, separately. The initial agreed amount was later revised to a total allocation of 23.3 million via letter number 5654 from ADB dated July 17, 2013.

The loan is repayable in 26 semi-annual installments, excluding a grace period of 2 years, ending August 15, 2023 with first repayment due on February 15, 2011. Owing to an expected revision in the repayment schedules between the Debt Management Wing of MEAS and ADB, the Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs. 1,304 million and Rs. 1,878 million respectively. However, the principal amount which has fallen due and is due for repayment within next 12 months of the reporting date, has been transferred to the current portion.

18.2 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for power distribution and enhancement projects. Out of the total finance facility of US $ 172.300 million, an amount of US $ 19.560 million has been allocated to the Company [vide letter No. 1(3) ADB-II/06-A dated March 31, 2011] of the MEAS, against which the Company has utilized US $ 18.334 million (2017: US $ 16.50 million) up to the year end. The loan carries interest at 15% per annum inclusive of exchange risk coverage fee of 6.8% charged on both the principal amount and the interest amount separately.

The loan is repayable in 34 semi-annual installments, excluding a grace period of 3 years, ending December 01, 2030, with a first repayment due on June 01, 2014. Owing to an expected revision in the repayment schedules between the Debt Management Wing of MEAS and ADB, the Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs. 540 million and Rs. 1,282 million respectively. However, the principal amount which has fallen due and is due for repayment within the next 12 months of the reporting date has been transferred to the current portion.

18.3 This represents re-lent portions of the total term finance facility obtained by the GoP from the International Bank for Reconstruction and Development (IBRD) for electricity distribution and transmission projects. Out of the total finance facility an amount of US $ 58.50 million has been allocated to the Company [vide letter No. 1(28) IDA-I/2006 dated November 16, 2011] of the MEAS, against which the Company has utilized US $ 40.974 million (2017: US $ 40.974 million) up to the year end. The loan carries interest at 17% p.a. inclusive of exchange risk coverage fee of 6% charged on both the principal amount and the interest amount, separately. The total amount of loan to be utilized has been revised for IESCO to a figure of US $ 41 million via the letter from World Bank dated July 16, 2015 and this closes the total loan from the World Bank.

The loan is repayable in 26 semi-annual installments, excluding a grace period of 2 years, ending March 15, 2024 with first repayment due on September 15, 2011. Owing to an expected revision in the repayment schedules between the Debt Management Wing of MEAS and ADB, the Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs. 2,177 million and Rs. 3,746 million respectively. However, the principal amount, which has fallen due and is due for repayment within the next 12 months of the reporting date, has been transferred to the current portion.

18.4 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for power distribution and enhancement projects. Out of the total finance facility an amount of US $ 24.55 million has been allocated to the Company [vide letter No. 2(9) ADB-II/12 dated December 31, 2013] of the MEAS, against which the Company has utilized US $ 15.386 million (2017: US $ 13.46 million) up to the year end. The loan carries interest at 15% p.a. inclusive of exchange risk coverage fee of 6.8% charged on both the principal amount and the interest amount, separately.

The loan is repayable in 40 semi-annual installments, excluding a grace period of 5 years, ending December 31, 2037, with the first repayment due on June 01, 2018. The Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs.119 million and Rs. 715 million respectively. However, the principal amount, which has fallen due and is due for repayment within the next 12 months of the reporting date, has been transferred to the current portion.

18.5 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for Earthquake Emergency Assistance Project. Out of total finance facility an amount of US $ 1.40 million has been allocated to the Company [vide letter No. 6(9) ADB-II/86 dated July 22, 2008] of MEAS, against which the Company has fully utilized US $ 1.79 million in year 2011.The loan carries interest at 1% p.a upto December 15, 2025 and thereafter 2% interest on the amount of loan withdrawn from loan account and outstanding from time to time.

The loan is repayable in US $ 1.79 million in 60 semi-annual installments, excluding a grace period of 10 years, ending December 15, 2045, with the first repayment due on June 15, 2016. No payment on this loan has yet been made. Owing to an expected revision in the repayment schedules between the Debt Management Wing of MEAS and ADB, the Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs. 15 million and Rs. 22 million respectively. However, the principal amount, which has fallen due and is due for repayment within the next 12 months of the reporting date, has been transferred to the current portion.

18.6 This represents re-lent portions of the total term finance facility obtained by the GoP from ADB for power distribution and enhancement projects. Out of the total finance facility, an amount of US $ 17.810 million has been allocated to the Company [vide letter from EAD dated November 07, 2014] of the MEAS, against which the Company has utilized US $ 9.978 million (2017: US $ 2.6 million) up to the year end. The loan carries interest at 15% p.a. inclusive of exchange risk coverage fee of 6.8% charged on both the principal amount and the interest amount, separately.

The loan is repayable in 40 semi-annual installments, excluding a grace period of 5 years, ending 01 December 2038, with a first repayment due on June 01, 2018. The Company has withheld the principal repayments along with related interest accrued up to June 30, 2018, aggregating to Rs. 28 million and Rs. 267 million respectively. However, the principal amount, which has fallen due and is due for repayment within the next 12 months of the reporting date, has been transferred to the current portion.

	Note	2018	2017
		------------Rupees------------	
19. LONG-TERM SECURITY DEPOSITS			
Consumers' security deposits	19.1 & 15.2	**5,568,091,813**	5,028,195,630

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

20. STAFF RETIREMENT BENEFITS

Four types of defined benefit plans are operated by the Company namely, pension obligations, medical benefits, free electricity and compensated absences.

	Pension obligations		Medical benefits		Free electricity		Compensated absences		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Rupees									
20.1 The amounts recognized in the statement of financial position										
Present value of defined benefit obligations	33,851,557,967	35,902,558,781	3,047,193,495	1,522,608,896	1,646,493,021	1,481,757,454	1,578,223,882	1,173,462,650	40,123,468,365	40,080,387,781
20.2 Changes in the present value of defined benefit obligations:										
Balance at the beginning of the year	35,902,558,781	24,920,210,832	1,522,608,896	3,314,065,097	1,481,757,454	2,313,500,538	1,173,462,650	1,091,403,262	40,080,387,781	31,639,179,729
Current service cost	841,118,447	578,928,854	58,160,909	56,814,666	37,605,942	63,295,799	534,761,035	154,743,611	1,471,646,333	853,782,930
Interest cost	3,317,074,184	2,173,060,915	143,969,264	297,751,067	139,556,508	207,156,923			3,600,599,956	2,677,968,905
Benefits paid during the year	(1,971,976,836)	(1,550,179,119)	(14,285,923)	(11,439,812)	(25,483,162)	(23,513,891)	(129,999,803)	(72,684,223)	(2,141,745,724)	(1,657,817,045)
Actuarial (gain) / loss on obligation	(4,237,216,609)	9,780,537,299	1,336,740,349	(2,134,582,122)	13,056,279	(1,078,681,915)		-	(2,887,419,981)	6,567,273,262
Balance at the end of the year	33,851,557,967	35,902,558,781	3,047,193,495	1,522,608,896	1,646,493,021	1,481,757,454	1,578,223,882	1,173,462,650	40,123,468,365	40,080,387,781
20.3 Charge for the year:										
Current service cost	841,118,447	578,928,854	58,160,909	56,814,666	37,605,942	63,295,799	534,761,035	154,743,611	1,471,646,333	853,782,930
Interest cost	3,317,074,184	2,173,060,915	143,969,264	297,751,067	139,556,508	207,156,923	-	-	3,600,599,956	2,677,968,905
	4,158,192,631	2,751,989,769	202,130,173	354,565,733	177,162,450	270,452,722	534,761,035	154,743,611	5,072,246,289	3,531,751,835
Charge to other comprehensive income										
Actuarial (gain) / loss	(4,237,216,609)	9,780,537,299	1,336,740,349	(2,134,582,122)	13,056,279	(1,078,681,915)	-	-	(2,887,419,981)	6,567,273,262

20.4 Significant actuarial assumptions at the balance sheet date are:

	Pension 2018	Pension 2017	Medical 2018	Medical 2017	Electricity 2018	Electricity 2017	Comp. absences 2018	Comp. absences 2017
Discount rate	9.5%	9.0%	9.5%	9.0%	9.5%	9.0%	9.5%	9.0%
Future salary increase	8.5%	8.0%	-	-	-	-	8.5%	8.0%
Indexation rate	4.25%	4.0%	-	-	-	-	-	-
Future medical cost increase	-	-	4.25%	7.5%	-	-	-	-
Exposure inflation rate	-	-	3.0%	3.0%	-	-	-	-
Electricity inflation rate	-	-	-	-	4.25%	8.0%	-	-

20.5 Description of risks to the Company

The defined benefit plans expose the Company to the following risks:
Final salary risk - The risk that the final salary at the time of cessation of service is greater than what was assumed.
Withdrawal risk - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.
Mortality risk - The risk that the actual mortality experience is different. Similar to the Withdrawal risk, the effect depends on the beneficiaries' service/age distribution and the benefit.
Medical escalation risk - The risk that the cost of post retirement medical benefits will increase.

20.6 Sensitivity analysis

The calculations of the defined benefit obligations is sensitive to the significant actuarial assumptions set out in note 20.4. The table below summarizes how the defined benefit obligations at the end of the reporting period would have increased / (decreased) as a result of change in the respective assumptions.

	Present value of defined benefit obligation				
	Pension obligations	Medical benefits	Free electricity	Compensated absences	Total
	Rupees				
Current liability	33,851,557,968	3,047,193,495	1,646,493,020	1,578,223,882	**40,123,468,365**
Discount rate +1%	29,355,712,592	2,597,587,457	1,383,466,518	1,423,463,974	**34,760,230,541**
Discount rate -1%	39,515,017,932	3,599,761,774	1,990,790,780	1,761,635,667	**46,867,206,153**
Salary increase +1%	35,219,693,652	-	1,730,680,613	1,761,635,667	**38,712,009,932**
Salary decrease -1%	32,650,139,269	-	1,573,659,015	1,420,807,767	**35,644,606,051**
Pension increase rate +1%	35,950,354,562	-	-	-	**35,950,354,562**
Pension decrease rate -1%	32,307,926,924	-	-	-	**32,307,926,924**
Medical inflation rate increase +1%	-	3,683,142,778	-	-	**3,683,142,778**
Medical inflation rate decrease -1%	-	2,620,586,406	-	-	**2,620,586,406**
Electricity rate +1%	-	-	1,874,861,602	-	**1,874,861,602**
Electricity rate -1%	-	-	1,452,206,844	-	**1,452,206,844**

	Remeasurement (gain) / loss recognized in OCI			
	Pension obligations	Medical benefits	Free electricity	Total
	Rupees			
Remeasurement (gain) / loss on obligation				
- Financial assumptions	1,283,180,970	97,082,463	60,321,416	1,440,584,849
- Demographic assumptions				-
- Experience adjustments	(5,520,397,579)	1,239,657,886	(47,265,137)	(4,328,004,830)
Total remeasurement (gain) / loss	**(4,237,216,609)**	**1,336,740,349**	**13,056,279**	**(2,887,419,981)**
Total remeasurement (gain) / loss recognized in OCI	**(4,237,216,609)**	**1,336,740,349**	**13,056,279**	**(2,887,419,981)**

The above sensitivity analyses are based on changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

	Note	2018	2017
		-----------Rupees-----------	

21. DEFERRED TAXATION - net

	Note	2018	2017
Deferred tax asset	21.1	13,565,912,870	17,102,161,618
Deferred tax liability	21.2	(13,565,912,870)	(17,102,161,618)
		-	-

21.1 Movement in deferred tax asset:

Deferred tax asset on tax losses

	2018	2017
Balance at the beginning of the year	17,102,161,618	17,558,037,473
Charge for the year	(3,536,248,748)	(455,875,855)
	13,565,912,870	17,102,161,618

21.2 Movement in deferred tax liability:

Deferred tax liability on property, plant and equipment

	2018	2017
Balance at the beginning of the year	(17,102,161,618)	(17,558,037,473)
Reversal for the year	3,536,248,748	455,875,855
	(13,565,912,870)	(17,102,161,618)

21.3 In view of the uncertainty of taxable profits in the foreseeable future against which the tax losses could be utilized, the Company has not recognized net deferred tax asset of Rs. 31,414 million (2017: Rs. 31,302 million).

Business tax losses aggregating to Rs. 59,585 million against which deferred tax asset has not been recognized, will expire as follows:

Tax year	---------Rupees--------
2022	5,509,366,475
2023	17,188,137,443
2024	36,887,728,485
	59,585,232,403

21.4 Movement in deferred tax relating to revaluation suprlus on operating fixed assets

	2018	2017
	-----------Rupees-----------	
Deferred tax liability at the beginning of the year	7,311,202,160	7,867,339,069
Charge for the year	-	-
Deferred tax liability reversal on incremental depreciation charged during the year	(538,757,630)	(556,136,909)
Deferred tax liability at the closing of the year	6,772,444,530	7,311,202,160

22. DEFERRED CREDIT

	2018	2017
Balance at the beginning of the year	35,062,765,761	33,021,616,258
Additions during the year	2,582,653,585	2,041,149,503
	37,645,419,346	35,062,765,761
Amortization		
Balance at the beginning of the year	(11,169,093,451)	(9,941,896,649)
For the year	(1,317,589,677)	(1,227,196,802)
	(12,486,683,128)	(11,169,093,451)
Balance at the end of the year	25,158,736,218	23,893,672,310

23. TRADE AND OTHER PAYABLES

	Note	2018	2017
Creditors:			
Associated undertakings	23.1	72,138,389,648	106,855,647
Others		1,176,049,545	1,176,198,904
C/f		73,314,439,193	1,283,054,551

	Note	2018	2017
		-----------Rupees-----------	
Other payables:			
B/f		73,314,439,193	1,283,054,551
Receipts against deposit works		10,294,031,825	8,328,367,320
Advances from customers		1,444,351,901	1,456,880,548
Provision for Workers' Profit Participation Fund (WPPF)	23.2	1,179,422,289	1,179,422,289
Due to related parties on account of:			
- Free electricity	23.3	1,372,910,686	1,343,163,277
- Pension	23.4	410,177,825	367,908,893
		1,783,088,511	1,711,072,170
Capital contributions awaiting connections		421,864,575	554,615,017
Accrued liabilities		526,408,902	412,883,374
Retention money - contractors / suppliers		183,698,411	265,333,720
Government surcharges payable:			
- Realized			
Equalization surcharge	23.5	1,668,827,499	1,667,952,054
Tariff rationalization surcharge	23.6	-	33,288,806,358
Electricity duty		1,048,859,357	547,143,898
Neelum Jhelum surcharge		1,516,516,256	1,136,109,647
TV license fee		67,543,699	62,687,378
Financing cost	23.7	1,347,942,772	7,781,838,043
Withholding tax		298,308,378	117,153,803
		5,947,997,961	44,601,691,181
- Unrealized			
Equalization surcharge		179,574,205	180,764,889
Electricity duty		57,356,133	47,240,357
Neelum Jhelum surcharge		1,103,778,226	972,126,286
TV license fee		45,675,894	45,157,396
Tariff rationalization surcharge	23.8	5,963,882,992	6,043,051,802
Financing cost	23.9	1,897,336,695	1,325,593,656
Income tax		97,256,531	75,091,538
General sales tax		-	-
Advance income tax		5,539,631	3,385,436
Steel melters income tax		458,000	1,084,000
		9,350,858,307	8,693,495,360
Others		64,888,863	65,382,004
		104,511,050,738	68,552,197,534

23.1 Creditors - associated undertakings

	Note	2018	2017
Lahore Electric Supply Company Limited		-	28,210,161
Peshawar Electric Supply Company Limited		-	78,645,486
Faisalabad Electric Supply Company Limited		-	-
National Transmission and Dispatch Company Limited		-	-
Central Power Purchasing Agency	23.1.1	72,138,389,648	-
		72,138,389,648	106,855,647

23.1.1 During the year, CPPA issued certain debit notes to all DISCOs including the Company to make alignments in certain account heads related to CPPA payables, Tariff Rationalization Surcharge (TRS) and Finance Cost (FC) surcharge. Accordingly, the Company made adjustment to TRS payable and FC payable to CPPA account.

23.2 The Company has held payment of its contribution towards Workers' Profit Participation Fund (WPPF) amounting to Rs. 1,179 million, being Company's liability on account of WPPF till June 30, 2014, which is long outstanding. PEPCO has forwarded its recommendation to MoWP for exemption of DISCO's, GENCO's, and NTDC from the liability of the payment to be made under the Companies Profit (Workers' Participation) Act, 1968, which is pending decision. Hence no payments are being made till the outcome of the decision. Moreover, during the year Company incurred a loss, therefore no provision was booked during the year.

23.3 Due to related parties

This represents the net amounts payable to related parties on account of free electricity provided to the families of IESCO's employees residing within the territorial jurisdiction of these companies. A party wise breakup is as follows:

	2018	2017
	-----------Rupees-----------	
Lahore Electric Supply Company Limited	**895,498,508**	899,197,865
Peshawar Electric Supply Company Limited	**256,520,670**	232,001,607
Multan Electric Power Company Limited	**76,827,476**	76,037,957
Faisalabad Electric Supply Company Limited	**117,203,775**	111,182,495
Gujranwala Electric Power Company Limited	**19,435,720**	17,667,262
Hyderabad Electric Supply Company Limited	**2,667,545**	2,548,599
Sukkur Electric Power Company	**2,378,237**	1,969,191
Pakistan Electric Power Company Limited	**2,378,755**	2,558,301
	1,372,910,686	1,343,163,277

23.4 Payable to related parties on account of pension

This represents amounts payable to related parties on account of pension paid to the retired employees of IESCO residing within the territorial jurisdiction of these Companies. A party wise breakup is as follows:

	2018	2017
	-----------Rupees-----------	
Peshawar Electric Supply Company Limited	**173,165,797**	111,362,739
Gujranwala Electric Power Company Limited	**114,576,480**	144,485,536
Faisalabad Electric Supply Company Limited	**74,363,498**	96,042,147
Lahore Electric Supply Company Limited	**36,806,392**	5,902,782
Hyderabad Electric Supply Company Limited	**1,690,455**	378,421
Multan Electric Power Company Limited	**8,552,521**	9,135,591
Quetta Electric Supply Company Limited	**992,337**	571,332
Sukkur Electric Power Company	**30,345**	30,345
	410,177,825	367,908,893

23.5 This represents amounts collected from consumers, during the period from April 2011 to June 2012, pursuant to S.R.O 236(1)2011, dated March 15, 2011, issued by the MoWP. However, the amount was collected from consumers during the period from April 2011 to May 2012 but further collection has been discontinued on account of a subsequent S.R.O 506(1)2012, dated May 16, 2012. The payment of this amount to the Federal Government is pending as payment mechanism has not been conveyed to the Company by the GoP.

23.6 Tariff rationalization surcharge has been notified by GOP vide SRO. 569 (1) / 2015 dated June 10, 2015, at the rates mentioned against categories of electricity consumers as specified in schedule of electricity tariff for the Company to maintain uniform rates of electricity across the country for each of the consumer category.

23.7 Financing cost surcharge has been notified by GoP vide SRO.569 (1) / 2015 dated June 10, 2015, at the rates mentioned against categories of electricity consumers as specified in schedule of electricity tariff for the Company. The amount of surcharge is to be kept in escrow account of CPPA for the payment of the financing cost of various loans obtained to discharge liabilities of power producers against the sovereign guarantees of the GoP.

24. CONTINGENCIES AND COMMITMENTS

24.1 Tax and other contingencies

24.1.1 The Additional Commissioner Inland Revenue (ACIR) amended the assessments of the Company for the tax years 2010, 2011 and 2013 by charging minimum tax on distribution margin, earned by the Company inclusive of subsidy; thereby raising an aggregate tax demand of Rs. 716 million. The Company filed an appeal with the Commissioner Inland Revenue which was decided against the Company. The company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) and ATIR decided the case against the Company. The company filed reference before Islamabad High Court (IHC) against decision of ATIR. Management of the company is confident that the matter will be decided in favor of the Company and accordingly, no provision has been made in these financial statements.

24.1.2 The Deputy Commissioner Inland Revenue (DCIR) issued various orders u/s 124/161/205 of the Income tax Ordinance, 2001 for the tax year from 2007 to 2012, raising tax demand of Rs. 2,122 million by treating the Company as taxpayer in default on certain revenue and capital expenditure. CIR and ATIR both upheld the order in original. The Company filed reference before Islamabad High Court (IHC) which is pending.

24.1.3 The Deputy Commissioner Inland Revenue (DCIR) issued order u/s 161/205 of Income Tax Ordinance, 2001 for the tax year 2013 raised an income tax demand of Rs. 304.5 million by treating the Company as taxpayer in default on certain revenue and capital expenditures. The Company appealed before the Commissioner Inland Revenue (CIR) which was unsuccessful. The Company preferred an appeal before ATIR which is pending adjudication.

24.1.4 The Deputy Commissioner Inland Revenue (DCIR) issued order under section 161/205 of the Income Tax Ordinance 2001 for the tax year 2014 raising an income tax demand of Rs. 1,152 million by treating the Company as tax payer in default for short collection of advance tax on electricity consumption from its consumers. CIR upheld the order, however, ATIR remanded back the case for reconsideration. FTO has reassessed the case and reduced tax demand to Rs. 998 million against which the Company has filed appeal before ATIR, which is pending adjudication. The company has also filed reference before Islamabad High Court (IHC) against earlier decision of ATIR.

24.1.5 Taxation Officer Inland Revenue (TOIR) passed the order against the Company in relation to alleged non-payment of sales tax on electricity supplied to the Government of AJK (GoAJK) involving sales tax demand of Rs. 1,269 million including default surcharge and penalty.The amount was withdrawn from the Company's bank accounts or paid by the Company under protest under amnesty scheme. On the Company's appeal, Appellate tribunal Inland revenue (ATIR) Islamabad decided the case in favor of IESCO vide order No 65/IB/2011 and declared electricity supply to GoAJK as exempt supply by considering the Mangla raising agreement as bilateral treaty between the GoP and GoAJK. Subsequently, ATIR vide order No. 207 dated October 28, 2015, granted sales tax adjustment of Rs. 1,269 million on monthly sales tax return. FBR filed petition in Islamabad High Court (IHC) against the decision of ATIR. IHC decided the case against the Company, vide order No 265/2011 dated March 21, 2016, declaring the supplies as taxable. The Company has filed review petition in Supreme Court of Pakistan which is pending.

24.1.6 Officer Inland Revenue (OIR) has passed the order in original no of 04/2011 dated October 30, 2013 raising sales tax demand of Rs. 1,708 million plus default surcharge and penalty thereon for the tax period from July 2007 to June 2008 on account of electricity supplies to GoAJK, supplies of free electricity to employees and other distribution companies, sales of scrap, demand notes for reimbursement of capital and other costs by electricity consumers, input tax apportionment on account of Government Subsidy and non-payment of unrealized sales tax. The Company filed an appeal before the CIR which was decided against the Company. The Company has preferred an appeal before appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

24.1.7 Officer inland revenue passed Order-in-Original no 13/2012 dated September 3, 2012 raising sales tax demand of Rs. 2,454 million plus default surcharge and penalty chargeable thereon for the tax period July 2008 to June 2009 on account of supplies of free electricity to employees and other distribution companies, sales of scrap, demand notes for reimbursement of capital and other costs by electricity consumers, input tax apportionment on account of Government Subsidy and non-payment of unrealized sales tax.CIR and ATIR both dismissed the appeals filed by the Company and upheld the order of the Officer Inland Revenue. The company has preferred an appeal before IHC who remanded the case back to appellate Tribunal Inland Revenue (ATIR), for reconsideration.

24.1.8 Officer Inland Revenue passed an Order-in-Original No.02/2013 dated October, 14 2013 raising sales tax demand of Rs.7,766 million plus default surcharge and penalty chargeable thereon for the tax period from July 2009 to June 2012 on account of free supply of electricity to employees and distribution companies, sale of scrap, demand notes for reimbursement of capital and other costs by electricity consumers, input tax apportionment on account of Government subsidy, and non-payment of unrealized sales tax. The Company preferred an appeal before CIR who dismissed the appeal filed by the Company and upheld the order of the Officer Inland Revenue. The Company preferred an appeal before the ATIR, who deleted the demand to the extent of Rs. 1,224 million on account of unrealized sales tax and Rs. 6,504 million on account of sales tax on subsidy and sales tax on demand notes. Further, the ATIR remanded back the case of sales tax on free electricity to employees and distribution companies for de novo consideration. The matter of sales tax on sale of scrap of Rs. 416 million has been decided against the Company against which the Company filed reference before IHC.

24.1.9 Officer Inland Revenue issued an Order-in-Original no. 21/2012 dated April 24, 2012 raising sales tax demand of Rs. 1,527 million plus default surcharge and penalty chargeable thereon for the tax period July 2010 to June 2011 on account of non-payment of sales tax on supply of electricity to GoAJK. In a similar case, the ATIR had declared the supply of electricity to GoAJK as exempt, vide order no. 65/18/2011 dated September 07, 2011 against which FBR filed petition in IHC. The Company also preferred an appeal before the IHC to declare such sales as an export. The IHC decided the case against the Company, vide STR No. 265/2011 dated March 21, 2016, declaring the supplies as taxable. The Company has filed the reference before the honorable Supreme Court, which is still pending. Since, both the cases are of similar nature, the outcome of these is dependent on the decision of Supreme Court.

24.1.10 Officer Inland Revenue passed an Order-in-Original No.55/2014 dated May 14, 2014 raising sales tax demand of Rs. 8,407 million plus default surcharge and penalty chargeable thereon for the tax year 2012 to 2013 on account of non payment of sales tax on supply of electricity to GoAJK, non-payment of sales tax on subsidy from GoP, demand notes for reimbursement of capital and other costs by electricity consumers and short payment of sales tax pertaining to miscellaneous receipts. The Company preferred an appeal before the CIR who upheld the order of the Officer Inland Revenue. The Company preferred an appeal before ATIR who passed the Order-in-Appeal vide STA No. 326/IB/2014 dated January 27, 2016 whereby tax demand to the extent of Rs. 6,998 million on the matter of sales tax on demand notes, supply of electricity to GoAJK and subsidy from GoP has been deleted. The matter of sales tax amounting to Rs. 1,547 million pertaining to miscellaneous receipts has been remanded back to the original adjudicating authority for reconsideration. The demand of sales tax on scrap amounting to Rs. 56 million has not been confirmed by ATIR. The Company filed reference against demand of sales tax on scrap before IHC which is pending.

24.1.11 The ACIR passed an Order-in-Original No. 57/2014 dated May 29, 2014 raising sales tax demand of Rs. 212 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2009 to June 2012 on account of inadmissible adjustment of input tax for steel sector. The Company filed an appeal before the CIR which was dismissed. The Company has preferred an appeal before ATIR which is pending adjudication.

24.1.12 The ACIR passed an Order-in-Original No. 14/2015 dated January 28, 2015 raising sales tax demand of Rs. 312 million plus default surcharge and penalty chargeable thereon for the tax period from July 2013 to June 2014 on account of inadmissible adjustment of input tax for steel sector. The Company has preferred an appeal before ATIR which is pending adjudication.

24.1.13 The ACIR passed an Order-in-Original No. 06/2016 dated January 01, 2016 raising sales tax demand of Rs. 1,029 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2011 to March 2012 on account of inadmissible adjustment of input tax over output tax. The Company filed an appeal before the CIR which was dismissed. The Company preferred an appeal before ATIR who has directed the Company and department to reconcile the numbers and submit a report in the court. The reconciliation exercise has been completed and also submitted and presented at the last hearing of the case. No order has been passed by ATIR as yet.

24.1.14 DCIR passed an Order-in-Original No. 11/2016 dated February 11, 2016 raising sales tax demand of Rs. 1,948 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2015 to February 2016 on account of inadmissible adjustment of input tax over output tax. The Company has filed an appeal before the CIR which was dismissed. The Company preferred an appeal before ATIR which is pending adjudication.

24.1.15 The DCIR passed an Order-in-Original No. 149/2017 dated May 22, 2017 raising tax demand of Rs. 223 million plus default surcharge and penalty chargeable thereon for the tax periods from July 2015 to January 2017 on account of sales tax withheld based on the review of the sales tax returns for the period July 2015 to January 2017. CIR upheld the order in original. The company has filed an appeal with ATIR which is pending adjudication.

24.1.16 The DCIR passed an Order-in-Original No. 09/2017 dated May 12, 2017 raising tax demand of Rs. 1,802 million plus default surcharge and penalty chargeable thereon for the tax period from July 2015 to June 2016 on account of short payment of sales tax based on difference between gross supplies and taxable supplies as appearing in the monthly sales tax returns, further alleging that the Company has wrongly treated supplies to GoAJK and others as zero rated. CIR upheld the order in original. The company has filed an appeal with ATIR which is pending adjudication.

24.1.17 The DCIR passed an Order-in-Original No. 05/2017 dated February 24, 2017 raising tax demand of Rs. 1,728 million plus default surcharge and penalty chargeable thereon for the tax period from July 2014 to June 2015 on account of short payment of sales tax based on difference between gross supplies and taxable supplies as appearing in the monthly sales tax returns, further alleging that the Company has wrongly treated supplies to GoAJK and others as zero rated.CIR upheld the order in original. The company has preferred an appeal with ATIR against the order, ATIR decided the case according to whcih sales tax related to the supply of electricity to textile sector and retailers has been remanded back, whereas sales tax on suply of electricity to GoAJK has been confirmed.The Company filed reference against demand of sales tax on supply of electricity to GoAJK before IHC which is pending.

24.1.18 The DCIR passed an Order-in-Original No. 17-25/2017 dated February 02, 2018 raising tax demand of Rs. 586 million plus default surcharge and penalty chargeable thereon for the tax periods July 2016 to June 2017 on account of short payment of sales tax based on difference between gross supplies and taxable supplies as appearing in the monthly sales tax returns, further alleging that the Company has wrongly treated supplies to GoAJK and others as zero rated.CIR upheld the order in original. The company has filed an appeal with ATIR which is pending adjudication.

24.1.19 The DCIR passed an order in original No. 04/2017 dated February 14, 2017 raising tax demand of Rs 4,817 million plus default surcharge and penalty chargeable thereon for the period from July 2014 to June 2015 on account of non-payment of sales tax on supply of free electricity to other distribution companies and to employees residing within the company's territorial jurisdiction, non-payment of sales tax in taxable supplies other than electricity, short payment of sales tax, non-payment of sales tax on amount received on account of demand notices and non-payment of sales tax on subsidy from GoP. CIR upheld the Order-in-Original. An appeal against the order has been filled with the appellate tribunal (ATIR) which is pending adjudication.

24.1.20 The Company's case was selected for audit u/s 214C of the Income Tax Ordinance 2001 and information was called u/s 177 during the course of audit. The demand in this particular case was Rs. 2,403 million .The ACIR finalized the audit proceedings by issuing order vide DCR NO.04/02 dated October 31, 2016 u/s 122(1) of the Income Tax Ordinance, 2001. Feeling aggrieved, the company had filled an appeal before the CIR (Appeal) against the order. CIR (Appeal) passed a partial judgement on certain issues. The company has filed an appeal against the appellate order of CIR before Appellate Tribunal Inland revenue Isalambad.Whereas, the main appeal is pending adjudication before the ATIR.

24.1.21 DCIR has issued order u/s 122(5A) of the Income Tax Ordinance 2001 raising tax demand of Rs. 551 million vide order No 8/75(u-1) dated April 28, 2016 . The assessment of the Company was amended by disallowing subsidy amounting to Rs 11,239 million and business losses from tax year 2010 to 2014 amounting to Rs. 72,868 million. CIR(A) upheld the order in original. The Company filed an appeal before ATIR which is pending adjudication.

24.1.22 No provision on account of above contingencies has been made in these financial statements as the management and the tax / legal advisors of the Company are of the view, that these matters will eventually be settled in favor of the Company.

24.1.23 In addition to above-mentioned matters, large number of small cases have been filed against the Company, primarily by the Company's employees, consumers 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.

24.2 Claims not acknowledged as debts are as follows:

	Note	2018	2017
		-----------Rupees-----------	
Loans not acknowledged as debt by the Company	24.2.1	**25,399,096,471**	**25,399,096,471**
Interest on syndicated loans	24.2.1	**974,166,399**	11,689,829,047
Supplemental charges of CPPA	24.2.2	**7,395,993,557**	7,134,976,637
Advertisement charges - net	24.2.3	**459,949,667**	459,949,667
O&M cost of PEPCO	24.2.4	**535,350,437**	515,203,738
Short cash remittance as per CPPA		**121,628,257**	1,910,712,834
FC surcharge withdrawn from cash		**-**	5,745,565,671
Use of system charges	25.2.6	**1,580,935,490**	5,347,479,188
Others	25.2.6	**1,693,291,017**	274,356,307
		12,761,314,824	33,078,073,089

24.2.1 In order to curb the circular debt in the country, the Federal Government, through Power Holding Private Limited (PHPL) has injected money from time to time through borrowings from commercial banks. The amount was ultimately transferred to distribution companies on the basis of outstanding payables towards Central Power Purchasing Agency (CPPA).

Originally, PHPL planned to re-lend the loan to DISCOs through multi-party agreement between Lenders, DISCOs and PHPL with each DISCO jointly and severely liable in-case of default. The management of DISCOs objected to this arrangement and based on their observations the proposed mechanism of extending the loan was revised in a joint meeting held at the Ministry of Water and Power (MoWP) on May 14, 2012, whereby a bilateral agreement was proposed to be signed between each DISCO and PHPL with all DISCOs being severally liable. The Board of Directors of the Company accorded its approval in its 100th and 101st meeting subject to certain reservations. The draft of the relending agreement between the Company and PHPL was received on August 13, 2012. Subsequently, during a joint meeting held at LESCO Head Office on August 27, 2012, it was agreed among DISCOs that the relending agreement will be effective from the date it is signed by the respective DISCOs and the same was communicated to MoWP vide a letter issued by the LESCO Legal Director [# L-Dir/12150-53 dated August 28, 2012]. As of June 30, 2014, CPPA has issued advices of loan amounting to Rs. 10,377 million representing the facility allocated to the Company by the Ministry.

MoWP vide its letter dated February 19, 2015, had directed the CPPA to re-allocate the loans obtained by the Federal Government between DISCOs on the basis of energy drawl basis instead of receivable basis. Therefore, CPPA issued two more credit invoices to the Company amounting to Rs. 17,301 million and Rs. 6,562 million, resulting in total loan allocation of Rs. 34,241 million, along with related accrued mark-up of Rs. 7,716 million.

In 2017, CPPA on direction of MOWP issued one credit note amounting to Rs.6,703 million and one debit note amounting to Rs. 15,545 million resulting in re-allocation of loans to the Company.

During the year, CPPA has issued certain debit and credit notes against loan and related accrued mark up. As a result thereof, total unrecorded loans and related accrued mark-up as at June 30, 2018 are Rs. 25,399 million and 974 million respectively.

The World Bank, being the lender of the Company, and NEPRA being the power sector regulator have also raised certain concerns on the structure of the transaction which have been forwarded to the Ministry of Water and Power (MoWP) vide [letter No. 1970-73 dated September 07, 2012]. Pending resolution of matters raised by the World Bank and NEPRA, the relending agreement between PHPL and the Company was not finalized. Further during year 2016, Pak Electric Power Company (Pvt.) Limited vide its letter 235-38, dated January 21, 2016, directed the Company to book the debit/credit notes already issued by CPPA in respect of its share in loans and markups thereon. However, the management believes that its obligation under the arrangement will arise once the bilateral relending agreement between the Company and PHPL is finalized, which is still pending. Accordingly, the Company has not accounted for the loan along with the related markup due to non-availability of terms and conditions of the loan and finalization of re-lending agreement between the Company and PHPL. Further, as per the management, NEPRA did not allow the Company to claim the markup cost in its tariff determination in previous years, hence the markup cost has not been recorded in its books. The management also obtained an independent legal opinion in 2014-15 from a law firm which concurred with the management point of view to not to record the liability and related markup cost in its books.

24.2.2 This represents supplementary charges invoiced by CPPA to the Company on account of allocation of late payment charges. During year 2016, the matter was discussed in para 43 of tariff determination by NEPRA communicated through letter no. NEPRA/TRF-336/IESCO-2015 dated February 29, 2016. According to which late payment charges recovered from consumers on utility bills shall be set off against the late payment invoices raised by CPPA to Company in determination of its consumer end tariff pertaining to financial years 2015-16 to 2019-20. However, matter of invoices raised prior to the year ended June 30, 2015 is still to be resolved and of which management is of the view that invoices should not be recorded until same is allowed by NEPRA in its tariff determination.

24.2.3 CPPA has charged Rs. 459,949,667 (2017: Rs. 459,949,667) to the Company as its share in advertisement carried out by Pakistan Electric Power Company (PEPCO). The management of the Company asserts that these amounts will not be payable to CPPA as they do not relate to the Company and further detail of these amounts have not been received by the Company. Further, the management of the Company asserts that the Company will not be able to claim these amounts from NEPRA through tariff determination. Accordingly these amounts have not been recognized in these financial statements as liability towards CPPA.

24.2.4 The amount was debited by the CPPA during 2015 on account of certain O&M cost of PEPCO formations which is still under consideration of management and has not been recorded at year end. During the year debit note of Rs. 16 million has been issued by CPPA.

24.2.5 In 2017 CPPA issued two debit notes amounting to Rs. 2,105 million and Rs. 3,640 million respectively on account of FC Surcharges collected from the consumers and adjusted the same against cash remittances made by the Company to CPPA. This adjustment has also resulted in significant differences in the cash remittances as per records of CPPA. As mentioned in the above notes the terms of the loans received under the re-lent arrangements to the Company are not yet finalized. Accordingly the adjustment of FC Surcharge to the CPPA has not been recognized by the Company in its books.

24.2.6 In 2017, CPPA has issued a credit note to the Company for an amount of Rs. 5,347 million on account of system charges payable to National Transmission and Dispatch Company Limited (NTDC). The Company has not recorded this amount as CPPA has not provided relevant details\ calculations for this adjustment.

24.2.7 These represent debit notes/ credit notes issued to the Company by CPPA on account of adjustments against the provisional monthly power purchase billing for previous years and certain other charges. Management do not agree with these adjustments, therefore these have not been recorded in the Company's books.

24.3 Commitments

24.3.1 Inland letters of credits as at June 30, 2018 amounted to Rs.1,122 million (2017: 1,043 million).

25. SALE OF ELECTRICITY

	Note	2018	2017
		Rupees	
Gross sales	25.1	**112,782,405,480**	92,466,685,474
Sales tax		**(16,585,156,271)**	(14,305,926,772)
		96,197,249,209	78,160,758,702

25.1 These include unbilled revenue of Rs. 6,552 million (2017: Rs. 3,108 million).

25.2 For the year ended June 30, 2016 and from July 1, 2016 to March 22, 2018, the Company billed its customers on the rates notified by the Government of Pakistan (GoP) for the financial year 2015-16 vide S.R.O 569 (1) dated, June 10, 2015 and recorded revenue accordingly. IESCO filed a multiyear tariff petition on October 10, 2015 for determination of its tariff from 2016 to 2020. In response NEPRA through case number NEPRA/TRF-336 pronounced the tariff determination on February 29, 2016 and same was intimated to GoP for notification in the official Gazette. IESCO being aggrieved of the aforesaid tariff determination filed Motion for Leave for Review which was disposed off vide decision dated May 18, 2016. IESCO filed writ petition in Islamabad High Court (IHC) against the aforementioned decision of the Authority. Pursuant to the directions of the Honorable IHC vide Judgement dated June 22, 2017, the tariff of the IESCO was re-determined by the Authority on September 18, 2017 and was intimated to the GoP for notification in the official Gazette. This new tariff was notified by GoP vide S.R.O. 377 date March 22, 2018. Loss sustained by IESCO during the year 2017-18 was mainly due to delay in notification of revised tariffs. Subsequent to the year end NEPRA vide its determination number NEPRA/TRF/336/13637-13639 dated August 31, 2018 has allowed IESCO certain positive tariff adjustments for the year 2017-18 which are pending for GoP notification.

26. SUBSIDY FROM GOVERNMENT OF PAKISTAN

	Note	2018	2017
		Rupees	
Tariff differential subsidy	11	9,316,374,752	7,038,136,123
Industrial support package		1,864,496,167	1,465,120,470
		11,180,870,919	**8,503,256,593**

27. COST OF ELECTRICITY

	Note	2018	2017
Central Power Purchasing Agency			
Cost of electricity	27.1	**114,487,158,075**	84,307,754,745
Supplementary charges	27.2	**817,070,702**	-
		115,304,228,777	84,307,754,745

27.1 This represents tariff charged by Central Power Purchasing Agency as determined by National Electric Power Regulatory Authority (NEPRA) and notified by the Government of Pakistan in the Gazette of Pakistan.

27.2 As per para 43 of tariff determination by NEPRA communicated through letter no. NEPRA/TRF-336/IESCO-2015 dated February 29, 2016, late payment charges recovered from consumers on utility bills shall be set off against the late payment invoices raised by CPPA-G to Company in determination of its consumer end tariff pertaining to financial years 2015-16 to 2019-20.

During the year, the Company has recorded the invoiced amount of Rs. 817 million, received during the year against the late payment charges billed to consumers amounting to Rs. 973 million during 2017-18.

28. ADMINISTRATIVE EXPENSES

	Note	2018	2017
		-----------Rupees-----------	
Salaries, wages and other benefits	28.1	**5,781,090,688**	4,272,881,996
Transportation		**138,019,323**	119,486,525
Depreciation	6.1.2	**77,467,108**	57,933,019
Market operation fee		**92,907,715**	-
Electricity bill collection charges		**119,980,529**	125,733,810
Office supplies and other expenses		**63,930,985**	69,740,832
Legal and professional charges		**96,894,616**	71,118,192
Repairs and maintenance		**5,173,681**	3,773,570
Power, light and water charges		**7,842,420**	6,261,771
Postage and telephone		**40,357,269**	69,140,504
Insurance expense		**24,996,955**	25,946,653
NEPRA fee and charges		**27,701,234**	24,289,940
Advertising and publicity		**43,853,106**	26,162,387
Auditor's remuneration		**1,500,000**	1,300,000
Miscellaneous expenses		**15,194,953**	62,184,043
		6,536,910,582	4,935,953,242

28.1 These include a sum of Rs. 4,788 million (2017: Rs. 3,188 million) and Rs.161 million (2017: Rs. 247 million) in respect of staff retirement benefits and provision of free electricity benefits to employees, respectively.

29. DISTRIBUTION COSTS

	Note	2018	2017
		-----------Rupees-----------	
Salaries, wages and other benefits	29.1	**6,286,330,439**	5,528,799,691
Depreciation	6.1.2	**4,114,405,494**	2,092,675,603
Repairs and maintenance		**1,303,623,011**	796,866,620
Transportation		**449,151,240**	411,826,677
Provision for slow moving stores, spares and loose tools	8.1	**6,124,801**	41,074,614
Office supplies and other expenses		**13,475,595**	12,678,945
Rent, rates and taxes		**35,699,877**	35,554,777
Power, light and water charges		**23,347,413**	22,759,007
Postage and telephone		**20,159,098**	19,715,459
Legal and professional charges		**15,000**	
Miscellaneous expenses		**67,655,876**	1,125,993
		12,319,987,844	8,963,077,386

29.1 These include a sum of Rs.84 million (2017: Rs. 63 million) and Rs. 5 million (2017: Rs. 9 million) in respect of staff retirement benefits and provision of free electricity benefits to employees, respectively.

30. CUSTOMER SERVICES COSTS

	Note	2018	2017
		-----------Rupees-----------	
Salaries, wages and other benefits	30.1	**489,027,368**	441,740,217
Transportation		**29,317,477**	26,505,980
Electricity bill collection charges		**53,958,534**	47,706,537
Depreciation	6.1.2	**57,724,236**	57,331,735
Office supplies and other expenses		**3,617,163**	3,848,810
Rent, rates and taxes		**2,298,196**	3,723,903
Power, light and water charges		**3,114,738**	2,725,266
Postage and telephone		**1,946,603**	2,006,873
Repairs and maintenance		**1,258,136**	1,186,619
Miscellaneous expenses		**3,976,401**	4,198,335
		646,238,852	590,974,275

30.1 These include a sum of Rs.10 million (2016: Rs. 8 million) and Rs. 9 million (2017: Rs. 14.7 million) in respect of staff retirement benefits and provision of free electricity benefits to employees, respectively.

31. OTHER INCOME

	Note	2018	2017
		-----------Rupees-----------	
Income from financial assets			
Profit on bank deposits		46,774,896	10,722,970
Late payment surcharge		973,548,978	529,977,433
		1,020,323,874	540,700,403
Income from non-financial assets			
Sale of scrap		42,409,116	7,960,000
Vetting and processing fee		52,525,119	80,353,093
Income from rest houses		1,833,704	-
Other operating revenue		502,866,300	292,973,357
		599,634,239	381,286,450
Others			
Commission on collection of electricity duty and PTV license fee		42,168,017	30,886,676
Liquidated damages on vendors' contracts		45,717,084	27,711,052
Public lighting		14,580,240	14,541,971
Meter / service rent		29,936,670	29,665,690
Reconnection fees		3,361,131	3,246,779
Miscellaneous		111,935,617	87,358,917
		247,698,759	193,411,085
		1,867,656,872	1,115,397,938

32. FINANCE COSTS

	2018	2017
Interest on long-term loans	1,826,762,704	1,363,019,473
Bank charges	10,745,738	10,448,367
Foreign exchange loss	30,187,446	35,128
	1,867,695,888	1,373,502,968

33. TAXATION

	Note	2018	2017
Current			
- For the year		1,225,226,639	695,335,099
- Prior year		-	-
	33.1	1,225,226,639	695,335,099
Deferred	33.2	-	-
		1,225,226,639	695,335,099

33.1 The provision for minimum taxation is calculated @ 1.25% (2017: 1.25%) of the Company's gross revenue and other income under the provisions of the Income Tax Ordinance, 2001.

33.2 Charge for deferred tax is as follows:

	2018	2017
	-----------Rupees-----------	
Charge for the year	3,536,248,748	455,875,855
Reversal of deductible differences	(3,536,248,748)	(455,875,855)
	-	-

33.3 RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

	2018	2017
Accounting loss before tax	(26,111,695,266)	(11,164,652,581)
Tax rate	30%	31%
Tax at applicable rate	(7,833,508,580)	(3,461,042,300)
Impact of inadmissible expenses	712,309,837	685,725,409
Impact of admissible tax depreciation	(1,318,714,547)	(1,296,657,625)
Impact of other admissible expenses	(3,190,189,329)	(2,562,253,207)
Impact of incomes chargeable at lower rate	5,045,214,486	3,868,520,522
	1,248,620,447	695,335,099

34. REMUNERATION OF THE CHIEF EXECUTIVE AND DIRECTORS

34.1 Remuneration of the Chief Executive Officer and Executives

	Executives		Chief Executive Officer	
	2018	2017	2018	2017
	Rupees			
Managerial remuneration and allowances	**84,275,028**	59,667,552	**3,130,588**	3,236,733
Bonus	**8,402,560**	10,730,878	**403,545**	417,228
Retirement benefits	**20,365,561**	14,180,326	**1,171,069**	1,210,775
	113,043,149	84,578,756	**4,705,202**	4,864,736
Number of persons	**36**	32	**1**	1

In addition, the Chief Executive Officer is also provided with free transport, residential telephone and medical facilities.

34.2 The aggregate amount charged in the financial statements for the year as fees to directors is Rs. 8.26 million (2017: Rs. 7.064 million) for attending Board of Directors and sub-committee meetings.

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

The Company's activities expose it to a variety of financial risks that include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on its financial performance.

Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market variables such as foreign exchange rates and interest rates. Market risks include currency risk, interest rate risk and other price risk, such as equity price risk. The Company is exposed to the following market risks:

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies.

Exposure to currency risk

The Company has taken foreign loans from Asian Development Bank and International Bank for Reconstruction and Development (IBRD) through Government of Pakistan (GoP), denominated in US dollars; however, since the receipt and repayment of loan from GoP is in Pak rupees and Exchange Risk Component is also being paid as part of its financing arrangement with GoP, it is not subject to currency risk on this financial instrument. However, the Company is exposed to currency risk on its loan from Asian Development Bank (ADB) for Earthquake Emergency Assistance Project as follows:

	2018	2017
	USD	
Long-term loans - secured	**217,923,729**	187,736,283

The following significant exchange rates were applied during the year:

Rupees per USD	2018	2017
Average rate	**110.59**	104.80
Reporting date rate	**121.75**	104.85

Sensitivity analysis

Following is the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant, of the Company's profit before tax.

	2018		2017	
Change in rate	**+10%**	**-10%**	+10%	-10%
	----------Rupees----------			
Effect on profit before tax	**21,792,373**	**(21,792,373)**	18,773,628	(18,773,628)

ii) **Non-financial assets at fair value using a valuation technique**

The table below analyses non-financial assets carried at fair value, by valuation method. The various fair value levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
		----------Rupees----------	
Land	-	17,713,301,459	-
Building	-	3,570,801,855	-
Distribution equipment	-	61,398,354,835	-
As at June 30, 2018	-	**82,682,458,149**	-
As at June 30, 2017	-	**81,928,236,419**	-

Valuation technique are defined in note 6.1.1 of these financial statements.

There were no transfers made among various levels of fair value hierarchy during the year.

iii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the Company has fixed interest rate due to which the Company is isolated from the financial risk due to change in interest rates.

The analysis of interest rate / mark up rate risk is as under:

	2018	2017	2018	2017
	Effective rate (in Percentages)		Carrying amount ----------Rupees----------	
Financial Assets				
Fixed rate instruments:				
Deposit accounts	4 to 7	4 to 7	1,168,601,564	1,518,732,847
Financial Liabilities				
Fixed rate instruments:				
Long term loans	15 to 17	15 to 17	10,533,519,155	9,240,286,692

Cash flow sensitivity analysis for the fixed rate instruments

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

iv) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity and equity price risk.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge an obligation.

Exposure to credit risk

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

	2018		2017	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
	----------	Rupees	----------	
Long-term loans	122,417,639	122,417,639	87,030,011	87,030,011
Long-term deposits	73,736,230	73,736,230	44,776,293	44,776,293
Trade debts	84,662,957,508	84,662,957,508	66,326,181,373	66,326,181,373
Short-term advances	368,471,871	368,471,871	206,971,429	206,971,429
Interest accrued	6,484,621	6,484,621	901,021	901,021
Other receivables	2,283,636,353	2,283,636,353	5,021,326,553	5,021,326,553
Receivable from TIBL	30,790,759	30,790,759	30,520,759	30,520,759
Bank balances	2,121,674,982	2,121,674,982	2,412,735,415	2,412,735,415
	89,670,169,963	89,670,169,963	74,130,442,854	74,130,442,854

The management believes that there is no credit risk involved in respect of receivables from the Government of Pakistan. The credit risk on liquid funds is limited, because the counter parties are banks with reasonably high credit ratings. In case of trade debts the Company believes that due to large number and diversity of its consumer base, concentration of credit risk is limited. Further, the Company manages its credit risk by obtaining security deposits from consumers.

The maximum exposure to credit risk for trade receivables at the reporting date by type of sector is as follows:

	2018	2017
	---Rupees---	
Government sector	68,003,180,000	55,434,749,490
Private sector	16,659,777,508	10,891,431,883
	84,662,957,508	66,326,181,373

The maximum exposure to credit risk for trade receivables at the reporting date by type of product is:

	2018	2017
	---Rupees---	
Electricity consumers	84,662,957,508	66,326,181,373

Ageing

The ageing of trade receivables at the reporting date was:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	----------	Rupees	----------	
Not past due	16,408,236,987	-	11,644,947,087	-
Past due up to 1 year	401,165,270	18,099,121	9,927,343,009	18,098,873
Past due between				
- 1 to 3 years	398,131,598	32,775,669	293,684,288	32,775,221
- 3 to 5 years	3,669,043,107	514,203,170	14,774,889,083	514,196,138
Over 5 years	63,786,380,545	-	29,685,317,906	-
	84,662,957,507	565,077,960	66,326,181,373	565,070,232

The receivable balance due over 5 years relates to receivable from government entities and Azad Jammu and Kashmir. As per the Company policy, the balance is fully recoverable from these parties, so no provision has been made for this balance.

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

Rating Agency		Rating		2018	2017
		Short-term	Long-term	-----------Rupees-----------	
Public Sector Banks					
National Bank of Pakistan	PACRA	A-1+	AAA	**365,552,891**	691,641,270
Sindh Bank Limited	JCR-VIS	A-1+	AA	**513,866**	611,290
The Bank of Khyber	PACRA	A-1+	A	**(195,457)**	(142,230)
The Bank of Punjab	PACRA	A1+	AA	**189,552,696**	202,917,656
Specialized Banks					
SME Bank Limited	PACRA	B	B-	**19,708**	17,834
Zarai Taraqiati Bank Limited	PACRA	A-1+	AAA	**3,632,433**	2,280,083
Private Sector Banks					
Allied Bank Limited	PACRA	A1+	AAA	**377,454,906**	514,333,045
Askari Bank Limited	PACRA	A1+	AA	**342,110,045**	523,109,970
Bank Alflah Limited	PACRA	A1+	AA	**14,728,727**	9,727,165
Faysal Bank Limited	PACRA	A1+	AA	**(677,257)**	(788,398)
Habib Bank Limited	JCR-VIS	A-1	AA	**100,280,332**	35,441,197
Habib Metropolitan	PACRA	A1+	AA+	**(2,968,596)**	(2,595,941)
JS Bank Limited	PACRA	A1+	AA-	**5,565,386**	5,650,073
MCB Bank Limited	PACRA	A1+	AAA	**316,580,337**	224,863,708
NIB Bank Limited	PACRA	A1+	AA-	**369,931**	1,410,158
Silk Bank Limited	JCR-VIS	A-2	A-	**(233,131)**	(558,985)
Soneri Bank Limited	PACRA	A1+	AA-	**183,328**	1,712,455
Standard Chartered Bank	PACRA	A1+	AAA	**3,186,482**	2,228,145
Summit Bank	JCR-VIS	A-1	A-	**956,406**	840,228
United Bank Limited	JCR-VIS	A-1	AAA	**277,672,341**	104,668,359
Other institutions	N/A	N/A	N/A	**127,398,918**	95,368,332
				2,121,684,292	2,412,735,415

Due to the Company's long standing business relationships with these counterparties, and after giving due consideration to their strong financial standing, including obtaining security deposits from them, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, credit risk is minimal.

c) Liquidity risk

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

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	-----Rupees-----				
2018					
Long-term loans - secured	10,533,519,155	10,533,519,155	4,182,882,220	-	-
Long-term security deposits	5,568,091,813	5,568,091,813	-	-	5,568,091,813
Trade and other payables	85,997,122,515	85,997,122,515	85,997,122,515	-	-
Accrued interest	9,289,686,928	9,289,686,928	9,289,686,928	-	-
	111,388,420,411	111,388,420,411	99,469,691,663	-	5,568,091,813

2017					
Long-term loans - secured	9,240,286,692	9,240,286,692	3,493,315,685	-	-
Long-term security deposits	5,028,195,630	5,028,195,630	-	-	5,028,195,630
Trade and other payables	12,142,442,778	12,142,442,778	12,142,442,778	-	-
Accrued interest	7,715,554,563	7,715,554,563	7,715,554,563	-	-
	34,126,479,663	34,126,479,663	23,351,313,026	-	5,028,195,630

35.2 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of all the financial instruments reflected in these financial statements approximate their fair value.

35.3 Financial instruments by categories

	Loans and receivables		Held-to-maturity	
	2018	2017	2018	2017
	---Rupees---			
Financial assets as per statement of financial position				
Long-term loans	122,417,639	87,030,011	-	-
Long-term deposits	73,736,230	44,776,293	-	-
Trade debts	84,662,957,508	66,326,181,373	-	-
Interest accrued	6,484,621	901,021	-	-
Receivable from Government of Pakistan	5,859,696,963	14,806,782,863	-	-
Other receivables	2,283,636,353	5,021,326,553	-	-
Receivable from TIBL	30,790,759	30,790,759	-	-
Bank balances	2,121,674,982	2,412,735,415	-	-
	95,161,395,055	88,730,524,288	-	-

	Liabilities at fair value through profit and loss		Other financial liabilities	
	2018	2017	2018	2017
	---Rupees---			
Financial liabilities as per balance sheet				
Long-term loans - secured	-	-	10,533,519,155	9,240,286,692
Long-term security deposits	-	-	5,568,091,813	5,028,195,630
Trade and other payables	-	-	85,997,122,515	12,142,442,778
Accrued interest	-	-	9,289,686,928	7,715,554,563
	-	-	111,388,420,411	34,126,479,663

35.4 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The Company manages its capital structure, which comprises capital and reserves, by monitoring it's return on net assets, and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves and / or issue new shares.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions.

The Company monitors capital using the net debt to total capital ratio, which is total debt of the Company as reduced by cash and cash equivalents, divided by total equity plus the net debt. Equity comprises of share capital, capital and revenue reserves. During the year, the Company's strategy was to maintain leveraged gearing. The net debt to equity ratio as at 30 June 2017 and 30 June 2018 were as follows:

	Note	2018	2017
		-----------Rupees-----------	
Long-term loans	19	**6,350,636,935**	5,746,971,007
Long-term security deposits	20	**5,568,091,813**	5,028,195,630
Deferred credit	23	**25,158,736,218**	23,893,672,310
Trade and other payables	24	**104,511,050,738**	68,552,197,534
Interest accrued on long-term loans		**9,289,686,928**	7,715,564,563
Current portion of long-term loans		**4,182,882,220**	3,493,315,685
Total debt		**155,061,084,852**	114,429,916,729
Cash and bank balances		**(2,121,684,292)**	(2,412,742,341)
Net debt		**152,939,400,560**	112,017,174,388
Equity		**(11,231,032,593)**	13,218,469,331
Total Capital		**141,708,367,967**	125,235,643,719
Net debt to total equity		**1.08**	1.06

36. RELATED PARTY TRANSACTIONS

WAPDA holds 88% (2017: 88%) shares of the Company, therefore all electricity generation and distribution undertakings of WAPDA are related parties of the Company. Other related parties comprise of directors, key management personnel, Government of Pakistan and Government owned entities.

Revenue transactions with Government of Pakistan and Government owned entities are not disclosed as the management is of the opinion that it is impracticable to disclose such transactions due to the nature of the Company's operations.

Balances with related parties have been disclosed in respective notes to the financial statements. Transactions with electricity generation and distribution undertakings of WAPDA, other than remuneration and benefits to the Chief Executive as disclosed in note 34 to the financial statements, are as follows:

	2018	2017
	-----------Rupees-----------	
WAPDA		
Pension paid on behalf of WAPDA	**281,464,577**	92,856,991
Related parties		
Free electricity supplied on behalf of related parties	**61,985,796**	54,407,788
Free electricity supplied on behalf of the Company	**49,763,336**	53,022,534
Assets transferred to the Company	**-**	13,637,848
Electricity duty paid by the Company	**-**	183,160,000
Pension paid on behalf of related parties	**304,265,577**	67,668,639
Pension paid on behalf of the Company	**334,388,907**	84,504,014
Cost of power purchased from CPPA	**115,304,228,777**	84,307,754,745
Cash remitted to CPPA	**97,536,988,920**	88,926,853,275
Services provided to the Company	**12,761,252,687**	1,110,714
Government related entities		
Relent loan received during the year	**1,263,045,017**	815,364,660
Markup expense during the year	**1,826,762,704**	1,363,019,473
Subsidy claimed during the year	**11,180,870,919**	7,038,136,123
Subsidy received through adjustment of CPPA Payable during the year	**-**	-

37. NUMBER OF EMPLOYEES

The number of total employees at the year end were 13,521 (2017: 12,288), whereas the average number of employees during the year were 12,905 (2017: 12,788).

38. PROVIDENT FUND

The Company contributes to a general provident fund scheme, operated by WAPDA for all power sector companies.

39. CAPACITY

The Company's capacity of the electricity distribution depends on various factors including supply and demand of electricity, and transmission and distribution losses. The Company distributed 10,605,862,607 (2017: 9,627,548,801) units of electricity to its consumers during the year.

40. BENAZIR EMPLOYEE STOCK OPTION SCHEME

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

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

The scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP. The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities and Exchange Commission of Pakistan in June 2011 vide SRO 587(I)/2001; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the salaries, wages & other benefits cost and accumulated profits of the Company would not have had a significant impact.

41. RESTATEMENT

41.1 Change in accounting policy due to change in law

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, Section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS)-16 Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of plant and machinery stands amended as follows:

Increases in the carrying amounts arising on revaluation of plant and machinery are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss and other comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and other comprehensive income and depreciation based on the asset' s original cost, net of tax, is reclassified from the revaluation surplus on plant and machinery to unappropriated profits.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

	As at June 30, 2017			As at June 30, 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	-----Rupees-----					
Effect on statement of financial position						
Surplus on revaluation of operating fixed assets - net of tax	25,097,127,128	-	(25,097,127,128)	25,561,479,637	-	(25,561,479,637)
Unappropriated profit / Accumulated (loss)	(11,878,657,797)	(19,401,317,073)	(7,522,659,276)	6,086,187,964	(2,155,847,062)	(8,242,035,026)
Revaluation surplus on operating fixed assets (equity)	-	32,619,786,404	32,619,786,404	-	33,803,514,663	33,803,514,663
Effect on statement of change in equity						
Capital reserve	-	32,619,786,404	32,619,786,404	-	33,803,514,663	33,803,514,663
Revenue reserve	(11,878,657,797)	(19,401,317,073)	(7,522,659,276)	6,086,187,964	(2,155,847,062)	(8,242,035,026)

42. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTED THE COMPANY'S FINANCIAL POSOTION AND PERFORMANCE

The financial position and performance of the Company was affected by the following events and transactions during the year:

- Restatement due to change in accounting policy on account of change in law (see note 41).
- Increase in cost of electricity due to increase in tariff charged by CPPA (see note 27).
- Increase in payable to CPPA due to current year adjustments (see note 23.1.1).

43. CORRESPONDING FIGURES

Corresponding figures have been rearranged in statement of profit or loss to conform to current year's presentation. Following changes have been

Statement of profit or loss	------Rupees-----
Amount reclassified to "Subsidy from Government of Pakistan" from "Sale of electricity"	1,864,496,167

44. **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 05 OCT 2018 by the Board of Directors of the Company.

45. **GENERAL**

Figures in these financial statements have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

Saadullah Khan.

CHAIRMAN

26 STAFF RETIREMENT BENEFITS

Four types of defined benefit plans are offered by the Company namely, pension obligations, medical benefits, free electricity and compensated absences.

	Pension obligations		Medical benefits		Free electricity		Compensated absences		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees									
26.1 The amounts recognized in the statement of financial position										
Present value of defined benefit obligations	35,769,868,850	33,851,557,968	2,700,639,062	3,047,193,495	1,540,786,534	1,646,493,020	1,696,866,232	1,578,223,882	41,708,160,678	40,123,468,365
26.2 Changes in the present value of defined benefit obligations:										
Balance at the beginning of the year	33,851,557,968	35,902,658,783	3,047,193,495	1,522,608,808	1,646,493,020	1,481,757,453	1,578,223,882	1,173,462,650	40,123,468,365	40,080,397,781
Current service cost	675,236,604	841,118,447	55,374,606	58,160,909	40,908,406	37,605,942	214,778,055	534,761,035	986,297,671	1,471,646,333
Interest cost	3,141,317,123	3,317,674,164	375,661,769	143,969,264	202,387,414	139,556,508	-	-	3,719,366,306	3,600,509,853
Benefits paid during the year	(1,670,123,866)	(1,971,976,836)	(10,471,701)	(14,265,923)	(15,467,866)	(25,483,162)	(96,115,705)	(129,999,803)	(1,792,179,138)	(2,141,745,724)
Actuarial (gain) / loss on obligation	(328,118,879)	(4,237,216,809)	(767,139,107)	1,336,740,349	(333,545,240)	13,056,279	-	-	(1,428,803,226)	(2,887,419,881)
Balance at the end of the year	35,769,868,850	33,851,557,968	2,700,639,062	3,047,193,495	1,540,786,534	1,646,493,020	1,696,866,232	1,578,223,882	41,708,160,678	40,123,468,365
26.3 Charge for the year:										
Current service cost	675,236,604	841,118,447	55,374,606	58,160,909	40,908,406	37,605,942	214,778,055	534,761,035	986,297,671	1,471,646,333
Interest cost	3,141,317,123	3,317,674,164	375,661,769	143,969,264	202,387,414	139,556,508	-	-	3,719,366,306	3,600,509,853
	3,816,553,727	4,158,792,611	431,036,375	202,130,173	243,295,820	177,162,450	214,778,055	534,761,035	4,705,663,977	5,072,249,236
Charge to other comprehensive income										
Actuarial (gain) / loss	(328,118,879)	(4,237,216,809)	(767,139,107)	1,336,740,349	(333,545,240)	13,056,279	-	-	(1,428,803,226)	(2,887,419,881)
26.4 Significant actuarial assumptions at the reporting date are:										
Discount rate	12.4%	9.50%	12.4%	9.5%	12.4%	9.50%	12.35%	9.50%		
Future salary increase	11.4%	8.50%	0.0%	-	11.4%	0.00%	11.35%	8.50%		
Indexation rate	4.3%	4.25%	0.0%	-	0.0%	0.00%	-	-		
Future medical cost increase	-	-	10.00%	4.25%	-	0.00%	-	-		
Exposure inflation rate	-	-	-	3.00%	10%	4.25%	-	-		
Electricity inflation rate	-	-	-	-	-	0.00%	-	-		

26.5 Description of risks to the Company

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

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what was assumed.

Withdrawal risk - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

Mortality risk - The risk that the actual mortality experience is different. Similar to the Withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Medical escalation risk - The risk that the cost of post retirement medical benefits will increase.

ORDER

I. Based on the above assessments, the periodic adjustments in the multiyear tariff notified vide SRO NO.377(I)/2018 dated March 22, 2018 are being made to the following effect:-

TARIFF COMPONENT	Amount (Rs. in Mln.)	ADJUSTMENTS/ INDEXATION/ TIMELINES
POWER PURCHASE PRICE		
Fuel Cost	45,102	As prescribed in the MYT determination notified vide SRO.377(I)/2018 dated March 22, 2018.
Variable O&M	3,426	
Capacity Charges	60,192	
UoSc & MoF	3,746	
T&D Losses	8.65%	
NET DISTRIBUTION MARGIN	17,369	
O&M Cost		
Salaries, wages & other benefits	6,973	
Post-Retirement benefits	4,444	
Other operating expanses	2,303	
Depreciation	2,617	
Return on Rate Base	3,223	
Other Income	(2,190)	
Prior Year Adjustment	18,476	
KIBOR Spread	2.75%	
KIBOR (In case of foreign financing the Authority may allow the adjustment of LIBOR)	7.01%	

II. The references established for the FY 2018-19 shall be considered as the reference/base cost for working out the future Distribution Margin during the tariff control period as per the mechanism prescribed in the MYT determination.

III. Accordingly, the Annex-II-A (Quarterly/ Biannual adjustment mechanism), Annex-III (Estimated Sales Revenue), Annex-IV (PPP) and Schedule of Electricity Tariff attached with the notification issued vide SRO.377(I)/2018 dated March 22, 2018 shall be replaced with the Annex-I-A (Quarterly/ Biannual adjustment mechanism), Annex-II (Estimated Sales Revenue), Annex-III (Schedule of Electricity Tariff) and Annex-VI (PPP) respectively attached

National Bank of Pakistan

Account Statement

ccount Title(s) IESCO EMPLOYEES PENSION FUND TRUST

Address: STREET NO. 40 SECTOR G-7/4
ISLAMABAD

Town:
District:
City: ISLAMABAD
Province/State: CAPITAL
Country: PAKISTAN
Product Name:
Currency:
CIF No: 12171114
Account No: 3141042438
IBAN: PK94NBPA1456003141042438

Postal Code:

n Code/Name: 1456 Aabpara Branch
Region Name: Islamabad
ment Printing Date: 21-Nov-2019

00010930 Branch: 1456 Terminal: PC02-1456-ISL

B/F Balance: 0.00

From: 20-Apr-2017 To: 21-Nov-2019

	Date	Particulars	Instno	Memo	Debit	Credit	Balance
	03-May-2017	TRANSFER (IBT)		0854 BR	0.00	20,000,000.00	20,000,000.00
	23-Jun-2017	DEPOSIT			0.00	39,000,000.00	59,000,000.00
	23-Jun-2017	TRANSFER (IBT)		0854 BR	0.00	10,000,000.00	69,000,000.00
	15-Jul-2017	GROSS PROFIT		01	0.00	161,506.85	69,161,506.85
	15-Jul-2017	WithHolding Tax		01	16,150.69	0.00	69,145,356.16
	03-Aug-2017	TRANSFER (IBT)		0854 BR	0.00	10,000,000.00	79,145,356.16
	29-Aug-2017	TRANSFER			0.00	25,000,000.00	104,145,356.16
	18-Oct-2017	TRANSFER (IBT)			0.00	10,000,000.00	114,145,356.16
	17-Nov-2017	TRANSFER			0.00	20,000,000.00	134,145,356.16
	09-Jan-2018	TRANSFER			0.00	10,000,000.00	144,145,356.16
	13-Jan-2018	GROSS PROFIT		01	0.00	1,952,850.56	146,098,206.72
	13-Jan-2018	WithHolding Tax		01	195,285.06	0.00	145,902,921.66
	29-Jan-2018	CHECK BOOK CHARGES		29	700.00	0.00	145,902,221.66
	16-Feb-2018	TRANSFER			0.00	10,000,000.00	155,902,221.66
5	16-Mar-2018	DEPOSIT			0.00	15,000,000.00	170,902,221.66
6	20-Mar-2018	TRANSFER			0.00	10,000,000.00	180,902,221.66
7	08-May-2018	TRANSFER (IBT)			0.00	10,000,000.00	190,902,221.66
8	12-Jul-2018	TRANSFER			0.00	10,000,000.00	200,902,221.66
9	14-Jul-2018	GROSS PROFIT		01	0.00	3,429,207.48	204,331,429.14
0	14-Jul-2018	WithHolding Tax		01	342,920.75	0.00	203,988,508.39
1	16-Jul-2018	TRANSFER			0.00	10,000,000.00	213,988,508.39
2	05-Sep-2018	TRANSFER (IBT)			0.00	10,000,000.00	223,988,508.39
3	05-Sep-2018	TRANSFER			0.00	10,000,000.00	233,988,508.39
4	05-Sep-2018	TRANSFER			0.00	10,000,000.00	243,988,508.39
5	12-Sep-2018	TRANSFER			0.00	10,000,000.00	253,988,508.39

This is a computer generated statement and does not require any signature

National Bank of Pakistan

Account Statement

:ount Title(s) IESCO EMPLOYEES PENSION FUND TRUST

Town:

Address: STREET NO. 40 SECTOR G-7/4
ISLAMABAD

District:
City:
Province/State:
Country:

Postal Code:

Product Name:
Currency:

Code/Name: 1456 Aabpara Branch
CIF No: 12171114
:egion Name: Islamabad
Account No: 3141042438
ent Printing Date: 21-Nov-2019
IBAN:

00010930 Branch: 1456 Terminal: PC02-1456-ISL

B/F Balance: 0.00

From: 20-Apr-2017 To: 21-Nov-2019

Date	Particulars	Instno	Memo	Debit	Credit	Balance
06-Nov-2018	TRANSFER		3927	0.00	10,000,000.00	263,988,508.39
14-Dec-2018	TRANSFER			0.00	10,000,000.00	273,988,508.39
08-Jan-2019	DEPOSIT			0.00	10,000,000.00	283,988,508.39
12-Jan-2019	GROSS PROFIT		01	0.00	7,535,620.16	291,524,128.55
12-Jan-2019	WithHolding Tax		01	753,562.02	0.00	290,770,566.53
24-Jan-2019	DEPOSIT			0.00	50,000,000.00	340,770,566.53
15-Feb-2019	DEPOSIT			0.00	20,000,000.00	360,770,566.53
14-Mar-2019	DEPOSIT			0.00	30,000,000.00	390,770,566.53
28-Mar-2019	DEPOSIT			0.00	40,000,000.00	430,770,566.53
17-Apr-2019	DEPOSIT			0.00	40,000,000.00	470,770,566.53
15-May-2019	DEPOSIT			0.00	50,000,000.00	520,770,566.53
31-May-2019	CHEQUE	42856201		157,078,737.00	0.00	363,691,829.53
25-Jun-2019	TRANSFER			0.00	157,079,000.00	520,770,829.53
02-Jul-2019	DEPOSIT			0.00	300,000,000.00	820,770,829.53
12-Jul-2019	DEPOSIT			0.00	50,000,000.00	870,770,829.53
20-Jul-2019	GROSS PROFIT		01	0.00	17,179,551.26	887,950,380.79
20-Jul-2019	WithHolding Tax		01	2,576,932.69	0.00	885,373,448.10
09-Aug-2019	DEPOSIT			0.00	50,000,000.00	935,373,448.10
30-Aug-2019	DEPOSIT			0.00	200,000,000.00	1,135,373,448.10
17-Oct-2019	DEPOSIT			0.00	100,000,000.00	1,235,373,448.10
29-Oct-2019	DEPOSIT			0.00	100,000,000.00	1,335,373,448.10

Total 39 Credit transactions of amount: 1,496,337,736.31

Total 7 Debit transactions of amount: 160,964,288.21

This is a computer generated statement and does not require any signature

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED
Calculation of Sales Mix (F/Y 2018-19)

Months	Actual Revenue (Rs.)	Actual Units Sold (kwh)	Actual Avg. Rate(kwh	NEPRA Avg. Rate Rs.(kwh)	Difference (kwh)	Impact of Sales Mix (Rs.)
Jul-18	14,510,074,827	1,173,894,606	12.36	11.84	-0.5206	(611,162,692)
Aug-18	15,090,303,198	1,217,376,334	12.40	11.84	-0.5558	(676,567,403)
Sep-18	14,003,037,357	1,132,616,164	12.36	11.84	-0.5234	(592,861,975)
Oct-18	10,312,619,762	869,960,689	11.85	11.84	-0.0141	(12,285,204)
Nov-18	8,190,436,284	715,226,658	11.45	11.84	0.3885	277,847,347
Dec-18	7,777,333,746	679,903,425	11.44	11.84	0.4011	272,722,806
Jan-19	3,851,023,147	329,474,939	11.69	11.84	0.1516	49,960,131
Jan-19	5,486,949,258	421,270,126	13.02	13.36	0.3352	141,219,626
Feb-19	9,365,795,516	717,295,182	13.06	13.36	0.3029	217,268,115
Mar-19	8,466,047,327	650,645,479	13.01	13.36	0.3482	226,576,273
Apr-19	10,574,283,111	802,790,028	13.17	13.36	0.1881	150,991,657
May-19	12,671,736,376	934,795,628	13.56	13.36	-0.1956	(182,866,786)
Jun-19	15,904,738,758	1,143,797,116	13.91	13.36	-0.5452	(623,609,288)
G.Total	136,204,378,666	10,789,046,374	12.62	12.50	-0.1263	(1,362,767,394)