

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED

HALF YEARLY FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

31 DECEMBER 2024

FESCO Head Quarter, West Canal Road, Abdullahpur, Faisalabad

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FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (PROVISIONAL/ UN-AUDITED)
AS AT 31 DECEMBER 2024

	NOTE	12-2024 RUPEES	06-2024 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5 000 000 000 (06-2024: 5 000 000 000) ordinary shares of Rupees 10 each		50,000,000,000	50,000,000,000
Issued, subscribed and paid up share capital	3	10,000	10,000
Deposit for shares	4	46,183,987,990	45,654,616,510
Surplus on revaluation of property, plant and equipment - net of deferred income tax	5	95,025,049,729	95,025,049,729
Accumulated loss		(38,100,084,513)	(91,604,738,594)
Total equity		103,108,963,206	49,074,937,645
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	2,785,699,777	2,785,699,777
Staff retirement benefits	7	118,218,940,769	122,338,835,785
Long term security deposits	8	13,580,155,989	12,946,895,095
Receipt against deposit works	9	21,580,412,904	19,837,876,759
Deferred credit	10	47,208,093,353	45,829,619,135
Deferred income tax liability	11	9,445,560,876	9,445,560,876
		212,818,863,668	213,184,487,427
CURRENT LIABILITIES			
Trade and other payables	12	52,168,316,565	123,578,847,650
Accrued mark-up	13	6,550,888,121	6,111,094,688
Current portion of long term financing	6	2,755,580,002	2,755,580,002
Provision for taxation		116,378,291	355,907,159
		61,591,162,980	132,801,429,499
TOTAL LIABILITIES		274,410,026,648	345,985,916,926
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		377,518,989,853	395,060,854,571

	NOTE	12-2024 RUPEES	06-2024 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	235,942,166,377	230,783,047,451
Intangible assets	16	1,133,755	1,368,325
Long term advances	17	250,158,705	195,615,972
Long term deposits	18	52,875,246	52,753,706
		236,246,334,083	231,032,785,454
CURRENT ASSETS			
Stores, spares and loose tools	19	6,542,149,216	6,624,989,945
Trade debts	20	60,757,734,342	76,115,806,764
Loans and advances	21	210,942,844	347,027,727
Other receivables	22	31,609,877,617	34,249,955,948
Sales tax receivable		8,304,964,530	8,304,964,530
Income tax		-	-
Receivable from the Government of Pakistan	23	11,468,077,500	14,856,290,760
Accrued interest		-	777,893,915
Short Term Investment	24	17,500,000,000	17,500,000,000
Cash and bank balances		4,878,909,721	5,251,139,528
		141,272,655,771	164,028,069,117
TOTAL ASSETS		377,518,989,853	395,060,854,571

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS (PROVISIONAL/ UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2024

	NOTE	12-2024 RUPEES	12-2023 RUPEES
SALE OF ELECTRICITY - NET	25	234,937,776,749	229,145,243,003
TARIFF DIFFERENTIAL SUBSIDIES	26	38,893,427,003	14,564,924,638
		273,831,203,752	243,710,167,641
COST OF ELECTRICITY	27	(200,943,403,721)	(217,411,458,163)
GROSS PROFIT		72,887,800,031	26,298,709,478
AMORTIZATION OF DEFERRED CREDIT	10	1,355,944,860	1,103,452,320
		74,243,744,891	27,402,161,798
DISTRIBUTION COST	28	(16,901,134,558)	(16,346,143,626)
ADMINISTRATIVE EXPENSES	29	(3,085,351,690)	(2,987,354,226)
CUSTOMER SERVICES COSTS	30	(2,248,060,268)	(2,193,443,828)
		(22,234,546,517)	(21,526,941,679)
PROFIT/ (LOSS) FROM OPERATIONS		52,009,198,374	5,875,220,119
OTHER INCOME	31	5,831,344,555	5,890,992,390
FINANCE COST	32	(440,933,331)	(441,290,036)
PROFIT/ (LOSS) BEFORE LEVY AND TAXATION		57,399,609,599	11,324,922,473
LEVY	33	(3,894,955,518)	(2,544,115,023)
PROFIT / (LOSS) BEFORE TAXATION		53,504,654,081	8,780,807,450
TAXATION		-	-
PROFIT/(LOSS) AFTER TAXATION		53,504,654,081	8,780,807,450

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOWS (PROVISIONAL/ UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2024

	NOTE	12-2024 RUPEES	06-2024 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	18,152,150,886	26,829,989,567
Income tax paid		(4,134,484,386)	(5,846,077,184)
Finance cost paid		(1,139,898)	(2,709,358)
Staff retirement benefits paid		(6,260,723,947)	(9,181,233,829)
Payment for Fund contribution regarding pension obligation		(7,000,000,000)	(6,076,000,000)
Net decrease in long term advances		(62,933,923)	(102,397,175)
Net increase in long term deposits		(121,540)	(12,199,950)
Net cash generated from operating activities		692,747,191	5,609,372,071
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment and intangible asset		(8,400,969,050)	(21,536,565,549)
Profit on bank deposits received		2,225,775,934	5,210,830,624
Net cash used in investing activities		(6,175,193,116)	(16,325,734,925)
CASH FLOWS FROM FINANCING ACTIVITIES			
Consumers' security deposits received		633,260,895	1,031,033,034
Receipt against deposit works-net		4,476,955,224	7,022,624,990
Net cash from financing activities		5,110,216,119	8,053,658,024
NET INCREASE IN CASH AND CASH EQUIVALENTS		(372,229,806)	(2,662,704,830)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		22,751,139,528	25,413,844,358
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		22,378,909,721	22,751,139,528

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY (PROVISIONAL/ UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2024

	SHARE CAPITAL	DEPOSIT FOR SHARES	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX	ACCUMULATED LOSS	TOTAL EQUITY
	----------RUPEES----------				
Balance as at 30 June 2024	10,000	45,654,616,510	95,025,049,729	(91,604,738,594)	49,074,937,645
Non-cash settlement against deposit for shares	-	529,371,480	-	-	529,371,480
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of transfer of property, plant and equipment - net of deferred income tax	-	-	-	-	-
Profit/ (Loss) for the year	-	-	-	53,504,654,081	53,504,654,081
Other comprehensive loss for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	53,504,654,081	53,504,654,081
Balance for the period ended	**10,000**	**46,183,987,990**	**95,025,049,729**	**(38,100,084,513)**	**103,108,963,205**

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

1. LEGAL STATUS AND OPERATIONS

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

1.2 The Council of Common Interest (CCI) in its meeting held on 12 September 1993 approved the privatization of thermal power generation units (GENCOs) and power distribution companies (DISCOs) in a phased program. Cabinet Committee on Privatization (CCOP) in its meeting held on 17 February 2009 approved privatization of certain GENCOs and DISCOs, this decision was ratified by Federal Cabinet in its meeting, held on 06 January 2010. President and Prime Minister of Pakistan also approved privatization of GENCOs and DISCOs including the Company during a presentation given to them by Ministry of Privatization on 22 November 2010. Decision of President and Prime Minister had also been subsequently ratified by the CCI during its meeting held on 28 April 2011. Since October 2013, the CCOP approved 68 Public Sector Enterprises (PSEs) for inclusion in the privatization program. The Company had been approved by CCOP for early implementation. The Privatization Commission (PC) on behalf of the Government of Pakistan (GoP) invited Expression of Interest (EOI) from prospective private sector strategic partner(s) to acquire seventy-four percent (74%) shareholding in the Company, currently owned by the GoP, together with management control on 02 November 2015. However, protests against privatization were started by the opposition parties and by labour unions. In order to give the union a chance to perform, the GoP has reconsidered the privatization mode of the power sector by shifting it from strategic sale to divestment through capital markets. CCOP in its meeting held on 14 July 2016 considered proposals regarding divestment of Power Sector Entities and PC to initiate process for listing of shares of the Company on the stock exchange through Initial Public Offering (IPO). It was also decided that GoP would retain the control of FESCO as well as management. The PC in its meeting held on 02 October 2017, had discussion on volume of circular debt and nature of losses being accrued in GENCOs and DISCOs and decided that the PC would seek approval of the Government to privatize the Company as strategic sale. Subsequent to the reporting date, in notification 12(03)/2023-CA-I dated 30 July 2024, the Ministry of Energy (Power Division) affirmed the Government's intention to privatize GENCOs and DISCOs as part of its ongoing energy sector privatization efforts and further in correspondence No.14(11)/2018-DISCO-1 dated 28 August 2024, the Company along with Gujranwala Electric Power Company Limited (GEPCO) and Islamabad Electric Supply Company Limited (IESCO) were asked to compile preliminary information for privatization.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, except for the change in accounting policy of taxation and levy made in accordance with "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes" issued by The Institute of Chartered Accountants of Pakistan through Circular No. 7/2024. The change has been explained in Note 2.4 to these financial statements.

2.1 Basis of preparation

a) Statement of compliance

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

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan 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 application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairment

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

Provision for obsolescence of stores, spares and loose tools

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

Income tax and levy

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

Allowance for expected credit losses

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

Provisions

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

Contingencies

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

Revenue from contracts with customers involving sale of goods

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

Tariff adjustment determination

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

Staff retirement benefits

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

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2024:

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement' - Disclosure of Accounting Policies;
- Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Change in definition of 'Accounting Estimate'; and
- Amendments to IAS 12 'Income Taxes' - International Tax Reform - Pillar Two Model Rules.

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

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

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

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

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2024 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period

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

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

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

Classification and Measurements of Financial Instruments (Amendments to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments') effective for annual periods beginning on or after 01 January 2026. These amendments address matters identified during the past - implementation review of the classification and measurement requirements of IFRS 9.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 01 January 2025.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

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

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

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2024 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

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

2.3 Staff retirement benefits

2.3.1 Defined benefit plans

The Company provides funded pension scheme, a funded free electricity scheme and a funded free medical facility scheme for all its regular employees. Further, the Company's employees are also entitled for accumulated compensated absences which are encashed at the time of retirement upto maximum limit of 365 days. The Company's obligations under these schemes are determined annually by a qualified actuary using Projected Unit Credit Actuarial Cost Method. Latest actuarial valuations have been carried on 30 June 2024. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Past service cost is recognized immediately in the statement of profit or loss.

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

2.3.2 General / Employees' Provident Fund

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

2.4 Taxation and levy

Change in accounting policy

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. Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in provision for current tax and was not separately charged in statement of profit or loss. This change in accounting policy has been applied retrospectively in accordance with the provisions of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and resulted in following reclassification of corresponding figures:

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.

2.5 Property, plant and equipment

2.5.1 Operating fixed assets and depreciation

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

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

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

Depreciation

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

De-recognition

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

2.5.2 Capital work-in-progress

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

2.6 Intangible assets and amortization

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

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

2.7 Stores, spares and loose tools

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

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

2.8 Cash and cash equivalents

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

2.9 Revenue recognition

i) Revenue from contracts with customers

a) Sale of electricity

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

b) Tariff differential subsidies

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

ii) Contract assets

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

iii) Contract liabilities

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

iv) Other income recognition

a) Rental and service income

Meter rentals are recognized on time proportion basis.

b) Interest income

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

c) Late payment surcharge

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

d) Fuel price adjustment

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

e) Gain on installation of new connections

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

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

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

g) Other revenue

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

2.10 Financial Instruments

i) Classification and measurement of financial instruments

Financial assets

a) Classification

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

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

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

b) Measurement

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

Financial liabilities

Classification and measurement

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

ii) Impairment of financial assets

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

iii) De-recognition

Financial assets

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

Financial liabilities

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

iv) Offsetting of financial assets and financial liabilities

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

2.11 Deferred credit

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

2.12 Borrowings

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

2.13 Borrowing cost

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

2.14 Trade debts and other receivables

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

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

Expected credit losses are recognized as follows:

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

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

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

d) Expected credit loss on all deferred arrears.

2.15 Share capital

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

2.16 Trade and other payables

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

2.17 Impairment of non-financial assets

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

2.18 Provisions

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

2.19 Contingent assets

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

2.20 Contingent liabilities

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2025 NUMBER OF SHARES	2024 NUMBER OF SHARES		12-2024 RUPEES	06-2024 RUPEES
1 000	1 000	Ordinary shares of Rupees 10 each fully paid in cash to Government of Pakistan (GoP)	10,000	10,000

3.1 This represents 1,000 (2024: 1,000) ordinary shares of Rupees 10 each fully paid up in cash issued in the name of President of Islamic Republic of Pakistan.

4. DEPOSIT FOR SHARES

Incorporation expenses incurred by WAPDA (Note 4.1)	219,427,350	219,427,350
Debit Service liability paid by WAPDA (Note 4.2)	2,133,601,298	2,133,601,298
Transfer of Assets by WAPDA after incorporation (Note 4.3)	1,396,405,187	1,396,405,187
Transfer on account of clearance of circular debt (Note 4.4)	42,434,554,155	41,905,182,675
	46,183,987,990	**45,654,616,510**

4.1 This represents the company incorporation expenses and reversal of provision of doubtful debts relating to pre-incorporation period incurred by WAPDA against which shares will be issued by the company.

4.2 This represents the debt services provided by GoP/ WAPDA on foreign relent and Cash Development loans against which shares will be issued by the company.

4.3 This represents the reallocation of loans against assets constructed by National Transmission and Dispatch Company Limited (NTDC) and transferred to the company during 01 July 2000 to 30 June 2007 through WAPDA against which shares will be issued by the company.

4.4 This represents credit of Rupees 42,434.554 million (06-2024: Rupees 41,905.183 million) received by the Company in financial year 2014 from Central Power Purchase Agency (Guarantee) Limited (CPPA-G) in pursuance of letter No. F.1(5)-CF-1/2012-13/1017 dated 02 July 2013 from Ministry of Finance as GoP investment against circular debt of Rupees 341 billion and equity injection by the Ministry of Finance as mark-up on syndicated loans. Hence this was treated as GoP equity investment in the Company. During the reporting period, the Company has made non-cash adjustment of Rupees 529.371 million as intimated vide various letters received from CPPA-G on the directions of Ministry of Energy, Power Division, GoP.

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

As at 01 July	95,025,049,729	46,005,096,651
Add: Surplus arising on revaluation during the year - net of deferred income tax	-	49,748,359,146
	95,025,049,729	95,753,455,797
Less:		
Incremental depreciation charged during the year transferred to accumulated loss - net of deferred income tax	-	535,812,217
Adjustment of deferred income tax liability on transfer of property, plant and equipment - net of deferred income tax	-	192,593,851
	-	728,406,068
As at 31 December	95,025,049,729	95,025,049,729

5.1 This represents surplus resulting from revaluation carried out on 30 June 2024 by Messrs F K S Building Services, an independent valuer enrolled on panel of the State Bank of Pakistan (SBP). Previously revaluation was carried out by an independent valuer on 30 June 2020, 01 July 2019, 30 June 2013 and 30 June 2006.

6. LONG TERM FINANCING

Secured

From Asian Development Bank - Relent by the GoP

- Tranche I	832,226,142	832,226,142
- Tranche II	1,000,702,296	1,000,702,296
- Tranche III	2,260,911,648	2,260,911,648
- Tranche IV	1,447,439,693	1,447,439,693
	5,541,279,779	5,541,279,779
Less:		
Current portion shown under current liabilities	256,717,046	256,717,046
Overdue portion shown under current liabilities	2,498,862,956	2,498,862,956
	2,755,580,002	2,755,580,002
	2,785,699,777	2,785,699,777

7 STAFF RETIREMENT BENEFITS

	12-2024 RUPEES	06-2024 RUPEES
Pension obligations (Note 7.1)	95,025,245,179	100,221,839,672
Free medical benefits (Note 7.1)	5,865,776,180	5,806,665,777
Free electricity (Note 7.1)	14,682,295,650	13,699,192,376
Leave encashment (Note 7.1)	2,645,623,760	2,611,137,960
	118,218,940,769	122,338,835,785

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

	Balance at the end of period				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	----------RUPEES----------				
Balance as at 01 July 2024	100,221,839,672	5,806,665,777	13,699,192,376	2,611,137,960	122,338,835,785
Charge for the year	6,160,780,668	487,308,330	1,434,830,512	168,610,830	8,251,530,340
Receivables from GENCOs, determined by NEPRA (Note 22.1.4)	763,999,744	46,244,599	79,054,248	-	889,298,591
Remeasurements Cost	-	-	-	-	-
Benefits paid	(7,673,379,440)	437,803,458	529,682,530	445,169,505	(6,260,723,947)
Contribution to Post Retirement Benefit Fund	(4,447,995,465)	(1,144,884,126)	(827,825,874)	(579,294,535)	(7,000,000,000)
Balance at the end of period	95,025,245,179	5,633,138,038	14,914,933,792	2,645,623,760	118,218,940,769

	30 June 2023				
	Pension	Free medical benefits	Free electricity benefits	Leave encashment	Total
	----------RUPEES----------				
Balance as at 01 July 2023	95,914,178,428	5,034,717,809	6,969,330,444	2,030,827,409	109,949,054,090
Charge for the year	17,142,242,612	897,967,773	1,258,210,886	1,046,894,427	20,345,315,698
Remeasurements Cost	(50,292,403)	1,153,989,952	6,198,002,277	-	7,301,699,826
Benefits paid	(7,565,908,118)	(797,320,597)	(449,206,192)	(368,798,922)	(9,181,233,829)
Contribution to Post Retirement Benefit Fund	(5,218,380,847)	(482,689,160)	(277,145,039)	(97,784,954)	(6,076,000,000)
Balance as at 30 June 2024	100,221,839,672	5,806,665,777	13,699,192,376	2,611,137,960	122,338,835,785

8. LONG TERM SECURITY DEPOSITS

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

	12-2024 RUPEES	06-2024 RUPEES
9. RECEIPTS AGAINST DEPOSIT WORKS		
Consumers demand notices awaiting connections (Note 9.1)	868,703,158	550,514,236
Funds received against deposit works (Note 9.2)	20,711,709,746	19,287,362,523
	21,580,412,904	19,837,876,759

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

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

10. DEFERRED CREDIT

Balance as at 01 July	70,438,693,967	63,054,418,456
Additions during the year	2,734,419,078	7,384,275,511
	73,173,113,045	70,438,693,967
Less: Accumulated amortization		
Balance as at 01 July	24,609,074,832	22,143,720,543
Amortization for the year	1,355,944,860	2,465,354,289
	25,965,019,692	24,609,074,832
Closing Balance	47,208,093,353	45,829,619,135

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

11. DEFERRED INCOME TAX LIABILITY

Balance as at 01 July	9,445,560,876	6,500,486,235
Add: Deferred income tax liability on surplus arising on revaluation during the year	-	3,242,592,613
Less:		
Deferred income tax liability on incremental depreciation transferred to the statement of profit or loss	-	218,852,878
Deferred income tax liability on assets transferred during the year transferred to the statement of profit or loss	-	78,665,094
	-	297,517,972
Closing Balance	9,445,560,876	9,445,560,876

12.	TRADE AND OTHER PAYABLES	12-2024 RUPEES	06-2024 RUPEES
	Creditors	929,331,998	1,181,171,643
	Due to associated companies / undertakings (Note 12.1)	21,115,572,461	89,764,183,728
	Billing related payables (Note 12.2)	14,644,513,420	15,995,757,120
	Workers' profit participation fund (Note 12.3 & Note 12.4)	2,389,665,836	2,389,665,842
	Excess receipt against deposit work	1,007,904,717	1,007,600,327
	Accrued liabilities	89,130,269	1,081,172,724
	Contract liabilities	1,200,713,102	1,543,543,842
	Sales tax payable	8,252,982,773	9,355,013,756
	Income tax deducted at source	96,844,395	106,538,814
	Retention money payable	241,224,016	260,834,567
	Other liabilities	2,200,433,578	893,365,287
		52,168,316,565	123,578,847,650
12.1	**Due to associated companies / undertakings**		
	Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)	20,312,153,627	89,102,958,844
	National Transmission and Despatch Company Limited (NTDC)	784,149,911	-
	Due to associated companies on account of free electricity (Note 12.1.1)	27,786	586,283,569
	Due to associated companies on account of pension (Note 12.1.2)	19,241,136	74,941,315
		21,115,572,461	89,764,183,728
12.1.1	**Due to associated companies on account of free electricity**		
	Lahore Electric Supply Company Limited (LESCO)	-	563,231,137
	Peshawar Electric Supply Company Limited (PESCO)	-	17,833,666
	Sukkur Electric Power Company Limited (SEPCO)	-	5,073,239
	Power Information Technology Company (PITC)	27,786	145,527
		27,786	586,283,569
12.1.2	**Due to associated company on account of pension**		
	Peshawar Electric Supply Company Limited (PESCO)	2,642,715	36,204,498
	Lahore Electric Supply Company Limited (LESCO)	-	38,736,817
	Hyderabad Electric Supply Company Limited (HESCO)	16,598,421	-
		19,241,136	74,941,315
12.2	**Billing related payables**		
	Equalization surcharge payable (Note 12.2.1)	2,201,635,515	2,201,953,960
	Electricity duty payable	1,608,503,501	467,944,149
	TV License fee payable	126,571,398	117,126,092
	Neelum Jhelum surcharge (Note 12.2.2)	1,127,566,038	1,127,410,471
	Extra / further tax	875,821,965	1,117,613,969
	Income tax	1,043,088,567	1,390,924,107
	Financing cost surcharge payable	3,295,194,862	3,902,800,433
	Tariff rationalization surcharge payable	4,267,084,171	5,554,057,641
	General sales tax	99,047,403	115,926,298
		14,644,513,420	15,995,757,120

12.2.1 Equalization surcharge was collected from consumers pursuant to S.R.O. 235(1)2011, dated 15 March 2011 issued by the Ministry of Energy, GoP. The amount was collected from customers during the period from April 2011 to May 2012 but further collection was discontinued on account of a subsequent S.R.O. 505(1)2012, dated 16 May 2012. Payment of this amount to the Federal Government is currently deferred as payment mechanism has not been conveyed to the Company by the GoP. The Company through letter No. 2588/FESCO/CFO/Compilation dated 30 September 2024 requested the Ministry of Energy to impart necessary guidelines for adjustment of the equalization surcharge.

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

12.3 Workers' profit participation fund

Balance as at 01 July	2,389,665,842	2,053,934,920
Provision for the year	-	335,730,922
Closing Balance	2,389,665,842	2,389,665,842

12.4 The Company has not made payment of its contribution towards Workers' Profit Participation Fund (WPPF), being the Company's liability on account of provision of Companies Profit (Workers' Participation) Act, 1968 relating to profit for the years ended 30 June 2004, 30 June 2005, 30 June 2020, 30 June 2021, 30 June 2022 and 30 June 2024. The matter is pending for decision with the Economic Coordination Committee (ECC) upon a recommendation submitted by WAPDA to exempt the corporatized entities under its umbrella from the requirements of the Companies Profit (Workers' Participation) Act, 1968. Due to pending decision with the ECC, no provision of mark-up is made as required under the Companies Profit (Workers' Participation) Act, 1968. Further, the Company has not made provision against WPPF amounting to Rupees 2,707 million relating to the financial years ended 30 June 2009, 30 June 2010, 30 June 2013, 30 June 2014 and 30 June 2015. However the Company has shown the WPPF for the years ended 30 June 2009, 30 June 2010, 30 June 2013, 30 June 2014 and 30 June 2015 along with total mark-up as contingent liabilities.

13. ACCRUED MARK-UP

Foreign re-lent loans	113,162,964	113,162,964
Overdue mark-up on foreign re-lent loans	6,437,725,157	5,997,931,724
	6,550,888,121	6,111,094,688

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The Company has received various invoices from CPPA-G representing late payment charges (supplementary charges) being the share of the Company in late payment charges charged to CPPA-G by Independent Power Producers (IPPs) on account of delayed payments aggregating to Rupees 17,840.50 million (06-2024: Rupees 16,254.65 million) over the years. Moreover, NEPRA has decided that the late payment charges (supplementary charges) recovered from consumers on utility bills shall be offset against the late payment charges (supplementary charges) invoices raised by CPPA-G and CPPA-G cannot account for late payment charges (supplementary charges) over and above what is calculated as per agreement. Therefore, the Company has not acknowledged this amount as its liability.

14.1.2 The Companies Profit (Workers' Participation) Act, 1968 requires payment of the allocated amount to the Workers Profit Participation Fund (WPPF) within nine months of the close of relevant financial year. However, due to pending decision of the Economic Coordination Committee to exempt the corporatized entities under the umbrella of WAPDA from requirements of the said Act, the Company has not made provision of WPPF amounting to Rupees 2,707 million for the financial years ended 30 June 2009, 30 June 2010, 30 June 2013, 30 June 2014 and 30 June 2015 and for the total interest accrued on WPPF thereon as given in Note 12.3.1.

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

15. PROPERTY, PLANT AND EQUIPMENT

	12-2024 RUPEES	06-2024 RUPEES
Operating fixed assets (Note 15.1)	209,468,330,245	199,361,811,457
Capital work-in-progress (Note 15.2)	26,473,836,132	31,421,235,994
	235,942,166,377	230,783,047,451

15.1 Operating Fixed Assets

	Freehold land	Buildings on freehold land	Feeders (up to 11 kv)	Grids and equipment	Vehicles	Furniture, fixtures and office equipment	Total
	---RUPEES---						
As at 30 June 2023							
Cost / revalued amount	31,246,168,980	5,377,102,282	101,570,958,506	44,200,997,340	1,656,242,969	1,226,151,605	185,277,621,682
Accumulated depreciation	-	(723,534,641)	(35,502,449,864)	(11,020,129,337)	(923,478,676)	(782,123,388)	(48,951,715,906)
Impairment loss	-	(453,912,940)	-	-	-	-	(453,912,940)
Net book value	31,246,168,980	4,199,654,701	66,068,508,642	33,180,868,003	732,764,293	444,028,217	135,871,992,836
Year ended 30 June 2024							
Opening net book value	31,246,168,980	4,199,654,701	66,068,508,642	33,180,868,003	732,764,293	444,028,217	135,871,992,836
Effect of surplus on revaluation	41,809,597,920	-	3,241,647,495	7,939,706,344	-	-	52,990,951,759
Additions	-	515,050,280	14,517,398,852	2,096,287,786	184,279,478	266,189,193	17,579,205,589
Transferred to stores and spares / written off							
Cost / revalued amount	-	-	(2,137,379,763)	(264,343,468)	(9,747,027)	(793,000)	(2,412,263,258)
Accumulated depreciation	-	-	681,506,008	102,002,165	9,747,027	626,388	793,881,588
	-	-	(1,455,873,755)	(162,341,303)	-	(166,612)	(1,618,381,670)
Reversal of impairment loss	-	138,548,206	-	-	-	-	138,548,206
Depreciation charge	-	(99,334,073)	(3,738,591,563)	(1,554,375,500)	(100,037,806)	(108,166,321)	(5,600,505,263)
							-
Closing net book value	73,055,766,900	4,753,919,114	78,633,089,671	41,500,145,330	817,005,965	601,884,477	199,361,811,457
As at 30 June 2024							
Cost / revalued amount	73,055,766,900	5,892,152,562	117,192,625,090	53,972,648,002	1,830,775,420	1,491,547,798	253,435,515,772
Accumulated depreciation	-	(822,868,714)	(38,559,535,419)	(12,472,502,672)	(1,013,769,455)	(889,663,321)	(53,758,339,581)
Impairment loss	-	(315,364,734)	-	-	-	-	(315,364,734)
Net book value	73,055,766,900	4,753,919,114	78,633,089,671	41,500,145,330	817,005,965	601,884,477	199,361,811,457
Period ended 31 December 2024							
Opening net book value	73,055,766,900	4,753,919,114	78,633,089,671	41,500,145,330	817,005,965	601,884,477	199,361,811,457
Additions	-	166,293,675	7,155,146,352.29	6,661,260,087	46,313,028	199,074,296	14,228,087,439
Transferred to stores and spares / written off							
Cost / revalued amount			(932,085,455)	(246,715,694)			(1,178,801,149)
Accumulated depreciation			276,419,602	31,423,106			307,842,708
	-	-	(655,665,853)	(215,292,588)	-	-	(870,958,441)
Reversal of impairment loss							-
Depreciation charge		(53,268,806)	(2,093,415,726)	(981,543,043)	(53,503,056)	(68,879,579)	(3,250,610,210)
Closing net book value	73,055,766,900	4,866,943,984	83,039,154,444	46,964,569,786	809,815,937	732,079,194	209,468,330,245

	Freehold land	Buildings on freehold land	Feeders (up to 11 kv)	Grids and equipment	Vehicles	Furniture, fixtures and office equipment	Total
	RUPEES						
As at 31 July 2024							
Cost / revalued amount	73,055,766,900	6,058,446,237	123,415,685,987	60,387,192,395	1,877,088,448	1,690,622,094	266,484,802,061
Accumulated depreciation	-	(876,137,520)	(40,376,531,543)	(13,422,622,609)	(1,067,272,511)	(958,542,900)	(56,701,107,083)
Impairment loss	-	(315,364,734)	-	-	-	-	(315,364,734)
Net book value	73,055,766,900	4,866,943,984	83,039,154,444	46,964,569,786	809,815,937	732,079,194	209,468,330,245
Annual rate of depreciation (%)	-	2	3.5	3.5	10	10-33.33	

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

DESCRIPTION	Cost		Accumulated depreciation		Net book value		
	12-2024	06-2024	12-2024	06-2024	12-2024	06-2024	
	RUPEES						
Land - freehold	73,055,766,900	73,055,766,900	-	-	73,055,766,900	73,055,766,900	
Building on freehold land	5,743,081,504	5,576,787,828	(876,137,520)	(822,868,714)	4,866,943,984	4,753,919,114	-
Vehicles	1,877,088,448	1,830,775,420	(1,067,272,511)	(1,013,769,455)	809,815,937	817,005,965	-
Furniture, fixtures and office equipment	1,690,622,094	1,491,547,798	(958,542,900)	(889,663,321)	732,079,194	601,884,477	-
Grids and equipment	60,387,192,395	53,972,648,002	(13,422,622,609)	(12,472,502,672)	46,964,569,786	41,500,145,330	-
Feeders (up to 11 kv)	123,415,685,987	117,192,625,090	(40,376,531,543)	(38,559,535,419)	83,039,154,444	78,633,089,671	-
TOTAL	**266,169,437,328**	**253,120,151,038**	**(56,701,107,083)**	**(53,758,339,581)**	**209,468,330,245**	**199,361,811,457**	
Add:							
Capital Work in Progress Note 15.2)					**26,473,836,132**	**31,421,235,992**	
Property, plant and equipment					**235,942,166,377**	**230,783,047,449**	

15.2	CAPITAL WORK IN PROGRESS	12-2024	06-2024
	Civil Works	470,611,862	139,581,505
	Project Managemnet Unit	84,418,516	84,418,516
	Grid Station Construction	10,169,690,974	15,904,358,612
	Project Director Construction	13,867,307,527	13,248,174,226
	Capital Stock	1,829,028,978	1,991,924,859
	Mobilization Advance to Supplier /Contractor	52,778,275	52,778,275
		26,473,836,132	**31,421,235,992**

16.	INTANGIBLE ASSETS		
	Computer softwares		
	Cost	213,570,873	213,570,873
	Accumulated amortization	(212,437,118)	(212,202,548)
	Net book value	1,133,755	1,368,325
	Movement during the year		
	Opening net book value	1,368,325	1,837,465
	Addition during the year	-	-
	Amortization charge for the year (Note 29)	(234,570)	(469,140)
		1,133,755	1,368,325
	Amortization rate (per annum)	20%	20%

16.1 Intangible assets having cost of Rupees 211.225 million (06-2024: Rupees 211.225 million) are fully amortised.

16.2 These include various modules of SAP ERP softwares.

17.	LONG TERM ADVANCES		
	House Build Advance	50,221,433	33,679,096
	Purchase of Plot	230,342,310	184,434,165
	Car Advance	7,828,322	7,287,210
	Motor Cycle Advance	252,595	310,266
	Total	**288,644,660**	**225,710,737**
	Less: Current Portion	38,485,955	30,094,765
	Net	**250,158,705**	**195,615,972**

17.1 All types of long term advances are repayable in ninety (90) instalments. As per Company's policy, interest is being charged @ 5% per annum. These are recoverable in equal monthly installments. These advances are secured by mortgage of immovable property and hypothecation of vehicles.

18. LONG TERM DEPOSITS

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

19.	STORE, SPARES & LOOSE TOOLS	12-2024	06-2024
	MIS Materials-Stock	188,521,680	189,897,908
	Distribution Material-Stock	9,455,386,859	9,637,526,805
	Loose Tools-Stock	312,227,160	319,069,161
	Scrap Material-Stock	153,736,507	148,672,369
	TRW-Raw Material	536,985,795	274,910,712
	TRW-Finish-Reclaimed Transformers	331,314,356	237,935,064
	Provision Obsolete Inventory	(36,944,636)	(36,944,637)
		10,941,227,721	**10,771,067,382**
	Administrative Overheads	(4,399,078,504)	(4,146,077,439)
		6,542,149,216	**6,624,989,943**
	Head Office	180,558,768	171,510,601
	TRW	555,239,482	361,581,588
	Regional Store Faisalabad	2,801,128,005	2,797,213,346
	Regional Store Sargodha	669,162,039	837,447,817
	Regional Store Jhang	890,160,197	808,127,927
	Regional Store Mianwali	436,163,135	341,740,391
	Centeral Warehouse Nishatabad	5,065,237,403	5,107,547,244
	SS&Ts (C.Type Stores)	343,578,691	345,624,151
		10,941,227,721	**10,770,793,066**
	Administrative Overheads (PDC, PD GSC)	(4,399,078,504)	(4,146,077,439)
		6,542,149,216	**6,624,715,627**

20.	TRADE DEBTS		
	Partially secured:		
	Considered good (Note 20.1)	65,671,241,783	81,029,314,206
	Less: Allowance for expected credit losses (Note 20.2)	4,913,507,442	4,913,507,442
		60,757,734,342	76,115,806,764

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

20.2	**Allowance for expected credit losses**		
	Balance as at 01 July	4,913,507,442	4,314,242,176
	Add: Allowance for expected credit loss-net (Note 30)	-	599,265,266
	Closing Balance	4,913,507,442	4,913,507,442

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

21.	LOAN AND ADVANCES		
	Advances to suppliers	150,115,943	294,597,626
	Advances to employees against expenses	21,124,546	20,093,736
	Advances to employees for sports	1,216,400	2,241,600
	Current portion of long term advances	38,485,955	30,094,765
		210,942,844	**347,027,727**

22. OTHER RECEIVABLES

Considered good	12-2024 RUPEES	06-2024 RUPEES
Duties, charges and taxes	-	-
Sales tax and other taxes receivable from consumers	19,582,114,951	20,945,254,554
Receivable against damaged items during warranty period	67,667,121	85,128,234
Due from associated companies / undertakings (Note 22.1)	11,215,723,855	12,547,030,837
Others (Note 22.2)	744,371,689	672,542,323
	31,609,877,617	34,249,955,948

22.1 Due from associated companies / undertakings

Due on account of free electricity (Note 22.1.1)	1,572,732,055	1,580,064,420
Due on account of pension (Note 22.1.2)	3,845,322,832	4,097,471,561
Due on account of WAPDA welfare fund	479,858,820	481,518,020
Due from NTDC UOSC	-	180,868,098
Due on account of past service cost of WAPDA employees (Note 22.1.3)	5,317,810,147	5,317,810,147
Due on account of past service cost of GENCOs employees (Note 22.1.4)	-	889,298,591
	11,215,723,855	12,547,030,837

22.1.1 Due from associated companies on account of free electricity

Water and Power Development Authority (WAPDA)	329,742,792	257,679,151
National Transmission and Despatch Company Limited (NTDC)	309,549,809	195,214,975
Islamabad Electric Supply Company Limited (IESCO)	16,368,038	213,313,531
Peshawar Electric Supply Company Limited (PESCO)	1,325,279	-
Gujranwala Electric Power Company Limited (GEPCO)	14,906,039	55,857,057
Quetta Electric Supply Company Limited (QESCO)	5,177,294	36,574,752
Hyderabad Electric Supply Company Limited (HESCO)	8,035,148	11,955,819
Tribal Area Electric Supply Company Limited (TESCO)	564,219	2,337,832
Sukkur Electric Power Company Limited (SEPCO)	687,374	-
Multan Electric Power Company Limited (MEPCO)	12,530,911	75,893,998
Lahore Electric Supply Company Limited (LESCO)	19,884,704	-
Jamshoro Power Company Limited (GENCO-I)	2,512,447	1,844,493
Central Power Generation Company Limited (GENCO-II)	60,937,149	31,245,178
Northern Power Generation Company Limited (GENCO-III)	786,242,393	693,918,290
Lakhra Power Generation Company Limited (GENCO-IV)	2,447,913	2,399,805
Pakistan Electric Power Company Limited (PPMC)	1,820,545	1,829,539
	1,572,732,055	1,580,064,420

22.1.2 Due from associated companies / undertakings on account of pension

Water and Power Development Authority (WAPDA)	2,925,412,829	2,925,412,829
National Transmission and Despatch Company Limited (NTDC)	593,311,813	567,629,319
Islamabad Electric Supply Company Limited (IESCO)	22,643,671	77,581,198
Gujranwala Electric Power Company Limited (GEPCO)	31,000,253	80,021,771
Quetta Electric Supply Company Limited (QESCO)	529,364	44,206,091
Hyderabad Electric Supply Company Limited (HESCO)	-	33,642,642
Tribal Area Electric Supply Company Limited (TESCO)	33,518	359,815
Sukkur Electric Power Company Limited (SEPCO)	6,259,591	47,156,085
Multan Electric Power Company Limited (MEPCO)	91,661,828	193,788,658
Lahore Electric Supply Company Limited (LESCO)	30,540,293	-
Jamshoro Power Company Limited (GENCO-I)	2,327,397	1,238,140
Central Power Generation Company Limited (GENCO-II)	17,753,803	19,991,730
Northern Power Generation Company Limited (GENCO-III)	123,848,473	106,443,283
	3,845,322,832	4,097,471,561

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

22.1.4 Due from associated companies on account of past service cost

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

This represents the balance receivable from GENCOs on account of the past service cost of certain employees related to GENCOs before October 2021 retired from time to time. The same has been determined by NEPRA for adjustment/indexation of tariff for the FY 2024-25 under the MYT vide No.NEPRA/R/AGD(Trf)/TRF-605&TRF-606/FESCO-2024/9271-77 dated June 14, 2024. Related staff retirement benefits are disclosed in Note 7.1.

22.2 These include an amount of Rupees 10.861 million (06-2024: Rupees 11.812 million) receivable from employees against shortage and theft.

23. RECEIVABLE FROM GOVERNMENT OF PAKISTAN

	12-2024 RUPEES	06-2024 RUPEES
Balance as at 01 July	14,856,290,760	17,667,313,520
Tariff differential and other subsidies recognized during the year (Note 23.1)	38,893,427,003	26,248,959,848
Adjusted against tariff rationalization surcharge and credit notes received from CPPA-G	(42,281,640,263)	(29,059,982,608)
Closing balance	11,468,077,500	14,856,290,760

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

24. CASH AND BANK BALANCES

Cash in transit (Note 24.1)	160,789,122	581,455,001
Cash with banks on:		
Current accounts	510,040,707	2,096,037,314
Deposit accounts (Note 24.2 and Note 24.3)	4,208,079,892	2,573,647,213
Term Deposit Receipts (TDRs) (Note 24.4 and Note 24.5)	17,500,000,000	17,500,000,000
	22,218,120,599	22,169,684,527
	22,378,909,721	22,751,139,528

24.1 This represents cash transmitted by National Database and Registration Authority (NADRA) against collection of consumer bills but not received by the Company at reporting date.

24.2 These carry profit ranging from 13.50% to 16.00% (06-2024: 19.25% to 21.50%) per annum.

24.3 These include an amount of Rupees 665.244 million (06-2024: Rupees 61.054 million) kept in separate bank accounts relating to customers' security deposits.

24.4 These represent term deposits receipts placed with different banks having maturity of three and six months (2024: three months) at profit rates ranging from 13.50% to 16.00% (06-2024: 20.30% to 22.00%) per annum.

24.5 Term deposit receipts (TDRs) include an amount of Rupees 13,100 million (06-2024: Rupees 13,125 million) relating to customers' security deposits. The profit earned on the TDRs related to consumers' security deposits is also included therein.

25. SALE OF ELECTRICITY - NET

	12-2024 RUPEES	12-2023 RUPEES
Gross sales	291,616,745,405	283,923,647,099
Less: Sales tax	56,678,968,656	54,778,404,096
	234,937,776,749	229,145,243,003

25.1 During the period, the Company sold 7,752.520 million (12-2023: 8,149.790 million) (Kwh) electricity units to the consumers in different tariff categories.

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

26. TARIFF DIFFERENTIAL SUBSIDIES

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

27. COST OF ELECTRICITY

27.1 The Company purchased electricity from CPPA-G. The electricity purchased during the period has been accounted for according to invoices issued by CPPA-G and adjusted in accordance with monthly fuel price adjustment determined and notified by NEPRA. The average rate for the year was Rupees 24.45 per KWH (12-2023: Rupees 24.94 per KWH).

27.2 This includes supplemental charges of Rupees 3,002.234 million (12-2023: Rupees 2,681.814 million) passed on the Company, which comprise re-allocation of mark-up on late payments imposed by Independent Power Producers (IPPs) to CPPA-G on the basis of average outstanding balance.

		12-2024 RUPEES	12-2023 RUPEES
28.	**DISTRIBUTION COST**		
	Salaries, wages and other benefits (Note 28.1)	13,088,929,488	13,355,711,056
	Depreciation	3,157,210,799	2,647,153,841
	Repair and maintenance	648,269,118	286,415,171
	Rent, rates and taxes	8,778,414	8,132,017
	Telephone and postage	12,721,934	11,406,542
	Power, light and water	54,041,742	36,268,014
	Office supplies and other expenses	10,445,757	10,686,474
	Travelling and conveyance	144,503,723	132,864,095
	Legal and professional	6,971,786	7,735,508
	Transportation	262,743,608	245,511,878
	Advertising and publicity	581,822	879,788
	Workers' profit participation fund	-	-
	Other charges / expenses	164,750,046	183,086,846
		17,559,948,236	16,925,851,230
	Less: Charged to capital work-in-progress	(658,813,678)	(579,707,604)
		16,901,134,558	**16,346,143,626**
		-	-

28.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 7,598.695 million (12-2023: Rupees 8,387.781 million).

29.	**ADMINISTRATIVE EXPENSES**		
	Salaries, wages and other benefits (Note 29.1)	2,326,623,505	2,344,322,779
	Directors' meeting fee	15,444,307	28,252,407
	Depreciation	82,990,850	72,474,356
	Amortization	234,570	234,570
	Repair and maintenance	103,090,090	66,337,318
	Rent, rates and taxes	244,266	273,430
	Power, light and water	54,816,528	38,921,661
	Office supplies and other expenses	135,417,453	131,129,327
	Travelling and conveyance	51,587,108	47,549,140
	Legal and professional	38,839,983	34,326,709
	Auditors' remuneration	-	-
	Transportation	61,155,379	72,733,843
	Management fees	45,208,791	-
	NEPRA Fee	154,956,924	134,721,983
	Telephone and postage	6,153,156	7,980,732
	Insurance	3,562,574	-
	Advertisement	1,546,387	792,200
	Workers' profit participation fund	-	-
	Provision for slow moving and obsolete stores, spares and loo	-	-
	Other charges	3,479,819	7,303,771
		3,085,351,690	**2,987,354,226**
		-	-

29.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 1,061.377 million 12-2023: Rupees 1,267.123 million).

30.	**CUSTOMER SERVICES COSTS**		
	Salaries, wages and other benefits (Note 30.1)	2,002,670,071	1,962,117,831
	Depreciation	1,648,475	907,142
	Electricity bills collection charges	208,558,604	201,165,444
	Travelling and conveyance	16,977,472	15,038,162
	Repair and maintenance	636,336	350,659
	Rent, rates and taxes	989,087	841,783
	Telephone and postage	1,648,780	1,341,366
	Power, light and water	7,413,402	5,322,296
	Office supplies and other expenses	5,203,794	4,573,728
	Transportation	1,833,951	1,479,337
	Allowance for expected credit loss	-	-
	Workers' profit participation fund	-	-
	Other charges	480,297	306,079
		2,248,060,268	**2,193,443,828**
		-	-

30.1 Salaries, wages and other benefits include staff retirement benefits amounting to Rupees 480.757 million (12-2023: Rupees 605.088 million).

31. OTHER INCOME	12-2024 RUPEES	12-2023 RUPEES
Income from financial assets		
Profit on bank deposits and term deposit receipts	1,447,882,019	1,779,756,470
Late payment surcharge	3,637,669,743	3,272,986,711
	5,085,551,762	5,052,743,181
Income from non-financial assets		
Gain on installation of new connection	398,939,245	402,918,258
Design Vetting Fee	20,204,883	31,350,962
Recovery of late delivery charges	71,433,156	77,995,118
Meter / service rent	28,183,303	26,304,050
Reconnection fees	56,506,212	38,343,115
Service charges on collection of PTV license fee and electricity duty	111,612,709	108,138,090
Company's colonies quarter rent	5,637,069	4,809,973
Miscellaneous	53,276,216	148,389,644
	745,792,793	838,249,209
	5,831,344,555	5,890,992,390
	-	-

32. FINANCE COST		
Mark-up on long term financing	439,793,433	439,793,433
Mark-up transferred from GoP	-	-
Bank charges and commission	1,139,898	1,496,603
	440,933,331	441,290,036

33. Levy represents minimum tax on turnover (including tariff differential subsidies) and tax on other income under relevant provisions of the Income Tax Ordinance, 2001.

34. CASH GENERATED FROM OPERATIONS	12-2024	06-2024
Profit/ (Loss) before taxation	57,399,609,599	6,378,887,525
Adjustments for non-cash charges and other items:		
Depreciation	3,241,850,124	5,576,901,712
Amortization of intangible assets	234,570	469,140
Reversal of impairment loss	-	(138,548,206)
Provision for staff retirement benefits	9,140,828,931	20,345,315,698
Amortization of deferred credit	(1,355,944,860)	(2,465,354,289)
Finance cost	440,933,331	882,296,224
Allowance for expected credit loss	-	599,265,266
Profit on bank deposits and term deposit receipts	(1,447,882,019)	(5,118,178,256)
Excess deposit work receipts written back / credit balances written back		(81,517,098)
Provision / (reversal of provision) of slow moving, obsolete items of stores, spares and loose tool	-	(794,442)
Non-cash settlement against deposit for shares	529,371,480	4,097,964,454
Provision for workers' profit participation fund	-	335,730,922
Working capital changes (Note 34.1)	(49,796,850,270)	(3,582,449,082)
	18,152,150,886	26,829,989,567

34.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	82,840,729	(1,619,268,126)
Trade debts	15,358,072,422	(8,235,520,974)
Loans and advances	144,476,073	38,528,206
Receivable from Government of Pakistan	3,388,213,260	2,811,022,760
Other receivables	2,640,078,331	(3,162,810,444)
Sales tax receivable	0	(209,506,260)
	21,613,680,815	(10,377,554,838)
Increase / (decrease) in trade and other payables	(71,410,531,085)	6,795,105,756
	(49,796,850,270)	(3,582,449,082)

CAPITAL EXPENDITURES	12-2024	06-2024
Addition in Fixed Assets	13,348,368,912	15,937,220,370
Addition in CWIP	(4,947,399,861)	5,599,345,179
Addition in intengible Assets	-	-
	8,400,969,050	21,536,565,549

35. NUMBER OF EMPLOYEES	12-2024	06-2024
Number of employees	13 092	13 310
Average number of employees during the year	13 201	13 214

36. ENTITY - WIDE INFORMATION

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

37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

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

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

(a) Market risk

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

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies. The Company has no receivable / payable balance in foreign currency as at 31 December 2024 (06-2024: Nil).

ii) Other price risk

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

iii) Interest rate risk

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

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

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

	12-2024 RUPEES	06-2024 RUPEES
Fixed rate instruments		
Financial assets		
Long term advances	288,644,660	225,710,737
Term deposit receipts	17,500,000,000	17,500,000,000
Financial liabilities		
Long term financing	5,541,279,779	5,541,279,779
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	4,208,079,892	2,573,647,213

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, (loss) / profit after taxation for the year would have been Rupees 39.977 million lower / higher (06-2024: Rupees 24.450 million higher / lower), mainly as a result of higher / lower interest income on floating rate financial instruments. This analysis is prepared assuming amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

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

	12-2024 RUPEES	06-2024 RUPEES
Trade debts	60,757,734,342	76,115,806,764
Loans and advances	288,644,660	225,710,737
Accrued interest	-	777,893,915
Deposits	52,875,246	52,753,706
Other receivables	31,609,877,617	34,249,955,948
Bank balances	22,218,120,599	22,169,684,527
	114,927,252,464	133,591,805,597

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

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

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

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

	Rating			12-2024	06-2024
	Short term	Long term	Agency	----------RUPEES----------	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	1,486,373,148	3,675,735,758
Sindh Bank Limited	A-1+	AA-	VIS	35,133	29,492
The Bank of Khyber	A-1	A+	VIS	22,038	4,460
The Bank of Punjab	A1+	AA+	PACRA	3,636,005,085	3,577,452,106
First Women Bank Limited	A2	A-	PACRA	342	-
Zarai Taraqiati Bank Limited	A-1+	AAA	VIS	20,964,783	32,952,678
Allied Bank Limited	A1+	AAA	PACRA	1,729,923,132	191,475,714
Askari Bank Limited	A1+	AA+	PACRA	1,651,620	576,978
Bank Alfalah Limited	A1+	AAA	PACRA	3,549,356,252	30,892,558
Faysal Bank Limited	A1+	AA	PACRA	3,546,425,860	3,504,187,648
Habib Bank Limited	A-1+	AAA	VIS	261,073,027	153,338,605
JS Bank Limited	A1+	AA	PACRA	670,158	3,501,047,306
MCB Bank Limited	A1+	AAA	PACRA	(166,386,869)	533,593
Telenor Microfinance Bank Limited	A1	A	PACRA	16,478,467	81,460,629
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	17,395	17,395
United Bank Limited	A-1+	AAA	VIS	55,261,957	122,553,539
Bank AL Habib Limited	A1+	AAA	PACRA	3,521,326	1,308,785,140
Samba Bank Limited	A1	AA	PACRA	3,500,011,672	11,672
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	52,544	117,663
Meezan Bank Limited	A-1+	AAA	VIS	420,587	417,400
BankIslami Pakistan Limited	A1	AA-	PACRA	62,118	203,247
Soneri Bank Limited	A1+	AA-	PACRA	3,565,197,737	3,769,409,033
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	310,957	152,754
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	328,563,030	575,079,990
Silkbank Limited	A2	A-	VIS	2,106,548	-
Bank Makramah Limited	Suspended		VIS	366,070	41,385
The Punjab Provincial Co-operative Bank Limited	A2	BBB+	PACRA	3,088,848	54,369,907
Receivable from General Post Office (GPO)*	N/A	N/A	N/A	676,547,635	1,588,837,877
				22,218,120,599	22,169,684,527

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

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

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach for managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. For this purpose financial support is available to the Company from Federal Government. Further, liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

(d) Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern. The Company is not exposed to any external capital requirement. As public interest entity, financial support is available to the Company from Federal Government and WAPDA in the form of delayed settlement of CPPA-G against electricity purchase, tariff revision and subsidy on purchases.

37.2 Financial instruments by categories

	12-2024 RUPEES	06-2024 RUPEES
	At amortized cost	
Assets as per statement of financial position		
Trade debts	60,757,734,342	76,115,806,764
Loans and advances	288,644,660	225,710,737
Accrued interest	-	777,893,915
Deposits	52,875,246	52,753,706
Other receivables	31,609,877,617	34,249,955,948
Cash and bank balances	22,378,909,721	22,751,139,528
	115,088,041,586	**134,173,260,597**
Liabilities as per statement of financial position		
Long term financing	5,541,279,779	5,541,279,779
Long term security deposits	13,580,155,989	12,946,895,095
Trade and other payables	25,583,597,039	94,188,328,276
Accrued mark-up	6,550,888,121	6,111,094,688
	51,255,920,927	**118,787,597,838**

37.3 Offsetting financial assets and financial liabilities

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

38. CORRESPONDING FIGURES

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

39. DATE OF AUTHORIZATION

These financial statements were approved by the Board of Directors of the Company in its 303rd/17th meeting held on 26.03.2025.

40. GENERAL

Figures have been rounded off to the nearest Rupee.