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POWER HOLDING LIMITED

Audit Report & Financial Statements

For the year ended 2022



Crowe Hussain Chaudhury & Co.
(Chartered Accountants)
House no 982, Street no 21, Phase 4,
Bahria Town, Islamabad
Tel: +92 (51) 5737581-2
Fax: +92 (51) 5732505
crowehorwathpk@gmail.com
cahabib@hotmail.com
www.crowepak.com

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
POWER HOLDING LIMITED**

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises of directors' report for the year ended June 30, 2022 but doesn't include the financial statements and our auditor's report thereon.

Our opinion on the financial statements doesn't cover the other information and we don't express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going

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concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on other Legal and Regulatory Requirements

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


- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with books of account and returns;
- c) Investment made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit of **POWER HOLDING LIMITED** for the year ended 30 June, 2022 resulting in this independent auditors' report is C.A. Habib.

Place: Islamabad

Dated: 17 OCT 2022

UDIN:AR202210349kity6g4oW



M. H. Chaudhary
CROWE HUSSAIN CHAUDHARY & CO.
(CHARTERED ACCOUNTANTS)

POWER HOLDING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	2022	2021
Note	-----Pak Rupees-----	
NON - CURRENT ASSETS		
Property and equipment	5 6,062,596	512,235
Long term deposits	260,500	260,500
Deferred tax asset	6 126,134	34,869
Finance facilities - principal portion receivable	7 553,943,440,250	718,253,452,444
	553,949,889,480	718,254,260,048
CURRENT ASSETS		
Current portion of receivables	8 417,486,163,610	348,289,342,821
Prepayments - Insurance	87,868	-
Advance income tax	9 11,346,666	14,968,801
Cash and bank balances	10 238,649,671	210,299,552
	417,736,247,815	348,514,611,174
	<u>971,686,137,295</u>	<u>1,066,768,871,222</u>
SHARE CAPITAL AND RESERVES		
Authorized Capital	11 15,000,000	15,000,000
Issued, Subscribed and Paid up Capital	11 15,000,000	15,000,000
Accumulated profit	223,868,238	181,688,030
	238,868,238	196,688,030
NON - CURRENT LIABILITIES		
Long term financing	12 553,943,440,250	718,253,452,444
CURRENT LIABILITIES		
Current portion of long term financing	13 246,310,012,196	211,746,550,811
Markup accrued	14 81,477,461,384	67,485,019,299
Bridge borrowing from CPPA	20,219,768,768	22,383,758,292
Other payables	15 69,479,269,918	46,678,421,953
Provision for taxation	17,316,541	24,980,393
	417,503,828,807	348,318,730,748
	<u>971,686,137,295</u>	<u>1,066,768,871,222</u>
CONTINGENCIES AND COMMITMENTS		
	16	

The annexed notes, from 1 to 33, form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

**POWER HOLDING LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021	
Note	-----Pak Rupees-----		
Grant - from power sector, GOP through CPPA-G	17	108,873,236,063	91,735,487,750
Grant - from finance division, GOP	18	-	73,875,456
		108,873,236,063	91,809,363,206
Less: Utilized for			
- Finance cost	19	108,865,266,063	91,572,422,206
- Other expenses	20	7,970,000	236,941,000
		108,873,236,063	91,809,363,206
Other income	21	77,235,312	100,151,066
Operating cost	22	14,937,818	12,204,427
Financial incidental charges	23	2,888,750	1,809,703
		17,826,568	14,014,130
Profit for the year - before taxation		59,408,744	86,136,936
Provision for taxation	24	(17,228,536)	(24,979,711)
Net profit for the year - after taxation		42,180,208	61,157,225
Earning Per Share	25	28.12	40.77

The annexed notes, from 1 to 33, form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

POWER HOLDING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	-----Pak Rupees-----	
Profit for the year	42,180,208	61,157,225
Other comprehensive income	-	-
Total comprehensive income for the year	<u>42,180,208</u>	<u>61,157,225</u>

The annexed notes, from 1 to 33, form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR

POWER HOLDING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Share capital	Accumulated profit	Total
	-----Pak Rupees-----		
Balance as at July 01, 2020	15,000,000	120,530,805	135,530,805
Profit for the year	-	61,157,225	61,157,225
Balance as at June 30, 2021	15,000,000	181,688,030	196,688,030
Balance as at July 01, 2021	15,000,000	181,688,030	196,688,030
Profit for the year		42,180,208	42,180,208
Balance as at June 30, 2022	15,000,000	223,868,238	238,868,238

The annexed notes, from 1 to 33, form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

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DIRECTOR

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POWER HOLDING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
Note	-----Pak Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax for the year	59,408,744	86,136,936
Adjustments for non-cash and other items:		
- Grant from power sector, GOP through CPPA-G against M-Up	(86,060,359,241)	(82,610,385,756)
- Grant from finance division, GOP against M-Up	-	(13,430,456)
- Grant from power sector, GOP through CPPA-G against LDs	(22,804,906,822)	(8,948,605,994)
- Grant from power sector, GOP through CPPA-G against Fees	(7,970,000)	(176,496,000)
- Grant from finance division, GOP against Fee	-	(60,445,000)
- Other income	(77,235,312)	(100,151,066)
- Other charges	7,970,000	236,941,000
- Depreciation on property and equipment	1,113,997	183,595
- Finance cost	86,060,359,241	82,623,816,212
- Liquidated damages	22,804,906,822	8,948,605,994
	(76,121,315)	(99,967,471)
Loss for the year before working capital changes	(16,712,572)	(13,830,535)
Changes in working capital:		
- Short term prepayments	(87,868)	-
- Other payables	(4,058,857)	22,130
Net changes in working capital	(4,146,725)	22,130
Received from CPPA against markup	72,067,917,146	73,260,799,685
Received from FD against markup and trustee fee	292,239,515	10,656,499,995
Received from CPPA-G against arrangement / trustee fee	7,970,000	236,941,000
	72,368,126,662	84,154,240,680
Finance cost paid	(72,067,917,156)	(83,372,898,747)
Trustee, arrangement and legal fee paid	(7,970,000)	(236,941,000)
Interest on bank deposit	74,777,775	100,151,066
Income tax deducted / paid	(21,361,518)	(23,577,829)
	(72,022,470,899)	(83,533,266,510)
Net cash generated from operating activities	324,796,466	607,165,766
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(6,881,820)	(99,900)
Sale of non current asset	2,675,000	-
Net cash used in investing activities	(4,206,820)	(99,900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing obtained during the year from banks	-	30,950,000,000
Receipts from Finance Division for onward payment to Banks	129,746,550,811	72,634,333,337
Receipts from Finance Division against CPPA bridge borrowing	1,871,749,998	3,743,500,002
Paid to Banks on receipts from FD	(129,746,550,811)	(72,634,333,337)
Received from CPPA against FD Payment obligations	-	20,030,761,742
Paid to CPPA on receipts from FD (Adjustment of bridge borrowing)	(2,163,989,525)	(23,765,810,503)
	-	(1,247,833,334)
	-	(30,950,000,001)
Repayments to the banks during the year against principal portion	(292,239,527)	(1,239,382,095)
Net cash used in financing activities	(292,239,527)	(1,239,382,095)
Net increase/(decrease) in cash and cash equivalents	28,350,119	(632,316,228)
Cash and cash equivalents at beginning of the year	210,299,552	842,615,780
Cash and cash equivalents at end of the year	238,649,671	210,299,552

The annexed notes, from 1 to 33, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 LEGAL STATUS AND OPERATIONS

Power Holding Limited ("the Company") was incorporated in Pakistan on June 24, 2009, as a private limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The company is established under the administrative control of Ministry of Energy (Power Division) and is wholly owned by the Government of Pakistan. The registered office of the company is situated at Room # 602, Shaheed-e-Millat Secretariat, Jinnah Avenue, Blue Area, Islamabad. The status of the company was converted from private limited to public limited with effect from April 01, 2019.

The company was incorporated as a result of decision by Ministry of Finance in the meeting held on May 21, 2009 under the Chairmanship of the then Advisor to the Prime Minister on Finance to remove the bank borrowings of the power sector companies (National Transmission and Despatch Company Limited (NTDC), Water and Power Development Authority (WAPDA) and Power Distribution Companies (DISCOs)) along with mark-up as a consequence of unpaid subsidies by the Government of Pakistan. The, then Prime Minister of Pakistan also granted approval for the establishment of the company solely for the purpose of facilitation and not to earn profits or undertake any other business. Thus, the company, although public limited, functions as a not for profit entity.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.3 Functional and presentational currency

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

The preparation of financial statements in conformity with approved Accounting and Financial Reporting Standard requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects current period and future periods.

Significant areas requiring the use of management estimates in the financial statements relate to property, plant and equipment and provision for taxation.

a) Property and equipment

The Company reviews useful lives and residual value of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

b) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. Any change in estimates in future years might affect the carrying amounts of respective assets with a corresponding effect on depreciation/ amortization charge and impairment.

c) Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each year end date and adjusted to reflect the current best estimates.

3 NEW AND REVISED STANDARDS AND INTERPETATIONS

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

	Effective date (reporting periods beginning after)
IAS 1 Presentation of Financial Statements (Amendments)	January 01, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2023
IAS 12 Income Taxes (Amendments)	January 01, 2023
IFRS 4 Insurance Contracts (Amendments)	January 01, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 01, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022
IAS 41 Agriculture (Amendments)	January 01, 2022
IFRS 3 Business Combinations (Amendments)	January 01, 2022
IFRS 9 Financial Instruments (Amendments)	January 01, 2022
IFRS 16 Leases (Amendments)	January 01, 2022

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/ disclosures.

Further, the following standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts

The following interpretation issued by the IASB has been waived off by SECP:

IFRIC 12 Service concession arrangements

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the preparation of these financial statements:

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balances with bank that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

4.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost signifies historical cost, directly attributable cost of bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Depreciation

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4 to these financial statements, so as to write off the cost less residual value of assets over their estimated useful lives. Full month's depreciation is charged in the month of purchase and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Company and the cost of item can be measured reliably. Carrying amount of the replaced asset is derecognized. All other repair and maintenance, if any, is charged to statement of profit or loss during the period. The gain or loss on disposal or retirement of assets represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in statement of profit or loss.

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. Gains or losses on disposal of an item of Property and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property and equipment, and are recognized net within "other income" in statement of profit or loss.

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

4.3 Impairment

The Company assesses at each statement of financial position date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is charged to income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4 Taxation

Current

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

Deferred

Deferred income tax is provided using the liability method for all temporary differences arising at the statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

4.5 Staff retirement benefits

The Company does not operate any staff retirement scheme for its employees. All the employees of the Company are contractual and/or are hired on contingent basis. No provision for gratuity has been made by the Company as at year end and therefore IAS-19 is not applicable.

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

4.6 Financial instruments

(i) Recognition and initial measurement

All financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of an instrument.

A financial asset (unless it is a trade debt without significant financing component) or financial liability is initially measured at fair value, plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Classification and subsequent measurement

(a) Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, FVTOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest of the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses. Foreign exchange gains and losses and impairment are recognized in profit or loss.

(b) Financial assets

The Company classified its financial assets into one or more of the following categories:

- FVTPL
- Loans and receivables

Loans and receivables and held to maturity financial assets were subsequently measured at amortized cost using effective interest method.

Financial liabilities-Classification and subsequent measurement

Financial liabilities are measured at amortized cost or FVTPL. A Financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

(iii) Derecognition

(a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(b) Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of modified liability are substantially different, in which case a new financial liability is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

(iv) Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.7 Receivables

Receivable from the Finance Division, GOP / power sector, GOP through CPPA-G is recognized on the basis of finance facilities availed by the Company for the purposes of funding of the repayment liabilities of the DISCOs. Other receivables are carried at original invoice amount less impairment, if any.

4.8 Other payables

Liabilities for amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the company or not.

4.9 Grant from power sector, GOP through CPPA-G/ Finance Division, GOP

Grant/receipts from the power sector, GOP through CPPA-G and Finance Division, GOP is recognized when the related markup on term finance facilities is recognized. The grant is charged to statement of profit or loss as and when due, whether received or not.

4.8 Other income

Profit on bank deposits is recognized on time proportion basis taking into account principal outstanding and rates of profit applicable thereon.

4.9 Transactions with related parties

Transactions with related parties are carried out on commercial terms and conditions.

4.10 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each year end date and adjusted to reflect the current best estimates.

4.11 Borrowing costs

All borrowing costs are charged to profit or loss in the period in which they are incurred.

POWER HOLDING LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

5 PROPERTY AND EQUIPMENT

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at 1st July	Additions	(Disposals)	As at 30 June	Rate	Charge for the year	(Disposals)	As at 30 June	
	-----Pak Rupees-----				%	-----Pak Rupees-----			
Vehicles	3,008,140	6,881,820	(3,008,140)	6,881,820	20%	1,034,628	(2,790,677)	1,004,413	5,877,407
Office equipments	221,784	-	-	221,784	30%	22,501	-	169,282	52,502
Computer and equipments	771,414	-	-	771,414	30%	56,867	-	638,727	132,687
	4,001,338	6,881,820	(3,008,140)	7,875,018		1,113,997	(2,790,677)	1,812,422	6,062,596

2022

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at 1st July	Additions	(Disposals)	As at 30 June	Rate	Charge for the year	(Disposals)	As at 30 June	
	-----Pak Rupees-----				%	-----Pak Rupees-----			
Vehicles	3,008,140	-	-	3,008,140	20%	72,176	-	2,760,462	247,678
Office equipments	221,784	-	-	221,784	30%	34,400	-	146,780	75,004
Computer and equipments	671,514	99,900	-	771,414	30%	77,019	-	581,861	189,553
	3,901,438	99,900	-	4,001,338		183,595	-	3,489,103	512,235

2021

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 -----Pak Rupees-----	2021
6 DEFERRED TAX ASSET			
Deferred tax asset	6.1	<u>126,134</u>	<u>34,869</u>
6.1 Deferred tax asset arises due to accelerated depreciation.			
7 FINANCE FACILITIES PRINCIPAL PORTION RECEIVABLE - NON CURRENT			
From Power Sector, GOP through CPPA	7.1	<u>199,966,800,000</u>	199,966,800,000
From Finance Division, GOP	7.2	<u>353,976,640,250</u>	<u>518,286,652,444</u>
		<u>553,943,440,250</u>	<u>718,253,452,444</u>

7.1 Non - Current Principal Portion Receivable - From Power Sector, GOP Through CPPA

Note	Opening balance as at 01-07-2021	Transferred to current portion	Receivable against fresh facility during the year	Closing balance as at 30-06-2022
	-----Pak Rupees-----			
Rs. 199.9668 bln PES-II (dd: 21-05-20)	199,966,800,000	-	-	199,966,800,000
7.1.1	<u>199,966,800,000</u>	<u>-</u>	<u>-</u>	<u>199,966,800,000</u>

7.1.1 The receivables represent the outstanding amounts from power sector, Government of Pakistan through Central Power Purchasing Agency (Guarantee) Limited (CPPA) against Pakistan Energy Sukuk - II on behalf and under guarantee of Government of Pakistan for the purposes of funding the repayment liabilities of the DISCOs / power sector.

7.2 Non-Current Principal Portion Receivable - From Finance Division, GOP

Note	Opening balance as at 01-07-2021	Transferred to current portion	Receivable against fresh facility during the year	Closing balance as at 30-06-2022
	-----Pak Rupees-----			
Rs. 200.00 bln PES-I (dd: 01-03-19)	200,000,000,000	-	-	200,000,000,000
Rs. 136.4542 bln (dd: 30-09-19)	102,340,650,000	45,484,733,333	-	56,855,916,667
Rs. 80.00 bln (dd:30-03-2018)	20,000,000,000	20,000,000,000	-	-
Rs. 50.00 bln (1st tranche) (dd 04-05-2018)	16,666,666,666	16,666,666,666	-	-
Rs. 50.00 bln (2nd tranche) (dd 30-05-2018)	16,666,666,666	16,666,666,666	-	-
Rs. 41.457 bln (dd: 30-09-19)	31,093,002,446	13,819,112,198	-	17,273,890,248
Rs. 41.00 bln (dd: 21-05-20)	41,000,000,000	13,666,666,667	-	27,333,333,334
Rs. 35.806 bln (dd: 20-11-18)	17,903,000,000	11,935,333,333	-	5,967,666,667
Rs. 30.95 bln (dd 30-09-20)	30,950,000,000	7,737,500,000	-	23,212,500,000
Rs. 30.00 bln (dd: 20-12-19)	25,000,000,000	10,000,000,000	-	15,000,000,000
Rs. 25.00 bln (I) (dd: 15-03-19)	16,666,666,667	8,333,333,333	-	8,333,333,334
7.2.1	<u>518,286,652,444</u>	<u>164,310,012,196</u>	<u>-</u>	<u>353,976,640,250</u>

7.2.1 The receivables represent the outstanding amounts of bank loans receivable from Finance Division, Government of Pakistan against syndicated term finance facilities, syndicated Islamic term finance facility, privately placed term finance certificates, term finance facilities and Pakistan Energy Sukuk - I on behalf and under guarantee of Government of Pakistan for the purposes of funding the repayment liabilities of the DISCOs / power sector.

Power Division in consultation with the Finance Division has devised a comprehensive plan for retirement of PHL debt liabilities which has been duly approved by the ECC of the Cabinet whereby PHL Debt has been being taken-over by the Finance Division from Power Sector. In this regard Rs. 129.746 billion (Note- 7.1.1) was allocated by the Finance Division during FY 2021-22 for principal repayment of PHL finance facilities and has been released to the lenders.

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
-----Pak Rupees-----			
8 CURRENT PORTION OF RECEIVABLE			
Current portion of Principal receivable - from Finance Division	8.1	246,310,012,196	213,618,300,807
Mark-up receivable	8.2	101,047,895,258	87,345,372,680
Liquidated Damages receivable	8.3	69,478,921,262	46,674,014,440
Receivable from Finance Division against fee settlements by CPPA		649,334,894	651,654,894
		<u>417,486,163,610</u>	<u>348,289,342,821</u>

8.1 The break-up of current portion of principal receivable from Finance Division is as follows:

	Opening balance as at 01-07-2021	Transferred from long term portion during the year	Receipts during the year	Closing balance as at 30-06-2022
-----Pak Rupees-----				
Rs. 136.4542 bln (dd: 30-09-19)	34,113,550,000	45,484,733,333	34,113,550,000	45,484,733,333
Rs. 80.00 bln (dd:30-03-2018)	26,666,666,659	20,000,000,000	26,666,666,659	20,000,000,000
Rs. 50.00 bln (1st tranche) (dd 04-05-2018)	16,666,666,669	16,666,666,666	16,666,666,669	16,666,666,666
Rs. 50.00 bln (2nd tranche) (dd 30-05-2018)	16,666,666,667	16,666,666,666	16,666,666,667	16,666,666,666
Rs. 41.457 bln (dd: 30-09-19)	10,364,334,149	13,819,112,198	10,364,334,149	13,819,112,198
Rs. 41.00 bln (dd: 21-05-20)	-	13,666,666,667	-	13,666,666,667
Rs. 35.806 bln (dd: 20-11-18)	11,935,333,332	11,935,333,333	11,935,333,332	11,935,333,333
Rs. 30.95 bln (dd 30-09-20)	-	7,737,500,000	-	7,737,500,000
Rs. 30.00 bln (dd: 20-12-19)	5,000,000,000	10,000,000,000	5,000,000,000	10,000,000,000
Rs. 25.00 bln (I) (dd: 15-03-19)	8,333,333,333	8,333,333,333	8,333,333,333	8,333,333,333
Rs. 7.487 bln (dd: 02-07-15)	1,871,749,998	-	1,871,749,998	-
	<u>131,618,300,807</u>	<u>164,310,012,196</u>	<u>131,618,300,807</u>	<u>164,310,012,196</u>
From non-banking companies - secured				
Rs 82.00 bln (dd: 10-09-12)	82,000,000,000	-	-	82,000,000,000
	<u>213,618,300,807</u>	<u>164,310,012,196</u>	<u>131,618,300,807</u>	<u>246,310,012,196</u>

	Note	2022	2021
-----Pak Rupees-----			
8.2 MARK-UP RECEIVABLE			
Mark-up receivable from Power Sector, GOP through CPPA-G	8.2.1	81,464,481,858	67,472,039,763
Mark-up receivable from Finance Division, GOP	8.2.2	19,583,413,400	19,873,332,917
		<u>101,047,895,258</u>	<u>87,345,372,680</u>

8.2.1 Mark-Up Receivable - From Power Sector, GOP Through CPPA-G

Rs. 200.00 bln PES-I (dd: 01-03-19)	7,908,273,973	5,648,767,123
Rs. 199.9668 bln PES-II (dd: 21-05-20)	3,317,640,961	1,704,867,628
Rs. 136.4542 bln (dd: 30-09-19)	4,110,533,238	3,290,714,534
Rs 82.00 bln (dd: 10-09-12)	58,694,636,712	50,715,115,616
Rs. 80.00 bln (dd:30-03-2018)	897,819,178	1,137,105,019
Rs. 50.00 bln (1st tranche) (dd 04-05-2018)	417,043,379	452,531,964
Rs. 50.00 bln (2nd tranche) (dd 30-05-2018)	222,684,931	257,106,163
Rs. 41.457 bln (dd: 30-09-19)	1,248,856,833	999,780,584
Rs. 41.00 bln (dd: 21-05-20)	717,073,151	386,399,726
Rs. 35.806 bln (dd: 20-11-18)	330,077,366	300,152,379
Rs. 30.95 bln (dd 30-09-20)	1,002,305,151	652,841,493
Rs. 30.00 bln (dd: 20-12-19)	1,946,865,752	1,280,136,986
Rs. 25.00 bln (I) (dd 15-03-19)	650,671,233	646,520,548
	<u>81,464,481,858</u>	<u>67,472,039,763</u>

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	Note	2022	2021
		-----Pak Rupees-----	
8.2.2 Mark-Up Receivable - From Finance Division, GOP			
Rs. 80.00 bln (dd:30-03-2018)		2,988,361,643	2,988,361,643
Rs. 50.00 bln (1st tranche) (dd: 04-05-2018)		1,982,410,959	1,982,410,959
Rs. 50.00 bln (2nd tranche) (dd: 30-05-2018)		2,032,821,918	2,032,821,918
Rs. 35.806 bln (dd: 20-11-18)		1,963,659,899	1,963,659,899
Rs. 30.00 bln (dd: 08-03-17)		5,386,569,863	5,386,569,863
Rs. 25.00 bln (dd: 29-04-2016)		1,903,417,809	1,903,417,809
Rs. 25.00 bln (I) (dd: 15-03-19)		3,313,191,783	3,313,191,780
Rs. 7.487 bln (dd: 02-07-15)		12,979,526	302,899,047
		<u>19,583,413,400</u>	<u>19,873,332,917</u>
8.3 LIQUIDATED DAMAGES RECEIVABLE			
Liquidated damages on interest		44,115,085,646	33,677,576,084
Liquidated damages on principal amount		25,363,835,616	12,996,438,356
		<u>69,478,921,262</u>	<u>46,674,014,440</u>
9 ADVANCE INCOME TAX			
Balance at the beginning of the year		14,968,801	20,472,750
Income tax withheld during the year		11,346,666	14,968,801
		<u>26,315,467</u>	<u>35,441,551</u>
Less: Adjusted against tax liability		14,968,801	20,472,750
Balance at the end of the year	9.1	<u>11,346,666</u>	<u>14,968,801</u>
9.1 The income tax refundable comprise of:			
Tax deducted u/s 151 on profit on bank deposits		11,216,666	14,964,701
Tax deducted u/s 231 on purchase of vehicle		130,000	
Tax deducted u/s 234 along with token tax		-	4,100
		<u>11,346,666</u>	<u>14,968,801</u>
10 CASH AND BANK BALANCES			
Cash in hand		-	-
Cash at bank:			
Current accounts		6,093	6,093
Saving accounts	10.1	238,643,578	210,293,459
		<u>238,649,671</u>	<u>210,299,552</u>
		<u>238,649,671</u>	<u>210,299,552</u>
10.1			
These carry effective markup rate of 6.5% per annum (2021: 5.3%).			
11 SHARE CAPITAL			
Authorized Capital			
1,500,000 (2021: 1,500,000) ordinary shares of Rs. 10 each.		<u>15,000,000</u>	<u>15,000,000</u>
Issued, Subscribed and Paid up Capital			
1,500,000 (2021: 1,500,000) ordinary shares of Rs. 10 each.		<u>15,000,000</u>	<u>15,000,000</u>
All ordinary shares rank equally with regard to voting power and company's residual assets.			

POWER HOLDING LIMITED
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12 LONG TERM FINANCING

		Opening balance as at 01-07-2021	Transferred to current portion	Fresh Facility obtained during the year	Closing balance as at 30-06-2022
	Note	-----Pak Rupees-----			
Conventional facilities	12.1	264,761,585,776	140,451,612,196	-	124,309,973,583
Islamic facilities	12.2	453,491,866,668	23,858,400,000	-	429,633,466,667
		718,253,452,444	164,310,012,196	-	553,943,440,250

12.1 Conventional facilities

From banking companies- secured:

Rs. 136.4542 bln (dd: 30-09-19)	12.1.1	102,340,650,000	45,484,733,333	-	56,855,916,667
Rs. 80.00 bln (dd:30-03-2018)	12.1.2	19,999,999,999	19,999,999,999	-	-
Rs. 50.00 bln (1st tranche) / (45.55-C) (dd	12.1.3	15,183,333,332	15,183,333,332	-	-
Rs. 50.00 bln (2nd tranche) / (44.8748-C)	12.1.4	14,958,266,666	14,958,266,666	-	-
Rs. 41.457 bln (dd: 30-09-19)	12.1.5	31,093,002,446	13,819,112,197	-	17,273,890,249
Rs. 41.00 bln / (24.00-C) (dd:21-05-20)	12.1.6	24,000,000,000	8,000,000,000	-	16,000,000,000
Rs. 35.806 bln (dd: 20-11-18)	12.1.7	17,903,000,000	11,935,333,333	-	5,967,666,667
Rs. 30.00 bln / (10.00-C) (dd: 20 -12-19)	12.1.8	8,333,333,333	3,333,333,333	-	5,000,000,000
Rs. 30.95 bln (dd 30-09-20)	12.1.9	30,950,000,000	7,737,500,000	-	23,212,500,000
		264,761,585,776	140,451,612,196	-	124,309,973,583

12.1.1 This represents conventional syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.00%. The financing is repayable by September, 2024 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.2 This represents conventional syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL would be given rebate of 1.30%. The financing is repayable by March, 2023 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.3 This represents conventional syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2023 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.4 This represents conventional syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2023 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

POWER HOLDING LIMITED
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12.1.5 This represents conventional syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.00%. The financing is repayable by September, 2024 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.6 This represents conventional syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of six months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2025 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.7 This represents conventional syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.00%. The financing is repayable by November, 2023 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.8 This represents conventional syndicated term finance facility for five (5) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of six months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL would be given rebate of 1.30%. The financing is repayable by December, 2024 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.1.9 This represents conventional syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of six months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by September, 2025 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

Opening balance as at 01-07-2021	Transferred to current portion	Fresh Facility obtained during the year	Closing balance as at 30-06-2022
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Note -----Pak Rupees-----

12.2 Islamic facilities from banking companies - secured

Rs. 200.00 bln PES-I (dd: 01-03-19)	12.2.1	200,000,000,000	-	-	200,000,000,000
Rs. 199.9668 bln PES-II (dd: 21-05-20)	12.2.2	199,966,800,000	-	-	199,966,800,000
Rs. 50.00 bln (1st tranche) / (4.45-I) (dd: (12.2.3	1,483,333,334	1,483,333,334	-	-
Rs. 50.00 bln (2nd tranche) / (5.1252-I) (d	12.2.4	1,708,400,000	1,708,400,000	-	-
Rs. 41.00 bln / (17.00-I) (dd: 21-05-20)	12.2.5	17,000,000,000	5,666,666,667	-	11,333,333,333
Rs. 30.00 bln / (20.00-I) (dd: 20 -12-19)	12.2.6	16,666,666,667	6,666,666,667	-	10,000,000,000
Rs. 25.00 bln (I) (dd: 15-03-19)	12.2.7	16,666,666,667	8,333,333,333	-	8,333,333,334
		453,491,866,668	23,858,400,000	-	429,633,466,667

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12.2.1 This represents privately placed sukuk issued as a redeemable capital instrument under section 66 of the companies act, 2017 based on Ijarah (sale and lease back arrangement) against unencumbered assets comprising of land in usable form owned by IESCO, LESCO, GEPCO, MEPCO, PESCO, FESCO, NPGCL, and CPGCL. The sukuk was issued for ten (10) years, redeemable in bullet at the expiry of the tenor on profit/rental basis at six months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the profit due to the end of that semi-annual. However, in case profit payments are made on due dates or maximum within 30 days after due date, then PHL would be given rebate of 1.20%. The financing is repayable by March 2029 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan, creation of security interest/charge over the underlying transaction assets in favor of the Investors and tri-partite escrow arrangement between the PHL, Meezan Bank Limited and Central Power Purchasing Agency (Guarantee) Limited ("CPPA").

The sukuk is issued for funding repayment of liabilities of the distribution companies (DISCOs) towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.2 This represents privately placed sukuk issued as a redeemable capital instrument under section 66 of the companies act, 2017 based on Ijarah (sale and lease back arrangement) against unencumbered assets comprising of land in usable form owned by IESCO, LESCO, QESCO, GEPCO, HESCO, MEPCO, PESCO, FESCO, SEPCO, and TESCO. The sukuk was issued for ten (10) years, redeemable in bullet at the expiry of the tenor on profit/rental basis at six months KIBOR minus 0.10% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the profit due to the end of that semi-annual. The financing is repayable by May 2030 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan, creation of security interest/charge over the underlying transaction assets in favor of the Investors and tri-partite escrow arrangement between the PHL, Meezan Bank Limited and Central Power Purchasing Agency (Guarantee) Limited ("CPPA").

The sukuk is issued for funding repayment of liabilities of the distribution companies (DISCOs) towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.3 This represents Islamic syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2023 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.4 This represents Islamic syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of three months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that quarter. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2023 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.5 This represents Islamic syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of six months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by May, 2025 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.6 This represents Islamic syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of six months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.30%. The financing is repayable by December, 2024 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

12.2.7 This represents Islamic syndicated term finance facility for five (05) years, inclusive of grace period of twenty four (24) months from the date of first disbursement, on markup basis at daily average of six months KIBOR plus 2.00% prevailing on issue date for first installment period and subsequently one day prior to each installment period for the markup due to the end of that semi-annual. However, in case installment payments are made on due dates or maximum within 30 days after due date, then PHL is entitled to a rebate of 1.15%. The financing is repayable by March, 2024 and is secured by unconditional, irrevocable first demand and continuing guarantee of the Government of Pakistan.

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The facility is raised for purposes of funding repayment of liabilities of the DISCOs towards Central Power Purchasing Agency (CPPA) for onward payment to Power Generation Companies (GENCOs) and Independent Power Producers (IPPs).

13 CURRENT PORTION OF LONG TERM FINANCING

		Opening balance as at 01-07-2021	Transferred from long term portion	Payments during the year	Closing Balance as at 30-06-2022
	Note	-----Pak Rupees-----			
Conventional facilities	13.1	196,888,150,812	140,451,612,196	114,888,150,812	222,451,612,196
Islamic facilities	13.2	14,858,399,999	23,858,400,000	14,858,399,999	23,858,400,000
		211,746,550,811	164,310,012,196	129,746,550,811	246,310,012,196

Opening balance as at 01-07-2021	Transferred from long term portion	Payments during the year	Closing Balance as at 30-06-2022
-----Pak Rupees-----			

13.1 Conventional facilities

Rs. 136.4542 bln (dd: 30-09-19)	34,113,550,000	45,484,733,333	34,113,550,000	45,484,733,333
Rs. 80.00 bln (dd:30-03-2018)	26,666,666,663	20,000,000,000	26,666,666,663	20,000,000,000
Rs. 50.00 bln (1st tranche) (dd: 04-05-18)	15,183,333,334	15,183,333,333	15,183,333,334	15,183,333,333
Rs. 50.00 bln (2nd tranche) (dd: 30-05-18)	14,958,266,666	14,958,266,667	14,958,266,666	14,958,266,667
Rs. 41.457 bln (dd: 30-09-19)	10,364,334,149	13,819,112,197	10,364,334,149	13,819,112,197
Rs. 41.00 bln (dd:21-05-20)	-	8,000,000,000	-	8,000,000,000
Rs. 35.806 bln (dd: 20-11-18)	11,935,333,333	11,935,333,333	11,935,333,333	11,935,333,333
Rs. 30.95 bln (dd 30-09-20)	-	7,737,500,000	-	7,737,500,000
Rs. 30.00 bln (dd: 20 -12-19)	1,666,666,667	3,333,333,333	1,666,666,667	3,333,333,333
	114,888,150,812	140,451,612,196	114,888,150,812	140,451,612,196
From non-banking companies - secured				
Rs 82.00 bln (dd: 10-09-12)	82,000,000,000	-	-	82,000,000,000
	196,888,150,812	140,451,612,196	114,888,150,812	222,451,612,196

13.2 Islamic Facilities

Rs. 50.00 bln (1st tranche) (dd: 04-05-18)	1,483,333,333	1,483,333,333	1,483,333,333	1,483,333,333
Rs. 50.00 bln (2nd tranche) (dd: 30-05-18)	1,708,400,000	1,708,400,000	1,708,400,000	1,708,400,000
Rs. 41.00 bln (dd: 21-05-20)	-	5,666,666,667	-	5,666,666,667
Rs. 30.00 bln (dd: 20 -12-19)	3,333,333,333	6,666,666,667	3,333,333,333	6,666,666,667
Rs. 25.00 bln (dd: 15-03-19)	8,333,333,333	8,333,333,333	8,333,333,333	8,333,333,333
	14,858,399,999	23,858,400,000	14,858,399,999	23,858,400,000

14 MARKUP ACCRUED

	Note	2022 -----Pak Rupees-----	2021
Markup / interest accrued on conventional facilities	14.1	67,945,698,744	58,404,595,064
Profit accrued on Islamic facilities	14.2	13,531,762,640	9,080,424,235
		81,477,461,384	67,485,019,299

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	Note	2022	2021
-----Pak Rupees-----			
14.1 Markup / interest accrued on conventional facilities			
Rs. 136.4542 bln (dd: 30-09-19)		4,110,533,238	3,290,714,534
Rs. 82.00 bln (dd: 10-09-12)		58,694,636,712	50,715,115,616
Rs. 80.00 bln (dd:30-03-2018)		897,819,178	1,137,105,023
Rs. 50.00 bln (1st tranche) / (45.55-C) (dd: 04-05-18)		379,926,518	412,256,619
Rs. 50.00 bln (2nd tranche) / (44.8748-C) (dd: 30-05-18)		199,858,835	230,751,754
Rs. 41.457 bln (dd: 30-09-19)		1,248,856,833	999,780,586
Rs. 41.00 bln / (24.00-C) (dd:21-05-20)		419,750,137	226,185,205
Rs. 35.806 bln (dd: 20-11-18)		330,077,366	300,152,380
Rs. 30.95 bln (dd 30-09-20)		1,002,305,151	652,841,493
Rs. 30.00 bln / (10.00-C) (dd: 20 -12-19)		648,955,250	426,712,328
Rs. 7.487 bln (dd: 02-07-15)		12,979,526	12,979,526
		<u>67,945,698,744</u>	<u>58,404,595,064</u>

14.2 Profit accrued on Islamic facilities

Rs. 200.00 bln PES-I (dd: 01-03-19)		7,908,273,973	5,648,767,123
Rs. 199.9668 bln PES-II (dd: 21-05-20)		3,317,640,961	1,704,867,630
Rs. 50.00 bln (1st tranche) / (4.45-I) (dd: 04-05-18)		37,116,861	40,275,345
Rs. 50.00 bln (2nd tranche) / (44.8748-C) (dd: 30-05-18)		22,826,096	26,354,410
Rs. 41.00 bln / (17.00-I) (dd: 21-05-20)		297,323,014	160,214,521
Rs. 30.00 bln / (20.00-I) (dd: 20 -12-19)		1,297,910,502	853,424,658
Rs. 25.00 bln (I) (dd: 15-03-19)		650,671,233	646,520,548
		<u>13,531,762,640</u>	<u>9,080,424,235</u>

15 OTHER PAYABLES

Liquidated damages on Interest - 82.00 bn	15.1	44,115,085,646	33,677,576,084
Liquidated damages on Principal Amount - 82.00 bn	15.1	25,363,835,616	12,996,438,356
Accrued liabilities		248,656	320,647
Payable to CPPA-G against Pakistan Energy Sukuk - I CDC Security		100,000	100,000
Payable to CPPA-G against excess mark-up receipts		-	3,986,866
		<u>69,479,269,918</u>	<u>46,678,421,953</u>

15.1 This represents additional amount payable at the rate of 20% per annum on the amounts not paid after 15 days from the due date in respect of the financing facility availed by the company from OGDCL amounting to Rs. 82.00 bn.

16 CONTINGENCIES AND COMMITMENTS

There are no other contingencies and commitments at the date of statement of financial position except guarantees from Government of Pakistan furnished to the financial institutions from whom financing facilities have been raised as explained in note 12.

17 GRANT - FROM POWER SECTOR, GOP THROUGH CPPA-G

This represents grant from Power sector, Government of Pakistan through Central Power Purchasing Agency Guarantee Limited (CPPA-G) for repayment of markup/profit, trustee fee, arrangement fee, legal charges, liquidated damages and other incidental charges in respect of power sector's obligation component of financing facilities availed by the company from banking companies/Oil and Gas Development Company (OGDCL)/Sukuk Investors.

	2022	2021
-----Pak Rupees-----		
Grant against markup / profit on financing facilities	86,060,359,241	82,610,385,756
Grant against trustee, arrangement and legal fee	7,970,000	176,496,000
Grant against liquidated damages on Interest - Rs. 82.00 bn facility	10,437,509,562	8,948,605,994
Grant against liquidated damages on Principal Amount - Rs. 82.00 bn facility	12,367,397,260	-
	<u>108,873,236,063</u>	<u>91,735,487,750</u>

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18 FROM FINANCE DIVISION, GOP

This represents grant from Finance Division, Government of Pakistan for the repayment of markup/profit, trustee fee, arrangement fee and legal fee in respect of Finance Division's obligation component of financing facilities availed by the company from the banking companies.

	Note	2022	2021
		-----Pak Rupees-----	
Grant against markup / profit on financing facilities		-	13,430,456
Grant against trustee, arrangement and legal fee		-	60,445,000
		<u>-</u>	<u>73,875,456</u>
19 FINANCE COST			
Markup on conventional financing facilities	19.1	42,500,283,064	42,873,055,939
Profit on Islamic financing facilities	19.2	43,560,076,177	39,750,760,273
		<u>86,060,359,241</u>	<u>82,623,816,212</u>
Liquidated damages on Rs. 82.00 bln delayed interest payments		10,437,509,562	8,948,605,994
Liquidated damages on Rs. 82.00 bln delayed principal repayment		12,367,397,260	-
		<u>108,865,266,063</u>	<u>91,572,422,206</u>
19.1 Markup on conventional facilities:			
Rs. 136.4542 bln (dd: 30-09-19)		13,270,765,998	11,387,345,991
Rs. 82.00 bln (dd: 10-09-12)		7,979,521,096	7,729,297,534
Rs. 80.00 bln (dd:30-03-2018)		3,651,168,950	5,461,208,219
Rs. 50.00 bln (1st tranche) / (45.55-C) (dd: 04-05-18)		2,240,801,054	3,223,851,166
Rs. 50.00 bln (2nd tranche) / (44.8748-C) (dd: 30-05-18)		2,295,651,336	3,303,039,369
Rs. 41.457 bln (dd: 30-09-19)		4,031,906,769	3,459,688,568
Rs. 41.00 bln / (24.00-C) (dd:21-05-20)		2,382,115,068	1,991,940,822
Rs. 35.806 bln (dd: 20-11-18)		2,469,412,293	2,932,450,089
Rs. 30.95 bln (dd: 09-11-17)		-	672,861,480
Rs. 30.95 bln (dd 30-09-20)		3,134,149,633	1,876,807,999
Rs. 30.00 bln / (10.00-C) (dd: 20 -12-19)		1,044,790,867	821,134,246
Rs. 7.487 bln (dd: 02-07-15)		-	13,430,456
		<u>42,500,283,064</u>	<u>42,873,055,939</u>
19.2 Markup / interest on Islamic facilities:			
Rs. 200.00 bln PES-I (dd: 01-03-19)		19,050,410,960	18,473,698,630
Rs. 199.9668 bln PES-II (dd: 21-05-20)		18,247,929,245	15,177,206,193
Rs. 50.00 bln (1st tranche) / (4.45-I) (dd: 04-05-18)		218,914,702	314,953,629
Rs. 50.00 bln (2nd tranche) / (44.8748-C) (dd: 30-05-18)		262,188,850	377,243,739
Rs. 41.00 bln / (17.00-I) (dd: 21-05-20)		1,687,331,506	1,410,958,083
Rs. 30.00 bln / (20.00-I) (dd: 20 -12-19)		2,089,581,736	1,642,268,493
Rs. 25.00 bln (I) (dd: 15-03-19)		2,003,719,178	2,354,431,506
		<u>43,560,076,177</u>	<u>39,750,760,273</u>
20 OTHER EXPENSES			
Participation and advisory fee		-	221,701,000
Trustee fee		7,970,000	13,740,000
Legal Council fee		-	1,500,000
		<u>7,970,000</u>	<u>236,941,000</u>
21 OTHER INCOME			
Financial Assets			
Profit on N.I.D.A No. 000063 (NBP B-Block Branch, Islamabad)		16,047,904	3,860,955
Profit on N.I.D.A No. 3148981107 (NBP Super Market Branch,		58,648,789	96,268,882
Profit on PES-I & PES-II escrow accounts		81,082	21,229
Non-Financial Assets			
Gain on disposal of Vehicles		2,457,537	-
		<u>77,235,312</u>	<u>100,151,066</u>

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	Note	2022 -----Pak Rupees-----	2021
22 OPERATING COST			
Salaries and other benefits	22.1	10,519,246	8,809,213
Legal and professional		818,200	998,400
Insurance		189,616	-
Travelling & conveyance		150,850	-
Vehicles' running and maintenance		1,063,379	1,010,081
Entertainment		90,985	64,724
Auditors' remuneration	22.2	163,016	163,016
Electricity		149,713	163,381
Communication		98,589	107,515
Printing and stationery		61,229	65,372
Repair and maintenance		9,250	27,920
Fee and subscription		19,860	49,495
Director's fee		420,000	245,000
Advertisement		27,010	301,684
Depreciation	5	1,113,997	183,595
Bank charges and commission		1,027	4,776
Miscellaneous		41,852	10,255
		<u>14,937,818</u>	<u>12,204,427</u>
22.1 Salaries and other benefits includes remuneration and allowances including all benefits to the chief executive, directors and other executives of the company. Further details are provided in Note 30.			
22.2 Auditors' remuneration			
Professional fee		148,016	148,016
Out of pocket expenses		15,000	15,000
		<u>163,016</u>	<u>163,016</u>
23 FINANCIAL INCIDENTAL CHARGES			
Pakistan Energy Sukuk - I - Incidental Fee		1,385,900	1,639,525
Pakistan Energy Sukuk - II - Incidental Fee		1,502,850	170,178
		<u>2,888,750</u>	<u>1,809,703</u>
24 PROVISION FOR TAXATION			
Current Year			
Current		17,316,541	24,980,393
Deferred		(91,265)	(682)
		17,225,276	24,979,711
Prior Year		3,260	-
		<u>17,228,536</u>	<u>24,979,711</u>
25 EARNING PER SHARE (BASIC AND DILUTED)			
Profit for the year (Rupees)		42,180,208	61,157,225
Shares outstanding during the year (Number)		1,500,000	1,500,000
Earnings per share (Rupees)		28.12	40.77

No figures for diluted earnings per share has been presented as the company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	2022 -----Number-----	2021
26 NUMBER OF EMPLOYEES		
Number of employees at the year end	8	7
Average number of employees at the year end	8	7

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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27 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

27.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating and financing activities including deposits with bank. The Company's credit risk exposure are categorized under the following headings:

27.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

Government of Pakistan

The Company has major receivables from the Government of Pakistan related entities and the Company does not expect any threat to its recoverability.

Banks

The Company limits its exposure to credit risk by maintaining bank accounts only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

27.1.2 Exposure to credit risk

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

	2022	2021
	-----Pak Rupees-----	
Long term deposits	260,500	260,500
Bank balances	238,649,671	210,299,552
	<u>238,910,171</u>	<u>210,560,052</u>

After giving due consideration to their strong financial standing the Company believes that no impairment allowance is necessary in respect of deposits, receivable from the Government of Pakistan related entities and other receivables as the Company is satisfied that recovery of the amount owing is possible. Accordingly the credit risk is minimal.

27.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities.

Management believes the liquidity risk to be low because of the government guarantee issued by the Ministry of Finance to honor the commitments. Following are the contractual maturities of financial liabilities, including interest payments.

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The maturity profile of the Company's financial liabilities based on the contractual amounts are as follows:

	Carrying Amount	Less than one year	Later than one year but not later than five years
	-----Pak Rupees-----		
30th June, 2022			
Long term financing	800,253,452,446	246,310,012,196	553,943,440,250
Other payables	89,699,038,686	89,699,038,686	-
Markup accrued	81,477,461,384	81,477,461,384	-
	971,429,952,516	417,486,512,266	553,943,440,250
30th June, 2021			
Long term financing	930,000,003,255	211,746,550,811	718,253,452,444
Other payables	69,062,180,245	69,062,180,245	-
Markup accrued	67,485,019,299	67,485,019,299	-
	1,066,547,202,799	348,293,750,355	718,253,452,444

27.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company's exposure to market risk is explained as follows:

27.3.1 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 is not exposed to currency risk as all of its transactions are in local currency and no foreign currency receivables and payables exists at the balance sheet date.

27.3.2 Other price risk

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

27.3.3 Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market markup rates.

The Company's exposure to markup rate risk relates primarily to finance facilities and sukuku issued at variable rates expose the Company to cash flow interest rate risk. The Company is maintaining a National Income Daily Account on which profit rate is 6.50% which is the only interest-bearing asset.

POWER HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Profile

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

	2022	2021
	-----Pak Rupees-----	
Financial assets		
Bank balance	<u>238,643,578</u>	<u>210,293,459</u>
Financial liabilities		
Floating rate instruments:		
Long term loans - secured	553,943,440,250	718,253,452,444
Current portion long term loans	<u>246,310,012,196</u>	<u>211,746,550,811</u>
	<u>800,253,452,446</u>	<u>930,000,003,255</u>
Interest rate sensitivity analysis	<u>8,002,534,524</u>	<u>9,300,000,033</u>

Sensitivity to markup rate risk arises from mismatches of financial assets and liabilities that mature in a given period. If interest rates at the year end date, fluctuates by 1% higher/ lower with all other variables held constant, mark up expense for the year would have been Rs. 8.002 billion (2021: 9.300 billion) higher/ lower, mainly as a result of higher/ lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liability outstanding at reporting date was outstanding for the whole period.

27.3.4 Financial instruments by categories

	2022	2021
	-----Pak Rupees-----	
Financial assets as per statement of financial position		
At amortized cost		
Finance facilities - principal portion receivable	553,943,440,249	718,253,452,444
Current portion of receivables	417,486,163,602	348,289,342,821
Cash and bank balances	<u>238,649,671</u>	<u>210,299,552</u>
	<u>971,668,253,522</u>	<u>1,066,753,094,817</u>
Financial assets as per statement of financial position		
At amortized cost		
Long term financing	553,943,440,249	718,253,452,445
Current portion of long term financing	246,310,012,188	211,746,550,811
Markup accrued	81,477,461,384	67,485,019,299
Bridge borrowing from CPPA	20,219,768,768	22,383,758,292
Other payables	<u>69,479,269,918</u>	<u>46,678,421,953</u>
	<u>971,429,952,507</u>	<u>1,066,547,202,800</u>

27.3.5 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arms length transactions. The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values.

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instruments in its portfolio, that could be presented.

27.4 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. Further, the Company is not subject to any externally imposed capital requirements.

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28 RELATED PARTIES TRANSACTIONS

Related parties comprise of associated undertakings and key management personnel. Following are the associated companies and related parties with whom the Company had entered into transactions during the year:

	Basis of Relationship	Number of shares held in the Company	Aggregate %age shareholding in the Company
Central Power Purchasing Agency (CPPA)	Federal Government Owned	N/A	N/A
Ministry of Finance	Federal Government Owned	N/A	N/A

28.1 Transactions with related parties

The transactions with related parties are made under commercial terms and conditions. The remuneration of the chief executive, directors and executives is disclosed in note 30 to these financial statements. Transactions during the year and balances as at year end with the related parties are as follows:

	Note	2022	2021
		-----Pak Rupees-----	
- Transactions during the year are as follows:			
Central Power Purchasing Agency (CPPA)			
Grant against markup / profit on financing facilities	17	86,060,359,241	82,610,385,756
Grant against trustee, arrangement and legal fee	17	7,970,000	176,496,000
Grant against liquidated damages on Interest - Rs. 82.00 bn facility	17	10,437,509,562	8,948,605,994
Grant against liquidated damages on Principal Amount - Rs. 82.00 bn	17	12,367,397,260	-
Ministry of Finance (MOF)			
Grant against markup / profit on financing facilities	18	-	13,430,456
Grant against trustee, arrangement and legal fee	18	-	60,445,000
- Balances as at year end are as follows:			
Central Power Purchasing Agency (CPPA)			
Receivable in respect of principal amount of loan - Non current		199,966,800,000	199,966,800,000
Amount receivable against markup		81,464,481,858	67,472,039,763
Liquidated Damages receivable		69,478,921,262	46,674,014,440
Bridge borrowing from CPPA		20,219,768,768	22,383,758,292
Payable to CPPA-G against Pakistan Energy Sukuk - I CDC Security		100,000	100,000
Payable to CPPA-G against excess mark-up receipts		-	3,986,866
Ministry of Finance (MOF)			
Receivable in respect of principal amount of loan		353,976,640,250	518,286,652,444
Receivable in respect of principal amount of loan - Current		246,310,012,196	213,618,300,807
Amount receivable against mark-up		19,583,413,400	19,873,332,918
Receivable from Finance Division against fee settlements by CPPA		649,334,894	651,654,894

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	2022	2021
	-----Pak Rupees-----	
Amount receivable against mark-up		
From power sector, GOP through CPPA-G	81,464,481,858	67,472,039,763
From Ministry of Finance, GOP	19,583,413,400	19,873,332,918
	<u>101,047,895,258</u>	<u>87,345,372,681</u>
Amount receivable against liquidated damages from power sector, GOP through CPPA-G	<u>69,478,921,262</u>	<u>46,674,014,440</u>
Receivable in respect of principal amount of loan		
From power sector, GOP through CPPA-G	199,966,800,000	199,966,800,000
From Ministry of Finance, GOP	600,286,652,446	731,904,953,251
	<u>800,253,452,446</u>	<u>931,871,753,251</u>
Bridge borrowing from CPPA	<u>20,219,768,768</u>	<u>22,383,758,292</u>

The maximum aggregate amount outstanding at any time during the year from related parties was Rs. 1,066,542,795,265
The above stated parties are related to the company merely by way of Government holding.

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

	2022	2021
	-----Pak Rupees-----	
Balance as at 01 July	931,871,753,251	1,004,506,086,590
New Financing obtained	-	30,950,000,000
Repayment of financing	(131,618,300,806)	(103,584,333,339)
Balance as at 30 June	<u>800,253,452,445</u>	<u>931,871,753,251</u>

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration and allowances including all benefits to the chief executive, directors and other executives of the company are given below:

	2022		
	Numbers	Salaries	Fee/Allowances
Chief Executive	1	-	72,000
Directors' Meeting Fee	5	-	420,000
Executive	1	5,590,200	144,000
		<u>5,590,200</u>	<u>636,000</u>
	2021		
	No.	Salaries	Fee/Allowances
Chief Executive	1	-	156,000
Directors' Meeting Fee	5	-	245,000
Executive	1	5,082,000	144,000
		<u>5,082,000</u>	<u>545,000</u>

The chief executive officer and executive is also provided with company maintained cars.

31 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no significant rearrangements or reclassifications have been made.

32 DATE OF AUTHORIZATION

The financial statements were authorized for issue by the Board of Directors of the company on 06 OCT 2022.

33 FIGURES

Figures have been rounded off to the nearest rupee unless otherwise stated.


CHIEF EXECUTIVE OFFICER


DIRECTOR